AUTOMOTIVE HOLDINGS GROUP LIMITED

ANNUAL FINANCIAL REPORT
30 JUNE 2009

ABN 35 111 470 038

AUTOMOTIVE HOLDINGS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009

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 2009.

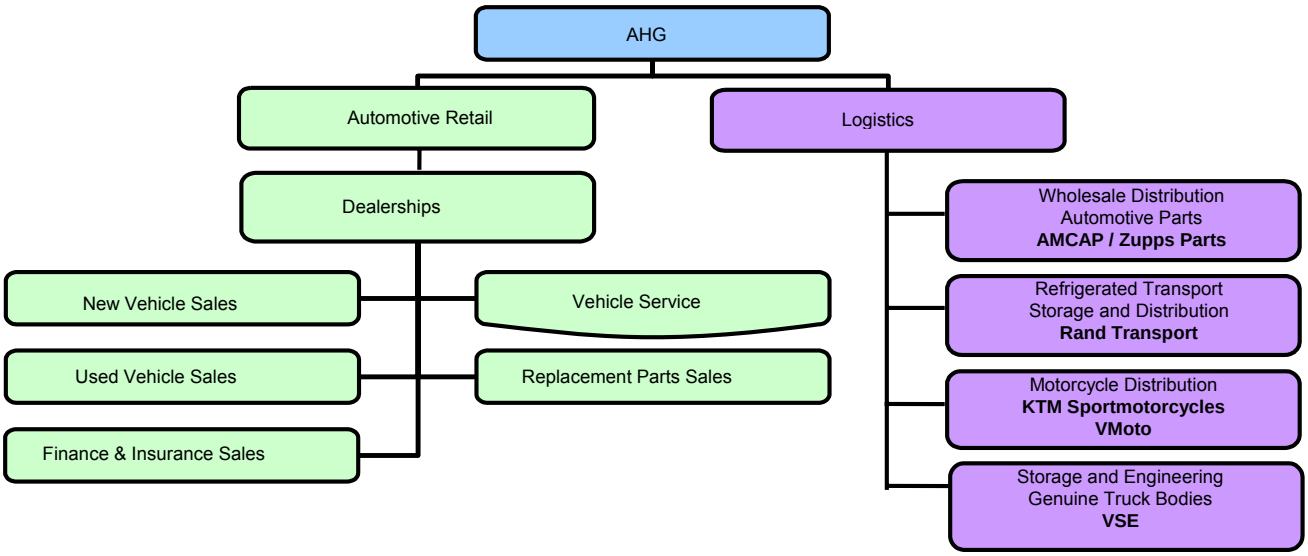
Directors

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
Peter William Stancliffe	Non Executive Director
Gregory Joseph Wall	Non Executive Director
Hamish Calder Williams	Executive Director

Principal Activities

The principal continuing activities of the Group consist of:



Dividends

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

	2009 $'000	2008 $'000
Final ordinary dividend for the year ended 30 June 2008 of 10.0 cents per fully paid share paid on 21 October 2008 (2007: 7.5 cents per fully paid share paid on 12 October 2007)	19,140	13,968
Interim ordinary dividend for the year ended 30 June 2009 of 4.0 cents per fully paid share paid on 2 April 2009 (2008: 7.25 cents per fully paid share on 2 April 2008)	7,662	13,866
TOTAL (note 26 to the Accounts)	**26,802**	**27,834**

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 dividends to be paid on 2 October 2009 out of the retained profits at 30 June 2009, but not recognised as a liability at year end, will be $22.65 million.

Review of Operations

Net profit after tax attributable to members from continuing operations for the year ended 30 June 2009 was $24.1 million (2008: $53.2 million). Net profit after tax and before unusual items (detailed below) attributable to members, for the year ended 30 June 2009, was $42.2 million (2008: $48.5 million).

The current year result includes the following unusual items:

- The benefit of a GST refund applicable to a GST on holdback refund claim made for the years ended 2000 to 2005. The net benefit after associated costs and tax for the year ended 30 June 2009 was $5.222 million (2008: $4.743 million) which was applicable to the automotive division;
- An impairment adjustment applicable to the carrying value of intangible assets related to the automotive and logistics divisions. In accordance with the requirements of AASB 136 *Impairment of Assets*, the Group has undertaken an assessment for impairment of its assets on a cash generating unit basis. This has resulted in an amount of $22.5 million (2008: $nil) being taken as a charge against full year earnings;
- A $0.54 million (net of tax) write-off of development costs associated with the automotive division (2008: $nil) ; and
- A fair value adjustment applicable to available-for-sale financial assets to reflect the current market value of the investment. The impact of the fair-value adjustment is a charge of $0.32 million (net of tax) (2008:$nil).

Group revenue from continuing operations (excluding unusual items) was $3.073 billion (2008: $3.415 billion), being 90% of the previous year's revenue.

The Automotive Retail division performed credibly in difficult trading conditions with $2.675 billion in revenue (2008: $3.027 billion) and $42.2 million in profit before tax and unusual items segment result (2008: $58.8 million) representing a decrease of 11.6% and 28.2% respectively.

The Logistics division performed strongly with $395.3 million in revenue (2008: $385.6 million) and $19.3 million in profit before tax and unusual items segment result (2008: $12.3 million) representing an increase of 2.5% and 56.9% respectively.

AHG continues to assess growth opportunities that fit the Company's strategy to deliver sustained earnings growth for shareholders. This strategy will be pursued by:

- Continuing to establish new automotive dealerships on greenfield sites;

- Adding new franchise brands to AHG's automotive retailing portfolio;
- Expanding the logistics division through broadening the service offering to customers and extending its geographic reach;
- Continuing to focus on superior customer service and retention to increase sales through AHG's automotive and logistics network;
- Maintaining tight control of operating costs; and
- Targeting selective acquisitions that complement existing businesses, are earnings accretive and create long term value for shareholders.

Consolidated sales revenue and results are set out below.

Key Financial Data Full Year Ending 30 June 2009	TOTAL OPERATIONS	UNUSUAL ITEM(S)	TOTAL OPERATIONS (EXCLUDING UNUSUAL ITEMS)
$'000			
Total Revenue	3,073,083		3,073,083
EBITDA	82,540	(18,595)	101,136
EBITDA margin %	2.7%		3.3%
Depreciation & Amortisation	14,940	-	14,940
EBIT	67,600	(18,595)	86,195
Interest (Net)	24,721	-	24,721
Profit before Tax	42,879	(18,595)	61,474
Profit / (Loss) After Tax	24,927	(18,112)	43,039
Outside equity interest	(795)	-	(795)
Net Profit / (Loss) after tax attributable to Shareholders	24,132	(18,112)	42,244
Basic EPS (cents per share)	12.40		21.71

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 $33,176, 000 (from $261,535,000 to $294,711,000) for the year comprises:

Date		Note	Number of Shares	Issue Price	$'000
30/06/07	Balance		191,187,689		260,321
28/09/07	Shares issued for AHG Performance Rights		211,084	$ 3.60	760
07/12/07	Shares issued for AHG Performance Rights		123,496	$ 3.63	448
31/01/08	Issue of shares for AHG Tax Exemption Plan		1,495	$ 3.34	6
30/06/08	Balance		191,523,764		261,535
16/10/08	Shares issued for AHG Performance Rights		25,897	$ 1.10	28
22/05/09	Institutional Placement		28,702,667	$ 1.20	34,443
	Less: transaction costs arising on share issue				(1,295)
30/06/09	Balance		220,252,328		294,711

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

	Note	Consolidated		Parent Entity	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Gains					
GST on holdback refund (net of costs)	(a)	4,751	6,776	-	-
Less: Applicable income tax benefit (including prior year over provision)		471	(2,033)	849	-
		5,222	4,743	849	-
Expenses					
Impairment of intangibles	(b)	(22,478)	-	(1,249)	-
Impairment of investments / related party loans	(b)	-	-	(24,525)	-
Less: Applicable income tax benefit		6	-	-	-
		(22,472)	-	(25,773)	-
Adjustment to available-for-sale financial assets	(c)	(324)	-	(324)	-
Less: Applicable income tax (expense) / benefit		-	-	-	-
		(324)	-	(324)	-
Write off of development costs	(d)	(545)	-	(23)	-
Less: Applicable income tax benefit		7		7	-
		(538)	-	(16)	-
Net unusual items after tax		(18,112)	4,743	(25,264)	-

(a) 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 include the net benefit of a GST refund, after associated costs and tax, of $5.22 million applicable to the automotive division.

(b) 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 include an impairment charge of $22.5 million applicable to the carrying value of intangible assets related to the automotive and logistics divisions.

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

The accounts to 30 June 2009 include 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.

(d) Write-off of Development Costs

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

Matters Subsequent to the End of the Year

On 2 July 2009, the Group announced to the ASX completion of a share purchase plan (SPP) raising approximately $7.5 million. The SPP provided existing shareholders the opportunity to subscribe for up to $15,000 worth of shares in AHG at $1.20 per share, the same price as offered to institutional shareholders through a placement completed on 18 May 2009 and listed on 22 May 2009. The total number of ordinary shares issued under the SPP was 6,238,745, issued on 8 July 2009, taking the total number of ordinary shares on issue for the Group to 226,491,073.

carsales.com Ltd, a previously unlisted entity, of which the Company is a shareholder, listed with the ASX on 10 September 2009. Subsequent to this listing the Company has disposed of 2,000,000 of its shares in carsales.com Ltd for a net profit after tax of approximately $4.92 million.

Other than as stated above, no other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect the:

(a) Group's operations in future financial years; or
(b) Results of those operations in future financial years; or
(c) Group's state of affairs in future financial years.

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 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 50 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.

Other current directorships (of listed entities)
Great Southern Limited
ThinkSmart Limited
Northern Iron Limited

Former directorships in the last 3 years
ARC Energy Limited
Antaria 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 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 quality high-end home products, and Aviva Optical, a national importer and distributor of optical products and accessories.

Mr Groppoli is a director of public unlisted entities Retravision (WA) Limited and Electcom Limited.

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 and national market intelligence.

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

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 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

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 2009 and the number of meetings attended by each director are as follows:

	Full meetings of directors		Audit & Risk Management		Remuneration and Nomination	
	A	B	A	B	A	B
RJ Branchi	14	14	5	5	2	2
BM Howson	14	14	n/a	n/a	n/a	n/a
G Groppoli	13	14	n/a	n/a	2	2
D Griffiths	14	14	5	5	n/a	n/a
PW Stancliffe	13	14	n/a	n/a	n/a	n/a
GJ Wall	12	14	5	5	1	2
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 they 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 Groppoli and Williams will retire by rotation. Being eligible, Messrs Groppoli and Williams will offer themselves for re-election at the next 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 program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution

The Group currently has in place short term incentives for certain senior executives, the details of which are listed 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. The Board are currently considering long term incentives.

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 is not being 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.

The following fees have applied:

	From 1 July 2008 to 30 June 2009	From 1 July 2009
Base Fees		
Chairman	$124,100	126,582
Deputy Chairman	$100,690	102,704
Other non-executive directors	$71,280	72,706
Additional Fees		
Audit & Risk Management Committee Chairman	$11,880	12,118
Audit & Risk Management Committee Member	$5,940	6,059
Remuneration & Nomination Committee Chairman	$5,940	6,059
Remuneration & Nomination Committee Member	$2,970	3,029

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.

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 75% (2008: 80%) of base pay for the Managing Director and 35% (2008: 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 2009 financial STI criteria were based on achievement of budget. 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 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.

Share rights have been issued to the executive directors as follows:

For the Year Ended 30 June 2006	
BM Howson	156,843
HC Williams	31,368
For the Year Ended 30 June 2007	
BM Howson	355,511
HC Williams	66,658

All of the above share rights have vested.

A further issue of share rights was made to both BM Howson and HC Williams following approval at the Company's Annual General Meeting held on 29 November 2007.

For the Year Ended 30 June 2008	
BM Howson	183,993
HC Williams	23,000

Vesting of the above share rights is based on meeting certain performance criteria. Performance criteria are designed to align the performance of executive directors with the interests of shareholders. For the share rights relating to the 30 June 2008 performance period the vesting of these rights is based on Total Shareholder Return (TSR) relative to a Reference Group comprising of a selection of ASX 300 companies (excluding financial and resources). The Group's TSR must be in the 51st percentile to receive 50% of the share rights, increasing to 100% of share rights vesting at more than or equal to the 75th percentile. Any rights that are linked to TSR and that remain unvested when the performance criteria are first tested after the relevant Performance Period will be carried forward for re-testing on 30 September after the completion of two subsequent Performance Periods, after which the share rights will immediately lapse.

TSR calculation for the share rights granted in the financial year ended 30 June 2008 was performed by an independent external party. The Group's TSR calculation fell below the 51st percentile for the year ended 30 June 2008 so the share rights remain unvested for re-testing in the following year. Further testing was conducted for the 2 years ended 30 June 2009 and the Group's TSR calculation fell below the 51st percentile. The Rights remain unvested and will be re-tested in the year ended 30 June 2010. If the Group fails to meet the required TSR thresholds, the share rights will lapse.

An issue of further rights to the Managing Director was proposed at the last Annual General Meeting. Shareholders rejected the resolution. No issue of share rights is to be considered at the next Annual General Meeting. The Group is currently considering options for long term incentives for its senior executives.

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 must 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 2009 are set out below.

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 2009, 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 2009 (inclusive of superannuation, benefits and motor vehicle but exclusive of bonuses);
- Entitlement to short term bonus of $500,000 upon the achievement of financial criteria 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 2009. The financial criteria are based on performance metrics linked to the Group's budget..
- Either party can terminate on 12 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.

Hamish Calder Williams
- Continuing term employment;
- Total base remuneration of $580,000 per annum (inclusive of superannuation, benefits and motor vehicles but exclusive of bonuses);
- Entitlement to short term bonus of $50,000 upon the achievement of financial and $150,000 upon the achievement of non-financial criteria related to strategy, operational savings and business opportunities for the year ended 30 June 2009. The financial criteria are based on performance metrics linked to the Group's budget.

- Employee can terminate 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
- John (Jack) Bernard Moroney (appointed 23 February 2009)
- Christopher Bevan Marwick
- 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;
- participation in the AHG Performance Rights Plan whereby rights to acquire shares in the Company may be awarded as determined by the Board from time to time. The vesting of these rights will be subject to certain specified performance criteria;
- 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 1-12 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 $267,676 per annum for the year ended 30 June 2009 (inclusive of superannuation, benefits and motor vehicle);
- Executive can terminate employment on 1 month 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.

