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**AUTOMOTIVE HOLDINGS GROUP LIMITED
ASX ANNOUNCEMENT: ACQUISITION OF ZUPPS GROUP
RELEASE DATE: 21 MARCH 2007**

AHG TO ACQUIRE QUEENSLAND ZUPPS GROUP FOR \$117 MILLION

Automotive Holdings Group Limited (ASX: AHE) is pleased to announce that it has reached an agreement to acquire the Zupps Group (Zupps), Queensland's largest privately owned automotive retailing group, for approximately \$117.4 million, payable in cash and shares.

Zupps has 32 franchises operating from 18 locations and representing 13 automotive brands. For FY07, Zupps revenue is expected to be approximately \$670 million.

The acquisition will further consolidate AHG's position as Australia's largest automotive retailer, operating 86 franchises across 4 Australian states and New Zealand.

The estimated \$117 million purchase consideration and associated transaction costs will be funded through a \$90.4 million Placement and a \$30 million issue of AHG shares to the Zupp family. Shares issued to the Zupp family will be subject to escrow, with 25% escrowed for three months and the remaining shares being escrowed for 12 months.

The acquisition is subject to the approval of automotive manufacturers and other standard conditions. The share issue to the Zupp family and the Placement is subject to the approval of AHG shareholders at a General Meeting expected to take place in late April.

AHG Chief Executive Officer, Bronte Howson, said the Zupps acquisition is expected to be immediately earnings per share accretive.

"Acquiring the Zupps Group provides a terrific growth opportunity for AHG. The business is well-managed, operates quality dealerships and provides AHG with an outstanding beach head in Queensland," said Mr Howson.

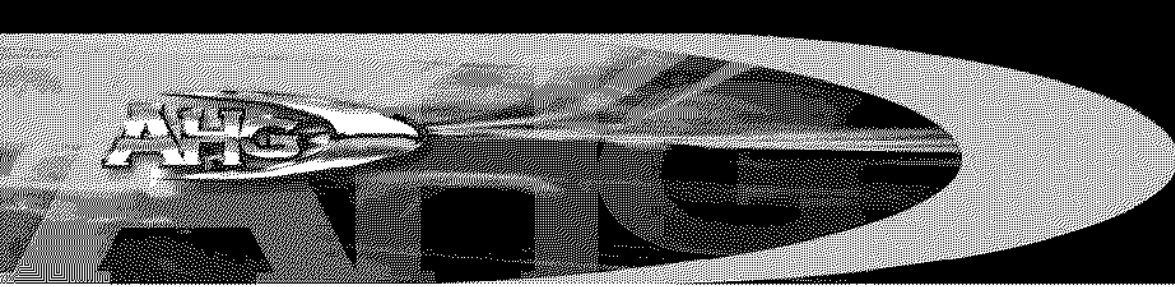
Zupps Group Chairman John Zupp said the AHG agreement would provide the Queensland business with outstanding resources and a platform for growth.

"The Queensland market is very buoyant and Zupps has great growth ambitions. AHG will provide backing and support to take our group to the next level," said Mr Zupp.

"We are delighted to have reached this agreement with AHG and look forward to participating in the continued successful growth of the Company into the future. This agreement will underpin the long-term growth and success of the business."

Settlement of the transaction is scheduled for 1 May 2007.

Interests associated with major shareholder and former director Vern Wheatley intend to join other significant shareholders in participating in the Placement. The balance of the



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raising will be fully underwritten by Bell Potter Securities and will be placed with a range of institutional and sophisticated investors.

In addition, AHG will launch a Share Purchase Plan (SPP) to allow existing shareholders the opportunity to subscribe for shares in AHG up to the maximum legal value of A\$5,000 at the same price as the institutional placement.

The SPP is not conditional on the Zupps transaction proceeding and the proceeds will be used for working capital.

Zupps is AHG's second major purchase since the IPO in November 2005, and follows the establishment of the NSW beach head through the acquisition of the McGrath Lander Group in December 2006.

Mr Howson said the Zupps acquisition would provide the opportunity to access scale benefits, synergies and cost savings for AHG.

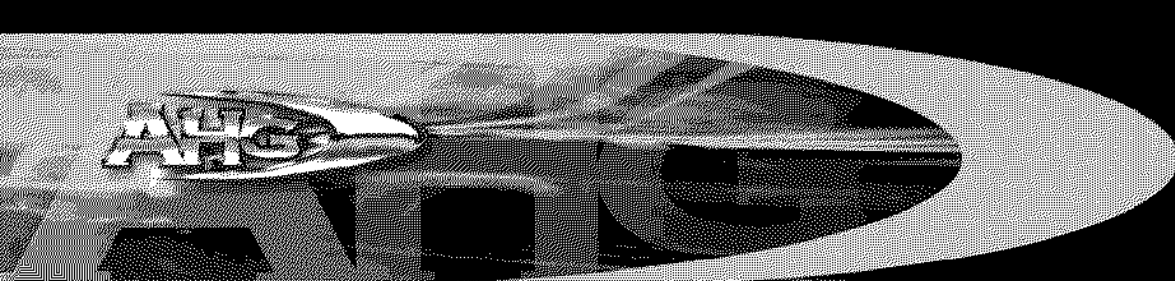
"Our growth strategy is built around achieving critical mass in quality operations," said Mr Howson.

