ANNUAL REPORT 2015

AHG

Automotive Holdings Group

CONTENTS

The Company's Corporate Governance Statement and Compliance details are available online at www.ahgir.com.au

AHG Vision

Through measured growth and improvement, we will build on our position as Australia's largest diversified motoring and logistics group.

We will continue to attract, develop and retain the best people in the industry; exceed the expectations of our stakeholders, and deliver superior returns for our shareholders.

About AHG

Established in 1952 as a single motor vehicle dealership, Automotive Holdings Group today is the largest automotive retailing group in Australia, has two significant logistics divisions with operations in every mainland state and employs more than 7,500 staff.

The Group holds 182 motor vehicle franchises at 105 dealership locations, automotive and truck parts warehousing and distribution, national refrigerated transport and storage, truck and trailer bodybuilding, engineering and storage, and distribution across Australia and New Zealand of KTM and Husqvarna motorcycles.

Annual General Meeting

The 2015 Annual General Meeting of Automotive Holdings Group Limited will be held at Fraser's Function Centre, Fraser Avenue, Kings Park, Western Australia from 10am (WST) on Friday 20 November 2015.

About this report

This annual report is a summary of the operations, activities and financial position at 30th June 2015 of Automotive Holdings Group (ABN 35 111 470 038) and its subsidiary companies.

In this annual report references to "AHG", "the Group", "Group", "we", "us", "our" and "ours" refer to Automotive Holdings Group unless otherwise stated. References to a "year" are to the financial year ended 30th June 2015 unless otherwise stated. All dollar figures are expressed in Australian currency unless otherwise stated.

AHG is committed to reducing the environmental effects of producing its annual reports and printed copies are only posted to shareholders who have elected to receive them. The printer's production process is 100% carbon neutral.

AHG's "Walk to the G" helped to raise more than $2.5 million for research into Motor Neurone Disease

Group Financial Highlights

Automotive Holdings Group Limited again delivered record revenues, profit and dividend in the 2014-2015 Financial Year.

Consolidated Financial Performance	FY2015 ($m)	FY2014 ($m)	% change
Statutory IFRS Profit after Tax Reconciliation			
Statutory Net Profit after Tax	**88.1**	**72.9**	**20.9%**
Net integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)	6.1	5.6	8.9%
Operating[1] Net Profit after Tax (Non-IFRS)	**94.2**	**78.5**	**20.0%**
Statutory Earnings Per Share	28.7	26.9	6.7%
Operating[1] Performance (Non-IFRS)			
Revenue	**5,246**	**4,735**	**10.8%**
EBITDA	215.8	178.6	20.8%
EBITDA %	4.1%	3.8%	
EBIT	175.2	148.3	18.2%
EBIT %	3.3%	3.1%	
Operating[1] Net Profit after Tax (Non-IFRS)	**94.2**	**78.5**	**20.0%**
Operating[1] Earnings Per Share (cps)	30.7	29.0	6.0%
Operating[1] Interest Cover (times)	5.2	4.8	

Non-IFRS Operating[1] – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)

HIGHLIGHTS

- Group revenue of $5.2 billion (up 10.8% pcp)
- IFRS Statutory Profit before tax $130.0 million (up 18.7% pcp)
- IFRS Statutory Profit after tax $88.1 million (up 20.9% pcp)
- Record Non-IFRS Operating[1] Profit before tax $141.6 million (up 20.5% pcp)
- Record Non-IFRS Operating[1] Profit after tax $94.2 million (up 20.0% pcp)
- Non-IFRS Operating[1] EPS of 30.7 cents (29.0 cents pcp)
- Final dividend of 13 cents per share; full year dividend 22 cents fully franked (21 cents pcp)
- Acquisitions completed in FY2015 – Bradstreet Motor Group, Leo Muller CJD and Paceway Mitsubishi
- Record performance by Automotive Retail Segment

Key financial data (Operating[1]) (Non-IFRS)	FY2015 ($m)	FY2014 ($m)
Revenue	**5,245.8**	4,734.8
EBITDA	**215.8**	178.6
NPAT	**94.2**	78.5
Total assets	**1,957.1**	1,768.9
Net debt (excluding floorplan)	**230.9**	117.5
Shareholders' equity	**695.6**	664.4

