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Contents

About AHG	4
Chairman's Message	8
Managing Director's Review	10
Finance Director's Review	12
Operational Overview	18
AHG Employees, OHS&E and Community Involvement	22
AHG's Industry Excellence	26
Board of Directors	28
Remuneration Overview	32
Governance Overview	34
Financial Calendar	36
Operation Contacts	38
Corporate Directory	40

AUTOMOTIVE HOLDINGS GROUP LIMITED (AHG or Group) is Australia's leading automotive retailing and logistics group. The Group was founded in 1952 and is NOW AUSTRALIA'S LARGEST AUTOMOTIVE RETAILER. AHG has built its logistics division over 30 years and HAS OPERATIONS IN EVERY MAINLAND STATE OF AUSTRALIA.



About AHG

Automotive Retailing

AHG has 104 high profile passenger and commercial dealership franchise sites in Australia and New Zealand and represents the following manufacturers:

Passenger

Bentley, Chrysler, Citroen, Dodge, Ford*, Holden*, HSV, Hummer, Hyundai*, Jeep, Kia, Lotus, Mazda*, Mitsubishi*, Nissan*, Peugeot, Porsche, Saab, Skoda, Subaru*, Suzuki*, Toyota*, Volkswagen*.

* AHG represents 10 of the top 11 selling manufacturers in Australia. The top 11 sell 85% of all new vehicles.

Source: VFACTS National Report August 2008.

Trucks and Commercial Vehicles

Fuso, Hino, Iveco, International, Volkswagen Commercial, UD Trucks.

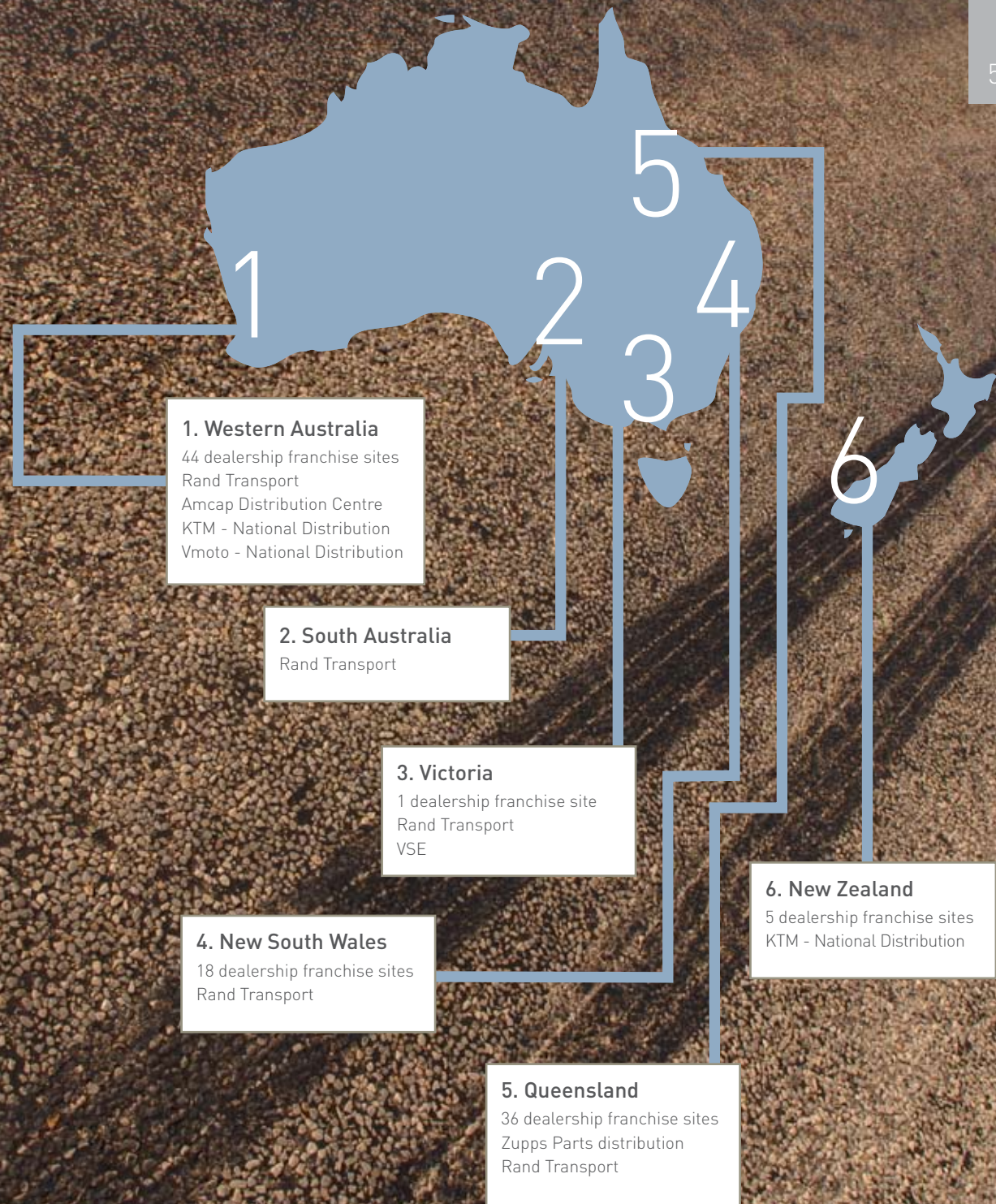
The AHG automotive retailing business model comprises the development of multiple income streams at each dealership which includes the sales of new and used vehicles, and related finance, insurance, service and parts.

The integrated nature of the revenue streams, the spread of major brands and the geographical reach of its dealerships provides AHG with a level of protection against fluctuations in consumer preference, sentiment and economic forces.

It also assists AHG to capitalise on the integrated model whereby, over time, dealerships can generate revenue from customers in these five product and service areas.

Typically, margins should improve with time as customers are introduced to products and services beyond the vehicle purchase.

AHG continues to assess opportunities for beach head businesses in all major states of Australia, identify bolt on acquisitions and establish greenfield sites.



AHG operates five businesses in warehousing, transport and distribution.

- AMCAP
- Rand Transport
- KTM Sportmotorcycles
- VSE
- Vmoto Scooters

AMCAP

AMCAP has been a distributor of automotive parts and industrial products in Western Australia for over 30 years. It is one of the state's leading warehousing and distribution businesses in this field and operates from a modern purpose-built facility in Welshpool, Western Australia. AMCAP is equipped with state-of-the-art radio frequency picking equipment, computerised materials handling, storage and retrieval systems. AMCAP provides third and fourth party logistics services for manufacturers.

Third and Fourth Party Logistics Services

AMCAP provides supply chain services for goods owned by third parties.

Under fourth party logistics, AMCAP and Group companies own the inventory and AMCAP provides marketing services in addition to warehousing, IT and logistics services.

