

2010 Shareholder Review Report



AUTOMOTIVE HOLDINGS GROUP



2010 Shareholder Review Report

AHG's aim is to maximise the return on investment for shareholders from existing and future businesses. AHG continues to examine a range of organic and acquisitive growth opportunities in the normal course of business.

Sources of future earnings growth include:

- Establishing new automotive dealerships on greenfield sites
- Continuing to add new franchise brands to its portfolio
- Continuing to focus on superior customer service to increase sales of vehicles and value-added services through AHG's existing dealerships network
- Upgrading selected dealership showrooms to improve aesthetic appeal and customer experience thereby enhancing the profitability of operations
- Investing in modernisation of service facilities recognising service departments are the most frequent customer contact point over the life of vehicle ownership
- Targeting acquisitions of businesses that are complementary to AHG's existing portfolio and offer economies of scale benefits
- Expanding the logistics operations
- Maintaining tight control of operating costs across the Group.



Competitive Advantages

AHG maintains competitive advantages in both its Automotive and Logistics divisions.

– Automotive

Scale – AHG is Australia's largest automotive retailer by sales, profitability, market capitalisation and number of dealerships and employees. This provides financial strength, flexibility and customer benefits such as competitive pricing, financing packages and access to a wide offering of vehicle brands and related products and services.

Financial strength – a strong and flexible balance sheet that allows AHG to quickly and effectively meet changes in economic conditions and consumer sentiment, and respond quickly to any downturn in activity.

Diversity – a diversified portfolio of more than 100 dealership franchise sites that includes 10 out of the top 11 manufacturers. The top 11 manufacturers represent 85% of the total market.

Successful long-standing relationships with key automotive manufacturers.

People – the ability to attract, train and retain key employees.

– Logistics:

- Strong market positions in the warehousing and distribution of automotive parts, motorcycles and refrigerated transport, cold storage and distribution;
- Long-standing relationships with key manufacturers and customers;
- Strong sector brands in distribution and logistics;
- State-of-the-art, modern facilities; and
- Remote monitoring of refrigerated transported goods in real-time through web-based technology.



Contents

FY2010 Financial Highlights and Results Summary	6
Chairman's Message	12
Managing Director's Review	14
Review of Operations	16
AHG Vision	18
Corporate Responsibility Highlights	19
Board of Directors	22
Executive Leadership Group	28
Remuneration Overview	30
Governance Overview	34
Corporate Directory	36





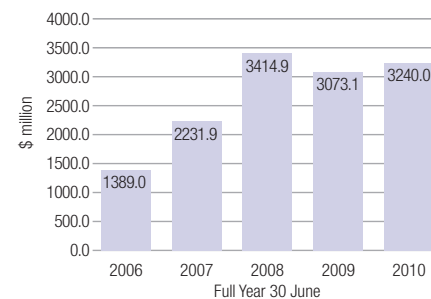
Financial Highlights and Results Summary

A record result that was underpinned by improved economic conditions, particularly for the automotive retailing sector.

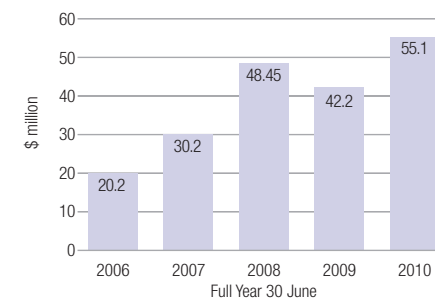
Group Results Summary ¹	FY2009 \$m	FY2010 \$m	% pcp
Revenue	3,073.1	3,240.0	5.4
EBITDA	101.1	116.0	14.7
EBITDA Margin (%)	3.3	3.6	8.8
EBIT	86.2	99.1	15.0
NPBT	61.5	79.5	29.3
NPAT – attributable to shareholders	42.2	55.1	30.5
Basic EPS (cents per share)	21.7	24.35	12.2
Interest Cover	3.49	5.04	44.5

- Strong operating revenue performance off the back of buoyant new vehicle sales and increased demand in Transport and Cold Storage
- Record net profit after tax¹ - 30.5% increase on previous corresponding period
- Strong balance sheet facilitates acquisition opportunities.

