26 August 2011

APPENDIX 4E – PRELIMINARY FINAL REPORT & 2011 FULL YEAR RESULTS

In accordance with ASX Listing Rules, the following documents are attached for release to the market:

- 2011 Full Year Results Announcement; and
- Appendix 4E – Preliminary Final Report

David Rowland
Company Secretary

About AHG

Automotive Holdings Group Limited (ASX: AHE) is a diversified automotive retailing and logistics group with operations in every Australian mainland state and in New Zealand. The Company is Australia's largest automotive retailer, with its major operations in Western Australia, New South Wales and Queensland. AHG also operates the Prestige Hino truck dealership in Dandenong, Victoria – one of the largest in the country, and a leading Toyota dealership in Melbourne.

AHG operates logistics businesses throughout Australia through subsidiaries Rand Transport (transport and cold storage), AMCAP (motor parts and industrial supplies distribution), VSE, providing vehicle storage and engineering, Genuine Truck Bodies, which provides body building services to the truck industry, and KTM Sportmotorcycles (motorcycle importation and distribution in Australia and New Zealand).

In May 2011 AHG announced the expansion of its logistics business with the acquisition of Coventry's WA automotive parts distribution business and national refrigerated freight service business, Harris Refrigerated Transport.

26 August 2011

AHG announces record operating[1] EBITDA

Highlights

- Group revenue of $3.34 billion (103.0% pcp)
- Record operating[1] EBITDA of $123.7 million (106.7% pcp)
- Operating[1] EBITDA margin 3.71% (3.57% pcp)
- Statutory NPAT of $31.2 million
- Operating[1] NPAT from continuing operations $52.4 million (95.1% pcp)
- Impairment adjustment of $19.9 million against Queensland operations
- Operating[1] EPS of 22.7 cents (24.4 cents pcp)
- Maintaining final dividend of 10.0 cents per share fully franked and full year dividend at 17 cents
- Completion of equity placement raising $83 million (before transaction costs)
- Acquisition of Coventry's automotive parts distribution business in Western Australia and Harris Refrigerated Transport in South Australia on 1 July 2011

Automotive Holdings Group Limited (ASX: AHE), Australia's largest automotive retailer, and specialised logistics group, today announced a record operating[1] EBITDA of $123.7 million, up 6.7% on pcp. The operating[1] EBITDA margin of 3.7% was also an increase on the pcp. The Group delivered operating[1] NPAT of $52.4 million on revenue of $3.34 billion.

Statutory NPAT was $31.2 million after an impairment adjustment of $19.9 million and acquisition related costs of $1.3 million (net of tax). The non-cash impairment adjustment (as required under accounting standards) was applicable to Queensland only. Of the total impairment, $13.2 million related to the Queensland parts distribution operation and $6.7 million to 4 of the Group's 17 Queensland dealerships.

Interest expense for the year increased to $27.2 million (138.1% of pcp) reflecting an increase in market rates and higher average net debt associated with investments in greenfield properties in NSW and the purchase of Ferntree Gully Toyota in Victoria.

[1] *= operating results exclude non-recurring items (2011: acquisition-related costs of $1.3 million and impairment of $19.9 million; 2010: profit from sale of investments of $5.2 million)*

Operating[1] Earnings per share were 22.7 cents (24.4 cents pcp) and the Directors have declared a final dividend of 10 cents per share bringing the full year dividend to 17 cents fully franked. This maintains the dividend from FY10.

"This was a pleasing result in the face of challenging market conditions, including new vehicle supply disruptions related to the Japanese tsunami and the Queensland floods," said AHG Managing Director Bronte Howson.

"Our record operating[1] EBITDA affirms the robustness of our diversified business model, and provides a solid cash flow basis to maintain shareholder dividends on an expanded equity base.

"In addition, despite the impairment, management remains confident in the ability of the affected Queensland businesses to recover going forward.

"The Harris and Covs acquisitions significantly increase the scale of the Logistics division and present exciting opportunities to drive efficiencies and earnings growth."

Automotive

Revenue for the automotive retailing division was up 2.3% to $2.925 billion ($2.858 billion pcp), while the operating[1] EBITDA margin improved to 3.24% (3.11% previously).

"While the challenging economic conditions impacted the whole retail sales sector, our automotive EBITDA increased to $94.7 million ($88.8 million pcp), reflecting the underlying strength of the business," said Mr Howson.

"Our operations in Western Australia, New South Wales and New Zealand delivered record profits, while Queensland underperformed in part due to the harsher economic conditions in that State.