Manufacturers' products handled under third and fourth party logistics include Subaru, Hyundai, KTM, Holden, HSV, Mitsubishi, Ford, Iveco, Fuso, Navistar (ITEC), PPG, ACDelco, 3M, a range of popular brand tyres and a range of industrial products and tools.

Rand Transport

Rand Transport provides refrigerated transport, cold storage and distribution services across all mainland state capitals.

It is a significant provider of refrigerated freight services on both the east/west and north/south on the eastern seaboard freight corridors. Its GPS and satellite-controlled thermal tracking system ensures that cold chain integrity is constantly monitored irrespective of where Rand Transport's equipment is located nationally in the pickup, transportation and delivery process.

Rand Transport operates three main services, Rand National Transport, Rand Cold Storage and Rand Refrigerated Distribution, creating a "one stop shop" advantage over competitors.

Rand National Transport

Rand National Transport operates a fleet of purpose-built temperature controlled refrigerated rail containers and road pans that provide line haul clients with the crucial cold chain integrity required to transport perishable products effectively to its customers at constant temperatures. Our strong rail division is emerging as a popular "green" option with our clients.

Rand Cold Storage

Rand Cold Storage provides short and long term chiller and frozen storage at all of its facilities across Australia in addition to cross-dock operations servicing the requirements of the line haul transport operations.

Rand Refrigerated Distribution

Rand Refrigerated Distribution provides local refrigerated distribution from Rand cold stores to customers. It has the capacity to deliver all types of refrigerated products as well as dry goods from storage to major cold stores and supermarket chains in major metropolitan areas in Australia.

KTM Sportmotorcycles

KTM is a prestigious Austrian off-road and on-road motorcycle manufacturer founded in 1934 that has enjoyed considerable success in motor sport.

The bikes have a distinctive branding strategy that resonates well in the Australian and New Zealand markets.

Based in Welshpool, Western Australia and now Auckland, New Zealand*, AHG's KTM distribution centres service 79 dealers in both countries. Since its appointment as exclusive importer and distributor in Australia 14 years ago, AHG has driven significant sales growth.

*74% owned by AHG, 26% owned by KTM-Sportmotorcycle AG.

VSE

AHG's business in vehicle storage and engineering in Dandenong, Victoria, provides truck storage and distribution logistics as well as an engineering division providing modification services such as chassis modification, lazy axle and turntable accessory fitment and most recently, dual control conversion.

Vmoto Scooters

AHG distributes Vmoto scooters and all terrain vehicles through the Vmoto retail network around Australia. AHG has established a dedicated operation within its logistics division to manage the brand in Australia.

VSE



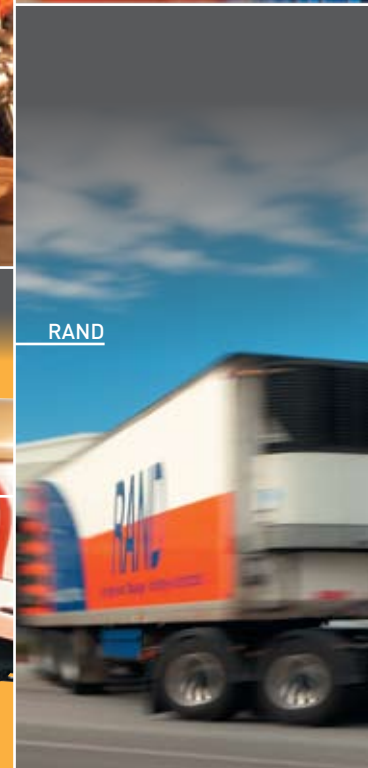
AMCAP



KTM



RAND



VMOTO



Chairman's Message

To our Shareholders,

On behalf of the Board of Directors, I am pleased to present Automotive Holdings Group's 2008 Shareholder Review Report. 2008 was a record year for the Group with strong performances from both the automotive retailing and logistics divisions. These results included the first full 12 month contribution from the McGrath Lander Group in New South Wales and Zupps Group in Queensland.

For the 12 months ending 30 June 2008, the Group reported an underlying net profit of \$48.45 million, an increase of 64% over the prior year result of \$29.6 million. Underlying group revenue achieved for the year of \$3.4 billion reflects an increase of 53% over the prior year result of \$2.23 billion.

Reported net profit after tax for the 2008 financial year was \$53.2 million, including a GST tax refund net of costs and tax of \$4.74m.

Shareholder Return

Earnings per share for the period based on continuing business was 25.3 cents compared with 19.55 cents for the corresponding period last year, an increase of 29.5%.

The Directors have declared a final dividend of 10 cents, bringing the full year fully franked payout to 17.25 cents – an increase of 38% on the previous year.

Operational Highlights

The Group's automotive retailing and logistics divisions performed well during the year in the face of challenging market conditions, with signs towards the end of the financial year of a tightening in the economic environment, producing more difficult trading conditions.

The automotive business in particular contributed a sound result with revenue increasing 52.7% to \$3.0 billion and EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) increasing by 64.7% to \$96.1 million.

Importantly, the EBITDA margin in automotive retailing also remained strong, indicating that the division has been able to maintain its operating margins during periods of high growth.

The logistics division also achieved a solid result, driven by strong performances from AMCAP, Rand Transport and KTM. Revenue from the logistics business was 53.9% higher than the prior year at \$381.5 million and EBITDA increased 66% to \$19.7 million.

Strategic Highlights

After significant growth through acquisitions during the 2007 financial year, our strategy during 2008 was to focus on consolidating our acquisitions and driving profit growth by capturing synergies and scale benefits.

Looking forward, the challenging market conditions will place pressure on smaller operators in our markets, creating opportunities for further acquisitions during the coming year. However, the Group will continue to maintain a disciplined approach to acquisitions.

We continue to review all opportunities in the market and will consider acquisitions that we believe fit with the AHG model, are synergistic with existing operations and are earnings accretive, parameters set when AHG listed on the ASX three years ago.

Our strategy for 2009 will be to continue to build additional retailing capacity around our existing core operations and to capture additional scale benefits from the expanded group.

Corporate

I convey my thanks once again to my fellow Board members for their skills, diligence and keen participation.

AHG is committed to achieving and demonstrating the highest standards of corporate governance. Shareholders can be confident that the Board of AHG brings corporate insight and commercial common sense to its deliberations.

The experience of the directors has been invaluable to me during these challenging times of market uncertainty and their contribution and support is greatly appreciated.

In March 2008, we were pleased to announce the appointment of David Griffiths as Deputy Chairman. Mr Griffiths was appointed a director in February 2007.

I also thank AHG's Managing Director, Bronte Howson and his team for the outstanding 2008 result. The Board acknowledges the hard work and dedication of management and staff.

Outlook

The turmoil in the financial markets, together with continuing high interest rates and fuel prices is tightening consumer discretionary spending.