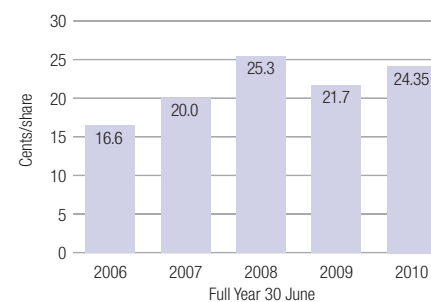
Revenue¹



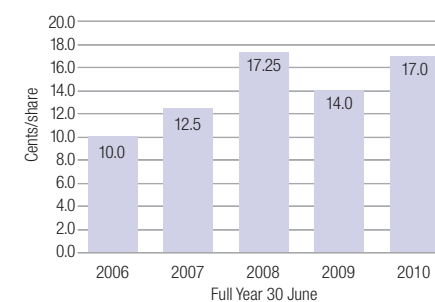
NPAT – Attributable to Shareholders¹



Basic EPS (cents/share¹)



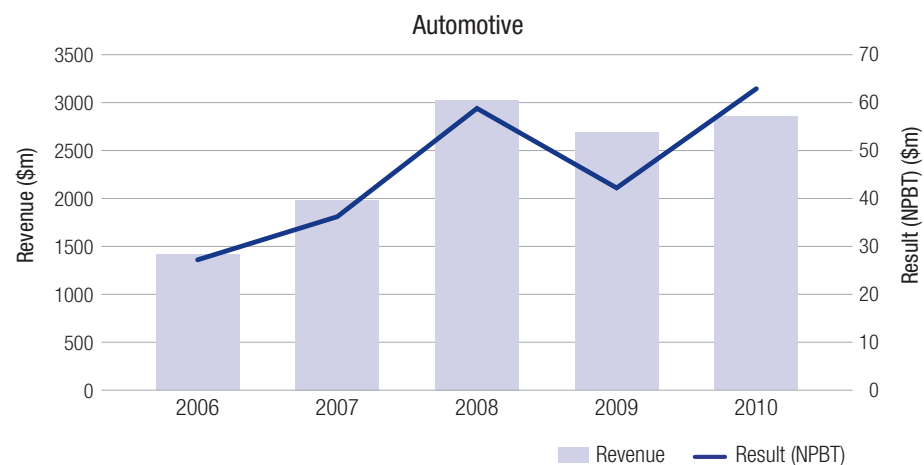
Dividend (cents/share)



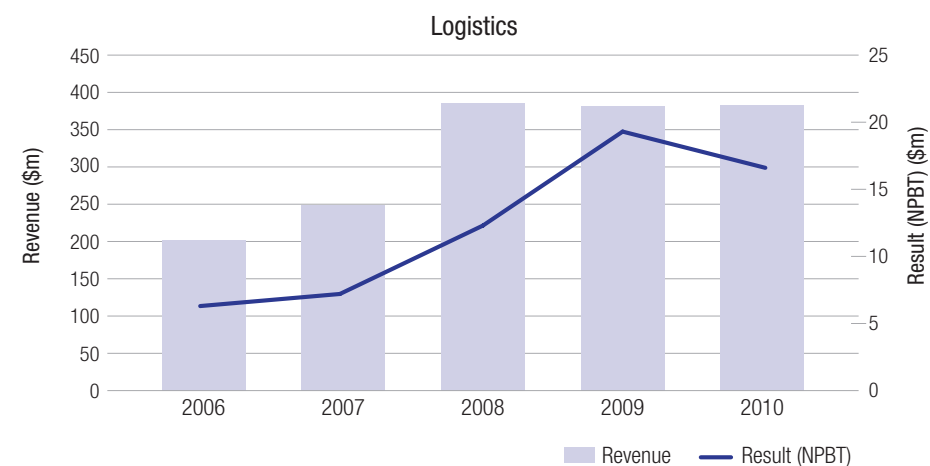


Divisional Results Summary

Automotive	FY2009 \$m	FY2010 \$m	% pcp
Revenue	2691.2	2857.7	6.2
EBITDA	73.5	88.8	20.8
EBITDA Margin	2.7	3.1	13.8
Segment Result (NPBT)	42.2	62.9	48.9