John (Jack) Bernard Moroney, GM Organisational Effectiveness

- Appointed on 23 February 2009
- Continuing term employment;
- Total remuneration of $238,000 per annum for the year ended 30 June 2009 (inclusive of superannuation and 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;
- 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 approximately $295,305 per annum for the year ended 30 June 2009 (inclusive of superannuation, benefits and motor vehicles but exclusive of bonuses);
- Entitlement to monthly bonus payments of an amount equal to 1.5% of the Western Australian dealerships' monthly operating profits;
- Executive can terminate employment 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.

Ronald Michael Nuich, Chief Financial Officer

- Continuing term employment;
- Total remuneration of $300,000 per annum for the year ended 30 June 2009 (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;
- 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 $222,058 per annum for the year ended 30 June 2009 (inclusive of superannuation);
- Entitlement to additional bonus payment of $25,000 based on achievement of KPIs related to timely reporting, compliance and corporate governance matters;
- Executive can terminate employment on 3 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.

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. For the purpose of calculating the TSR for the Rights that remain unvested and require re-testing, the share price to be used on the first and last day of a performance period is the volume weighted average price for the shares of the Company traded on ASX for the 3 months prior to 1 July 2007 and 3 months prior to 30 June 2009 up to and including the first and last day.

As mentioned above, no Rights were issued for the year ended 30 June 2009. Of the Rights that remain unvested from previous years, following testing against the TSR criteria, the Rights remain unvested and will be tested next year. Should criteria not be met, these Rights will then 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 a selection of ASX 300 companies	Percentage of Rights that are exercisable
< 51st percentile	0%
≥ 51st percentile but ≤ 75th percentile	50% (plus a pro rata increase of 2% for each higher percentile ranking up to the 75th percentile)
≥ 75th 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 will be 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
JB Moroney	GM Organisational Effectiveness (appointed 23 February 2009)
CB Marwick	Chief Operating Officer – Automotive
RM Nuich	Chief Financial Officer (effective 1 February 2009)
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 2009:

	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 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

[1] Appointed 23 February 2009

As discussed above no rights were issued under the AHG Performance Rights Plan and no rights will vest for the year ended 30 June 2009 for any executive as the performance criteria were not met. Those rights issued under previous years and not vesting will be carried forward for re-testing on 30 September 2010. If the criterion is not met at this time, the rights will lapse. Following is a summary of the cost of shares as at 30 June 2009:

AHG Performance Rights Plan		**BM Howson**		**HC Williams**		**CB Marwick**		**Total**	
		2009 Share Rights	2008 Share Rights	2009 Share Rights	2008 Share Rights	2009 Share Rights	2008 Share Rights	2009 Share Rights	2008 Share Rights
Number of shares	**Price**	-	-	-	-	-	45,897	-	45,897
		$	$	$	$	$	$	$	$
Change in value between 30 June 2007 and when shares received by executives		-	(133,316)	-	(24,996)	-	-	-	(158,312)
Shares purchased to 30 June 2008	$ 3.63	-	-	-	-	-	72,600	-	72,600
Shares to be purchased at 30 June 2008	$ 2.20	-	-	-	-	-	56,973	-	56,973
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		-	(133,316)	-	(24,996)	(17,177)	129,573	(17,177)	(28,739)

Comparative details for the year ended 30 June 2008 are as follows:

	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 2007	Commission / Bonus Accrued for June 2008	Other Non Monetary Benefits	Share Plan Benefits (2007)	Share Plan Benefits (2008)	Super-annuation	
	$	$	$	$	$	$	$	$	$
Non-Executive Directors									
Robert John Branchi	3,462	-	-	-	35,709	-	-	100,000	139,171
Peter William Stancliffe	67,297	-	-	-	-	-	-	6,057	73,354
Giovanni Groppoli	70,000	-	-	-	-	-	-	6,300	76,300
David Charles Griffiths	60,203	-	-	-	-	-	-	18,171	78,374
Gregory Joseph Wall	81,200	-	-	-	-	-	-	7,308	88,508
	282,162	-	-	-	35,709	-	-	137,836	455,707
Executive Directors									
Bronte McGregor Howson	861,141	723,169	(680,000)	506,667	53,255	(133,316)	-	98,995	1,429,911
Hamish Calder Williams	437,387	263,094	(255,000)	126,667	60,142	(24,996)	-	99,944	707,238
	1,298,528	986,263	(935,000)	633,334	113,397	(158,312)	-	198,939	2,137,149
Total Directors	1,580,690	986,263	(935,000)	633,334	149,106	(158,312)	-	336,775	2,592,856
Key Executives									
Garry William Gooding[4]	113,461	-	-	-	-	-	-	100,000	213,461
David William Kiggins[1]	147,000	121,732	(40,000)	15,768	24,737	-	-	25,129	294,366
Robert McGrath[2]	75,788	54,166	(54,166)	-	62,355	-	-	54,233	192,376
Christopher Bevan Marwick	208,942	632,887	(191,989)	144,014	59,892	-	129,573	49,129	1,032,448
Mark Roach[3]	250,000	637,218	(28,000)	469,250	48,017	-	-	13,129	1,389,614
Susan Dianna Symmons	168,557	30,000	(30,000)	20,000	-	-	-	21,443	210,000
Total Key Executives	963,748	1,476,003	(344,155)	649,032	195,001	-	129,573	263,063	3,332,265
Total	2,544,438	2,462,266	(1,279,155)	1,282,366	344,107	(158,312)	129,573	599,838	5,925,121

[1] Resigned 3 July 2008
[2] Resigned 7 October 2007
[3] Resigned 7 October 2008
[4] Retired 29 June 2009

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	
	2009	2008	2009	2008	2009	2008
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
Gregory Joseph Wall	100.0%	100.0%	Nil	Nil	Nil	Nil
Execuive Directors						
Bronte McGregor Howson	58.5%	71.0%	41.5%	38.0%	Nil	(9.0%)
Hamish Calder Williams	74.3%	84.0%	25.7%	19.0%	Nil	(3.0%)
Key Executives						
Garry William Gooding[1]	n/a	80.0%	n/a	20.0%	Nil	Nil
Eugene Kavanagh	100.0%	100.0%	Nil	Nil	Nil	Nil
John Bernard Moroney[2]	81.7%	n/a	18.3%	n/a	Nil	n/a
Christopher Bevan Marwick	43.6%	31.5%	56.4%	68.5%	Nil	Nil
Ronald Michael Nuich	84.5%	80.0%	15.5%	20.0%	Nil	Nil
Susan Dianna Symmons	89.9%	90.5%	10.1%	9.5%	Nil	Nil

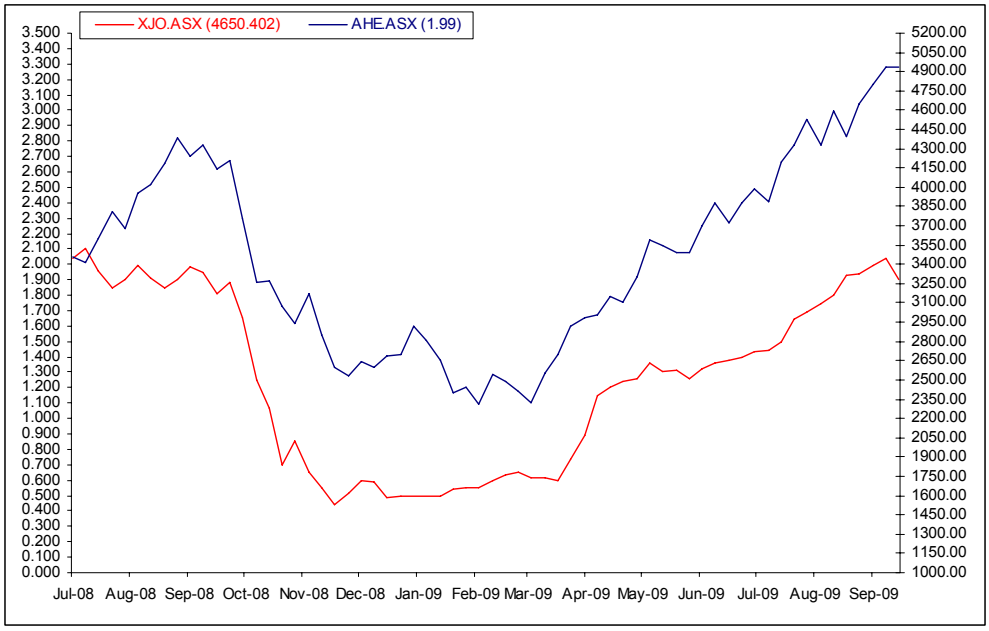
[1] Retired 23 June 2009
[2] Appointed 23 February 2009

E. Additional Information

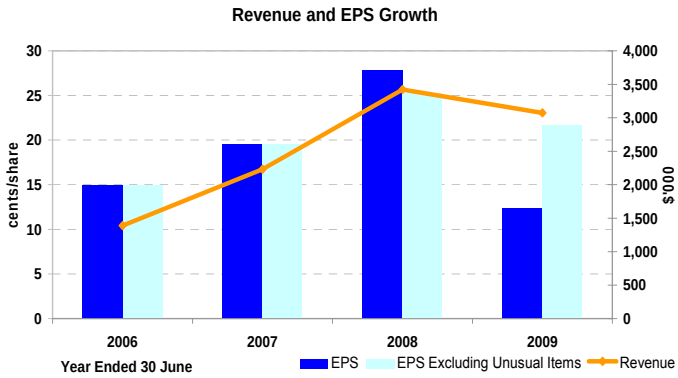
Performance of AHG

The Company listed on 31 October 2005 and accordingly does not have five years previous earnings or shareholder wealth information as required to be disclosed under the *Corporations Act 2001* section 300 (1AA). While no Rights were issued for the year ended 30 June 2009, Rights issued for the year ended 30 June 2008 remain unvested and are required to be re-tested against the TSR criteria. The following graphs illustrate the link between the Company's performance, shareholder wealth and key management personnel LTI.

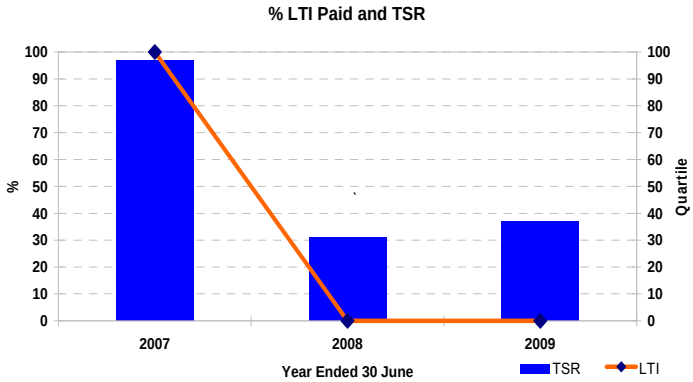
1. ASX 300 Retailing Index to AHE share price from 1 July 2008



3. Revenue and EPS Growth



% of LTI Paid and TSR - AHE



Note: TSR for 2009 calculated over 2 years.

Details of Remuneration: Cash Bonuses and Options

For each cash bonus and grant of Rights included in the tables set out on the prior pages, the percentage of the available bonus or grant that was paid or that was vested in the financial year and the percentage that was forfeited because the person did not meet the performance criteria is set out below. Rights that have not vested in the financial year ended 30 June 2009 because the performance criterion has not been met will be carried forward for re-testing on 30 September 2010. If criterion is not met at 30 September 2010 for those Rights issued in the year ended 30 June 2008, the Rights will be forfeited.

There are no options issued or in existence.

	Cash Bonus		Performance Rights			
	Paid	Forfeited	Year Granted	Vested	Retesting in future years	Forfeited
BM Howson	100%	nil	2009	-	-	-
	100%	nil	2008	-	100%	-
			2007	100%	-	-
HC Williams	100%	nil	2009	-	-	-
	100%	nil	2008	-	100%	-
			2007	100%	-	-
G Gooding[1]	100%	nil	2009	n/a	n/a	n/a
	nil	100%	2008	n/a	n/a	n/a
			2007	n/a	n/a	n/a
CB Marwick	n/a	n/a	2009	n/a	n/a	n/a
	100%	nil	2008	100%	-	-
			2007	n/a	n/a	n/a
RM Nuich	100%	nil	2009	n/a	n/a	n/a
	n/a	n/a	2008	n/a	n/a	n/a
			2007	n/a	n/a	n/a
E Kavanagh	n/a	n/a	2009	n/a	n/a	n/a
	n/a	n/a	2008	n/a	n/a	n/a
			2007	n/a	n/a	n/a
JB Moroney[2]	100%	nil	2009	n/a	n/a	n/a
	n/a	n/a	2008	n/a	n/a	n/a
			2007	n/a	n/a	n/a
SD Symmons	100%	nil	2009	n/a	n/a	n/a
	100%	nil	2008	n/a	n/a	n/a
			2007	n/a	n/a	n/a

[1] Retired 23 June 2009
[2] Appointed 23 February 2009

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.

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 Kendalls Audit & Assurance (WA) Pty Ltd) 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 2009:

	CONSOLIDATED	
	2009 $000	**2008 $000**
Advisory Services		
Fees paid or payable to BDO Kendalls Audit & Assurance (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 framework implementation	47	30
Taxation Services		
Fees paid or payable to BDO Kendalls Corporate Tax (WA) Pty Ltd	450	410
	497	440

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 Kendalls Audit & Assurance (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, 24 September 2009

BDO Kendalls

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www.bdo.com.au

ABN 79 112 284 787

24th September 2009

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 2009, 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 year.