While there is evidence of slowing consumer demand in the automotive division the diversification of our revenue streams, particularly our logistics division, is providing some balance to this. In addition, our broad portfolio of vehicle types and manufacturers means we have a variety of vehicles to cater for changes in buying preferences.

It is fair to say that we are extremely disappointed by the performance of AHG's shares over the year. We will however, be concentrating our energies on producing the best result possible and maintaining a strong focus on reducing our

costs and our business assets, particularly inventories. We will continue to keep the market informed of our achievements through open and continuous communications.

Above all we thank all our shareholders for their continued support.

Robert Branchi
Chairman

Managing Director's Review

2008 has been an extremely positive year for AHG, despite challenging economic conditions towards the end of the year. We see the 64% increase in net profit as testament to the strength of our business model.

Our goal when we listed three years ago was to build a platform for continued growth - and that has certainly been achieved.

With our acquisitions - most notably McGrath Lander Group in New South Wales and Zupps Group in Queensland - now integrated, we have the profile, scale and critical mass of operations we were aiming for, consolidating our position as Australia's largest automotive retailer.

We believe there is further growth to be extracted from these new businesses as well as our existing operations and will pursue organic growth in the coming year.

In addition we will continue to review acquisition opportunities that are synergistic with existing Group operations, and which are earnings accretive.

The Year That Was

After an acquisitive 2007, the focus for our automotive retailing division in 2008 was integrating and consolidating the new assets. The integration process recovered a range of scale and synergy benefits, delivering major growth to the group and an impressive 64.9% rise in EBITDA to \$115.8 million.

The automotive retailing division also established a number of greenfield sites and bolt on acquisitions during the year.

In WA, we established Rockingham Hyundai (boosting the company's presence in the fast growing southern corridor of Perth) and added Skoda, Citroen and Peugeot dealerships to our existing hub of operations in Osborne Park.

In Queensland we added Hyundai at Browns Plains, Subaru in Capalaba and Zupps Skoda at Mt Gravatt to the Group. We also acquired a new dealership in NSW, Liverpool Nissan.

With these additions, the Group's network has expanded to 104 passenger and commercial dealership franchise sites throughout Australia and New Zealand.

We now represent 10 of the top 11 manufacturers and we are committed to maintaining strong relationships with all of our manufacturers.

A soft and declining market in New Zealand meant that our operations in the North Island had a disappointing year. In light of the market conditions we have deferred commencing planned redevelopment of the Ford and Mazda dealerships in Auckland.

The logistics division performed strongly during the year, delivering a 66% rise in EBITDA to \$19.7 million.

AMCAP in particular traded well, having expanded its facilities by an additional 4,000m² in 2008.

In March, AMCAP secured a contract to provide logistics services for the exclusive distribution of Kia automotive parts to Kia dealerships in Western Australia.

AHG's national cold storage and refrigerated transport business, Rand Transport also achieved a pleasing result. Increased demand combined with rationalisation in the refrigerated transport industry saw the business at near capacity volumes by year end.

During the year our staff grew to over 3,800 people across Australia and New Zealand. On behalf of the Board I would like to thank all employees for their outstanding contribution over the past year in delivering this impressive result.

The Year Ahead

There has been widespread debate - both in Australia and abroad - on how the automotive retailing industry will be impacted by the challenging conditions in world equity markets.

There is no doubt that higher interest rates, rising fuel prices and a reduction in consumer confidence has impacted buying preferences, with many buyers moving away from larger cars to smaller, fuel efficient options.

For AHG, our five fully developed revenue streams in automotive retailing (new and used car sales, spare parts, servicing and finance) provides us with added opportunity in this market,



reducing the impact of changes in consumer sentiment and economic conditions.

In addition, our logistics division, which contributed \$381.5 million of the Group's revenue in FY08, provides us with a diversification of earnings.

The AHG model has been constructed for long term sustainable growth. We have invested heavily in the businesses and structures that should support future revenue and earnings growth.

2009 will be a challenging year for the Group. We will work hard on maximising revenues and controlling costs to produce the strongest possible result for shareholders.

Bronte Howson
Managing Director

Finance Director's Review

AHG produced an outstanding result for the year ended 30 June 2008 with factors such as a strong level of employment which provided strength to the market against rises in interest rates and fuel costs.

	30 June 2008 \$ million	30 June 2007 \$ million	Increase %
Revenue	3,410.6 ^{1 2}	2,231.9 ¹	52.8
EBITDA	115.8 ^{1 2}	70.3 ¹	64.9
EBITDA Margin (%)	3.4 ^{1 2}	3.15 ¹	7.9
EBIT	102.4 ^{1 2}	61.8 ¹	65.7
NPBT	71.1 ^{1 2}	43.4 ¹	64.0
NPAT – attributable to shareholders	53.2	33.2	76.3
Basic EPS (cents per share)	27.8	20.0	39.2
Dividend per share (cents per share)	17.25	12.5	38.0
Total Assets	991.1	947.4	4.6
Shareholders' Equity	318.8	292.5	9.0

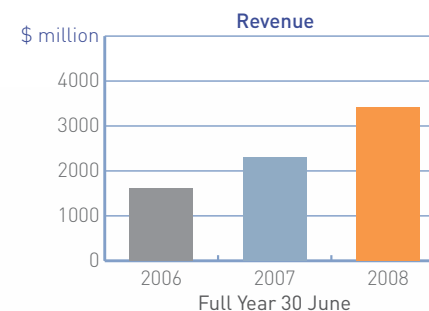
¹Based on Continuing Business

²Excluding Extraordinary Item – GST Holdback

AHG reported record growth across its operations in 2008.

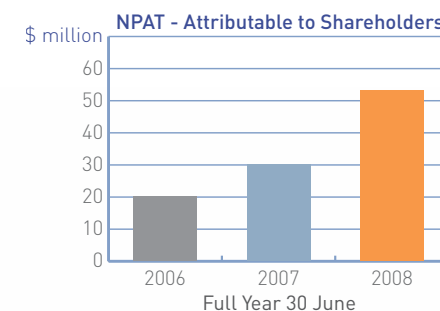
Revenue

The Group revenue increase of 53% to \$3.4 billion was driven substantially by the full year contribution of the new acquisitions but existing operations also achieved healthy increases in activity, in both automotive retailing and logistics.



Net Profit After Tax

The 76.3% increase in net profit (inclusive of the GST Holdback refund claim) to \$53.2 million was also driven by strong trading conditions in the markets AHG operates in, and contributions from the Group's growth initiatives.



WANGARA DEALERS

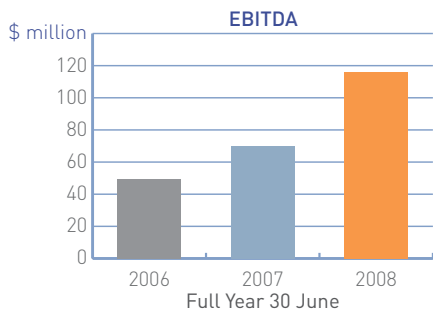


EBITDA

Underlying EBITDA was 64.9% higher at \$115.8 million and EBIT rose 65.7% to \$102.4 million.