Logistics	FY2009 \$m	FY2010 \$m	% pcp
Revenue	381.9	382.3	0.1
EBITDA	27.6	27.2	(1.6)
EBITDA Margin	7.2	7.1	(1.7)
Segment Result (NPBT)	19.3	16.6	(13.9)



Logistics Segment Reporting	FY2009 \$m	FY2010 \$m	% pcp
Revenue			
Transport & Cold Storage	155.3	167.1	7.6
Other	226.6	215.2	(5.1)
	381.9	382.3	0.1
EBITDA			
Transport & Cold Storage	13.3	15.0	12.5
Other	14.3	12.2	(14.8)
	27.6	27.2	(1.6)



Abridged Statement of Financial Position

	Consolidated	
	2009 \$'000	2010 \$'000
Current Assets	601,549	694,884
Non Current Assets	319,254	332,434
Total Assets	920,803	1,027,318
Current Liabilities	472,252	539,047
Non Current Liabilities	98,252	108,661
Total Liabilities	570,504	647,708
Net Assets	350,299	379,610
Total Equity	350,299	379,610

- AHG has continued to maintain a strong balance sheet with cash and available facilities of approximately \$150 million available to fund future growth opportunities.
- The increase in contributed equity is reflective of the finalisation of the share purchase plan which was completed on 8 July 2009 and raised an additional \$7.4 million in funds.

Abridged Statement of Cashflows

	Consolidated	
	2009 \$'000	2010 \$'000
Net cash inflow from operating activities (before inventory floorplan financing)	72,615	59,601
(Increase) / decrease in inventories (offset against floor plan financing)	82,693	(59,734)
Net cash inflow / (outflow) from operating activities	155,308	(133)
Net cash outflow from investing activities	(38,726)	(6,954)
Cash flows from financing activities		
Net proceeds from / (repayment of) borrowings (inclusive of floor plan financing activities)	(96,192)	50,761
Other financing activities (Dividend payments, proceeds from issue of shares)	6,021	(31,878)
Net cash inflow / (outflow) from financing activities	(90,171)	18,883
Net increase in cash and cash equivalents	26,411	11,796
Cash and cash equivalents at the beginning of the year	38,571	64,982
Cash and cash equivalents at the end of the year	64,982	76,778

- AHG's working capital requirements have expanded to meet the growth in vehicle sales. This is reflected in the increase in inventory levels and has been counter-balanced by an increase in floor plan financing facilities which has funded the inventory requirements.



Chairman's Message

On behalf of the Board of Directors, I am pleased to present to shareholders the 2010 Shareholder Review Report for Automotive Holdings Group.

Emerging from the global financial crisis, AHG has delivered a record result for the year ended 30 June 2010. It was a strong performance given the lingering effects of the crisis on the Australian economy.

Statutory net profit after tax for the 2010 financial year was \$60.3 million (150% increase on pcpc). Earnings per share excluding unusual items¹ was 24.4 cents compared to 21.7 cents pcpc. The Directors have declared a final dividend of 10 cents, bringing the full year fully franked payout to 17 cents (14 cents pcpc).

I refer you to the Managing Director's Review for a more detailed financial overview.

Underlying net profit after tax from continuing operations¹ for the 12 months to 30 June 2010 was \$55.1 million. This represented a 30.5% increase on the previous corresponding period (pcpc). Group revenue for the year was \$3.2 billion (a 5.5% increase on pcpc).

This exemplifies the underlying strength of the AHG business model and our people who have driven this record result.

Shareholder returns

Our strategy in 2009/10 was to consolidate our business, take advantage of improving market conditions and continue to leverage our competitive advantages and strong industry knowledge.

Corporate

Highlights of the year included a strong automotive performance off the back of buoyant new vehicle sales and a solid Logistics result.