"We are confident the initiatives we have put in place to support our Queensland operations will deliver an improved result in FY12.

"The development of our Castle Hill property in Sydney into a multi-franchise hub is progressing well. The opening of temporary facilities for Castle Hill Hyundai occurred in May 2011, and a second dealership franchise has been confirmed with Holden to commence in the first quarter of 2012."

Logistics

AHG's Logistics division delivered record revenues and EBITDA for the full year. Revenue increased to $412.0 million (7.8% increase on pcp) while operating[1] EBITDA was up 6.6% to $29.0 million ($27.2 million pcp). EBITDA margin was 7.0% (7.1% pcp).

The division continued its growth strategy with Rand opening two new cold storage and transport facilities in Melbourne and Brisbane. Further, the acquisitions of Coventry's automotive parts business in Western Australia and Harris Refrigerated Transport in South Australia were completed on 1 July 2011.

"Harris' expertise in road transport will complement Rand's existing rail capability and allow it to expand its fresh produce, and frozen and chilled product offering. Similarly, AMCAP will broaden its product and customer base, benefiting from Coventrys' automotive and mining parts business including its extensive branch network throughout WA."

Rand's new Melbourne and Brisbane facilities had a positive impact on the Transport and Cold Storage segment, contributing to a 20.6% lift in revenue to $201.6 million ($167.1 million pcp). Operating[1] EBITDA for the segment of $19.8 million was up 24.5% on pcp.

The Queensland parts business was negatively impacted by changes to Mitsubishi's parts distribution strategy in Queensland.

"We have undertaken a detailed review of this operation and continue to explore potential opportunities to replace this revenue and profit contribution," said Mr Howson.

AMCAP and KTM continued to deliver strong performances.

Outlook

"Moving into FY12 we have a positive outlook for the Group," said Mr Howson.

"The successful capital raising in May has significantly strengthened our balance sheet and allows us to pursue further growth opportunities. AHG is in good shape and our key businesses are performing well.

"In Automotive we have an opportunity to improve performance and profits in Queensland, and the Castle Hill investment provides further opportunity to grow the automotive business.

"Our vehicle order bank continues to be at record levels which will support vehicle sales across the business as supply returns to normal after the devastating Japanese tsunami.

"We will also continue to assess opportunities to acquire dealerships that complement our current portfolio and which adhere to our strict acquisition criteria.

"In Logistics, we have a clear focus on delivering value and earnings growth from our acquisitions with dedicated integration teams in place for both Harris and Covs.

"The expansion of our cold storage facilities in FY11 provides a solid foundation for future growth with additional cold storage facilities due for completion in late 2012."

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Appendix 4E – Preliminary Final Report

ABN 35 111 470 038

Report for the year ended 30 June 2011

This statement includes the results for Automotive Holdings Group Limited and its controlled entities, for the year ended 30 June 2011 (current period) compared with the year ended 30 June 2010 (prior period). The financial result of Automotive Holdings Group Limited and its Australian controlled entities are prepared in accordance with Australian International Financial Reporting Standards (AIFRS), whilst the Group's New Zealand controlled entities local financial statements are prepared in accordance with New Zealand International Financial Reporting Standards (NZIFRS) and converted to AIFRS on consolidation.

This report is based on financial accounts which are in the process of being audited.

Results for Announcement to the Market

		$A'000's		$A'000's
Revenues from ordinary activities	Up	96,805	3% to	**3,336,782**
Profit from ordinary activities after tax attributable to members	Down	(29,120)	-48.3% to	**31,217**
Net profit from continuing operations after tax attributable to members	Down	(29,120)	-48.3% to	**31,217**

DIVIDENDS	Amount per security	Franked amount per security
Interim dividend	7 cents	7 cents
Final dividend	10 cents	10 cents
Record date for determining entitlement to the interim dividend		16/09/2011
Date the interim dividend is payable		30/09/2011

Commentary on results for the period

Net profit after tax attributable to members from continuing operations for the year ended 30 June 2011 was $31.2 million (2010: $60.3 million). Net profit after tax excluding unusual items and professional fees associated with acquisition-related activities (detailed below) attributable to members for the year ended 30 June 2011 was $52.4 million (2010: $55.1 million).