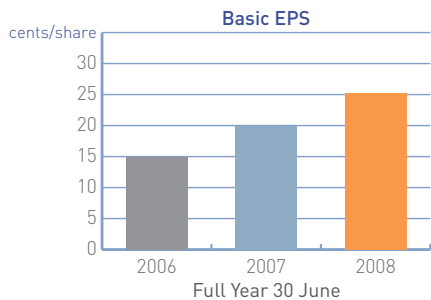
Through a period of high growth the EBITDA margin in automotive retailing improved slightly from 2.94% to 3.17%, representing an excellent effort at an operational level.

Overall underlying EBITDA margin increased to 3.4% from 3.15%, with an improvement in EBITDA margin in logistics (5.16% v. 4.79%) as a result of a full year contribution from Rand Transport's new cold storage facility at Homebush which neared full capacity by year end together with a strong performance from the AMCAP distribution centre and KTM.



Earnings Per Share

Earnings per share grew 39.2% to 27.8 cents (inclusive of GST Holdback refund claim). Earnings per share on the underlying business increased by 29.5% to 25.3 cents. This increase is attributable to the full year contribution of the McGrath Lander and Zupps acquisitions together with continued growth from the existing business units.



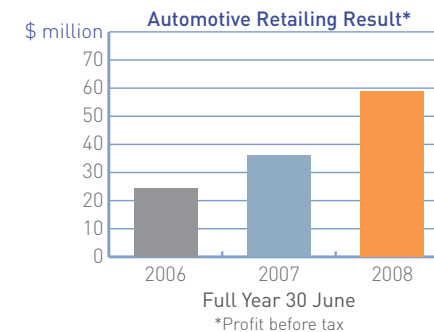
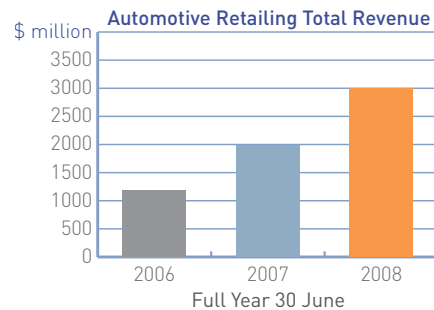
Dividend Growth

Shareholders were rewarded with a 38% increase in dividend to 17.25 cents fully franked.

Automotive

In divisional terms, automotive retailing delivered a pre-tax result of \$58.8 million (up 62.6%) on revenue of \$3.03 billion (up 52.7%)(excluding GST refund).

The result included the full year contribution of the McGrath Lander and Zupps Groups.

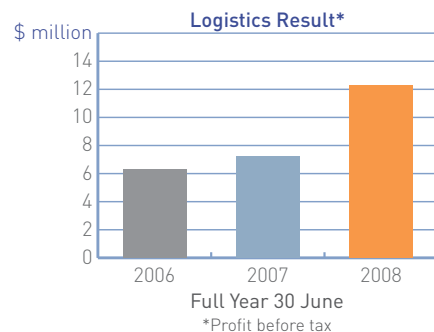
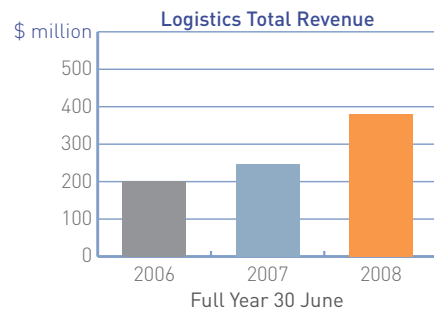


Logistics

Logistics contributed a pre-tax profit of \$12.3 million (up 70.8%) on revenue of \$381.5 million (up 53.9%).

While the segment contribution of \$12.3 million represented a 70.8% increase over 2007, earnings growth improved through the increasing volume of activity generated by the investment in new infrastructure for Rand Transport (Homebush facility).

The AMCAP warehouse and distribution business in WA has completed a major expansion in capacity to meet growing demand, the benefits of which have been reflected in the 2008 results.



Disciplined Management

In the current economic environment it is important to apply sound and prudent financial disciplines. Pivotal to this is the financial information that supports decisions, and in this regard the Group has invested significant time and resources to improve its IT platform and operations reporting tools which will assist future management decisions.

This project has been in the pipeline for 18 months and has now reached a critical phase of delivery to each of our business units.

It is envisaged that this project will further assist analysis in reporting cycles and provide key data to assist in responding to market conditions.

The Group has maintained a sound balance sheet during the year and has continued to manage and monitor the critical component of liquidity. In this regard our key balance sheet ratios and stock turn days are critical points to measure and maintain within our core benchmarks and standards.



In the management of the Group's financial risks particular attention has been applied in the management of our interest rate risk and exposure.

This has been managed through optimisation of inventory levels to meet business demand and cycles, together with a blend of fixed and floating interest rates on non core trading debt.

Hamish Williams
Finance Director



Operational Overview

Automotive

Western Australia

AHG continues to adhere to its growth strategy of building additional retailing capacity around its core operations with a number of greenfield sites having been developed in Western Australia in the 2007/08 financial year.

One of AHG's greenfield sites is the Hyundai dealership which opened in April 2008 in the strategically located and fast growing suburb of Rockingham, on the southern fringe of the Perth metropolitan area. This latest site extends AHG's footprint in Rockingham from its well-established Ford dealership and the greenfield dealerships of Mitsubishi and Kia which were established in March 2007 and June 2007 respectively.

Skoda Osborne Park opened its doors in November 2007, the first and only Skoda dealership in WA. Northside Suzuki in Wangara underwent a refurbishment of its showroom in the early part of 2008.

AHG also acquired Allpike Citroen and Peugeot in June 2008 giving AHG its first Peugeot and Citroen dealerships in WA and growing the Company's footprint in the key Osborne Park automotive retailing precinct.

2008/09 Developments

In July 2008, Subaru Wangara opened the doors of its state-of-the-art dealership. This greenfield site neighbours the new Wangara Volkswagen site opened in October 2008. These two dealerships increase the Wangara retailing strip to eight AHG dealerships.

The abovementioned Rockingham Hyundai dealership opened in a temporary facility with plans currently being finalised for a new showroom and service department. The new site is due to open in late 2009.

New South Wales

Since acquiring the McGrath Lander Group in 2006, AHG has acquired two bolt-on dealerships. Lansvale Holden and Liverpool Nissan were acquired in March 2007 and June 2008 respectively. The McGrath dealerships and the additional bolt-ons added 18 motor vehicle dealerships to the AHG network with AHG now a major presence in the population centres of Liverpool, Blacktown and Sutherland.