Future growth is anticipated through acquisition and the development of greenfield sites. AHG continues to assess automotive and logistics business opportunities on an on-going basis.

These are considered under strict guidelines that ensure potential acquisitions create long-term value for shareholders and complement our existing business model.

AHG recently announced it had acquired a strategic development site in Sydney. This site has great potential and it is anticipated it will be developed into a multi-dealership automotive hub similar to the hubs AHG has established in Wangara and Rockingham, Western Australia. Opportunities also exist for the development of associated industries on this site.

Rand Transport's expansion continues with the new Melbourne facility opened in September 2010 and the Brisbane facility to be completed in November 2010.

We remain cautiously optimistic about the economic outlook in 2010/11. Consumer and business sentiment and ultimately vehicle sales are influenced by many factors including the global economy, interest rates and employment levels.

As a Group we are poised for growth and our challenge is to maximise future opportunities. With this in mind we are confident that our strong management team and resilient business model will continue to deliver solid financial results.

Board and management

The result for the financial year is a testament to the management and staff of the Group. In particular, I congratulate our Managing Director, Bronte Howson, and his executive team who have maintained a clear focus in producing a record result in what was a challenging but rewarding year for AHG.

I also thank my Board colleagues for their hard work, support and advice during the year.

We also announced in May 2010 the appointment of a new Board member in Michael Smith. Michael brings to the Group exceptional business acumen and significant experience in strategy, marketing and finance.

After involvement with the Group for more than 50 years I have advised the Board of my intention to retire at the conclusion of the 2010 Annual General Meeting. Nevertheless, I will continue my involvement as a substantial shareholder.

AHG Deputy Chairman, Mr David Griffiths, will assume the position as Chairman. Mr Griffiths has been with AHG as a Non Executive Director and Deputy Chairman for three years and two years respectively. He has 20 years experience in equity capital markets, mergers and acquisitions and the corporate advisory sector. Mr Griffiths holds other non executive directorships with listed companies Thinksmart Limited where he is Deputy Chairman and Northern Iron Limited where he is Chairman.

"The result for the financial year is testament to the management and staff of the Group."

Looking back on my career with AHG, it has been pleasing to observe the Company and how it has developed into a leading force in the automotive industry.

Indeed, I have been fortunate to have worked with so many dedicated and talented people over the years, be they Board members, AHG management or staff working in our Automotive and Logistics businesses.

I also thank you, our shareholders, for your continued support. AHG is in very good shape and in good hands and I look forward to sharing its future successes with you.

Robert Branchi
Chairman



Managing Director's Review

2010 was a year of consolidation and significant profit recovery in an environment of improved market conditions.

Whereas the previous financial year was heavily impacted by global and domestic challenges, 2010 featured renewed consumer and business confidence that was reflected in strong new vehicle sales, and increased demand from customers of our Transport and Cold Storage segment.

Financial highlights

AHG enjoyed a record result in 2010 with buoyant new vehicle sales fuelling a strong performance from our Automotive division. The Company's Logistics arm also delivered a solid result that included continued growth from Rand Transport.

The Group's underlying net profit after tax (NPAT) from continuing operations¹ for the year ending 30 June 2010 was \$55.1 million representing a 30.5% increase on the previous corresponding period (pcp). This was achieved on revenue¹ of \$3.2 billion – a 5.4% increase on pcp.

Underlying EBITDA¹ was \$116.0 million (14.7% increase on pcp) and EBITDA¹ margin was a credible 3.6% (8.8% increase on pcp).

AHG also reported a record statutory NPAT for the 2010 financial year of \$60.3 million – a 150% increase on pcp. This includes profit on the sale of carsales.com shares as announced in September 2009, while the prior year result included one-off unusual charges of \$18.1 million (net).

Automotive

Our Automotive division had an excellent year driven by increased vehicle sales from lower interest rates and from stronger consumer and business confidence that impacted positively on all revenue streams.

The record result for Automotive included a 48.9% increase in profit before tax to \$62.9 million (\$42.2 million pcp).