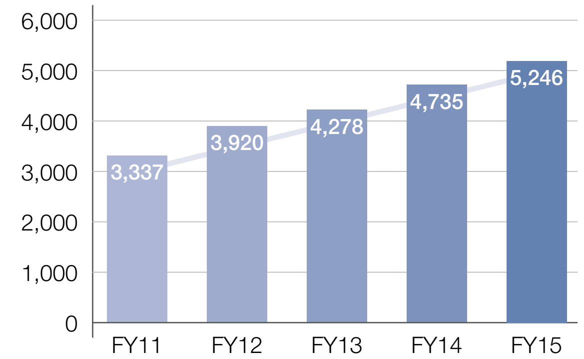
Key share data	FY2015 cents	FY2014 cents
EPS[1] (Non-IFRS)	**30.7**	29.0
Dividends per share	**22.0**	21.0
NTA per share	**99.0**	111.2

Key ratios	FY2015	FY2014
ROCE[1] (Non-IFRS)	**11.8%**	11.2%
Gearing (excluding floorplan)	**25.0%**	15.0%

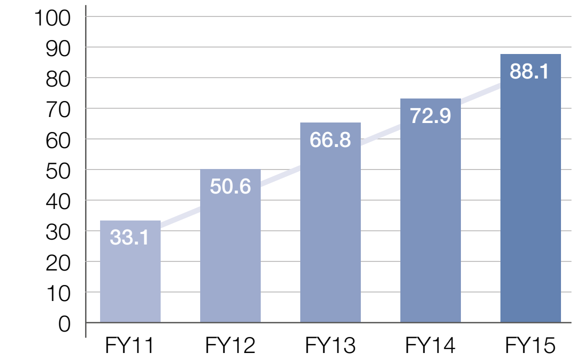
Non-IFRS Operating[1] – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)

Group Financial Highlights (continued)

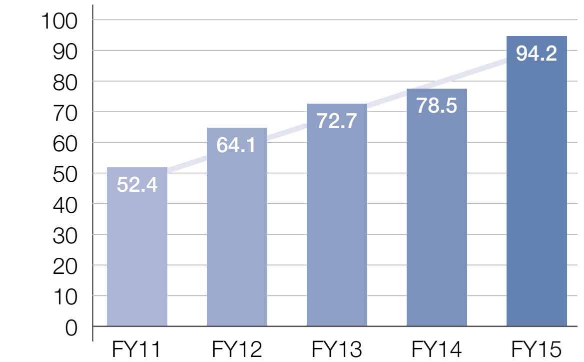
Revenue ($m)



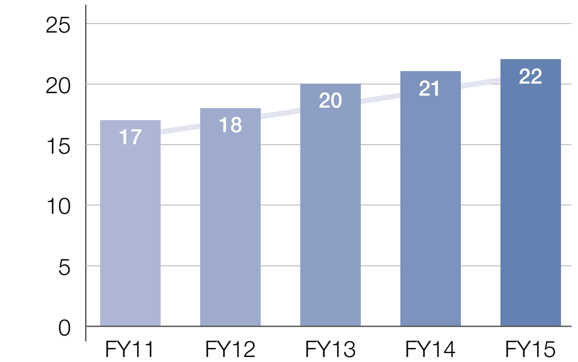
Statutory NPAT ($m)



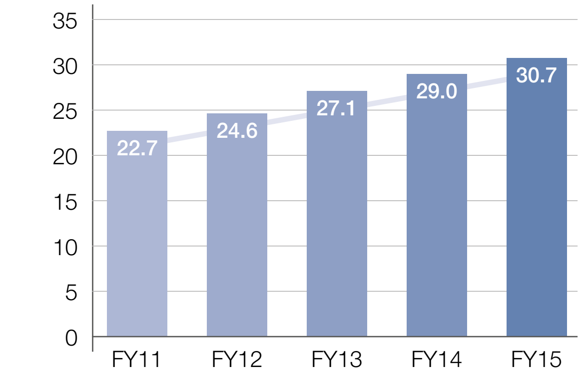
Operating[1] NPAT ($m)