AHG opened an administration office in September 2007 which includes an extensive training facility established to enable implementation of AHG best practices in New South Wales.

Queensland

AHG Queensland's operations include the Zupp Group's mega-sites at Aspley, Mount Gravatt and Southport with the majority of the other sites multi-branded. It operates three truck locations and parts distribution outlets at Coopers Plains and Townsville.

A new Hyundai dealership at Browns Plains in Brisbane's southern suburbs started trading in July 2007 and a new Subaru dealership at Capalaba south of Brisbane opened in September 2007. In October 2007, Zupps Skoda opened its doors in Mt Gravatt with a refurbished stand-alone showroom.

These new dealerships represent an important new growth initiative for the Queensland operations.

2008/09 Developments

Plans are underway to refurbish the Aspley Mitsubishi showroom, for completion by December 2009.

Victoria

AHG's Victorian automotive retailing operation consists of Prestige Hino in Dandenong Victoria. Prestige Hino's purpose built Hino truck dealership facility was opened in February 2007. Spanning more than 27,000m², the dealership boasts a state-of-the-art showroom, a service centre with a 32 bay workshop and a 640m² parts warehouse. The facility provides AHG with a springboard into one of the largest truck markets in Australia. AHG now services Hino's largest market area in Victoria.

New Zealand

AHG's automotive retailing presence includes Ford and Mazda motor vehicle dealerships plus three satellite service centres in central and northern Auckland. These facilities service two of the three prime market areas in Auckland and cover approximately 70% of the Auckland metropolitan population.



ALLPIKE PEUGEOT



ZUPPS HOLDEN



MCGRATH SUBARU



KTM'S NEW RC8 SUPERBIKE



AMCAP

Logistics

Rand Transport

The 24,000 pallet cold storage facility at Homebush, New South Wales, which was completed in March 2007, has positioned Rand as one of the market leaders on the eastern seaboard.

With increased demand in South Australia, Rand relocated to a larger cold store facility and our Queensland, Victorian and West Australian operations also experienced growth from rationalisation in the refrigerated transport industry.

2008/09 Developments

Further efficiencies are envisaged from the cold storage facilities as Rand continues to manage its customer base as effectively as possible.

AMCAP

AMCAP extended its warehouse space at its facility in Western Australia by an additional 4,000m² in FY2008, allowing an expansion of product lines and storage capacity. The business now offers existing and new clients purpose-built facilities, including sales and administration support for supplier representation, large item and dangerous goods storage and a comprehensive freight network. The AMCAP warehouse now covers an area of more than 16,400m² on a site spanning 43,000m².

In March 2008, AHG was awarded a new contract with Mobis Parts Pty Ltd for the distribution of Kia automotive parts in WA. This required AMCAP to warehouse an additional 5,000 lines of parts and be responsible for the receiving, picking, packing and dispatching of approximately 200,000 Kia parts per annum.

2008/09 Developments

AMCAP will continue to benefit from consolidation in the industry and obtain greater efficiencies from its recently expanded warehouse.

KTM

KTM has dominated the off-road motorcycle market and is now becoming a force in on-road motorcycles with a focus on the new RC8 Superbike.

Following its success in Australia, a pattern of strong growth has also become apparent in the New Zealand market, with sales increasing from 550 units to more than 800 units last year after AHG acquired the distribution rights in August 2006.

VSE

Since they opened the doors in January 2007, VSE has grown from 2 to 20 staff and further new ventures will continue to accelerate growth. Although a new business, its growth has already lead to a requirement for VSE to lease an additional 17,000m² at the Dandenong Industrial Estate. This expanded capacity has allowed for storage of over 500 trucks.

2008/09 Developments

In addition to this new hard stand area, a new 8,100m² engineering workshop facility was completed in July 2008. This new facility, Genuine Truck Bodies (GTB), will operate dedicated assembly lines producing, painting and fitting rigid bodies to trucks.

Vmoto

2008 has essentially been a start up year where AHG has put in place a number of structures to grow its scooter market.

Vmoto has launched a new 150cc four stroke, 2 seater scooter called the Monte Carlo. This will be an important model to enable Vmoto to expand its share of the "larger capacity" scooter market.

Vmoto has also launched an off-road range of four wheel vehicles for 2008, including a 500cc 4WD multipurpose vehicle and a 100cc fun four-wheeler. Both are competitively priced and are anticipated to be strong sellers in their categories.

2008/09 Developments

AHG has a unified approach with Vmoto boasting collaborated efforts to strengthen the online strategy and a comprehensive lead management system as the focus for 2009.

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Our Employees

AHG is committed to the ongoing attraction, development, training and retention of its employees. AHG continues to strive towards achieving its goal of becoming an Employer of Choice.

AHG currently employs in excess of 3,800 employees in Australia and New Zealand with more than 10% of these employees having been with the Company in excess of 10 years.

Significant time has been invested into training and development of AHG employees and as a testament to our commitment approximately 340 apprentices and trainees are currently employed throughout the Group. These apprentices and trainees are developing their skills across many areas of our business including parts, service, sales, management, administration and logistics.

AHG's registered training organisation, College of Automotive Learning (CAL), based in Perth, Western Australia continues to provide employees with the opportunity to obtain qualifications in the areas of administration, sales and technical services. Throughout the year CAL has specifically focussed on the provision of training for our sales cadets as well as management and supervisory training.

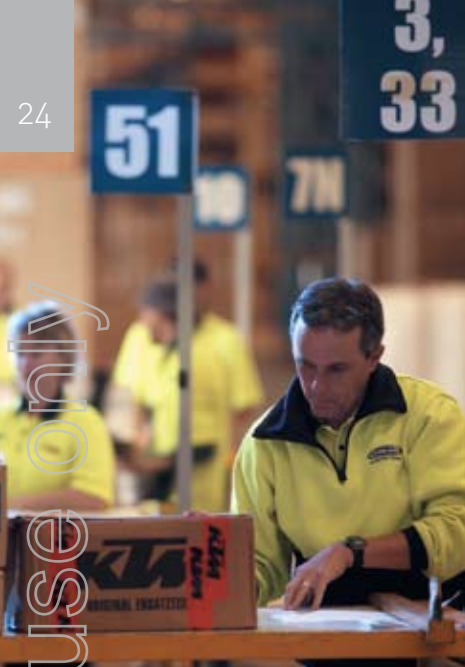
Significant time has also been invested into the development of a succession planning tool that can be utilised to direct and focus our training and development programs. Specifically, this tool has enabled us to provide targeted training and development to those employees who have been identified as "high potentials" within the Group. For example, such targeted training includes the implementation of our Service Management Development Program which has been designed specifically for Service Advisors who have the potential and desire to become our future Service Managers.