	Consolidated	
	2011 $'000	2010 $'000
Statutory Profit (net of tax) attributable to members	**31,217**	60,338
Add-back:		
- Impairment of intangible assets	**19,854**	-
- Professional fees re acquisition-related activities	**1,358**	-
Deduct:		
- Profit on sale of investment	**-**	(5,215)
Operating Profit attributable to members (continuing operations)	**52,429**	55,123

The current year result includes the following unusual item:

- In accordance with the requirements of AASB 136 *Impairment of Assets*, the Group has undertaken an assessment for impairment of its assets on cash generating unit basis. This has resulted in an impairment adjustment of $19.854 million applicable to operations all located in Queensland. $13.175 million related to the Parts Distribution operation and $6.679 to four of the Group's seventeen Automotive Retail dealerships in Queensland.

In addition to the above unusual item, the Group incurred professional costs of $1.358 million (after tax) during the current year in relation to acquisition-related activities. These activities included the business acquisitions of Ferntree Gully, Cov's and Harris Transport and due diligence on other prospective opportunities that did not materialise into agreements during the financial year.

The prior year result included the following unusual item:

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

Group revenues from continuing operations were $3.337 billion (2010: $3.240 billion), representing a 3.0% increase over the previous year's revenue.

The Automotive Retail division contributed revenues of $2.925 billion (2010: $2.858 billion) and an Operating EBITDA result (before impairment and professional fees linked to acquisition-related activities) of $94.7 million (2010: $88.8 million) representing growth rates of 2.3% and 6.7% respectively. Operating profit before tax, was $59.8 million (2010: $62.9 million), a decrease of 4.9%. Higher interest costs arising from business and Greenfield land acquisitions as well as capital reinvested to support ongoing dealership redevelopments, together with higher average interest rates and net debt balances in 2011 compared to 2010, contributed principally to this profit movement.

The Logistics division contributed revenues of $0.412 billion (2010: $0.382 billion) and an Operating EBITDA result (before impairment and professional fees linked to acquisition-related activities) of $29.0 million (2010: $27.2 million) representing growth rates of 7.8% and 6.6% respectively. Operating Profit before tax, impairment and professional fees linked to acquisition-related activity was $17.3 million (2010: $16.6 million), an increase of 4.2%.

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2011 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

		Consolidated	
	Notes	**2011 $'000**	2010 $'000
Revenue from continuing operations	8	**3,336,782**	3,239,977
Other Income	8	**148**	7,904
Raw materials and inventory expense		**(2,661,912)**	(2,608,541)
Employee benefits expense	8	**(331,715)**	(312,439)
Depreciation and amortisation expense	8	**(19,468)**	(16,844)
Finance costs	8	**(32,750)**	(24,116)
Advertising and promotion		**(28,935)**	(28,304)
Occupancy costs		**(72,225)**	(63,253)
Vehicle preparation and service		**(27,106)**	(26,168)
Supplies and outside services		**(27,997)**	(26,028)
Motor vehicle expense		**(8,627)**	(8,223)
Equipment rental	8	**(6,825)**	(7,205)
Professional services		**(4,596)**	(4,129)
Other expense		**(39,650)**	(35,138)
Loss on sale of assets		**-**	(123)
Cost of sale of investments	8	**-**	(454)
Impairment of intangible assets	8	**(19,854)**	-
Profit before income tax		**55,269**	86,914
Income tax expense	10	**(22,117)**	(24,854)
Profit from continuing operations		**33,153**	62,060
Profit for the year before other comprehensive income		**33,153**	62,060
Other Comprehensive Income			
Available-for-sale financial assets		**(127)**	(1,403)
Unrealised changes in the fair value of cash flow hedges		**(41)**	-
Exchange differences on translation of foreign operations		**(161)**	31
Total comprehensive income for the year (net of tax)		**32,824**	60,688
Profit attributable to:			
Owners of Automotive Holdings Group Limited	3	**31,217**	60,338
Non-controlling interest		**1,935**	1,722
		33,153	62,060
Total comprehensive income attributable to:			
Owners of Automotive Holdings Group Limited		**30,890**	58,965
Non-controlling interest		**1,934**	1,723
		32,824	60,688