New South Wales, Western Australia and New Zealand operations produced strong results, while our Queensland operations did not achieve the same performance levels, experiencing softer economic conditions and vehicle sales.

During the year, AHG was appointed official dealer in Victoria, Western Australia and Northern Territory to sell and service the complete range of Higer buses. Higer was last year the third largest global manufacturer of buses and coaches producing more than 19,000 buses per annum. This is a good fit for AHG, dovetailing with our strong industry

experience and knowledge, and commitment to servicing and parts.

Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) for the Automotive retailing division was \$88.8 million increasing from \$73.5 million pcp – a 20.8% improvement. This was achieved on revenue of \$2.9 billion (\$2.7 billion pcp), representing a 6.2% increase. EBITDA margin also improved to 3.1% – a 13.8% increase on FY2009 (2.7%).

Logistics

Our Logistics division provided an important contribution to the Group's underlying profit given challenging market conditions in some business segments. In particular, the division benefited from a strong performance and continuing growth from Rand Transport.

Revenue for AHG's Logistics division increased to \$382.3 million (\$381.9 million pcp) while EBITDA was \$27.2 million (\$27.6 million pcp) and EBITDA margin was similar to that achieved last year. EBITDA for our Transport and Cold Storage segment was up 12.5% on last financial year.

The overall Logistics profit before tax of \$16.6 million (pcp \$19.3 million) was impacted by a 13% decrease on pcp in the national motorcycle market and reduced storage demand for our vehicle storage operation.

During the year, AMCAP continued to deliver creditable, consistent revenue and profits for the Group, while KTM performed well in tough market conditions.

Summary and outlook

Our diversified business model with multiple income streams was a major contributor to AHG's record result. The substantial contribution from our employees, many of whom have been with the Company for decades, must also be acknowledged.

Our outlook for the 2011 financial year remains cautiously optimistic, however we have a number of exciting automotive and logistics developments underway.

Rand Transport's new facility in Melbourne, which opened in September 2010, is anticipated to be fully operational for Rand's peak pre-Christmas period, relieving pressure on our Sydney operation which experienced high customer demand in 2010 and into the 2011 financial year.

The development of Rand's Brisbane facility also continues and is expected to be completed in November 2010. Together the two new facilities will increase Rand's total storage capacity by more than 50% to 66,000 pallets.

In August 2010 we announced the acquisition of a significant parcel of land in Sydney's Castle Hill area. The 43,000 square metre site includes approximately 650 metres of street frontage and is near several established dealerships. It is intended to develop the site into an automotive hub, similar to our Wangara and Rockingham operations in Western Australia.

“AHG enjoyed a record result in 2010 with buoyant new vehicle sales fuelling a strong performance from our Automotive division.”

In September 2010 we announced we had executed a Heads of Agreement to acquire Melbourne Toyota dealership, Graham Werner Toyota. This acquisition provides AHG with an important footprint in the Melbourne vehicle passenger market and we see great opportunity to drive sales and grow the business. Settlement is anticipated for 4 October 2010.

With our strong balance sheet we will also continue to assess potential acquisitions and pursue those that complement our current portfolio and meet our strict acquisition criteria.

In closing, I take this opportunity to thank outgoing Chairman Robert Branchi for the immense contribution he has made to Automotive Holdings Group and the Board of Directors over the years.

His unwavering commitment, skills and in-depth knowledge of AHG's operations has been greatly appreciated and we wish him well in his retirement.

Bronte Howson
Managing Director



Review of Operations

Automotive

AHG has more than 100 high profile passenger and commercial dealership franchise sites in Australia and New Zealand representing 10 of the top 11 selling manufacturers in Australia.