Occupational Health and Safety and Environmental Protection

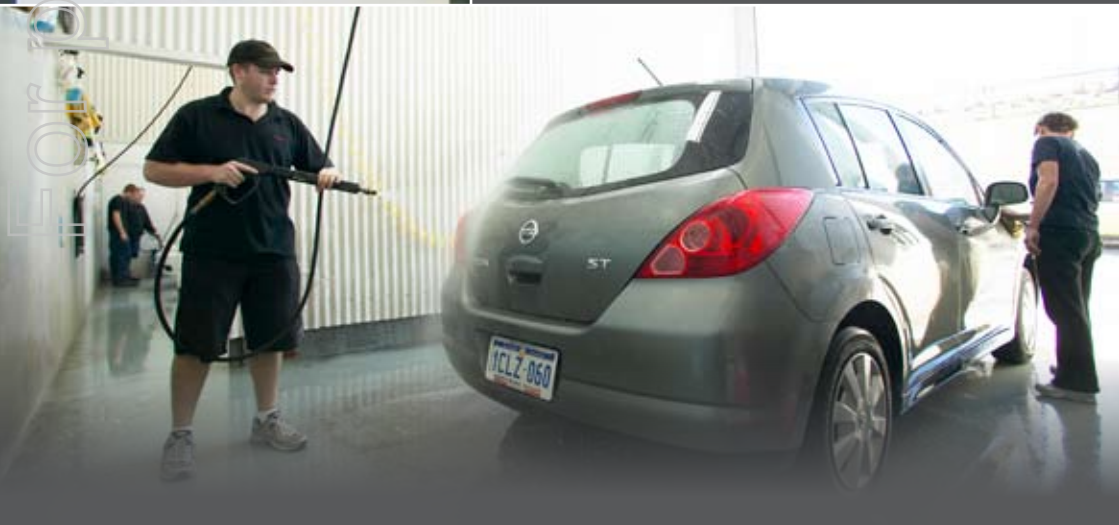
AHG is continually committed to ensuring a high standard of occupational health and safety throughout its organisation and for ensuring the health, safety and wellbeing of its employees.

Environmental Green Stamp Accreditation continues to be a focus with AHG dealerships particularly waste management, recycling and water conservation.





SENSES GOLF DAY



Green Stamp Accreditation

The Green Stamp Accreditation is an acknowledgment of a dealership's commitment to minimising the environmental impacts associated with repairing or servicing their customers' vehicles.

The Green Stamp logo is a symbol of excellent environmental practice and dealerships that are accredited are recognised as industry leaders in environmental management.

The Green Stamp is focusing on several areas to reduce the industry's environmental impact:

- improved storage practices associated with chemicals and other hazardous substances
- pre-treatment of wastewater prior to approved disposal
- emergency spill management to prevent pollution of ground and stormwater
- correct disposal of waste products, preferably to recycling or reuse
- air quality management
- energy and resource conservation
- the development of environmental management systems

A number of AHG dealerships around the country have been Green Stamp Accredited with more expected to become accredited in the coming year.

Water Reclaiming and Recycling Systems

Water restrictions are becoming part of our daily lives and AHG has committed to future sites having a water reclaiming and recycle system installed in the dealership workshop fit outs. The process involves having a filtering system which separates oil from water and filters the water ready for re-use in wash bays.

Automated car washes have been installed at the new Subaru Wangara and Wangara Volkswagen dealerships, in Western Australia, the first of many for the Group. The car wash machine recycles approximately 85% of water and the detergents used are biodegradable.

Our Community Involvement

AHG has long been committed to supporting the community and this culture continues through its recent acquisitions. AHG's philosophy is to provide sponsorship and financial assistance to organisations that represent broad cross sections of the community in which AHG operates. The Group especially seeks to provide assistance to organisations where AHG's business activities can lend them direct support.

AHG sponsors over 150 community and charity groups in Australia and New Zealand. Examples of AHG's local community initiatives include Rocky Bay and Senses Foundation for the Deaf and Deafblind in Western Australia, Hear and Say Centre and Mater Hospital Medical Research Foundation in Queensland and Variety Club and Heartchildren Charity Gala in New Zealand.

AHG's Industry Excellence

AHG strives for excellence in all its operations. In the motor vehicle industry in particular, manufacturers offer awards in various categories to those who excel. Below are some examples of awards that AHG dealerships won during the year:

Ford

North Harbour Ford

Auckland Distinguished Achiever's Award

Holden

Zupps Aspley

Holden Grand Master Status (9th Consecutive Year)

Zupps Mt Gravatt

- Holden Grand Master – Top Achiever for 2007 (3rd Consecutive Year)
- Number 1 Holden Volume Dealer in Australia 2007
- Number 1 HSV Volume Dealer in Qld for 2007

City Motors

- Number 1 Holden Volume Dealer in WA 2007
- Number 1 HSV Dealer Nationally 2007
- Number 1 HSV Dealer in WA for 2007
- First HSV Dealer to sell more than 200 cars in a year 2007

Hino

Prestige Hino

- Hino Dealer of the Year
- Hino Finance Dealer of the Year
- Parts Excellence - Gold Award

WA Hino

- No 1 Sales Volume in Light, Medium and Heavy Duty Segments Metro
- No 1 Sales Volume Metro
- Sales Excellence Silver Metro

Hyundai

Wild West

- 1st Place in the Service Manager Awards for the last quarter 07/08
- Overall dealer winner for Hyundai Parts
- Overall winner at the Aftersales Conference

Iveco

Skipper Truck Parts (AMCAP)

Parts Dealer of the Year

Kia

Lander Kia

Best metro dealer in Eastern region

Wangara Kia

- Number 1 Kia Dealer in Western Australia 2007
- Number 2 Kia Dealer in Australia 2007

Mitsubishi

Zupps Rocklea

Mitsubishi Australian Parts Champion of the Year

Mazda

North Harbour

Mazda Metro Dealer of the Year

Nissan

Lander Nissan

Nissan Rising Star Award

Total Nissan and Northside Nissan

Platinum Dealer Recognition

Suzuki

Zupps Aspley

Queensland Dealer of the Calendar Year 2007 (4th consecutive year)

Zupps Browns Plains

Highest PMA Market share (4th consecutive year)

Toyota

Grand Toyota

- 2007 Fleet Management Award (Fleet Department)
- Swann Insurance 2007-2008 Motor Vehicle Dealer of the Year (Finance Department)

UD

Zupps Rocklea

UD Trucks Australian Dealer of the Year

Photos

1. UD Trucks Dealer of Year, Zupps Rocklea, Qld
2. Northside Nissan, Platinum Dealer
3. Hino Dealer of the Year Prestige Hino, Vic



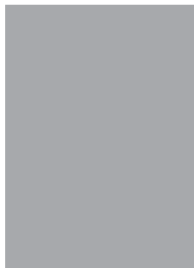
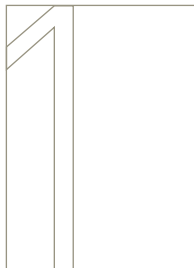
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3



1 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

17,641,591 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.