Statement of Financial Position

AS AT 30 JUNE 2011 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Notes	Consolidated 2011 $'000	2010 $'000
CURRENT ASSETS			
Cash and cash equivalents	11	**104,996**	76,778
Trade and other receivables		**172,466**	158,562
Inventories		**443,827**	449,885
Other current assets		**16,493**	9,659
TOTAL CURRENT ASSETS		**737,782**	694,884
NON CURRENT ASSETS			
Available-for-sale financial assets		**-**	233
Property, plant and equipment		**175,909**	116,750
Intangible assets		**189,797**	198,574
Deferred tax assets		**18,979**	16,877
TOTAL NON CURRENT ASSETS		**384,685**	332,434
TOTAL ASSETS		**1,122,467**	1,027,318
CURRENT LIABILITIES			
Trade and other payables		**143,383**	137,080
Interest-bearing loans and borrowings		**369,258**	358,825
Income tax payable		**7,927**	13,987
Provisions		**31,347**	29,155
TOTAL CURRENT LIABILITIES		**551,915**	539,047
NON CURRENT LIABILITIES			
Interest-bearing loans and borrowings		**106,868**	98,283
Deferred tax liabilities		**285**	206
Provisions		**10,649**	10,172
TOTAL NON CURRENT LIABILITIES		**117,802**	108,661
TOTAL LIABILITIES		**669,717**	647,708
NET ASSETS		**452,750**	379,610
EQUITY			
Contributed equity	6	**382,586**	302,106
Reserves		**(563)**	(235)
Retained profits	3	**67,716**	74,992
Capital and reserves attributable to the owners of Automotive Holdings Group Limited		**449,739**	376,863
Non-controlling interest		**3,012**	2,747
TOTAL EQUITY		**452,750**	379,610

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2011 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Notes	Consolidated 2011 $'000	2010 $'000
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		**3,328,549**	3,221,502
Payments to suppliers and employees (inclusive of GST)		**(3,205,873)**	(3,180,492)
Interest paid and costs of finance		**(32,750)**	(24,116)
Interest received		**5,080**	4,096
Income tax paid		**(28,554)**	(21,123)
Net cash inflow / (outflow) from operating activities	11	**66,452**	(133)
Cash flow from investing activities			
Payment for purchase of business, net of cash acquired		**(12,516)**	-
Deposits on purchases of businesses		**(1,500)**	-
Payment for property plant and equipment		**(68,164)**	(18,818)
Dividends and distributions received		**-**	168
Proceeds of sale of property, plant and equipment		**3,278**	3,830
Proceeds of sale of investments		**-**	7,866
Net cash (outflow) from investing activities		**(78,902)**	(6,954)
Cash flows from financing activities			
Net proceeds from / (repayment of) borrowings		**738**	50,761
Proceeds from issue of shares, net of transaction costs		**80,292**	7,395
Dividends paid to members	3	**(38,493)**	(38,493)
Dividends paid to non-controlling interest		**(1,870)**	(780)
Net cash inflow from financing activities		**40,668**	18,884
Net increase in cash and cash equivalents		**28,217**	11,796
Cash and cash equivalents at the beginning of the year		**76,778**	64,982
Cash and cash equivalents at the end of the year		**104,996**	76,778

Non-cash financing and investing activities

During the period the consolidated entity acquired plant and equipment with a fair value of $12,982,613 (2010: $16,335,234) by means of finance lease and hire purchase. These acquisitions are not reflected in the Statement of Cash Flows.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2011 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

Consolidated	**Contributed equity**	**Asset revaluation reserve**	**Hedge Reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2009	**294,711**	**1,530**	**-**	**(393)**	**53,147**	**348,994**	**1,305**	**350,299**
Profit for the year (after tax)	-	-	-	-	60,338	60,338	1,722	62,060
Changes in fair value of available-for-sale financial assets	-	(1,964)	-	-	-	(1,964)	-	(1,964)
Exchange differences on translation of foreign operations	-	-	-	31	-	31	1	32
Income tax relating to components of other comprehensive income	-	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	7,395	-	-	-	-	7,395	500	7,895
Dividends provided for or paid	-	-	-	-	(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**	**2,748**	**379,610**

	Contributed equity	**Asset revaluation reserve**	**Hedge Reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2010	**302,106**	**127**	**-**	**(362)**	**74,992**	**376,863**	**2,748**	**379,610**
Profit for the year (after tax)	-	-	-	-	31,217	31,217	1,935	33,153
Changes in fair value of available-for-sale financial assets	-	(181)	-	-	-	(181)	-	(181)
Changes in fair value of cash flow hedges	-	-	(59)	-	-	(59)	-	(59)
Exchange differences on translation of foreign operations	-	-	-	(160)	-	(160)	(1)	(161)
Income tax relating to components of other comprehensive income	-	54	18	-	-	72	-	72
Total comprehensive income for the year	**-**	**(127)**	**(41)**	**(160)**	**31,217**	**30,889**	**1,934**	**32,824**
Transactions with owners in their capacity as equity holders:								
Contributions of equity, net of transaction costs	80,480	-	-	-	-	80,480	200	80,680
Dividends provided for or paid	-	-	-	-	(38,493)	(38,493)	(1,870)	(40,363)
	80,480	**-**	**-**	**-**	**(38,493)**	**41,987**	**(1,670)**	**40,316**
At 30 June 2011	**382,586**	**-**	**(41)**	**(522)**	**67,716**	**449,739**	**3,012**	**452,750**