Glyn O'Brien
Director

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Signed in Perth, Western Australia

AUTOMOTIVE HOLDINGS GROUP LIMITED
INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Parent Entity	
	Notes	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Revenue from continuing operations					
Total revenue	3	**3,073,083**	3,414,917	**71,045**	50,612
Cost of sales		**(2,516,758)**	(2,856,550)	**-**	-
Gross profit		**556,325**	558,367	**71,045**	50,612
Other income	3	**4,751**	8,399	**13**	-
Employee benefits expense		**(259,483)**	(253,540)	**(11,783)**	(12,121)
Depreciation and amortisation expenses	4	**(14,940)**	(13,446)	**(1,585)**	(1,061)
Finance costs	4	**(27,439)**	(33,632)	**(2,571)**	(3,139)
Advertising and promotion		**(29,879)**	(28,775)	**(2,480)**	(313)
Occupancy costs		**(58,233)**	(51,078)	**(840)**	(631)
Vehicle preparation and service		**(25,749)**	(28,486)	**-**	-
Supplies and outside services		**(26,593)**	(24,652)	**(1,906)**	(1,212)
Motor vehicle expenses		**(9,898)**	(12,740)	**(405)**	(406)
Equipment rental		**(7,801)**	(6,977)	**(343)**	(329)
Professional services		**(2,776)**	(3,498)	**(1,044)**	(2,013)
Other expenses		**(31,651)**	(32,054)	**(2,834)**	(2,233)
Loss on sale of assets	4	**(408)**	-	**-**	(9)
Impairment of intangible assets	4	**(22,478)**	-	**(1,249)**	-
Impairment of investments / related party loans	4	**-**	-	**(24,525)**	-
Fair value of available-for-sale financial assets	4	**(324)**	-	**(324)**	-
Write-off of development costs	4	**(545)**	-	**(23)**	-
Profit before income tax		**42,879**	77,887	**19,146**	27,145
Income tax (expense) / benefit	5	**(17,951)**	(24,334)	**2,877**	2,601
Profit from continuing operations		**24,927**	53,553	**22,023**	29,746
Profit for the year		**24,927**	53,553	**22,023**	29,746
Profit attributable to:					
Equity holders of Automotive Holdings Group Limited	23	**24,132**	53,198	**22,023**	29,746
Minority Interest		**795**	355	**-**	-
		24,927	53,553	**22,023**	29,746

The above income statements should be read in conjunction with the accompanying notes

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	36	**12.4**	27.8
Diluted earnings per share	36	**12.4**	27.8

		Cents	Cents
Earnings per share for profit from continuing operations (exc. unusual items) attributable to the ordinary equity holders of the company:			
Basic earnings per share	36	**21.7**	25.3
Diluted earnings per share	36	**21.7**	25.3

AUTOMOTIVE HOLDINGS GROUP LIMITED
BALANCE SHEETS
AS AT 30 JUNE 2009

		Consolidated		Parent Entity	
	Notes	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
CURRENT ASSETS					
Cash and cash equivalents	6	**64,982**	38,571	**36,367**	1,392
Trade and other receivables	7	**139,809**	173,151	**50,945**	38,175
Inventories	8	**387,363**	444,937	**-**	-
Other current assets	9	**9,395**	10,285	**3,301**	3,609
TOTAL CURRENT ASSETS		**601,549**	666,944	**90,613**	43,176
NON CURRENT ASSETS					
Other financial assets	10	**-**	-	**185,362**	202,615
Available-for-sale financial assets	11	**2,613**	2,740	**2,603**	2,730
Property, plant and equipment	12	**102,423**	86,825	**17,369**	5,640
Intangible assets	13	**198,452**	219,803	**58,791**	60,164
Deferred tax assets	14	**15,766**	14,767	**1,506**	2,440
TOTAL NON CURRENT ASSETS		**319,254**	324,135	**265,631**	273,589
TOTAL ASSETS		**920,803**	991,079	**356,244**	316,765
CURRENT LIABILITIES					
Trade and other payables	15	**136,232**	136,160	**4,428**	4,726
Borrowings	16	**303,375**	414,651	**488**	10,418
Current tax liabilities	17	**6,781**	6,458	**6,751**	6,584
Provisions	18	**11,215**	10,772	**623**	828
TOTAL CURRENT LIABILITIES		**457,603**	568,041	**12,290**	22,556
NON CURRENT LIABILITIES					
Borrowings	19	**86,636**	77,948	**47,750**	26,355
Deferred tax liabilities	20	**3,184**	4,437	**866**	717
Provisions	21	**23,081**	21,847	**1,245**	1,657
TOTAL NON CURRENT LIABILITIES		**112,901**	104,232	**49,861**	28,729
TOTAL LIABILITIES		**570,504**	672,273	**62,151**	51,285
NET ASSETS		**350,299**	318,806	**294,093**	265,480
EQUITY					
Contributed equity	22	**294,711**	261,535	**294,711**	261,535
Reserves	23	**1,136**	992	**1,529**	1,313
Retained profits	23	**53,147**	55,817	**(2,147)**	2,632
Capital and reserves attributable to equity holders of Automotive Holdings Group Limited		**348,994**	318,344	**294,093**	265,480
Minority interest	24	**1,304**	462	**-**	-
TOTAL EQUITY		**350,299**	318,806	**294,093**	265,480

The above balance sheets should be read in conjunction with the accompanying notes

AUTOMOTIVE HOLDINGS GROUP LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Parent Entity	
	Notes	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Total equity at the beginning of the year		**318,806**	292,476	**265,480**	262,478
Changes in the fair value of available-for-sale financial assets, net of tax		**216**	(124)	**216**	(124)
Exchange differences on translation of foreign operations		**(71)**	(254)	**-**	-
Net income recognised directly in equity		**145**	(378)	**216**	(124)
Profit for the year		**24,927**	53,553	**22,023**	29,746
Total recognised income and expense for the year		**25,072**	53,175	**22,239**	29,622
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs		**33,176**	1,214	**33,176**	1,214
Contributions of equity applicable to minority interest		**400**	-	**-**	-
Dividends paid to members of Automotive Holdings Group Limited	26	**(26,802)**	(27,834)	**(26,802)**	(27,834)
Dividends paid to minority interests in subsidiaries		**(353)**	(225)	**-**	-
		6,421	(26,845)	**6,374**	(26,620)
Total equity at the end of the year		**350,299**	318,806	**294,093**	265,480
Total recognised income and expense for the year is attributable to:					
Equity holders of Automotive Holdings Group Limited		**24,277**	52,820	**22,239**	29,622
Minority interest		**795**	355	**-**	-
		25,072	53,175	**22,239**	29,622

The above statements of changes in equity should be read in conjunction with the accompanying notes

AUTOMOTIVE HOLDINGS GROUP LIMITED
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Parent Entity	
	Notes	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Cash flow from operating activities					
Receipts from customers (inclusive of GST)		**3,103,739**	3,294,238	**14,453**	13,044
Payments to suppliers and employees (inclusive of GST)		**(2,903,587)**	(3,163,065)	**(21,794)**	(17,705)
Interest and costs of finance		**(27,439)**	(33,609)	**(2,571)**	(3,138)
Interest received		**2,473**	2,343	**3,172**	1,876
Income tax (paid) / received		**(19,878)**	(26,956)	**(19,858)**	(26,031)
Net cash inflow / (outflow) from operating activities	27	**155,308**	72,951	**(26,598)**	(31,954)
Cash flow from investing activities					
Payment for purchase of business, net of cash acquired		**(1,127)**	(6,916)	**92**	(221)
Payment for property, plant and equipment		**(31,746)**	(16,630)	**(13,320)**	(2,336)
Dividends and distributions received		**213**	148	**52,380**	36,486
Proceeds of sale of property, plant and equipment		**3,934**	4,510	**73**	69
Payments for investments		**-**	(448)	**(160)**	(448)
Deferred consideration on acquisition		**(10,000)**	-	**(10,000)**	-
Payment for purchase of controlled entity, net of cash acquired		**-**	(3,585)	**-**	(3,299)
Net cash inflow / (outflow) from investing activities		**(38,726)**	(22,921)	**29,065**	30,251
Cash flows from financing activities					
Proceeds (repayments) of borrowings		**(96,192)**	(13,265)	**21,413**	10,196
Proceeds from issue of shares, net of transaction costs		**33,176**	1,213	**33,176**	1,214
Dividends paid to company shareholders		**(26,802)**	(27,834)	**(26,802)**	(27,834)
Dividends paid to minority shareholders		**(353)**	(225)	**-**	-
Loans from related parties		**-**	-	**4,721**	15,633
Net cash inflow / (outflow) from financing activities		**(90,171)**	(40,111)	**32,508**	(791)
Net increase / (decrease) in cash and cash equivalents		**26,411**	9,919	**34,975**	(2,494)
Cash and cash equivalents at the beginning of the year		**38,571**	28,652	**1,392**	3,886
Cash and cash equivalents at the end of the year	6	**64,982**	38,571	**36,367**	1,392

The above cash flow statements should be read in conjunction with the accompanying notes

Contents to the notes to the financial statements

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Basis of Preparation

This general purpose financial report has 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*.

Compliance with IFRS

The financial report of Automotive Holdings Group Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

Critical accounting estimates, assumptions and judgements in applying accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom 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.

- Note 1 (g) & Note 13 *Impairment of assets*
- Note 1 (o) *Intangibles*
- Note 21 (a) *Warranties*
- Note 1 (k) *Demonstrator vehicle provisions*
- Note 1 (k) *Used car provisions*
- Note 1 (t) *Share-based payments*
- Note 1 (ab) *Financial guarantee contracts*
- Note 1 (l) *Available for sale financial assets*

Assumptions and estimates in respect of the Group's Intangibles and Impairment of Assets

In relation to the aforementioned matters the most significant area of estimation relates to intangibles and impairment of assets.

The Group tests annually whether intangibles have suffered any impairment in accordance with the accounting policy stated in note 1(g). The recoverable amount of cash generating units has been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 13 for details of these assumptions and the potential impact of changes to these assumptions.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) 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 2009 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 this financial report as the Group or Consolidated Entity. Subsidiaries are all those entities (including special purpose 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 existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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 Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group.

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

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Subsidiaries are accounted for in the parent entity financial statements at cost.

Joint ventures

The proportionate interests in the assets and liabilities of a joint venture operation have been incorporated in the financial statements under the appropriate headings. The share of the income and expenses is recognised in the consolidated income statement under the appropriate headings. Details of any joint ventures are set out in note 34.

(c) 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.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(d) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the Australian Taxation Office 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 its own right.

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.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Leased Assets

Leasing of property, 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 lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments (note 25(c)). 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 25 (e)). Operating lease assets are not capitalised and rental payments are charged against operating profit in the period in which they are incurred.

(f) 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 plus incidental costs directly attributable to the acquisition. 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 minority 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 the income statement, 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.

(g) Impairment of Assets

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

Goodwill and 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 there are separately identifiable cash flows (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.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Cash and Cash Equivalents

For cash flow statement 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.

(i) Bank

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

(j) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision 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 the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account.

(k) Inventories

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 discounts and 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 year end. Costs are assigned on the basis of specific identification.

Parts and accessories 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.

(l) Investments and Other Financial Assets

The Group classifies its investments or other financial assets in the following categories: available-for-sale financial assets, other financial assets (shares in subsidiaries) 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 reporting date.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Financial Assets

Other financial assets comprise shares in subsidiaries (notes 10 and 28). Assets in this category are classified as non-current as they are not expected to be realised within 12 months of the balance sheet date.

Available-For-Sale Financial Assets

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 sheet 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 the income statement 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 arm's 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.

Loans and Receivables

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, (Note 7) 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 balance sheet.

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 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.

(m) 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 sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(n) Property, Plant and Equipment

Plant and equipment (excluding property and land) are measured on an historical cost basis and are depreciated over their estimated useful economic lives, 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 sheet 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 income statement.

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 income statement 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 consolidated entity, whichever is the shorter.

(o) Intangibles

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.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill is not amortised. Instead, goodwill is tested for impairment annually 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 losses 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. The 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 annually and where there are indications of impairment the franchise rights values are adjusted to their recoverable amounts.

(p) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity 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.

(q) Borrowings

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 the income statement 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 generally 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 sheet date. This policy also applies to inter-company borrowings within the Group.

(r) Borrowing Costs

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

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

(s) Provisions

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 car sales. A fee is paid 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 debited to the provision. 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.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Employee Benefits

Wages, salaries and annual leave

The provision for employee entitlements to wages, 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 in the current liability for employee entitlements and is measured in accordance with the above.

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 expected 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 certain 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 41.

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

At each balance date, the entity 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.

(u) Contributed Equity

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.

(v) Dividends

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.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Earnings per Share

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).

(x) 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.

(y) 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.

(z) 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 balance sheet.

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.

(aa) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. AHG's reporting segments are based upon its automotive and logistical businesses.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ab) Financial Guarantee Contracts

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.

The parent entity has reviewed the level of financial guarantees and the existing contractual payments under the debt instruments and considers there is no material impact.

(ac) 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 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 income statement, 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.

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 balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement 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 the income statement.

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.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ad) 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 2009. They have not been adopted in preparing the financial report for the year ended 30 June 2009. In all cases the entity intends to apply these standards applicable from the period first commencing after the effective date as indicated below:

(i) AASB 8: Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective 1 January 2009)
As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business segment).

(ii) AASB 123: Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective 1 January 2009)
The transitional provisions of this standard only require capitalisation of borrowing costs on qualifying assets where commencement date for capitalisation is on or after 1 January 2009. As such, there will be no impact on prior period financial statements when this standard is adopted.

(iii) AASB 101: Presentation of Financial Statements and AASB 2007-8 and AASB 2007-10 Amendments to Australian Accounting Standards arising from AASB 101 (effective 1 January 2009)
As this is a disclosure standard only there will be no impact on the amounts recognised in the financial statements.

(iv) AASB 2008-1 Amendments to AASB 2 Share Based Payments: Vesting Conditions and Cancellations (effective 1 January 2009)
To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.

(v) AASB 2009-2 Amendments to Australian Accounting Standards – Improving disclosures about financial instruments (effective 1 January 2009)
As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various additional disclosures will be required about fair values of financial instruments and the entity's liquidity risk. No comparative disclosures are required in the first year that these amendments are applied.

(vi) AASB 3: Business Combinations and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)
As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

However, due to the nature of some of the changes in the revised standard, business combinations that the entity undertakes after this date may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill.

Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability.

Also, deferred tax assets that do not satisfy recognition criteria when a business combination is initially accounted for, but do subsequently qualify for recognition post acquisition date, will be recognised as a credit to the income statement and there will be no consequential write–down of goodwill for a similar amount, provided that the deferred tax assets are recognised outside the initial measurement period of 12 months from acquisition date.

(vii) AASB 127: Consolidated and Separate Financial Statements and AASB 2008-7 Amendments to Australian Accounting Standards arising from AASB 127 (effective 1 July 2009)
The amendment will have no impact when this amendment is first adopted because the entity uses the cost method under AASB 127 to account for its investments in subsidiaries, associates and jointly controlled entities which will continue to be measured under AASB 5.

Note 2 SEGMENT INFORMATION

Description of Segments

Primary Reporting – Business Segments

The Group is made up of two operating divisions within the geographical area of Australia and New Zealand:

- **Automotive Retail** – operating from 103 franchise sites representing 25 manufacturers; and
- **Logistics** – comprising AHG's automotive parts warehousing and distribution, refrigerated transport, cold storage and distribution, vehicle storage and engineering and motorcycle distribution businesses.