2 David Charles Griffiths

B Econ (Honours) UWA, Master of Economics ANU FAICD. Non Executive Deputy Chairman (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
- Antaria Limited (formerly Advanced Nanotechnology Limited)
- Northern Iron Limited

Former directorships in the last 3 years

ARC Energy Limited

Interest in shares

30,000 ordinary shares in AHG.

Special responsibilities

- Member of the Audit & Risk Management Committee.

3 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 previously 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.

Other current directorships (of listed entities)

- Retravision (WA) Limited
- Electcom Limited

Former directorships in the last 3 years

None

Interest in shares

30,825 ordinary shares in AHG.

Special responsibilities

Member of the Remuneration and Nomination Committee.

4 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

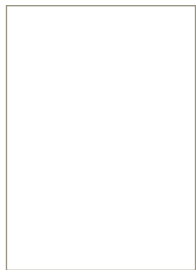
5,641,276 ordinary shares in AHG.

Special responsibilities

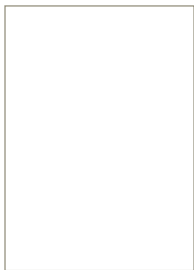
- Managing Director

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6



7

5 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

Former directorships in the last 3 years

View Resources Limited

Interest in shares

21,725 ordinary shares in AHG.

Special responsibilities

None

6 Gregory Joseph Wall

MA, FAICD, SA 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.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

Home Building Society Limited

Interest in shares

20,000 ordinary shares in AHG.

Special responsibilities

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

7 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 is responsible for all corporate finance, taxation, audit and accounting matters in relation to AHG, including the treasury function.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

None

Interest in shares

99,752 ordinary shares in AHG.

Special responsibilities

- Chief Financial Officer

Remuneration Overview

AHG aims to attract and retain high-calibre employees. The objective of AHG's 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 with market practice for delivery of reward.

A detailed Remuneration Report is contained in the Company's annual report and is available from www.ahgir.com.au.

Supporting policies and codes can also be found on this website.

Non Executive Director Remuneration

Fees and payments to non executive directors reflect the demands which are made upon and the responsibilities of these directors. Non executive directors' fees are reviewed annually by the Board. When setting fees and other compensation for non executive directors, the Board takes the advice of independent remuneration consultants to ensure non executive directors' fees are appropriate and in line with the market. Non executive directors are remunerated by way of cash fees, superannuation and, in the case of the Chairman, a motor vehicle. Non executive directors do not receive share options however may be entitled to participate in the AHG Executive Share Plan referred to below.

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

Executive Remuneration

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

Short term incentives ('STI') are normally in the form of cash which is payable on the fulfilment of certain financial and non financial criteria. The amount attributable to each executive's STI and the performance criteria is dependent on the accountabilities of their role and their impact on the organisation's performance.

Long term incentives are normally in the form of equity through the AHG Performance Rights Plan referred to below.

Remuneration and other terms of employment for executives are formalised in an agreement and the terms of the employment may include standard leave entitlements, continuing term or term employment, participation in the AHG Performance Rights Plan and termination provisions of 1-3 months.

Executives' total remuneration is subject to annual review, but an increase is not guaranteed.

The remuneration of each executive director and key management personnel is outlined in the Company's annual report.

AHG Executive Share Plan

A salary sacrifice plan has been finalised for directors and senior executives but is not as yet operative. The AHG Executive Share Plan will enable directors and senior executives to sacrifice a part of their directors' fees, salary, bonus or commission, as the case may be, in shares in the Company.

AHG Performance Rights Plan

Executives may be invited to participate in the AHG Performance Rights Plan whereby rights to acquire shares in the Company may be awarded to eligible senior executives as determined by the Board from time to time. Vesting of share rights is based on meeting certain performance criteria, which is designed to align the performance of executives issued to executive directors with the interests of shareholders.

For the share rights relating to the 30 June 2008 performance, the vesting of these rights is based on Total Shareholder Return relative to a Reference Group comprising a selection of ASX 300 companies (excluding financial and resources).

AHG Tax Exempt Share Plan

AHG also has in place a tax exempt share plan that provides eligible employees with more than three years service with the ability to share in the growth in value of the AHG shares and to encourage them to improve the performance of the Company 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 Board is committed to achieving and demonstrating the highest standards of corporate governance. A detailed Corporate Governance Statement is contained in the Company's Annual Report and is available from www.ahgir.com.au. Supporting policies and codes can also be found on this website.

Management and Oversight

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

Structure of the Board

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

AHG's chair, Mr Robert Branchi, is not an independent director according to the established principles, however the Board believes that Mr Branchi is the most appropriate person to chair the meetings given his intimate knowledge of the Company and industry, having been involved

with the Company for more than 25 years in an executive capacity. Conflicts of interests are handled appropriately as and when they arise.

The Board shall ensure that collectively its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective.

It shall review the range of expertise of its members on a regular basis and ensure that it has operational and technical expertise relevant to the operation of the Company.

Code of Conduct

A code of conduct is in place to promote ethical and responsible practices and standards for directors and key officers of the Company to discharge their responsibilities. The Company also has policies in place to cover such things as recruitment and selection, induction, relocation, conflicts of interest, harassment, discrimination and equal employment opportunities, disciplinary, performance management, grievance, fitness for work, leave, travel, training etc. which are subject to continual review and improvement.

Share Trading Policies

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

Financial Reporting

The Board has established an Audit & Risk Management Committee to assist the Board in the discharge of its responsibilities. The Chief Executive Officer and Chief Financial Officer provide an annual written statement to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with the relevant accounting standards.

Their statement is founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the Board. It also states that risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively, in all material respects.

AHG's financial statements are audited by an independent external auditor.

Timely and Balanced Disclosure

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

Managing Risk

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

Remuneration

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

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

ASX Corporate Governance Principles

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

AHG 2008/2009 Financial Calendar

Record Date for Final Dividend	7 October 2008
Final Dividend Payable	21 October 2008
Annual General Meeting	28 November 2008
Half Year End	31 December 2008