1. Segment Information

Segment Reporting June 2011	Automotive Retail	Transport and Cold Storage	Other Logistics	Logistics	Consolidated
	$'000	$'000	$'000	$'000	$'000
Gross revenue	2,987,970	201,621	246,538	448,159	3,436,129
Less: intercompany sales	(68,210)	(235)	(36,467)	(36,702)	(104,912)
Segment revenue	2,919,760	201,386	210,071	411,458	3,331,217
Interest earned	5,062	165	337	502	5,564
Total revenue					**3,336,782**
EBITDA	**94,046**	**19,787**	**7,944**	**27,731**	**121,777**
Depreciation and amortisation	(11,794)	(6,009)	(1,665)	(7,674)	(19,468)
EBIT	**82,251**	**13,778**	**6,280**	**20,057**	**102,309**
Interest expense (net)	(23,165)	(2,364)	(1,657)	(4,020)	(27,185)
Segment result before unusual items					**75,123**
Impairment of Intangibles					(19,854)
Profit before tax					**55,269**
Income tax expense					(22,117)
Reportable segment profit after tax					**33,153**
Total revenue	**2,924,822**	**201,551**	**210,409**	**411,960**	**3,336,782**
EBITDA before unusual and acquisition-related professional fees	**94,742**	**19,787**	**9,188**	**28,975**	**123,717**
EBIT before unusual and acquisition-related professional fees	**82,948**	**13,778**	**7,523**	**21,301**	**104,249**
Segment result before unusual and acquisition-related professional fees	**59,783**	**11,414**	**5,867**	**17,281**	**77,063**
Acquisition-related professional fees	(696)		(1,244)	(1,244)	(1,940)
Segment result before unusual items	**59,086**	**11,414**	**4,623**	**16,037**	**75,123**
Unusual items - Impairment of Intangibles	(6,679)	-	(13,175)	(13,175)	(19,854)
Reportable segment result after unusual items	**52,407**	**11,414**	**(8,552)**	**2,862**	**55,269**
Segment assets	955,780	79,076	87,611	166,687	1,122,467
Total consolidated assets					**1,122,467**
Segment liabilities					669,717
Total consolidated liabilities					**669,717**
Acquisition of property, plant, equipment, intangibles and other non current segment assets					**95,867**

1. Segment Information (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	2,857,707	167,123	215,146	382,269	3,239,977
Sale of investments					7,904
Total revenue and other income					**3,247,880**
EBITDA	**88,803**	**15,909**	**11,277**	**27,185**	**115,989**
Depreciation and amortisation	(10,466)	(4,606)	(1,773)	(6,379)	(16,844)
EBIT	**78,337**	**11,303**	**9,504**	**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 (net)					(22,619)
Income tax expense on unusual items					(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
Sale of investments	7,904	-	-	-	7,904
Total segment revenue and other income	**2,865,611**	**167,123**	**215,146**	**382,269**	**3,247,880**
Segment result after allocation of interest	**62,881**	**9,310**	**7,273**	**16,583**	**79,464**
Unusual items					
Profit on sale of investments					7,449
Reportable segment profit after unusual items before tax	**70,330**	**9,310**	**7,273**	**16,583**	**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**

2. Earnings per Share

	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per share	**13.5**	26.7
Diluted earnings per share	**13.5**	26.7

	Cents	Cents
Earnings per share for profit attributable from continuing operations (excl. unusual items and acquisition-related costs) attributable to the ordinary equity holders of the company:		
Basic earnings per share	**22.7**	24.4
Diluted earnings per share	**22.7**	24.4

3. Retained Earnings

	Consolidated	
	2011 $'000	2010 $'000
Opening balance at 1 July	**74,992**	53,147
Net profit for the year attributable to members	**31,217**	60,338
Dividends paid to members	**(38,493)**	(38,493)
Closing balance at 30 June	**67,716**	74,992