Segment Reporting 2009	Automotive Retail	Logistics	Consolidated
	$'000	$'000	$'000
Gross Revenue	2,742,895	412,097	3,154,992
Less: intercompany sales	(67,535)	(16,847)	(84,382)
Segment Revenue	2,675,360	395,250	3,070,610
Interest Earned			2,473
Total revenue before unusual items			3,073,083
GST on holdback refund			4,751
Total revenue			**3,077,834**
EBITDA	**73,496**	**27,639**	**101,136**
Depreciation and amortisation	(10,203)	(4,737)	(14,940)
EBIT	**63,293**	**22,902**	**86,195**
Interest expense (Net)			(24,721)
Segment result before unusual items			**61,474**
Unusual items			(18,595)
Profit before tax			**42,879**
Income tax expense			(18,435)
Income tax credit on unusual items			484
Profit			**24,927**
Detailed Segment Trading Analysis			
Total segment revenue after allocation of interest and unusual items	**2,682,345**	**395,489**	**3,077,834**
Segment Result after allocation of interest	**42,222**	**19,252**	**61,474**
Unusual items			
GST on holdback refund	4,751	-	4,751
Impairment of intangibles	(22,458)	(20)	(22,478)
Write-off of development costs	(545)	-	(545)
Fair value adjustment of available-for-sale financial assets	(324)	-	(324)
Segment Result after unusual items before tax	**23,647**	**19,232**	**42,879**
Segment assets	726,133	145,893	872,026
Unallocated corporate assets			48,776
Total consolidated assets			920,803
Segment liabilities	429,171	120,594	549,765
Unallocated corporate liabilities			20,739
Total consolidated liabilities			570,504
Acquisition of property, plant, equipment, intangibles and other non current segment assets	28,469	7,916	36,386

Note 2 SEGMENT INFORMATION (Continued)

Segment Reporting 2008	Automotive Retail	Logistics	Consolidated
	$'000	$'000	$'000
Gross Revenue	3,072,382	404,684	3,477,066
Less: intercompany sales	(45,385)	(19,093)	(64,478)
Segment Revenue	3,026,997	385,591	3,412,588
Interest Earned			2,354
Total revenue before unusual items			3,414,942
GST on holdback refund			8,374
Total revenue			**3,423,316**
EBITDA	**96,126**	**19,691**	**115,816**
Depreciation and amortisation	(9,487)	(3,959)	(13,446)
EBIT	**86,639**	**15,732**	**102,370**
Interest expense (Net)			(31,259)
Segment result before unusual items			**71,111**
Unusual items			6,776
Profit before tax			**77,887**
Income tax expense			(22,301)
Income tax expense on unusual items			(2,033)
Profit			**53,553**
Detailed Segment Trading Analysis			
Total segment revenue after allocation of interest and unusual items	**3,037,585**	**385,731**	**3,423,316**
Segment Result after allocation of interest	**58,834**	**12,277**	**71,111**
Unusual items			
GST on holdback refund	8,374	-	8,374
Less applicable costs	(1,598)	-	(1,598)
Segment Result after unusual items before tax	**65,610**	**12,277**	**77,887**
Segment assets	853,332	123,264	976,596
Unallocated corporate assets			14,483
Total consolidated assets			991,079
Segment liabilities	539,873	81,115	620,988
Unallocated corporate liabilities			51,285
Total consolidated liabilities			672,273
Acquisition of property, plant, equipment, intangibles and other non current segment assets	29,805	4,069	33,874

Secondary Reporting – Geographic Segments

The Group has operations in Australia and New Zealand, these are classified and managed as one geographical area and therefore geographic disclosures have not been included.

Note 3 Revenue

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
From continuing operations				
Sales revenue				
Sale of goods	2,872,702	3,315,242	-	-
Rendering of services	184,051	90,600	15,429	10,655
	3,056,753	3,405,842	15,429	10,655
Other revenue				
Interest	2,473	2,354	3,172	1,876
Dividends	213	148	52,380	36,486
Other revenue	13,644	6,573	64	1,595
	16,330	9,075	55,616	39,957
Total Revenue	3,073,083	3,414,917	71,045	50,612
Other Income				
Net gain on disposal of property, plant and equipment	-	25	13	-
GST on holdback refund *	4,751	8,374	-	-
	4,751	8,399	13	-

*GST refund for the year ended 30 June 2009 comprises an amount $4,751,298 (2008: $8,374,494) representing a GST tax refund relating to holdback claims for the years 2000 to 2005.

Note 4 Expenses

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Profit before income tax includes the following specific expenses				
Depreciation				
Vehicles, plant, furniture and equipment	7,797	7,182	1,056	581
Buildings	145	145	-	-
Total depreciation	7,942	7,327	1,056	581
Amortisation				
Capitalised leased assets	5,413	4,771	529	480
Leasehold improvements	1,585	1,348	-	-
Total amortisation	6,998	6,119	529	480
Finance costs *(for financial liabilities not at fair value through profit and loss)*				
Interest paid - other persons	2,789	8,234	2,386	2,280
Interest paid - finance leases	2,544	2,549	153	145
Interest paid - floor plan	21,861	22,830	-	-
Interest paid - related entities	-	-	32	714
Borrowing costs	245	19	-	-
Finance costs expenses	27,439	33,632	2,571	3,139
Bad debts written off	304	331	-	-
Rental expenses relating to operating leases	53,698	47,465	946	886
Net loss on sale of property, plant and equipment	408	-	-	9
Unusual items				
Cost associated with GST on holdback refund	-	1,598	-	1,598
Write-off of development costs	545	-	23	-
Impairment of intangibles	22,478	-	1,249	-
Impairment of investments / related party loans	-	-	24,525	-
Fair value adjustment of available-for-sale financial assets	324	-	324	-

Note 5 Income Tax Expense

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Income Tax Expense				
Current tax	18,183	22,227	(3,055)	(2,755)
Deferred tax	239	2,107	1,027	154
Adjustment for current tax of prior periods	(471)	-	(849)	-
	17,951	24,334	(2,877)	(2,601)
Income tax expense is attributable to:				
Profit from continuing operations	17,951	24,334	(2,877)	(2,601)
	17,951	24,334	(2,877)	(2,601)
Deferred income tax expense included in income tax expense comprises:				
Increase in deferred tax assets (note 14)	(711)	(507)	879	161
Increase in deferred tax liabilities (note 20)	951	2,614	148	(8)
	239	2,107	1,027	154
Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	42,879	77,887	19,146	27,145
Australian Tax at the rate of 30%	12,864	23,366	5,744	8,144
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non deductible expenses	381	532	114	201
Non-assessable income (GST Holdback refund)	(1,425)	-	-	-
Research and development claim	(165)	-	-	-
Investment allowance	(367)	-	-	-
Non-deductible diminution of investment and impairment of intangibles	6,821	-	5,705	-
Non-deductible impairment adjustment to related party loans	-	-	2,124	-
Unrecognised deferred tax losses	375	420	-	-
Non assessable dividends	(736)	-	(16,356)	(11,198)
Tax offset for franking credits	674	16	641	252
	18,422	24,334	(2,028)	(2,601)
Adjustments for current tax of prior periods	(471)	-	(849)	-
Income tax expense / (benefit)	17,951	24,334	(2,877)	(2,601)
Amounts recognised directly in 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				
Net deferred tax - debited/(credited) directly to equity (note 14)	(53)	53	(53)	53
	(53)	53	(53)	53

Note 5 Income Tax Expense (Continued)

Tax consolidation legislation

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(d).

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 are 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 (see note 7).

Note 6 Cash and Cash Equivalents (Current)

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash at bank and on hand	50,808	37,424	22,193	245
Deposits at call	14,174	1,147	14,174	1,147
	64,982	38,571	36,367	1,392

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 bears floating interest rates between 2.35% and 2.73% (2008: 6.90% and 7.66%). The deposits at call interest rates at 30 June 2009 vary between 3.15% and 4.10% (2008: 8.35%).

The Group and Parent entity's exposure to interest rate risk is disclosed in Note 33.

Note 7 Trade and Other Receivables (Current)

		Consolidated		Parent	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade receivables		142,221	175,317	2,443	1,403
Provision for impairment of receivables	(a)	(2,412)	(2,166)	-	-
Loans to related parties	(c)	-	-	55,581	36,772
Provision for impairment of related party loans		-	-	(7,079)	-
		139,809	173,151	50,945	38,175

(a) Impaired trade receivables

The Group has recognised a loss of $304,368 (2008: $330,923) in respect of impaired trade receivables during the year ended 30 June 2009. The loss has been included in "other expenses" in the Income Statement.

At 30 June 2009 the Group recognised $2,411,322 (2008: $2,165,741) as a provision 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. There were no impaired trade receivables for the parent entity in 2008 or 2009.

Allowance for impairment	Consolidated	
	2009 $'000	2008 $'000
Opening balance	(2,166)	(1,743)
Provision for impaired receivables	(1,384)	(1,027)
Receivables written off during the year	304	331
Reversal of amounts provided	834	273
Closing balance	(2,412)	(2,166)

(b) Past due but not impaired

As at 30 June 2009, trade receivables of $31,296,000 (2008: $38,692,000) 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:

Financial assets past due not impaired	Consolidated	
	2009 $'000	2008 $'000
Days Past Due		
1 - 30	25,810	25,317
31 - 60	2,159	6,233
61 - 90	1,420	3,750
90 +	1,907	3,392
	31,296	38,692

Note 7 Trade and Other Receivables (Current) (continued)

(c) Loans to Subsidiaries

The Company advances loans to subsidiaries for the purposes of leasehold development, asset (including intangible assets) acquisition and working capital where required. Terms of repayment and interest rates, where applicable, are consistent with the purpose of the advances and subject to a rate as determined by the Treasury Committee (refer note 33). All intercompany loans and associated interest are eliminated on consolidation for reporting purposes.

The parent has assessed the recoverability of the related party receivables and has determined that an impairment charge of $7,079,205 should be recognised at 30 June 2009. This amount is also eliminated on consolidation for reporting purposes.

(d) 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 reporting date is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivables is insignificant as is the fair value of any collateral sold or pledged. Refer to note 33 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

Note 8 Inventories (Current)

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Vehicles inventory - at cost	342,544	395,442	-	-
Write-down to net realisable value	(11,863)	(7,943)	-	-
Other inventories - at cost	60,079	60,848	-	-
Write-down to net realisable value	(3,397)	(3,410)	-	-
	387,363	444,937	-	-

Inventory recognised as an expense (cost of sales) during the year ended 30 June 2009 (including write-down of inventories to net realisable value) amounted to $2,516,758,000 (2008: $2,856,550,000).

Note 9 Other Assets (Current)

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Prepaid expenses and deposits	9,395	10,285	3,301	3,609
	9,395	10,285	3,301	3,609

Note 10 Other Financial Assets (Non Current)

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Shares in Subsidiaries (Note 28)	-	-	202,808	202,615
Provision for impairment	-	-	(17,446)	-
	-	-	185,362	202,615

Shares in subsidiaries are carried at cost, less an impairment adjustment. Following a review of the carrying value of investment and in conjunction with the recognition of an impairment adjustment applicable to intangible assets (refer to Note 13) it was considered appropriate to recognise an impairment adjustment applicable to shares in subsidiary entities. This amount is eliminated on consolidation for reporting purposes.

Note 11 Available-For-Sale Financial Assets (Non Current)

		Consolidated		Parent	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Shares in unlisted companies	(a)	2,468	2,468	2,458	2,458
Shares in listed companies	(b)	376	448	376	448
Fair value adjustment against listed companies		(231)	(176)	(231)	(176)
		2,613	2,740	2,603	2,730

(a) 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 are shares held in carsales.com Limited.

(b) Listed securities

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 valuation of these listed shares has been based on the prevailing market value. At 30 June 2009 an amount has been recognised against equity which reflects a fair value adjustment applicable to the shares.

Fair value is determined by reference to closing bid prices on the Australian Securities Exchange at 30 June.

At 31 December 2008, 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. During the year further amounts totalling $269,000 (2008: downward $123,000) 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 $55,000 (2008: $123,000).

Note 12 Property, Plant and Equipment

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Land and buildings	24,416	9,523	10,647	-
Accumulated depreciation	(564)	(418)	-	-
	23,852	9,105	10,647	-
Plant and equipment at cost	62,838	59,553	7,591	4,796
Accumulated depreciation	(33,134)	(31,422)	(2,680)	(1,359)
	29,704	28,131	4,911	3,437
Capitalised leased assets	41,569	41,802	2,326	2,778
Accumulated amortisation	(10,474)	(7,058)	(778)	(575)
	31,095	34,744	1,548	2,203
Leasehold improvements at cost	21,428	18,343	-	-
Accumulated amortisation	(5,024)	(3,498)	-	-
	16,404	14,845	-	-
Assets under construction	1,368	-	263	-
Total property, plant & equipment	102,423	86,825	17,369	5,640

Consolidated 2009	Land and buidlings	Plant and equipment	Capitalised leased assets	Leasehold improvements	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated - 2009						
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 combinations	-	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	23,852	29,704	31,095	16,404	1,368	102,423
Parent - 2009						
Carrying amount at 1 July 2008	-	3,437	2,203	-	-	5,640
Additions	10,647	2,411	53	-	263	13,374
Disposals	-	(60)	-	-	-	(60)
Transfers	-	179	(179)	-	-	-
Depreciation / Amortisation	-	(1,056)	(529)	-	-	(1,585)
Carrying amount at 30 June 2009	10,647	4,911	1,548	-	263	17,369

Note 12 Property, Plant and Equipment (Continued)

Consolidated 2008	Land and buidlings	Plant and equipment	Capitalised leased assets	Leasehold improvements	Assets under construction	Total
Carrying amount at 1 July 2007	11,147	24,114	34,115	11,663	-	81,039
Additions	406	15,149	6,552	4,530	-	26,637
Acquisitions through business combinations	-	536	-	-	-	536
Disposals	-	(4,486)	-	-	-	(4,486)
Transfers	(2,303)	-	(1,152)	-	-	(3,455)
Depreciation / Amortisation	(145)	(7,182)	(4,771)	(1,348)	-	(13,446)
Carrying amount at 30 June 2008	9,105	28,131	34,744	14,845	-	86,825
Parent - 2008						
Carrying amount at 1 July 2007	-	1,633	618	-	-	2,251
Additions	-	2,464	2,193	-	-	4,657
Disposals	-	(79)	-	-	-	(79)
Transfers	-	-	(128)	-	-	(128)
Depreciation / Amortisation	-	(581)	(480)	-	-	(1,061)
Carrying amount at 30 June 2008	-	3,437	2,203	-	-	5,640

Non-current assets pledged as security

Refer to note 19(c) for information on non-current assets pledged as security by the parent entity and its controlled entities.