Chris Marwick
Chief Operating
Officer – Automotive

Overview

- Increased vehicle sales from lower interest rates and stronger consumer and business confidence impacted positively on all revenue streams
- Positive trend in private and business vehicle sales
- Greenfield sites continuing to mature
- Redevelopment of selected existing sites

Year in brief

- Revenue of \$2.9 billion (\$2.7 billion in previous corresponding period (pcp))
- Record result – NPBT up 48.9% on pcp
- Margin improvement – up 13.8% on pcp
- Strong performances from WA, NSW and NZ operations
- Queensland operations experienced subdued conditions

Outlook

- Embedding Graham Werner Toyota into AHG
- Greenfield sites maturing
- Developing greenfield sites on new Castle Hill, Sydney property as opportunities arise
- Redevelop selected existing sites to accommodate growing demand
- Continue to pursue acquisitions that will complement our current portfolio and meet with our strict acquisition criteria

Logistics

AHG's Logistics division operates the following businesses in warehousing, transport and distribution:

- Rand Transport – a national refrigerated transport, cold storage and distribution services provider;
- AMCAP – automotive parts and associated products;
- KTM Sportmotorcycles/Husaberg – holder of the exclusive Australian and New Zealand wholesale distribution rights for the prestigious Austrian motorcycle manufacturers;
- VSE – vehicle storage and engineering business in Dandenong, Victoria which provides truck storage and distribution logistics; and
- GTB – Genuine Truck Bodies providing body building to the truck industry

Transport and Cold Storage



David Cole
GM Rand Transport

Overview

- Strong performance
- Sydney cold store running at near capacity and performing well
- Expansion of operations in Victoria and Queensland continues. This expansion will increase Rand's total storage from 42,000 pallets to 66,000 pallets

Year in brief

- Revenue up 7.6% to \$167.1 million
- EBITDA up 12.5% on last year

Outlook

- Melbourne facility to be completed on time with official opening on 20 September 2010
- Melbourne facility will have an immediate impact, relieving pressure on our Sydney operation and will be fully operational for Rand's peak pre-Christmas period
- Brisbane facility is scheduled for completion November 2010
- New facilities will alleviate storage pressures on east coast

Other Logistics



Rod Williams
GM AMCAP

Overview

- Steady performance from AMCAP
- KTM and VSE/GTB performance subdued
- EBITDA margin remained steady
- Revenue/result steady

Year in brief

- Revenue \$215.2 million, down 5.1% pcp
- EBITDA \$12.2 million, down 14.8% pcp
- Decline in result on the back of national motorcycle market decline of 13%
- Reduced storage demand for VSE

Outlook

- AMCAP to continue to maintain strong market position
- Stronger exchange rate expected to lead to improved KTM performance
- Trading conditions for Engineering and Genuine Truck Bodies anticipated to improve following easing of supply issues



Jeff Leisk
GM KTM Sportmotorcycles



AHG Vision

Through measured growth and improvement, we will build on our position as Australia's largest diversified motoring and logistics group. We will continue to attract, develop and retain the best people in the industry; exceed the expectations of our customers and stakeholders; and deliver superior returns for our shareholders.

Corporate Responsibility Highlights

Community involvement

AHG's philosophy is to provide sponsorship and financial assistance to organisations that represent broad cross sections of the communities in which AHG operates.

Charitable and community groups that benefit from AHG's support include:

- **Annual Rocky Bay Golf Day** – \$158,000 raised in 2010 and more than \$850,000 over eight years. Rocky Bay provides care and support for people with disabilities in Western Australia.
- **Senses Foundation Golf Day** – \$100,000 raised in 2010 for this charity that provides services and support for people who are deaf-blind in WA.
- **White Ribbon Day** – more than \$78,000 raised in 2010 by donating profits from car sales and purchasing and selling ribbons, wristbands and cufflinks. The White Ribbon Foundation in New South Wales is committed to preventing violence against women.
- **Camp Quality** – \$50,000 raised in 2010 for Camp Quality New Zealand, the charity that believes in bringing optimism and happiness to the lives of children and families affected by cancer.
- **Reduce the Risk** – In 2010 AHG and Perth radio stations mix94.5 and 92.9 launched Reduce the Risk, a new community initiative designed to raise awareness of safe driving. The Reduce the Risk campaign encourages people to reduce the risk on the roads – and reduce the road toll – by taking simple steps to improve their driving habits.



People and culture

Our people are our greatest strength. Through our people we have enjoyed consistent, long term management and seen the creation of an entrepreneurial culture.