4. Dividends Paid and Proposed

	Date paid / payable	Amount per security (fully franked at 30%)
Declared and paid during the period ended June 2010		
Final franked dividend for 2009	02/10/09	10.0 cents
Interim franked dividend for 2010	06/04/10	7.0 cents
Declared and paid during the period ended June 2011		
Final franked dividend for 2010	01/10/10	10.0 cents
Interim franked dividend for 2011	01/04/11	7.0 cents
Proposed and not recognised as a liability		
Final franked dividend for 2011	30/09/11	10.0 cents

5. NTA Backing

	Consolidated	
	2011 Cents	2010 Cents
Net tangible asset backing per ordinary security	**101.0**	79.9

6. Contributed Equity

Ordinary Shares

		No. of Shares	Issue Price	$'000
01/07/09	Opening Balance at 1 July 2009	220,252,328		294,711
08/07/09	Share Purchase Plan	6,238,745	$ 1.20	7,486
	Less: transaction costs arising on share issue			(91)
30/06/10	Balance at 30 June 2010	226,491,073		302,106
19/05/11	Institutional Placement	33,958,136	$ 2.44	82,858
	Less: transaction costs arising on share issue			(2,565)
	Deferred Tax Credit recognised directly in equity			1,187
30/06/11	Balance at 30 June 2011	**260,449,209**		**383,585**

Treasury Shares

		No. of Shares	Issue Price	$'000
01/07/10	Balance at 1 July 2010	-		-
23/12/10	Acquisition of shares by AHG Employee Share Plan Trust	(420,000)	$ 2.38	(1,000)
30/06/11	Balance at 30 June 2011	**(420,000)**		**(1,000)**

Total Contributed Equity

		No. of Shares	$'000
30/06/11	**Net Balance at 30 June 2011**	**260,029,209**	**382,586**

7. Business Combination

On 4 November 2010 Automotive Holdings Group Limited acquired the business and assets of Graham Werner Toyota (now trading as Ferntree Gully Toyota); a Toyota dealership located 30km from the Melbourne CBD at Ferntree Gully.

The consideration paid was $12,515,727 cash. The business contributed revenues of $30.752 million and a net profit before tax of $0.226 million for the full year ended 30 June 2011. The current periods result has been adversely impacted by the supply constraints associated with the Japanese tsunami. If the acquisition had occurred on 1 July 2010, consolidated revenue and profit for the year ended 30 June 2011 would have been $3.383 billion and $33.2 million respectively.

Costs of $0.114 million directly associated with the acquisition of the business are included in professional services in the consolidated statement of comprehensive income and operating cash flows in the statement of cash flows.

Details of the purchase consideration, the net assets acquired and intangible assets identified are as follows:

	$'000
Purchase Consideration	
Cash paid	12,516
Direct costs relating to the acquisition	114
Total purchase consideration	12,630

	Fair Value at Acquisition Date $'000	Acquiree's Carrying Value $'000
Vehicle inventories	802	830
Parts inventories	229	229
Other inventory	26	26
Other current assets	14	14
Property, plant and equipment	643	643
Deferred tax assets	102	69
	1,817	1,812
Trade and other payables	(117)	(55)
Vehicle warranties	(10)	(10)
Employee entitlements	(252)	(231)
	(378)	(296)
Net identifiable assets acquired	1,439	1,516
Add: goodwill	3,692	
Add: franchise rights	7,385	
Net assets acquired	12,516	

The goodwill is attributed to the profitability of the business and the franchise rights to the Toyota franchise acquired. The amounts proportionally attributable to both goodwill and franchise rights are consistent with the Group's treatment of like amounts previously acquired. They are only deductible for tax purposes upon any future sale of this business.

8. Revenue and Expenses

	Consolidated	
	2011 $'000	2010 $'000
Sales revenue		
Sale of goods	**2,914,473**	2,878,538
Rendering of services	**401,723**	345,743
	3,316,195	3,224,281
Other revenue		
Interest	**5,564**	4,096
Dividends	**-**	168
Other revenue	**15,022**	11,432
	20,586	15,696
Total Revenue	**3,336,782**	3,239,977

	Consolidated	
	2011 $'000	2010 $'000
Other Income		
Net gain on disposal of property, plant and equipment	**148**	-
Proceeds on sale of investment [1]	**-**	7,904
	148	7,904

[1] During the prior year ended 30 June 2010 the Group fully disposed of its interest in carsales.com Limited shares.