Note 13 Intangibles (Non Current)

Intangibles (Goodwill & Franchise Rights) are allocated to the Group's Cash Generating Units (CGUs) identified according to business segments; being automotive retail and logistics operations (note 2). A segment level summary of this intangible allocation is presented below.

	Goodwill	Franchise Rights	Total
	$'000	$'000	$'000
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)
Provision for impairment	(13,848)	(8,479)	(22,328)
Carrying amount at 30 June 2009	72,706	125,746	198,452
Parent 2009			
Carrying amount at 1 July 2008	20,378	39,786	60,164
Additions	-	-	-
Net settlement adjustments on acquisition	(41)	(84)	(124)
Translation adjustment	-	-	-
Write-back of Franchises relinquished to manufacturers	-	(150)	(150)
Provision for impairment	(832)	(266)	(1,099)
Carrying amount at 30 June 2009	19,505	39,286	58,791
Consolidated 2008			
Carrying amount at 1 July 2007	75,505	137,597	213,102
Additions	2,235	4,466	6,701
Reclassifications	8,762	(8,762)	-
Carrying amount at 30 June 2008	86,502	133,301	219,803
Parent 2008			
Carrying amount at 1 July 2007	20,304	39,639	59,943
Additions	74	147	221
Carrying amount at 30 June 2008	20,378	39,786	60,164

	Goodwill	Franchise Rights	Total
	$'000	$'000	$'000
Consolidated 2009			
Automotive retail	48,190	119,306	167,496
Logistics	24,516	6,440	30,956
Carrying amount at 30 June 2009	72,706	125,746	198,452
Parent 2009			
Automotive retail	19,505	39,286	58,791
Logistics	-	-	-
Carrying amount at 30 June 2009	19,505	39,286	58,791
Consolidated 2008			
Automotive retail	62,011	126,848	188,859
Logistics	24,491	6,453	30,944
Carrying amount at 30 June 2008	86,502	133,301	219,803
Parent 2008			
Automotive retail	20,378	39,786	60,164
Logistics	-	-	-
Carrying amount at 30 June 2008	20,378	39,786	60,164

Note 13 Intangibles (Non Current) (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 approved by management 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.

(a) Key assumptions used for value-in-use calculations

Calculating value-in-use for each CGU, a pre-tax discount rate of 12% (2008: 11.5%) 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 2% (2008: 3%). 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 13% (2008: 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% (2008: 11.5%) and the breakeven point.

(b) 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 management to conclude 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.

(c) Impairment charge

As a result of the above impairment testing process, an amount of $22.478 million has been brought to account in the current period as an impairment charge.

There were no impairment charges recognised against these assets in prior periods and therefore the charge this year represents the accumulated impairment loss.

Note 14 Deferred Tax Assets

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in the profit or loss				
Doubtful debts	713	598	-	-
Employee benefits	7,823	4,930	560	746
Provision for warranties	1,931	1,109	-	-
Leases	-	(45)	-	-
Vehcile & parts writedown	926	246	-	-
Provisions for fringe benefits tax	95	353	-	28
Accured expenses	1,811	1,109	568	487
Other provisions	1,927	2,415	(162)	(375)
Amounts regognised directly in balance sheet				
Employee benefits	-	1,332	-	-
Accured expenses and other provisions	-	1,166	-	-
Amount recognised directly to equity				
Share issue expenses (note 22)	540	1,554	540	1,554
Closing balance 30 June	15,766	14,767	1,506	2,440
Movements				
Opening balance 1 July	14,767	14,036	2,440	2,548
Credited to income statement (note 5)	711	507	(880)	(161)
Credited to equity (note 5 and 23)	(53)	53	(53)	53
Amount recognised directly to provision for income tax	288	-	-	-
Other	-	-	-	-
Acquisition of buinsess assts or subsidiary deferred tax asset (note 29)	-	171	-	-
Closing balance 30 June	15,713	14,767	1,507	2,440
Deferred tax asset to be recovered after more than 12 months	8,861	11,781	374	1,951
Deferred tax asset to be recovered within 12 months	6,852	2,986	1,133	489
	15,713	14,767	1,507	2,440

Note 15 Trade and Other Payables (Current)

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade payables	94,726	86,398	43	-
Other payables and accruals	38,725	48,349	4,385	4,726
Goods and services tax	2,781	1,413	-	-
	136,232	136,160	4,428	4,726

Note 16 Borrowings (Current)

		Consolidated		Parent	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Finance company loans	(a)	295,208	397,900	-	-
Lease liability (note 25(c))	(b)	6,513	5,310	488	657
Hire purchase liability (note 25(d))	(b)	934	960	-	-
Other loans	(c)	720	720	-	-
Deferred vendor finance	(c)	-	9,761	-	9,761
		303,375	414,651	488	10,418

(a) Finance company loans

Finance company loans are in respect of vehicles provided to the Group (note 1(x)) and are secured over these vehicle inventories. The Group has floor-plan facilities amounting to $439,419,000 (2008: $586,500,000). At 30 June 2009 $294,308,000 (2008: $393,400,000) of these facilities were used. The average interest rate applicable at 30 June 2009 on these loans was 4.96% (2009: 8.00%).

$900,000 (2008: $4,500,000) is a working capital loan secured by registered first debenture charge with interest charged at 5.18% (2008: 8.84%). Total facilities for the working capital loan amount to $1,250,000 (2008: $4,500,000).

(b) Lease and hire purchase liabilities

Lease and hire purchase liabilities are fully secured. Refer Note 19 for further information on security and guarantees provided over lease and hire purchase liabilities.

(c) Other loans

$720,000 (2008: $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 6.08% (2008: 8.84%)

$nil (2008: $9,761,000) is the net present value of an interest bearing deferred settlement consideration payable of $10,000,000 relating to the acquisition of the McGrath Group. This amount was settled in December 2008.

(d) Interest rate risk exposure

Details of the Group's exposure to interest rate changes on borrowings are set out in note 33.

Note 16 Borrowings (Current) (Continued)

(e) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 19(f).

(f) Security

Additional details of pledges relating to secured liabilities are set out in note 19(c).

Note 17 Current Tax Liabilities

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Income tax	6,781	6,458	6,751	6,584
	6,781	6,458	6,751	6,584

Note 18 Provisions (Current)

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Employee benefits	8,890	8,530	623	828
Other	179	371	-	-
Warranties	2,146	1,871	-	-
	11,215	10,772	623	828

Refer Note 21 for movement in warranties and other provisions.

Note 19 Borrowings (Non Current)

	Note	Consolidated		Parent	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Other loans	(a)	57,653	48,170	46,675	24,835
Lease liability (note 25(c))		25,088	29,284	1,075	1,520
Hire purchase liability (note 25(d))		3,495	494	-	-
Amounts owing to manufacturer	(b)	400	-		-
		86,636	77,948	47,750	26,355

Note 19 Borrowings (Non Current) (Continued

(a) Other loans

$4,820,000 (2008: $5,540,000) 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 6.08% (2008: 8.84%).

$50,175,000 (2008: $38,335,000) 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 4.42% (2008: 7.57%) for the period of the bill.

$1,000,000 (2008: $500,000) are commercial loans with a five year term. Interest is charged at a variable rate, varying between 6.50% and 6.90% at 30 June 2009 (2008: 7.88%).

$1,307,223 (2008: $1,656,952) is a franchise supported working capital loan between Auckland Automotive Collection Limited and UDC Finance Limited. Interest is charged at an average rate of 10.25% (2008: 10.15%).

$351,104 (2008: $138,000) is a supplier loan to fund minor capital works in fixed operations.

$nil (2008: $2,000,000) was a working capital loan provided by GMAC Finance.

(b) Amounts owing to manufacturer

$400,000 (2008: $nil) is an unsecured amount owing to a manufacturer and is non-interest bearing.

(c) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Note	Consolidated		Parent	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current					
Floating charge					
Cash and cash equivalents	6	64,982	37,179	36,367	-
Trade and other receivables	7	137,365	171,748	-	-
Inventories	8	387,363	444,937	-	-
Other current Assets	9	6,093	6,676	-	-
Total current assets pledged as security		595,803	660,540	36,367	-
Non - Current					
First mortgage					
Freehold land and buildings	12	23,852	9,105	10,647	-
Finance lease					
Plant and equipment	12	31,095	34,744	1,548	2,203
Floating charge					
Available for sale financial assets	11	10	10	-	-
Plant and equipment	12	41,197	39,539		
Total non-current assets pledged as security		96,154	83,398	12,195	2,203
Total assets pledged as security		691,957	743,938	48,562	2,203

Note 19 Borrowings (Non Current) (Continued)

(d) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Total facilities

In addition to 19(a) the consolidated entity has bank overdraft facilities of $2,000,000 (2008: $2,000,000) and floor-plan facilities as detailed at Note 16(a).

Bank overdraft facilities utilised at balance date

Facilities are subject to annual review and as at 30 June 2009 $nil (2008: $43,000) of these facilities were used.

(e) Interest rate risk exposure

Details of the Group's and parent's exposure to interest rate changes on borrowings are set out in note 33.

(f) Fair value

The carrying amounts and fair values of non-current borrowings at balance date are:

	Carrying Value		Fair Value	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Group				
Finance liabilities				
Advances	57,302	45,532	57,302	45,532
Lease liability	25,088	29,284	25,088	29,284
Hire purchase liability	3,495	494	3,495	494
Amounts owing to manufacturer	400	-	400	-
Other loans	351	2,638	351	2,638
	86,636	77,948	86,636	77,948
Parent entity				
Finance liabilities				
Advances	46,675	24,835	46,675	24,835
Lease liability	1,075	1,520	1,075	1,520
Hire purchase liability	-	-	-	-
	47,750	26,355	47,750	26,355

The fair value of current borrowings as reported equals their carrying amount, as the impact of discounting is not significant. The fair values of non-current borrowings are based on cash flows discounted using borrowing rates varying from 4.21% to 4.55%, depending on the type of the borrowing (2008: 7.57% to 8.84%).

Note 20 Deferred Tax Liability (Non Current)

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in the profit or loss				
Prepayments	1,125	294	250	101
Inventories	521	479	-	-
Other	922	3,030	-	-
Amounts regognised directly in balance sheet				
Defered tax liability aquired	-	18	-	-
Amount recognised directly to equity				
Revaluation of unlisted shares	616	616	616	616
Closing balance 30 June	3,184	4,437	865	717
Movements				
Opening balance 1 July	4,437	1,818	718	725
Charged to income statement (note 5)	951	2,614	148	(8)
Charged to equity (note 5 and 23)	-	-	-	-
Amount recognised directly to provision for income tax	(2,279)	-	-	-
Other	75	-	-	-
Acquisition of buinsess assets or subsidiary deferred tax liability (note 29)	-	5	-	-
Closing balance 30 June	3,184	4,437	865	717
Deferred tax liabilities to be settled within 12 months	3,184	4,437	865	717
	3,184	4,437	865	717

Note 21 Provisions (Non Current)

		Consolidated		Parent	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Warranties	(a)	4,292	3,742	-	-
Employee entitlements		17,779	17,060	1,245	1,657
Make Good	(b)	1,010	1,045	-	-
		23,081	21,847	1,245	1,657

(a) Warranties

Provision is made for the estimated claims in respect of extended warranties provided on the majority of the Group's retail used car sales on an on-going basis. 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.

(b) Make Good Provision

The Group is required to restore its leased premises to their original condition at the end of the respective term. A provision has been recognised for the present value of the estimated expenditure required to restore these leasehold sites to their original 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 assets.

Note 21 Provisions (Non Current) (Continued)

(c) Movements in provision

Movements in each class of current and non-current provision during the year, other than employee benefits, are set out below.

	Note	Consolidated Warranties $'000	Consolidated Other $'000
Carrying amount at start of year		5,612	1,416
Additional provisions recognised		3,275	-
Payments / other sacrifices of economic benefits		(2,449)	(227)
Carrying amount at end of year		6,438	1,189
Current	18	2,146	179
Non-current	21	4,292	1,010
Total provisions		6,438	1,189

(d) Other

Provision is made for various legal or constructive liabilities across the Group where none of these are material in their own right.

Note 22 Contributed Equity

(a) Share capital

	Parent 2009 Shares	Parent 2008 Shares	Parent 2009 $'000	Parent 2008 $'000
Ordinary shares fully paid	220,252,328	191,523,764	294,711	261,535
	220,252,328	191,523,764	294,711	261,535

(b) Movement in ordinary share capital

Date		Note	Number of Shares	Issue Price	$'000
30/06/07	Balance		191,187,689		260,321
28/09/07	Shares issued for AHG Performance Rights	(c)	211,084	$ 3.60	760
07/12/07	Shares issued for AHG Performance Rights	(c)	123,496	$ 3.63	448
31/01/08	Issue of shares for AHG Tax Exemption Plan	(d)	1,495	$ 3.34	6
30/06/08	Balance		191,523,764		261,535
16/10/08	Shares issued for AHG Performance Rights	(c)	25,897	$ 1.10	28
22/05/09	Institutional Placement	(e)	28,702,667	$ 1.20	34,443
	Less: transaction costs arising on share issue	(e)			(1,295)
30/06/09	Balance		220,252,328		294,711

Note 22 Contributed Equity (Continued)

(c) Shares issued for AHG Performance Rights Plan

On 28 September 2007 AHG issued an additional 211,084 shares to meet the balance required in fulfilling its obligations under the AHG Performance Rights Plan for 30 June 2007. On 7 December 2007 AHG issued shares under the Plan, details of which are contained in note 41 to this report. On 16 October 2008 AHG issued 25,897 shares to meet the balance required in fulfilling its obligations under AHG Performance Rights Plan for 30 June 2008. At 30 June 2009 103,496 shares were held in accordance with the AHG performance rights plan.

(d) Issue of shares for the AHG Tax Exempt Share Plan

On 31 January 2008 AHG issued shares to employees under the AHG Tax Exempt Share Plan. The shares are subject to a restriction on disposal so that they can not be sold until the earlier of three years from the date of issue or the cessation of employment from the Group.

(e) 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.