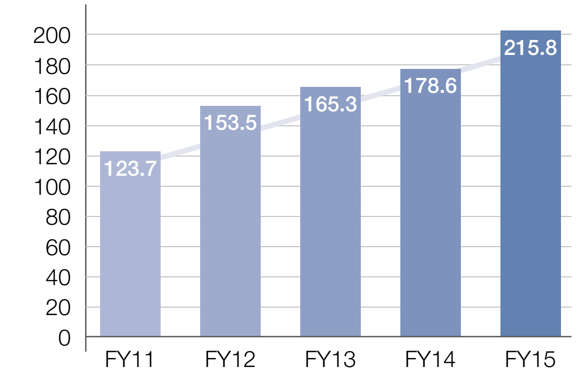
Statutory Dividends (cps)



Operating[1] EPS (cps)



Operating[1] EBITDA ($m)



Non-IFRS Operating[1] – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)

A Message From The Chairman and Managing Director

On behalf of the Board of Directors of Automotive Holdings Group, it is our pleasure to present the Company's 10th anniversary 2015 Annual Report.

While this year marks ten years since AHG listed on the Australian Stock Exchange it is relevant to note that the Company was founded more than 63 years ago in 1952.

The Company's goal when it listed on 3rd November 2005 was to build a platform for continued growth. That goal has been achieved and remains a priority for the future.

The financial year in review was a challenging period in many respects but AHG once again reported record revenue, operating profit and dividend.

Group revenue for FY2015 was $5.2 billion, an increase of 10.8% on the previous financial year. Operating[1] NPAT increased 20% to $94.2 million; Statutory Profit after tax was $88.1 million, an increase of 20.8% on FY2014.

Our shareholders received a fully-franked full year dividend of 22 cents per share, up from 21 cents the previous year.

The year in review included further acquisitions in our Automotive division and significant investments in Refrigerated Logistics that align with your Board's objective of delivering a satisfactory growth in returns to shareholders.

This result underlines the strength of AHG's growth strategy with a strong contribution from the Bradstreet Motor Group, acquired August 2014, and the continued expansion of our Refrigerated Logistics business. The automotive businesses performed particularly well across all of our operations.

Non-IFRS Operating[1] – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)

A Message From The Chairman and Managing Director (continued)

AUTOMOTIVE RETAIL

Revenue from the Automotive Retail division was up 10.0% to $4.271 billion ($3.883 billion pcp).

Operating[1] EBITDA margin improved to 3.8% (3.4% pcp), which delivered an Operating[1] EBITDA of $161.2 million ($132.5 million pcp), an increase of 21.6% on the prior year.

The Australian market was impacted by the downturn in construction activity in the mining and energy sectors, most noticeably in Western Australia and Queensland, but the division's overall result shows AHG was able to meet those challenges.

The result was strengthened by the acquisition of the Bradstreet Motor Group, which contributed to an outstanding result in NSW.

REFRIGERATED LOGISTICS

AHG's Refrigerated Logistics division contributed revenues of $609.1 million ($429.7 million pcp), an increase of 41.7% and Operating[1] EBITDA of $45.2 million ($29.7 million pcp) on an improved margin.

The ongoing integration of Scott's Refrigerated Freightways and JAT Refrigerated Road Services, acquired in FY2014, delivered increased revenues and further opportunities to focus on cost and operating synergies within the Group.

The result reflects the impact of the Group's investment cycle in acquisitions and new facilities, which is now largely complete.

We are pleased with the margins given the business is still in the process of a substantial transformation program to upgrade technology platforms and further leverage operational efficiencies and your Board remains confident the strategic blocks are in place to deliver strong shareholder returns.

OTHER LOGISTICS

The Group's Other Logistics division saw revenues decrease by 13.3% to $365.2 million ($421.4 million pcp), contributing Operating[1] EBITDA of $10.5 million ($17.1 million pcp). Operating[1] EBITDA margin was 2.9% (4.1% pcp).