"The Zupps acquisition takes AHG to a turnover in excess of \$3 billion, a new scale of operation, and we believe we will see strong benefits flow through in FY08 and beyond.

"We believe this is an outstanding opportunity for AHG to acquire a well-managed business with good profitability, strong growth prospects and a structure that will integrate into AHG quickly and profitably."

Mr Howson said AHG continued to assess a range of growth opportunities.

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Acquisition Summary

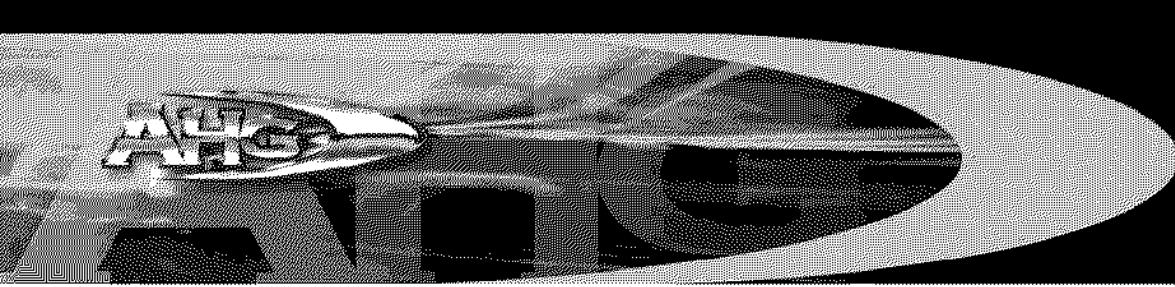
- AHG will acquire Zupps for an estimated consideration of \$117.4 million, comprising \$80 million in goodwill and an estimated \$37.4 million in net assets, including a substantial parts inventory.
- Final acquisition consideration is subject to routine adjustments (eg inventory).
- Dealership properties owned by Zupps will be retained by the Zupp family and leased to AHG under long term lease arrangements, consistent with AHG's other operations in Australia.
- Acquisition and transaction costs will be funded through:
 - \$30 million in AHG shares issued to the vendors at AHG's Volume Weighted Average Price in the 7 trading days prior to settlement
 - A \$90.4 million placement to sophisticated and professional investors, subject to AHG shareholder approval
- Shares issued to the Zupp family will be subject to escrow, with 25% escrowed for three months and the remaining shares escrowed for 12 months.
- Acquisition subject to the approval of automotive manufacturers and other standard conditions.
- Share Purchase Plan enabling existing shareholders to subscribe for up to \$A5,000 worth of shares will also be undertaken.
- The Institutional placement, issue of shares to the vendor, and issue of shares to the major shareholder are subject to shareholder approval.

About Zupps Group

- Zupps Group is Queensland's largest privately-owned automotive retailer, with FY07 revenue expected to be approximately \$670 million.
- Founded in 1948 by Percy Zupp, father of the current owner John Zupp.
- 18 dealership locations in South East Queensland
 1. 32 franchises - including 3 truck centres
 2. 13 vehicle brands – including 4 of the 10 best selling passenger brands in Australia
- Parts distribution business, representing Holden and Mitsubishi.
- Modern, state-of-the-art facilities.
- Mega sites at Aspley, Mount Gravatt and Southport.
- Newly completed Subaru, Peugeot and HSV dealerships at Mount Gravatt.

AHG's Expanded Automotive Operations

- Zupps consolidates AHG's position as Australia's largest automotive retailer.
- Post-acquisition, AHG will operate 86 franchises across Australia and New Zealand, representing 9 of top 10 selling automotive brands.
- Strong growth model with strict acquisition criteria.
- Acquiring beach head positions in major states and pursuing incremental growth opportunities.
- Strong organic growth opportunities from existing operations.
- Demonstrated ability to identify opportunities, buy well, integrate quickly and successfully, and manage profitably.



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- Track record of implementing the AHG model to capture synergies, scale benefits and cost savings.

About AHG

Automotive Holdings Group Limited (ASX: AHE) is a diversified automotive retailing and logistics group with operations in every Australian mainland state and in New Zealand.

The Company is Australia's largest automotive retailer, with its major operations in Western Australia and New South Wales, where the 2006 acquisition of the Sydney-based McGrath Lander Group has provided the first beach head for growth along the eastern seaboard. It also operates the Prestige Hino truck dealership in Dandenong, Victoria – one of the largest in the country.

AHG operates logistics businesses throughout Australia through subsidiaries Rand Transport (refrigerated transport and storage), AMCAP (motor parts and industrial supplies distribution) and KTM Sportmotorcycles (motorcycle importation & distribution in Australia and New Zealand).

For the 6 months to 31 December 2006, AHG reported net profit of \$11.9 million on group revenue of \$936.5 million.

For more information please contact:

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