* Timing of events is subject to change



Western Australia**Allpike Citroen / Peugeot**

Dealer Principal – Craig Tickner
(08) 9202 2999

AMCAP Distribution Centre

General Manager – Rod Williams
(08) 9351 6666

Big Rock Toyota

Dealer Principal – Ken Hogan
(08) 9344 0111

Challenger Ford

Dealer Principal – John Jones
(08) 9527 2666

Chellingworth Motors

Dealer Principal – Greg Arnold
(08) 9273 3131

City Motors Holden & HSV

Dealer Principal – Mark Branchi
(08) 9422 7777

Duncan Nissan

Dealer Principal – Michael Jackson
(08) 9262 0000

Giant Nissan

Dealer Principal – Cameron Hede
(08) 9445 5666

Giant Hyundai

Dealer Principal – Cameron Hede
(08) 9445 5700

Grand Toyota Wangara

Dealer Principal – Chris Emmerson
(08) 9403 9000

Grand Toyota Clarkson

General Manager – Mike Cocken
(08) 9407 1900

KTM Sportmotorcycles

General Manager – Jeff Leisk
(08) 9351 4771

Lynford

Dealer Principal – Nigel Morgan
(08) 9242 9000

Melville Mitsubishi

Dealer Principal – Tony Salerno
(08) 9330 6222

North City Holden

Dealer Principal – Alan Blazevic
(08) 9273 2222

Northside Nissan

Dealer Principal – Richard Hewes
(08) 9409 0000

Nuford

Dealer Principal – John Ball
(08) 9309 8888

Osborne Park Volkswagen

Dealer Principal – Shane Marshall
(08) 9273 2333

Osborne Park Skoda

Dealer Principal – Shane Marshall
(08) 9241 3555

Rand Transport

General Manager – David Cole
(08) 9353 7099

Rockingham Hyundai

Dealer Principal – Henry Brown
(08) 9550 8222

Rockingham Mitsubishi/Kia

Dealer Principal – Ray Fiori
(08) 9550 8800

Seaview Ford

General Manager – Brent Taylor
(08) 9407 2222

Skipper Trucks (Belmont)

Dealer Principal – Simon Ramsay
(08) 9333 1888

Skipper Trucks (Bunbury)

Dealer Principal – Simon Ramsay
(08) 9721 7177

Southside Mitsubishi

Dealer Principal – Dion Wagner
(08) 9358 9555

Subaru Osborne Park

Dealer Principal – Shane Marshall
(08) 9273 2777

Subaru Wangara

Dealer Principal – Carlos DaCosta
(08) 9309 7888

Titan Ford

Dealer Principal – Steve Waller
(08) 9333 5544

Total Nissan

Dealer Principal – Garry Wright
(08) 9351 4444

Vmoto Distribution

General Manager – Jeff Leisk
(08) 9351 4771

WA Hino Sales & Service and Volkswagen Commercial Centre

Dealer Principal – Paul McGovern
(08) 9351 2000

Wangara Kia

Dealer Principal – Frank Benedetti
(08) 9309 8300

Wangara Suzuki

Dealer Principal – Frank Benedetti
(08) 9309 3720

Wangara Volkswagen

Dealer Principal – Shane Zieck
(08) 9309 7999

New South Wales**Lander Nissan / Kia**

Dealer Principal – Nigel Hamilton
(02) 8884 4888

Lander Mitsubishi / Suzuki

Dealer Principal – John Drakoulis
(02) 9839 9000

Lander Toyota

General Manager – Rod Cullen
(02) 8884 4888

Lansvale Holden

Dealer Principal – Mark Janus
(02) 9728 7333

McGrath Liverpool – Holden

Dealer Principal – Chad Davies
(02) 9821 5000

McGrath Liverpool – Volkswagen

Dealer Principal – Joe Ponzo
(02) 9821 5070

McGrath Liverpool – Mitsubishi / Mazda / Subaru

Dealer Principal – Greg Hook
(02) 9600 5555

McGrath Sutherland – Holden / Volkswagen / Saab / Mazda / Nissan

Dealer Principal – Phillip Diab
(02) 9545 7333

Queensland**Zupps Burleigh Trucks - Fuso / UD Nissan**

Dealer Principal – Larry McConnie
(07) 5569 5111

Zupps Burpengary Trucks - Fuso / UD Nissan

Dealer Principal – Larry McConnie
(07) 3888 1633

Zupps Rocklea Trucks - Fuso / UD Nissan

Dealer Principal – Larry McConnie
(07) 3277 9355

Zupps Aspley – Holden / HSV Mitsubishi / Suzuki

Dealer Principal – John Mills
(07) 3246 8000

Zupps Beaudesert – Holden / Nissan / Suzuki

Dealer Principal – Peter Gwinner
(07) 5542 1220

Zupps Browns Plains – Holden / HSV / Suzuki / Hyundai

Dealer Principal – Roger Farrell
(07) 3802 4000

Zupps Burleigh – Mitsubishi / Suzuki

Dealer Principal – David Miller
(07) 5569 7200

Zupps Capalaba – Subaru

Dealer Principal – Martin Ragis
(07) 3843 8130

Zupps Cleveland - Mitsubishi

Dealer Principal – Ben Carreira
(07) 3383 2688

Zupps Coopers Plains - Parts

General Manager – Greg Lovett
(07) 3259 5059

Zupps Helensvale – Mitsubishi / Suzuki

Dealer Principal – David Miller
(07) 5514 3800

Zupps Mt Gravatt – Mitsubishi / Peugeot

Dealer Principal – Ben Carreira
(07) 3243 8888

Zupps Mt Gravatt – Subaru / Kia

Dealer Principal – James Malone
(07) 3404 8800

Zupps Mt Gravatt – Holden / HSV / Saab / Hummer / Skoda

Dealer Principal – Peter Thompson
(07) 3877 0000

Zupps Southport – Mitsubishi / Subaru / Suzuki / Peugeot

Dealer Principal – David Miller
(07) 5561 6161

Victoria**Prestige Hino**

Dealer Principal – Sam Nixon
(03) 9212 5555

VSE – Vehicle Storage & Engineering

General Manager – Stan Taylor
(03) 9212 5580

New Zealand**Albany Mazda**

Dealer Principal – Mike Critchley
+64 9 414 0770

John Andrew Ford

Dealer Principal – David Wills
+64 9 376 9829

John Andrew Mazda

Dealer Principal – David Wills
+64 9 376 9829

North Harbour Ford

Dealer Principal – Mike Critchley
+64 9 443 5000

North Harbour Mazda

Dealer Principal – Mike Critchley
+64 9 443 5000

KTM Sportmotorcycles

General Manager – Paul Ottaway
+64 9 274 9095

Directors

Robert John Branchi
David Charles Griffiths
Giovanni (John) Gropoli
Bronte McGregor Howson
Peter William Stancliffe
Gregory Joseph Wall
Hamish Calder Williams

Managing Director

Bronte McGregor Howson

Chief Financial Officer

Hamish Calder Williams

Company Secretary

Susan Dianna Symmons

**Registered Office
and Head Office**

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

Auditors

BDO Kendalls Audit &
Assurance (WA) Pty Ltd
128 Hay Street
Subiaco WA 6008
Tel: +61 8 9380 8400
Fax: +61 8 9380 8499
Email: aa.perth@bdo.com.au

Solicitors

Deacons
108 St George's Terrace
Perth WA 6000
Tel: +61 8 9426 3222
Fax: +61 8 9426 3444
Email: info@deacons.com.au

Share Registry

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