During the year AHG has enhanced its business through its people as follows:

- Completion of a strategic plan setting out a five-year agenda for the Board and Executive Leadership Group
- New national management appointments to drive synergies across the Group – business development, procurement, training and organisational development, corporate communications
- Continual development and review of its risk management framework
- Introduction of a new web-based human resources system – part of a new platform that unifies payroll processes, practices and procedures in each State
- New performance review and development process for our employees
- Dealer Principal / General Manager conferences enable Group-wide synergies and learning

Environment

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

- The Company has installed rainwater capture tanks and carwash facilities that recycle water at new dealerships and new Rand operations
- Green Stamp accreditation rollout continues across the Group with all dealerships in Western Australia and Queensland now approved
- National energy monitoring at all contestable sites and investigation of renewable energy sources continues
- The Company is implementing a system to support the capture of information for reporting purposes under the National Greenhouse and Energy Reporting Act 2007





Board of 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, 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 Retravision (WA) Limited and Electcom Limited which manage and service the Retravision, 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 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 of StateWest Credit Society Ltd for 10 years, and Managing Director of Home Building Society following StateWest's merger with Home Building Society. Mr Wall held the position of Managing Director of Home Building Society 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

Executive Leadership Group

From left: Hamish Williams (Executive Director – Strategy and Planning), Jack Moroney (GM Organisational Effectiveness), Gus Kinimont (GM Finance), Sue Symmons (Company Secretary), Ron Nuich (Chief Financial Officer), Eugene Kavanagh (Chief Information Officer), Bronte Howson (Managing Director), Chris Marwick (Chief Operating Officer – Automotive).





Remuneration Overview

AHG aims to attract and retain high-calibre executives and directors. 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 Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation that is aligned to shareholders' and participants' interests.

A detailed Remuneration Report is contained in the Company's Annual Report and is available from www.ahgir.com.au. Supporting policies and codes can also be found on this website.

Non Executive Director 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 remuneration of each non executive director is outlined in the Company's annual report.

Executive Remuneration

Executive remuneration and reward framework consists of base pay and benefits, performance-based incentives and other remuneration such as superannuation.

Executive directors are offered a competitive base pay that comprises the fixed component of pay and rewards.

Executives may receive benefits such as motor vehicles and life insurance.

Executives may be entitled to a short term incentive (STI) that is payable on the fulfilment of certain financial and non-financial criteria. STIs 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's STI is dependent on the accountabilities of their role and their impact on the organisation's performance.

Some executives have in the past been 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. No Rights have been issued to executives in the last 2 years however, of the 206,993 Rights issued in 2007, 155,410 of those Rights vested in this financial year following performance criteria being met for

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation that is aligned to shareholders' and participants' interests.

the period 1 July 2007 to 30 June 2010. The balance of Rights (51,583) have now lapsed. Refer to the Annual Report for further details on the AHG Performance Rights Plan.

Selected executives are participants in a long term incentive plan and this may be in the form of shares acquired on market or cash. 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, subject to meeting certain criteria.

Details of the executive directors' short and long term incentives, together with specific details relating to the terms and conditions of employment for each executive director are set out in the Annual Report.



Remuneration Overview

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.

	Short-Term and Long-Term Employment Benefits					Share Based Payments			Post Employment Benefits	Total
	Cash Salary and Fees	Commission / Bonus Paid during the year	Less, 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)	Superannuation	
	\$	\$	\$	\$	\$	\$		\$	\$	\$
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	3,016,516
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



Governance Overview

The Board is committed to achieving and demonstrating the highest standards of corporate governance.

A detailed Corporate Governance Statement is contained in the Company's Annual Report and is available from www.ahgir.com.au. Supporting policies and codes can also be found on this website.

Management and Oversight

The AHG Board is responsible for the performance of the Company in both the short and longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives.

Structure of the Board

The Board is currently comprised of eight directors, six non executive and two executive. Of the eight directors, five are deemed to be independent based on specific principles contained in the Corporate Governance Statement.