8. Revenue and Expenses (continued)

	Consolidated	
	2011 $'000	2010 $'000
Depreciation		
Vehicles, plant, furniture and equipment	**12,581**	10,028
Buildings	**369**	148
	12,951	10,176
Amortisation		
Capitalised leased assets	**3,980**	4,509
Leasehold improvements	**2,538**	2,160
	6,517	6,668
Finance costs *(for financial liabilities not at fair value through profit and loss)*		
Interest paid - other	**5,473**	2,471
Interest paid - finance leases	**1,990**	3,246
Interest paid - hire purchase	**1,605**	-
Interest paid - floor plan	**23,682**	18,059
Borrowing costs	**-**	340
	32,750	24,116
Lease payments		
Rental expenses relating to property operating leases	**57,900**	50,925
Rental expenses relating to equipment operating leases	**6,825**	7,205
	64,725	58,130
Employee benefits expense		
Wages, salaries and employee benefits	**310,631**	292,407
Superannuation	**21,084**	20,032
	331,715	312,439
Other expenses		
Bad debts written off	**494**	558
Net loss on sale of plant and equipment	**-**	123
	494	681
Unusual items		
Cost of sale of investment[1]	**-**	454
Impairment of intangibles	**19,854**	-
	19,854	454

[1] During the prior year 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 $454,197.

9. Unusual Items

	Consolidated	
	2011	2010
	$'000	$'000
Gains		
Proceeds on sale of investment	**-**	7,904
Less: costs on sale of investment	**-**	(454)
Less: applicable tax expense	**-**	(2,235)
	-	5,215
Expenses		
Impairment of intangibles	**19,854**	-
	19,854	-

10. Income Tax

	Consolidated	
	2011	2010
	$'000	$'000
Profit from continuing operations before income tax expense	**55,269**	86,914
Corporate tax at the rate of 30% (2010: 30%)	**16,581**	26,074
Non deductible expenses	**471**	466
Investment allowance	**-**	(1,110)
Non-deductible diminution of investment and impairment of intangibles	**5,956**	-
Reversal of previously unrecognised deferred tax losses	**-**	(356)
Non assessable dividends	**-**	(72)
Tax offset for franking credits	**-**	22
Other	**(155)**	83
Income tax expense	**22,853**	25,107
Adjustments in respect of current income tax of previous years	**(736)**	(253)
Income tax expense	**22,117**	24,854

11. Reconciliation to Statement of Cash Flows

	Consolidated	
	2011 $'000	2010 $'000
Profit after tax	**33,153**	62,060
Non Operating Activity Cash flow in profit		
- Distributions received	**-**	(168)
- Profit on sale of assets	**(148)**	-
- Loss on sale of assets	**-**	123
- Profit on sale of investments	**-**	(7,449)
Non Cash flow in profit		
- Depreciation	**12,951**	10,176
- Amortisation	**6,517**	6,668
- Impairment of intangibles	**19,854**	-
Changes in operating assets and liabilities		
(Increase) / decrease in trade debtors	**(8,576)**	(17,853)
(Increase) / decrease in inventories	**9,044**	(60,920)
(Increase) / decrease in prepayments	**(5,319)**	(764)
(Increase) / decrease in deferred tax assets	**(855)**	(1,112)
Increase / (decrease) in current tax payable	**(5,944)**	7,205
Increase / (decrease) in trade creditors	**(7,005)**	(13,505)
Increase / (decrease) in accruals	**12,105**	14,339
Increase / (decrease) in employee entitlements	**2,530**	3,502
Increase / (decrease) in other provisions	**(1,932)**	(73)
Increase / (decrease) in deferred tax liabilities	**79**	(2,362)
Net cash inflow / (outflow) from operating activities	**66,452**	(133)

	Consolidated	
	2011 $'000	2010 $'000
Cash at bank and on hand	**104,455**	53,497
Deposits at call	**540**	23,281
	104,996	76,778

12. Jointly Controlled Entities

	% Holding	
	2011	2010
Vehicle Parts (WA) Pty Ltd	**50%**	50%

	Consolidated	
	2011 $'000	2010 $'000
Profit from ordinary activities before tax	**624**	573
Income tax expense	**(187)**	(166)
Profit contribution to Group net profit	**437**	407

13. Events after the Balance Date

(a) Acquisition of Harris Refrigerated Transport

On 1 July 2011 Automotive Holdings Group Limited ('AHG') acquired business assets and liabilities from Harris Refrigerated Transport Pty Ltd (including associated entities), a temperature sensitive freight logistics company, for an enterprise value of $32,000,000. The acquired business provides logistical services throughout Australia, is complimentary in nature and activities to those undertaken by AHG's existing Rand Transport subsidiary and will provide the group with a greater market share in this sector together with synergistic benefits through combined economies of scale.