(f) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they 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 borrowings (including current and non-current) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet (including minority interest) plus net debt.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Total Borrowings	390,011	492,599	48,239	36,773
Less: cash and cash equivalents	(64,982)	(38,571)	(36,367)	(1,392)
Net Debt	325,029	454,028	11,872	35,381
Total equity	350,299	318,806	294,093	265,480
Total capital	675,328	772,834	305,964	300,861
Gearing ratio	48.1%	58.7%	3.9%	11.8%

Note 23 Reserves

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(i) Available-for-sale investments revaluation reserve				
Balance 1 July	1,313	1,436	1,313	1,436
Revaluation	269	(176)	269	(176)
Deferred Tax (note 14 & 20)	(53)	53	(53)	53
Balance 30 June	1,529	1,313	1,529	1,313
(ii) Foreign currency translation reserve				
Balance 1 July	(320)	(67)	-	-
Currency translation differences arising during the year	(72)	(254)	-	-
Balance 30 June	(393)	(320)	-	-
Total Reserves	1,136	992	1,529	1,313
Retained Profits				
Balance 1 July	55,817	30,453	2,632	721
Net profit for the year	24,132	53,198	22,023	29,746
Dividends paid	(26,802)	(27,834)	(26,802)	(27,834)
Balance 30 June	53,147	55,817	(2,147)	2,632

Nature and purpose of reserves

(i) 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(l). Amounts are recognised in the profit and loss when the associated assets are sold or impaired.

(ii) Foreign currency translation reserve

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

Note 24 Minority Interests

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Interest in:				
Share Capital	505	105	-	-
Retained Profit	799	357	-	-
Balance 30 June	1,304	462	-	-

Note 25 Commitments

(a) Capital commitments

Entities within the Group are committed to purchase vehicles from various manufacturers and are required to forward order these vehicles. The vehicles are recognised once physically received.

The exception relates to the purchase of trucks where a proportion is recognised in advance of the trucks being received.

(b) Remuneration Commitments	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Within one year	500	1,580	500	1,580
Later than one year but not later than 5 years	-	500	-	500

(c) Finance Lease Commitments	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Within one year	8,366	7,604	595	802
Later than one year but not later than 5 years	19,739	24,038	1,170	1,716
Later than five years	11,499	13,250	-	-
Total lease payments	39,604	44,892	1,765	2,518
Future finance charges	(8,003)	(10,298)	(201)	(341)
Lease liability	31,601	34,594	1,564	2,177
Representing lease liabilities:				
Current (note 16)	6,513	5,310	488	657
Non-current (note 19)	25,088	29,284	1,075	1,520
	31,601	34,594	1,564	2,177

(d) Hire Purchase Commitments	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Within one year	1,243	1,037	-	-
Later than one year but not later than 5 years	4,090	596	-	-
Later than five years	-	-	-	-
Total Lease Payments	5,333	1,633	-	-
Future finance charges	(904)	(179)	-	-
Lease liability	4,429	1,454	-	-
Representing lease liabilities:				
Current (note 16)	934	960	-	-
Non-current (note 19)	3,495	494	-	-
	4,429	1,454	-	-

Note 25 Commitments (Continued)

(e) Operating Lease Commitments	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Within one year	52,418	50,066	1,522	407
Later than one year but not later than 5 years	175,436	176,713	3,117	2,487
Later than five years	133,886	175,720	1,642	2,035
	361,740	402,499	6,281	4,929

Note 26 Dividends

	Parent	
	2009 $'000	2008 $'000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2008 of 10 cents per fully paid share on 21 October 2008 (30 June 2007 of 7.5 cents fully paid share paid 12 October 2007)	19,140	13,968
Interim dividend for the year ended 30 June 2009 of 4 cents per fully paid share on 2 April 2009 (30 June 2008 of 7.25 cents per fully paid share paid on 2 April 2008)	7,662	13,866
	26,802	27,834
(b) Dividends not recognised at year end		
Since year end, the directors have recommended the payment of a fully franked final dividend of 10 cents per share (2008: 10 cents), based on tax paid at 30%. The aggregate amount of dividends to be paid on 2 October 2009 (2008: 21 October 2008) out of the retained profits at 30 June 2009, but not recognised as a liability at year end is	22,649	19,152

Note 26 Dividends (Continued)

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(c) Franked Dividends				
Franking credits available for subsequent financial years based on a tax rate of 30%	88,476	80,735	88,476	80,735

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

(a) franking credits that will arise from the payment of the amount of the provision for income tax;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables 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 $9,706,752 (2008 - $8,208,161).

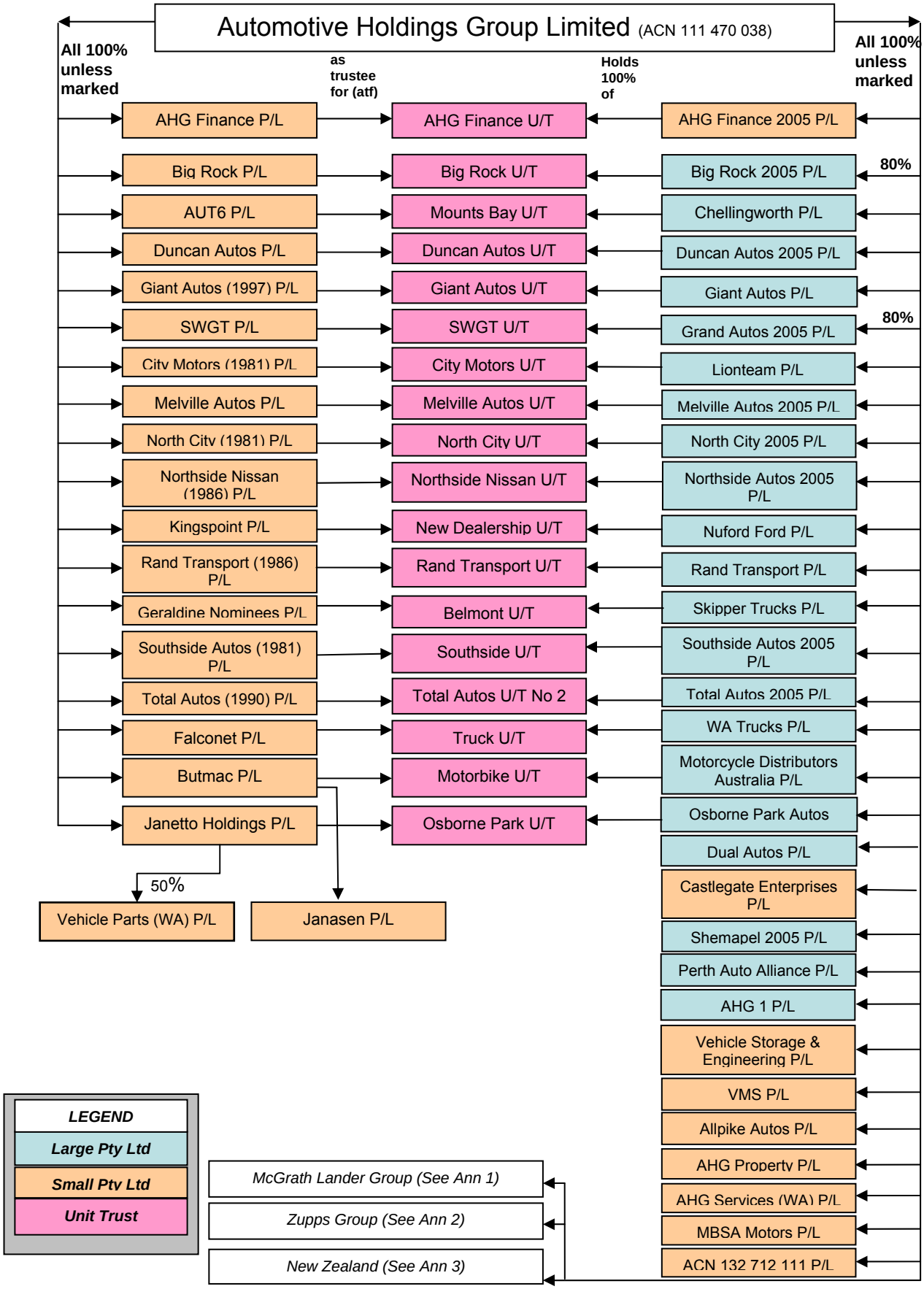
Note 27 Reconciliation of Profit after Income Tax to Operating Cash Flows

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit for the year	24,927	53,553	22,023	29,746
Distribution / Dividends Received	(213)	(148)	(52,380)	(36,486)
Non-cash flows in profit:				
Amortisation	6,998	6,119	529	480
Depreciation	7,942	7,327	1,056	581
Loss / (profit) on sale of non current assets	408	(24)	(13)	9
Impairment adjustment investments / intangibles / related party loans	22,478	-	25,773	-
Write-off of development costs	545	-	23	-
Fair value adjustment available-for-sale financial assets	324	-	324	-
Changes in operating assets and liabilities				
Changes in operating assets and liabilities:				
(Increase) / decrease in trade debtors	33,342	(14,130)	(1,040)	794
(Increase) / decrease in inventories	53,668	1,940	-	-
(Increase) / decrease in other current assets	1,266	(4,682)	685	(1,800)
(Increase) / decrease in deferred tax assets	(1,050)	(557)	880	161
Increase / (decrease) in provisions for income tax	324	(4,590)	(23,762)	(28,786)
Increase / (decrease) in trade creditors & accurals	19	20,227	(226)	2,968
Increase / (decrease) in provisions	5,583	5,297	(617)	386
Increase / (decrease) in provisions for deferred tax liabilities	(1,253)	2,619	148	(7)
Net cash inflow / (outflow) from operating activities	155,308	72,951	(26,598)	(31,954)

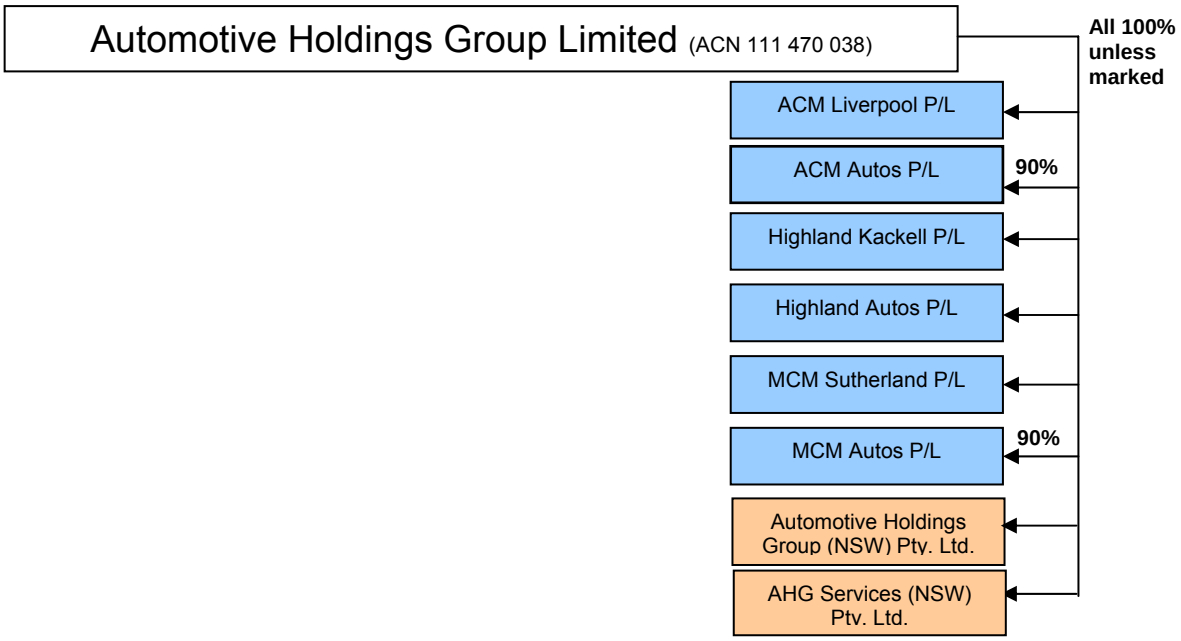
Non-cash financing and investing activities

During the year the consolidated entity acquired plant and equipment with a fair value of $3,603,682 (2008: $6,551,364) by means of finance leases. These acquisitions are not reflected in the Cash Flow Statement.

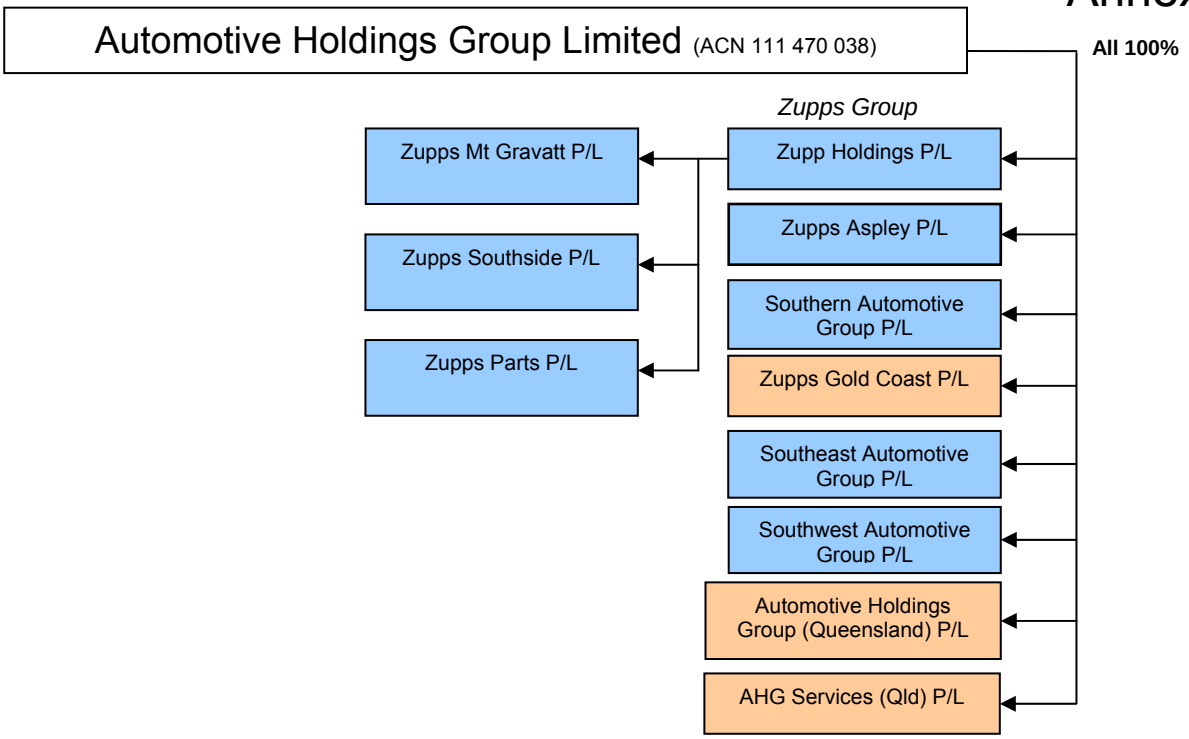
Note 28 Subsidiaries



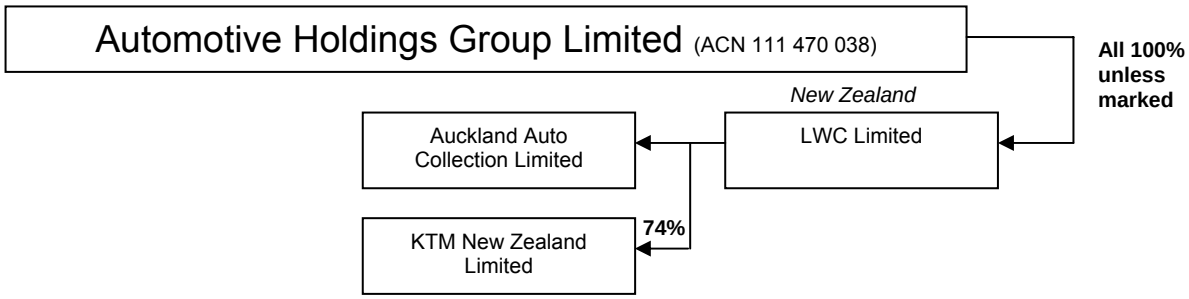
Annexure 1



Annexure 2



Annexure 3



Note 28 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(b). 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.