AHG's chair, Mr Robert Branchi is not an independent director according to the established principles, however the Board believes that Mr Branchi is the most appropriate person to chair the meetings given his intimate knowledge of the Company and industry, having been involved with the Company for more than 25 years in an executive capacity. Conflicts of interests are handled appropriately as and when they arise.

The Board ensures that collectively its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective. It reviews the range of expertise of its members on a regular basis and ensures that it has operational and technical expertise relevant to the operation of the Company.

Code of Conduct

A code of conduct is in place to promote ethical and responsible practices and standards for directors and key officers of the Company to discharge their responsibilities. The Company also has policies in place to cover such things as recruitment and selection, induction, relocation, conflicts of interest, harassment, discrimination and equal employment opportunities, disciplinary, performance

management, grievance, fitness for work, leave, travel, training etc. which are subject to continual review and improvement.

Share Trading Policies

AHG's share trading policies prohibits insider trading in accordance with the Corporations Act and prescribes certain requirements for dealing in Company shares. Policies are in place for Directors, Senior Executives and general employees.

Financial Reporting

The Board has established an Audit & Risk Management Committee to assist the Board in the discharge of its responsibilities. The Chief Executive Officer and Chief Financial Officer provide an annual written statement to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with the relevant accounting standards. Their statement is founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the Board. It also states that risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively, in all material respects. AHG's financial statements are audited by an independent external auditor.

Timely and Balanced Disclosure

The Company has a written policy on information disclosure that focuses on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities. This policy details the procedures and requirements expected of all employees relating to the Company's compliance with disclosure obligations under the ASX Listing Rules and the Corporations Act. AHG's website contains recent ASX announcements, Annual Reports, presentations to the investment market etc.

Managing Risk

Considerable importance is placed on maintaining a strong control environment. There is an organisational structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity. The Company's practices are outlined in the policy Risk Assessment and Risk Management.

The AHG Board is responsible for the performance of the Company in both the short and longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole.

Remuneration

Details of the Company's remuneration policies and procedures, the remuneration of directors and executives, and components of the remuneration package are outlined in the Company's Remuneration Report contained in the Company's Annual Report.

The Board has established a Remuneration and Nomination Committee with specific responsibilities as set out in the charter. The Chairperson of the Remuneration & Nomination Committee is Mr Robert Branchi. As set out above, Mr Branchi is not an independent director but the Board believes that he is the most appropriate person to chair the meetings given his intimate knowledge of the Company and industry, having been involved with AHG for more than 25 years in an executive capacity.

ASX Corporate Governance Principles

AHG has complied with ASX Corporate Governance Principles except as outlined above and more particularly explained in the Corporate Governance Statement.



Corporate Directory

Registered Office and Head Office:

21 Old Aberdeen Place
West Perth WA 6005
Tel: +61 8 9422 7676
Fax: +61 8 9422 7686
Email: info@ahg.com.au

Executive Directors

Bronte Howson
Managing Director

Hamish Williams
Executive Director – Strategy & Planning

Non Executive Directors

Robert Branchi (Chairman)
David Griffiths (Deputy Chairman)
John Groppoli
Michael Smith
Peter Stancliffe
Greg Wall

Company Secretary

Sue Symmons

Share Registry

Computershare Investor Services Pty. Ltd.
GPO Box 2975
Melbourne Vic 3001
Enquiries (within Australia)
1300 850 505
Enquiries (outside Australia)
+61 3 9415 4000
Fax: +61 3 9473 2500

Financial Calendar*

Record Date for Final Dividend	17 September 2010
Final Dividend Payable	1 October 2010
Annual General Meeting	19 November 2010
Half Year End	31 December 2010
Half Year Profit Announcement	February 2011
Year End	30 June 2011

*Timing of events is subject to change

Annual General Meeting

The 2010 Annual General Meeting of Automotive Holdings Group Limited will be held at Botanical 3, Lower Level, Burswood Convention Centre, Great Eastern Highway, Burswood at 10 a.m. on 19 November 2010.

Website

To view the 2010 Annual Report and shareholder and company information, visit AHG's website at www.ahgir.com.au