The financial effects of this transaction have not been brought to account at 30 June 2011. The operating results, assets and liabilities will be consolidated from 1 July 2011. A deposit of $500,000 had been paid at 30 June 2011 in respect of this acquisition.

i. Purchase consideration

Details of the consideration transferred are:

	$'000
Purchase Consideration	
Enterprise value	32,000
Borrowings assumed	(15,339)
Direct costs relating to the acquisition	2,644
Total purchase consideration	19,305

The provisionally determined fair values of the acquired assets and liabilities of Harris Refrigerated Transport Pty Ltd are as follows:

13. Events after the Balance Date (continued)

	Fair Value at Acquisition Date $'000
Trade and other receivables	11,384
Inventory	499
Plant & equipment	22,494
Deferred tax assets	1,056
	35,433
Payables	(6,410)
Employee benefit liabilities	(3,341)
Hire purchase and lease liabilities	(15,339)
	(25,090)
Net identifiable assets acquired	10,343
Add: goodwill	6,318
Net assets acquired	16,661

The goodwill is attributable to the profitability levels and market positioning of Harris Refrigerated Transport Pty Ltd's operations. The goodwill is only deductible for tax purposes upon any future sale of this business.

ii. Contingent consideration, non-controlling interests and acquisition costs

There is no contingent consideration associated with the acquisition, nor any non-controlling interests to be accounted for.

Acquisition-related costs of $658,787 (including accruals) are included in professional services in profit or loss in the reporting year ended 30 June 2011.

iii. Information not disclosed as not yet available

At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of Harris Refrigerated Transport Pty Ltd. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised, as well as the final determination of any identifiable intangible assets acquired other than goodwill.

(b) Acquisition of Cov's

On 1 July 2011 Automotive Holdings Group Limited ('AHG') acquired certain business assets and liabilities of Cov's, an automotive parts distributing and retailing company throughout Western Australia, for consideration of $30,251,844 (excluding direct costs). The acquired business operates similar activities to those undertaken by AHG's existing parts distribution subsidiaries throughout Australia and will provide the group with access to new markets and suppliers as well as synergistic benefits through economies of scale in inventory holding and distribution costs.

13. Events after the Balance Date (continued)

The financial effects of this transaction have not been brought to account at 30 June 2011. The operating results, assets and liabilities will be consolidated from 1 July 2011. A deposit of $1,000,000 had been paid at 30 June 2011 in respect of this acquisition.

i. Purchase consideration

Details of the consideration transferred are:

	$'000
Purchase Consideration	
Cash paid	30,252
Direct costs relating to the acquisition	1,278
Total purchase consideration	31,530

The provisionally determined fair values of the acquired assets and liabilities of Cov's are as follows:

	Fair Value at Acquisition Date $'000
Cash	21
Inventory	26,124
Prepayments	442
Motor Vehicles	678
Plant and Fittings	822
Deferred tax assets	1,000
	29,086
Employee benefit entitlements	(3,332)
Unclaimed customer deposits	(2)
	(3,334)
Net identifiable assets acquired	25,752
Add: goodwill	4,500
Net assets acquired	30,252

The goodwill is attributable to synergies expected to be realised through the integration of Cov's Parts operations with those of AHG's AMCAP division's operations, as well as reflecting the profitability levels and market positioning of the acquired business. It is only deductible for tax purposes upon any future sale of this business.

ii. Contingent consideration, non-controlling interests and acquisition costs

There is no contingent consideration associated with the acquisition, nor any non-controlling interests to be accounted for.

Acquisition-related costs of $584,850 will be included in professional services in profit or loss in the reporting year ended 30 June 2011.

13. Events after the Balance Date (continued)

iii. Information not disclosed as not yet available

At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of Coventry's Automotive Parts WA. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised.

(c) Share Purchase Plan

On 1 July 2011 AHG issued 233,972 shares at $2.44 under the Share Purchase Plan that allowed investors subscribe for shares at the same issue price as the institutional equity placement completed in May 2011.

(d) Carsguide.com

On 15 July 2011 AHG paid $2.25 million for its share of the foundation equity in this venture.