Note 29 Business Combinations

Honeycombes Hyundai

On 23 January 2009 AHG acquired the franchise and partial assets of Honeycombes Hyundai, a Queensland Hyundai sales and service dealership from Honeycombes Brisbane Northside Pty Ltd.

The acquired business contributed revenues of $3,219,852 and a contribution of profit before tax of $330,479 to the Group for the period from 23 January 2009 to 30 June 2009. Of note, the acquisition did not include any non-trade assets, employees' or their entitlements, trade creditors or any leasehold property rights. Due to the immediate integration and relocation of the Hyundai franchise within the existing Zupps Aspley dealership on the acquisition date, it is impracticable to measure or predict the affect on the consolidated entity for either revenue or consolidated profit for the year, had the acquisition taken place on 1 July 2008.

Details of net assets acquired and franchise rights are as follows:

Purchase Consideration	($'000)
Cash paid	939
Direct costs relating to the acquisition	171
Total purchase consideration	1,110
Fair value of net identifiable assets acquired	89
Goodwill and Franchise Rights	1,021

The purchased intangibles are attributable to the Hyundai franchise position and future prospects as franchise rights.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount ($'000)	Fair Value ($'000)
Property, plant and equipment	14	14
Inventories	923	923
Borrowings (trade finance associated with inventories)	(848)	(848)
Net Identifiable Assets Acquired	89	89

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	2009 $000	2008 $000
Outflow of cash to acquire business assets, net of cash acquired:				
Cash consideration	1,110	-	-	-
Less: balances acquired:				
Nil	-	-	-	-
Outflow of cash	**1,110**	**-**	**-**	**-**

Note 30 Contingencies

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

At 30 June 2009, 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 provision at 30 June 2009, is below their expected selling price.

Parent Entity

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 2009 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 31. Where appropriate the parent entity has recognised a impairment adjustments equivalent to the deficiency of net assets of controlled entities. No contingent liabilities exist in respect of joint venture interests (note 34).

Note 31 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 financial year ended 30 June 2009 the following subsidiaries were added to the Deed of Cross Guarantee by Assumption Deed (contemplated by the Deed of Cross Guarantee):

- AHG Services (NSW) Pty Ltd
- AHG Services (WA) Pty Ltd
- AHG Services (QLD) Pty Ltd

During the financial year ended 30 June 2009 the following subsidiaries were removed from the Deed of Cross Guarantee by Revocation Deed (contemplated by the Deed of Cross Guarantee):

- Grand Autos 2005 Pty Ltd

The parent entity has determined that there are no further material deficiencies (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.

Note 32 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.

Note 33 Financial Risk Management

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 program focuses on the effective management of the Group's financial risks arising through the automotive retail and logistics businesses and establishes sound policy to minimise this risk and uncertainty that it faces through the uncertain and volatile nature of its 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 unaffordable losses;
- deliver managed outcomes in terms of Australian dollar cash flows, employing an approach that focuses on risk minimisation and moderation of 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.

Under the Treasury Policy, a Treasury Committee has been established comprising of the Executive Director – Strategy and Planning, General Manager - Finance, Company Secretary, Chief Financial Officer and an external treasury adviser. This Committee is to meet regularly, at least on a quarterly basis, to overview 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 hedged positions, with 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).

Note 33 Financial Risk Management (Continued)

The Group and parent entity hold the following financial instruments:

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Financial Assets					
Cash and cash equivalents	6	64,982	38,571	36,367	1,392
Trade and other receivables	7	139,809	173,151	50,945	38,175
Available-for-sale financial assets	11	2,613	2,740	2,603	2,730
Other financial assets	10	-	-	185,362	202,615
		207,404	214,462	275,277	244,912
Financial Liabilities					
Trade and other payables	15	136,232	136,160	4,428	4,726
Borrowings	16,19	390,011	492,599	48,239	36,773
		526,243	628,759	52,667	41,499

The carrying amount of assets pledged as security against current and non-current borrowings are reflected in note 19(c).

Market Risk

(a) Foreign Exchange Risk

The Group and parent entity operate predominately within Australia with some operations in New Zealand (KTM New Zealand Limited, LWC Limited and Auckland Automotive Collection Limited). The table below details the Group's net equity exposure to foreign currency (New Zealand dollars) movements applicable to its total investment in its New Zealand operations.

Returns on and the investment in the Group's New Zealand operations are translated into Australian currency, at the reporting date, based on the self-sustaining methodology consistent with accounting standards. The principles of the self-sustaining methodology are stated in note 1 (ac) to the accounts. In this regard exchange rate differences arising from the translation of the net investment are reflected as an adjustment to the foreign currency translation reserve (refer to note 23). It is inappropriate to view exchange rate differences arising from the requirement to translate into Australian dollars as a measure of gain or loss.
Management's approach to managing the impact of movements in foreign exchange rates centres on ensuring the stated operational and financial performance targets of the New Zealand business, as developed as part of the Group's annual business planning process, are achieved and monitored on an ongoing basis throughout the financial year.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2009	2008
	AUD $'000	AUD $'000
Net investment in foreign operation	3,344	5,628

In relation to other 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.

Note 33 Financial Risk Management (Continued)

(b) Interest Rate Risk

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

- inventory financing arrangements via its floor-plan refinancing 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 overdraft;
- 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 expectations of current and future debt levels to determine the level of committed exposure. The table below represents the total hedging level that may be applied once the committed exposure levels have been determined.

Term	Minimum Hedge ratio	Maximum Hedge ratio
Less than 1 Year	25%	75%
≥ 1 Year ≤ 3 Years	10%	50%
Greater than 3 Years	0%	50%

During 2008 and 2009, the Group's borrowings were principally denominated in Australian dollars. The following table reflects the net debt position subject to variable interest rate risk.

Note 33 Financial Risk Management (Continued)

			Interest rate risk			
Consolidated 2009		$'000	**- 100Bps**		**+ 100Bps**	
	Weighted Average Interest Rate	Carrying Amount	Profit	Equity	Profit	Equity
Financial Assets						
Cash	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)

			Interest rate risk			
Parent 2009		$'000	**- 100Bps**		**+ 100Bps**	
	Weighted Average Interest Rate	Carrying Amount	Profit	Equity	Profit	Equity
Financial Assets						
Cash	4.88%	36,367	(255)	(255)	255	255
Intergroup Loans	6.65%	39,836	(279)	(279)	279	279
Financial Liabilities						
Vehicle borrowings	-	-	-	-	-	-
Other borrowings	4.44%	(46,675)	327	327	(327)	(327)
Total Increase / (Decrease)		29,528	(207)	(207)	207	207

			Interest rate risk			
Consolidated 2008		$'000	**- 100Bps**		**+ 100Bps**	
	Weighted Average Interest Rate	Carrying Amount	Profit	Equity	Profit	Equity
Financial Assets						
Cash	6.79%	38,571	(269)	(269)	269	269
Financial Liabilities						
Vehicle borrowings (weighted average)	8.00%	(361,383)	2,554	2,554	(2,554)	(2,554)
Other borrowings	8.60%	(48,890)	342	342	(342)	(342)
Total Increase / (Decrease)		(371,702)	2,627	2,627	(2,627)	(2,627)

			Interest rate risk			
Parent 2008		$'000	**- 100Bps**		**+ 100Bps**	
	Weighted Average Interest Rate	Carrying Amount	Profit	Equity	Profit	Equity
Financial Assets						
Cash	6.90%	1,392	(10)	(10)	10	10
Intergroup Loans	9.37%	27,960	(196)	(196)	196	196
Financial Liabilities						
Vehicle borrowings	-	-	-	-	-	-
Other borrowings	9.00%	(24,835)	174	174	(174)	(174)
Total Increase / (Decrease)		4,517	(32)	(32)	32	32

Note 33 Financial Risk Management (Continued)

Group and Parent Sensitivity

The prior table reflects a sensitivity analysis on an interest rate movement of 100 basis points (bps) both up and down applicable to relevant floating borrowing balances as at balance date.

In relation to cash balances a 100 bps upward/ (downward) movement results in an after tax profit / (loss) and therefore equity impact of $455,000 / ($455,000). In relation to financial liability balances a 100 bps (upward)/ downward movement results in an after tax profit / (loss) and therefore equity impact of ($2,472,000) / $2,472,000.

(c) Price Risk

The Group and the parent entity are exposed to equity price risk through their available-for-sale investments in AHG and carsales.com Limited (refer note 11).

Shares in carsales.com Limited were not an actively traded security at 30 June 2009, however subsequent to balance date carsales.com Limited listed on the ASX. Refer to note 35 for further information..

An investment in AHG is held in Trust in respect of obligations 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 and are subject to normal equity price risk.

At 31 December 2008, 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. During the year further amounts totalling $269,000 (2008: downward $123,000) 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 $55,000 (2008: $123,000).

(d) 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 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.

Note 33 Financial Risk Management (Continued)

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

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade and other receivables				
Trade receivables	142,221	175,317	2,443	1,403
Allowance for doubtful receivables	(2,412)	(2,166)	-	-
Loans to related parties	-	-	55,581	36,772
Provision for impairment of related party loans	-	-	(7,079)	-
	139,808	173,151	50,945	38,175

	Consolidated	
	2009	2008
	$'000	$'000
Allowance for impairment		
Opening balance	(2,166)	(1,743)
Provision for impaired receivables	(1,384)	(1,027)
Receivables written off during the year	304	331
Reversal of amounts provided	834	273
Closing balance	(2,412)	(2,166)

	Consolidated	
	2009	2008
	$'000	$'000
Maximum Credit Risk		
Deposits	4,877	2,174
Vehicle debtors	43,015	66,933
Parts and service debtors	68,414	81,372
Factory receivables	20,592	20,120
Finance and insurance receivables	5,323	4,719
Total trade receivables	142,221	175,317

Note 33 Financial Risk Management (Continued)

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.

	Consolidated		Parent	
	2009	2008	2009	2008
Credit Quality of Receivables	$'000	$'000	$'000	$'000
Counterparties with external credit ratings				
AAA	-	4,067	-	-
AA	7,690	1,019	-	-
A	877	3,692	-	-
BBB	5,043	3,350	-	-
BB	888	777	-	-
B	3,847	11,254	-	-
CCC	2,112	-	-	-
CC	-	-	-	-
C	-	-	-	-
	20,458	24,158	-	-
Counterparties without external credit ratings				
Group 1	36,284	50,405	-	-
Group 2	61,873	70,242	2,443	1,398
Group 3	23,606	30,512	-	-
	121,763	151,159	2,443	1,398
Total Receivables	142,221	175,317	2,443	1,398
Cash at bank and short term deposits				
AA	64,982	38,571	16,367	1,392
BBB	-	-	20,000	-
	64,982	38,571	36,367	1,392

Group 1 - new customers (less than 6 months)

Group 2- existing customers (more than 6 month) 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.

(e) 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 in a timely manner.

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 balance sheet 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.

Note 33 Financial Risk Management (Continued)

		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

	Gross Contractual Liability Cash Flow Outgoings ($'000)					
Parent 2009	**Carrying Amount**	**1 - 12 months**	**1 - 2 years**	**2 - 5 years**	**5 + years**	**Total Gross Cashflow**
Used car VIL borrowings	-	-	-	-	-	-
New car floor-plan	-	-	-	-	-	-
Trade payables	43	43	-	-	-	43
Other payables and accruals	4,384	4,334	50	-	-	4,384
Finance lease liabilities	1,564	595	590	580	-	1,765
Hire purchase liabilities	-	-	-	-	-	-
External loans	46,675	2,265	48,940	-	-	51,205
	52,666	7,237	49,581	580	-	57,398

		Gross Contractual Liability Cash Flow Outgoings ($'000)					
Consolidated 2008		**Carrying Amount**	**1 - 12 months**	**1 - 2 years**	**2 - 5 years**	**5 + years**	**Total Gross Cashflow**
Used car VIL borrowings		41,903	42,523	-	-	-	42,523
New car floor-plan	*	355,997	361,264	-	-	-	361,264
Trade payables		86,398	86,398	-	-	-	86,398
Other payables and accruals		49,763	49,763	-	-	-	49,763
Finance lease liabilities		34,595	7,540	15,062	9,040	13,249	44,891
Hire purchase liabilities		1,454	1,075	401	158	-	1,634
External loans		58,650	11,251	46,723	3,238	4,597	65,809
		628,760	559,814	62,186	12,436	17,846	652,282

	Gross Contractual Liability Cash Flow Outgoings ($'000)					
Parent 2008	**Carrying Amount**	**1 - 12 months**	**1 - 2 years**	**2 - 5 years**	**5 + years**	**Total Gross Cashflow**
Used car VIL borrowings	-	-	-	-	-	-
New car floor-plan	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-
Other payables and accruals	4,786	4,786	-	-	-	4,786
Finance lease liabilities	2,177	802	1,062	654	-	2,518
Hire purchase liabilities	-	-	-	-	-	-
External loans	34,595	10,000	27,070	-	-	37,070
	41,558	15,588	28,132	654	-	44,374

Note 33 Financial Risk Management (Continued)

* 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. 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.

Note 34 Interest in Joint Ventures

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% (2008: 50%) participating interest in this jointly controlled operation and is entitled to 50% of its profit. The Company's interests in the assets employed in the jointly controlled operation are included in the consolidated balance sheet, in accordance with the accounting policy described in note 1(b), under the following classifications:

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current assets				
Cash on hand	358	145	-	-
Receivables	509	426	-	-
Inventories	575	639	-	-
Other	1	-		
	1,443	1,210	-	-
Non-current assets				
Property, plant and equipment	-	1	-	-
Shares of assets employed in joint venture	1,443	1,211	-	-
Share of joint venture's revenue, expenses and results:				
Revenue	4,866	4,268	-	-
Expenses	(4,380)	(3,898)	-	-
Profit before income tax	486	370	-	-

Note 35 Events Occurring after Balance Date

(a) In July 2009, the Group announced, to the ASX, completion of a share purchase plan (SPP) raising approximately $7.5 million in additional capital. The SPP provided existing shareholders the opportunity to subscribe for up to $15,000 worth of shares in AHG at $1.20 per share, the same price as offered to institutional shareholders through a placement completed on 18 May 2009. The total number of ordinary shares issued under the SPP on 8 July 2009, was 6,238,745, taking the total number of ordinary shares on issue for the Group to 226,491,073.

Note 35 Events Occurring after Balance Date (Continued)

The Company's directors participated in the recent SPP. Details of additional shares (units) acquired by these directors are outlined below.

Director	SPP
Robert John Branchi	12,500
Bronte McGregor Howson	25,000
Hamish Calder Williams	12,500
Gregory Joseph Wall	12,500
Peter William Stancliffe	12,500
Giovanni Groppoli	12,500
David Charles Griffiths	12,500

(b) carsales.com Ltd, a previously unlisted entity, of which the Company is a shareholder, listed with the ASX on 10 September 2009. Subsequent to this listing the Company has disposed of 2,000,000 of its shares in carsales.com Ltd for a net profit after tax of approximately $4.92 million.

Other than as stated above, no other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect the:

(a) Group's operations in future financial years; or
(b) Results of those operations in future financial years; or
(c) Group's state of affairs in future financial years.

Note 36 Earnings per Share

	Consolidated	
	2009 cents	2008 cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company (excluding unusual items)	21.7	25.3
Profit from continuing operations attributable to the ordinary equity holders of the Company (including unusual items)	12.4	27.8
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company (excluding unusual items)	21.7	25.3
Profit from continuing operations attributable to the ordinary equity holders of the Company (including unusual items)	12.4	27.8
(c) Reconciliation of earnings used in calculating earnings per share		
Basic Earnings Per Share	$'000	$'000
Profit attributable to the ordinary equity holders of the Company from continuing operations excluding unusual items	42,244	48,455
Profit / (loss) attributable to the ordinary equity holders of the Company from unusual items	(18,112)	4,743
Profit attributable to the ordinary equity holders of the Company from continuing operations in calculating basic earnings per share	24,132	53,198
Diluted Earnings Per Share		
Profit attributable to the ordinary equity holders of the Company from continuing operations excluding unusual items	42,244	48,455
Profit / (loss) attributable to the ordinary equity holders of the Company from unusual items	(18,112)	4,743
Profit attributable to the ordinary equity holders of the Company from continuing operations in calculating diluted earnings per share	24,132	53,198
(d) Weighted average number of shares used as the denominator	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	194,608,930	191,416,993
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	194,608,930	191,416,993

Note 37 Remuneration of Auditors

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
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 Kendalls Audit & Assurance (WA) Pty Ltd				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	540	389	90	83
Fees paid or payable to affiliated offices of BDO Kendalls Audit & Assurance (WA) Pty Ltd				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	323	460		20
	863	849	90	103
Advisory Services				
Fees paid or payable to BDO Kendalls Audit & Assurance (WA) Pty Ltd				
Advice and provision of support services for AHG's internal Audit function	35	30	35	-
Provision of Training to AHG management in respect of AHG's Risk Management implementation	12	-	12	-
Taxation Services				
Fees paid or payable to BDO Kendalls (WA) Pty Ltd	450	410	215	200
Total of Non-Audit Services provided to the Group	497	440	262	200

Note 38 Key Management Personnel Disclosures

(a) Key Management personnel compensation

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Short-term employee benefits	4,274	5,354	4,274	3,727
Share-based payments	(17)	(29)	(17)	(29)
Post-employment benefits	477	600	477	432
	4,734	5,925	4,734	4,130

Refer to note 41 for further details on share-based payments scheme with executives.

(b) Equity instrument disclosures relating to key management personnel

(i) *Share holdings*

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. There were shares granted during the reporting period to certain key management personnel as compensation under the AHG Performance Rights Plan (note 41).

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	855,714	45,897 [2]	901,611
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

Note 38 Key Management Personnel Disclosures (Continued)

2008		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	5,033,197	(33,197) [1]	5,000,000
	BM Howson	158,568	355,511 [2] 33,197 [1]	547,276
	BM & CC Howson	Nil	50,000 [3]	50,000
Hamish Calder Williams	Hamish Calder Williams	33,094	66,658 [2]	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				
Christopher Bevan Marwick	CB Marwick	817,099	38,615 [3]	855,714
Susan Dianna Symmons	Shucked Investments Pty Ltd	20,000	Nil	20,000
Gary William Gooding	GW & C Gooding	50,000	Nil	50,000
Mark Roach[6]	M Roach	10,000	Nil	10,000
Robert McGrath[4]	AC McGrath & Co Pty Ltd	10,103,765	Nil	10,103,765
David William Kiggins[5]	Glengarry Estate Pty Ltd	176,725	Nil	176,725
	David Williams Kiggins	Nil	299	299

[1] Off-market transfer

[2] Issued under the AHG Performance Rights Plan (note 42)

[3] On market purchase

[4] Resigned 07 October 2007

[5] Resigned 11 July 2008

[6] Resigned 7 October 2008

(c) Loans to key management personnel

There were no loans to key management personnel (2008: nil).

(d) Other transactions with key management personnel

Related party disclosures relating to key management personnel are set out in Note 39.

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

	2009 $'000	2008 $'000
Amounts recognised as distributions to shareholders		
Dividends paid	941	2,602
Amounts recognised as expense		
Rent of Premises	1,575	1,474

Note 39 Related Parties

(a) Parent entity

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

(b) Subsidiaries

Interest in subsidiaries is set out in Note 28.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 38.

(d) Transactions with related parties

During the year to 30 June 2009, entities within the wholly owned Group paid rent on premises to:

	Consolidated	
	2009	2008
	$'000	$'000
Orient Holdings Pty Ltd	510	483
Auto Management Pty Ltd	1,065	991
Profit attributable to the ordinary equity holders of the company	1,575	1,474

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.

(e) 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.

(f) 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 arm's 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'.

Transactions between the parent entity and its subsidiaries consist of the receipt of dividends, administration charges, transfer of funds for day to day financing and the receipt of interest on net working capital. Amounts receivable by the parent entity from related parties in the wholly owned Group at balance date are shown in Note 7.

Note 40 Company Details

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

Note 41 Share Based Payments

(i) AHG Performance Rights Plan

The Board has adopted the AHG Performance Rights Plan (Plan). Under the Plan, 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 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 Board will call on recommendations from the Remuneration & Nomination Committee.

Vesting

Subject to certain performance criteria being satisfied, 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. TSR was the only performance criteria required for the year ended 30 June 2008. The performance criteria for the year ended 30 June 2008 is linked to Total Shareholder Return (TSR) for executive directors and performance against budget for eligible operations executives. No rights were issued for the year ended 30 June 2009.

Rights linked to Total Shareholder Return (TSR) that remain unvested when the performance criteria are first tested will be carried forward for re-testing on 30 September in the 2 following performance periods, after which they will immediately lapse (i.e. the performance is measured over a 24 or 36 month period). Rights linked to performance against budget lapse immediately if the performance criteria are not met for that particular year.

Note 41 Share Based Payments (Continued)

Those Rights issued in the financial year ended 30 June 2008 that remain unvested were retested in the financial year ended 30 June 2009. The performance criteria were not met and therefore they will be re-tested in the financial year ended 30 June 2010. Should the criteria remain unmet at this date, those rights will lapse.

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, redundancy or retirement of a participant. "Control" has the meaning given to it in section 50AA of the *Corporations Act 2001*.

Performance criteria

Performance criteria are designed to align the performance of senior executives with the interests of shareholders. While performance hurdles are determined by the Board in its discretion, the current intention is to use TSR as a measure of performance for executive directors and achievement to budget for operations executives.

TSR is determined on the basis of the total shareholder return (including dividends) during the relevant performance period. For the purposes of calculating the TSR for the year ended 30 June 2009, the share price was used on the first and last day of a performance period was the volume weighted average price for the shares of the Company traded on ASX for the 3 months up to and including that day.

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 a selection of ASX 300 companies	Percentage of Rights that are exercisable
< 51st percentile	0%
≥ 51st percentile but ≤ 75th percentile	50% (plus a pro rata increase of 2% for each higher percentile ranking up to the 75th percentile)
≥ 75th percentile	100%

For operations executives issued with Rights, performance criteria are determined by the link that executive has on the operations. In respect of the Chief Operating Officer, (currently the only other executive to be issued with Rights), the criterion for the year ended 30 June 2008 was meeting/exceeding budget established for the WA operations.

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.

Note 41 Share Based Payments (Continued)

(i) AHG Performance Rights Plan Continued

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 2009;

AHG Performance Rights Plan		BM Howson		HC Williams		CB Marwick		Total	
		2009 Share Rights	2008 Share Rights	2009 Share Rights	2008 Share Rights	2009 Share Rights	2008 Share Rights	2009 Share Rights	2008 Share Rights
Number of shares	**Price**	-	-	-	-	-	45,897	-	45,897
		$	$	$	$	$	$	$	$
Change in value between 30 June 2007 and when shares received by executives		-	(133,316)	-	(24,996)	-	-	-	(158,312)
Shares purchased to 30 June 2008	$ 3.63	-	-	-	-	-	72,600	-	72,600
Shares to be purchased at 30 June 2008	$ 2.20	-	-	-	-	-	56,973	-	56,973
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		-	(133,316)	-	(24,996)	(17,177)	129,573	(17,177)	(28,739)

(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 the 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.

(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 the purchase of AHG shares up to a maximum of $50,000.

DIRECTOR'S DECLARATION

The directors of the Company declare that:

(a) the financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and

(i) comply with Accounting Standards and the Corporations Regulations 2001; and

(ii) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

In the directors' opinion:

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) the remuneration disclosures included in pages 11 to 24 of the directors' report (as part of the audited Remuneration Report) for the year ended 30 June 2009 comply with section 300A of the *Corporations Act* 2001; and

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 31 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 31.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

RJ Branchi
Director
Perth
24 September 2009

DECLARATION BY THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER

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

(a) the financial records of the Company have been properly maintained in accordance with CA 286; and

(b) the financial statements and notes to the financial statements for the financial year comply with the accounting standards; and

(c) the 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
24 September 2009

BDO Kendalls

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

We have audited the accompanying financial report of Automotive Holdings Group Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement 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 disclosing entity 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 disclosing entity 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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 opinion.

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.

BDO Kendalls

Auditor's Opinion

In our opinion the financial report of Automotive Holdings Group Limited is in accordance with the *Corporations Act 2001*, including:

(a) (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their 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.*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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 2009, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

Glyn O'Brien

Glyn O'Brien
Director

Signed in Perth, Western Australia
Dated this 24th day of September 2009.

SHAREHOLDER AND OPTIONHOLDER INFORMATION

The shareholder information set out below was applicable at 9 September 2009.

A. Distribution of equity securities

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

	No. of Shareholders
1 - 1000	319
1001 - 5000	609
5001 - 10000	344
10001 - 100000	676
100001 and over	91
	2,039

The number of holders holding a less than marketable parcel of ordinary shares based on the market price as at 9 September 2009 was 152 holders holding 7,279 shares.

B. Equity Security Holders

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

	Ordinary Shares	
	Number Held	Percentage 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
Jove Management Pty Ltd <<Wheatley Family Account>>	16,013,124	7.07
RBC Dexia Investor Services Australia Nominees Pty Ltd <<PIPooled Account>>	12,533,522	5.53
Zero Nominees Pty. Ltd.	11,337,994	5.01
AC McGrath & Co Pty Ltd	10,638,765	4.70
National Nominees Pty. Ltd.	9,990,816	4.37
JP Morgan Nominees Australia Limited	9,381,648	4.14
Mr VC Wheatley and Ms JE Wheatley <<Pulo Road Super Fund>>	8,552,972	3.78
Jonwen Financial Services Pty. Ltd.	5,620,068	2.48
RBC Dexia Investor Services Australia Nominees Pty Ltd <<PIIC Account>>	5,046,175	2.23

SHAREHOLDER AND OPTIONHOLDER INFORMATION (Continued)

	Ordinary Shares	
	Number Held	**Percentage of Issued Shares**
Croystone Nominees Pty Ltd <<BBK Unit Account>>	5,000,000	2.21
Citicorp Nominees Pty Limited <<CFS Future Leaders Fund Account>>	4,166,666	1.84
Cogent Nominees Pty. Ltd.	3,718,695	1.64
UBS Nominees Pty. Ltd.	3,701,324	1.63
HSBC Custody Nominees (Australia) Limited	2,854,090	1.26
Argo Investments Limited	2,638,629	1.17
TPIC Pty. Ltd.	2,277,248	1.01
Jonwen Northside Pty. Ltd. <<The Zupp Asset Holding Account>>	2,149,252	0.95
Creative Corporation Pty Ltd <<Leisk Investment Account>>	1,620,208	0.72
	170,350,569	75.22

C. Substantial holders

	Ordinary Shares	
	Number Held	**Percentage 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
Jove Management Pty Ltd <<Wheatley Family Account>>	16,013,124	7.07
RBC Dexia Investor Services Australia Nominees Pty Ltd <<PIPooled Account>>	12,533,522	5.53
Zero Nominees Pty. Ltd.	11,337,994	5.01

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.