A number of factors impacted the result, including a change by Mitsubishi in its parts distribution model in Western Australia that reduced AMCAP revenues, the AUD/EUR exchange rate negatively impacted KTM and Husqvarna imports, and the downturn in the broader bus and truck market had a negative effect on the operations of GTB/VSE and WMC.

PEOPLE

AHG's Human Resources remain the Company's most valuable asset.

Significant progress has been made, and is referenced later in this Annual Report, in the implementation of a three year strategic "people plan" that commenced last year.

AHG continues to be a significant employer of women and has developed a Diversity Charter to reinforce the importance of gender diversity at senior levels across the organisation.

WORKPLACE HEALTH AND SAFETY

The Board and management recognise that sound Workplace Health and Safety performance contributes to overall business success.

The Company's consolidated Lost Time Injury Frequency Rate and the Incident Rate both showed significant reductions.

There were also positive performance indicators for FY2015 across three significant areas. Health and Safety Committee participation across the Group increased significantly on FY2014 figures, as did the number of workplace toolbox talks and workplace inspections, illustrating AHG's commitment and dedication to ensure continued maturity across the Group.

ENVIRONMENTAL

The Group is committed to meeting or exceeding environmental compliance in its operations and in the design of new and refurbished facilities. In FY2015 AHG achieved significant reductions in its environmental footprint through a range of initiatives, including solar power installations, waste and water recycling programs, light harvesting technology, fuel management and the installation of comprehensive building management systems.

During the year in review the Group's Rand business division successfully applied for contracts under the federal government's Emissions Reduction Fund with a proposal to save 157,000 tonnes of carbon emissions over six years through fuel and network efficiencies across the road and rail fleet. The project supports AHG's environmental efforts and assists Australia meet its carbon reduction targets.

Non-IFRS Operating[1] – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)

A Message From The Chairman and Managing Director (continued)

OUTLOOK

The outlook for the Automotive market remains strong and AHG is well placed to continue its strategic expansion. The Group has a strong balance sheet, sector-leading scale, an industry-leading automotive retail management model, a broad portfolio of brands, and enduring long-term relationships with manufacturers.

AHG is also devoting resources to ensure the Company continues to prosper in the changing and disrupted automotive retail environment. The Group has a world-class digital strategy that is continually evolving and Shareholders can be confident the Company is well placed to manage change and adapt its retail model as required.

In Refrigerated Logistics the focus in FY2016 will largely be on greater integration of operations and facilities to drive further efficiencies and synergy savings.

The Group remains focused on its core strategies, with continued investment in appropriate business acquisitions and capital assets and will continue to divest non-core assets and review underperforming businesses where appropriate.

SINCERE THANKS

We take this opportunity to place on record our thanks to our fellow Directors for their support and to welcome Greg Duncan to the Board. Greg is a highly regarded automotive retailer and business leader who offers the Company valuable guidance and leadership.

We also thank retiring Directors Michael Smith and Tracey Horton for their highly valued contributions to the Board.

On behalf of the Board and our shareholders we also thank the Company's senior management and the leadership teams in the three divisions.

And we thank each of our 7,500 employees for their contribution to the success of AHG.

We look forward to providing shareholders with an update on the current financial year at the Annual General Meeting.

David C Griffiths
Chairman

Bronte Howson
Managing Director

Non-IFRS Operating[1] – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)

Operating and Financial Review

This Operating and Financial Review sets out information on the Group's business strategies and prospects for future years, including reference to likely developments in segment operations and the potential impact on the future performance of these segments.

ABOUT AHG

Information in the Operating and Financial Review is provided to enable shareholders to make an informed assessment about AHG's business strategies and future prospects. Information that could be prejudicial to AHG (e.g. commercially sensitive, confidential or material capable of giving a third party a competitive advantage) has not been included.

The diversified nature of AHG is a key strength, reducing reliance on, and exposure to, particular sectors. It also creates synergies and efficiencies that may not be available to other groups, such as the supply of trading and capital equipment between Group businesses rather than relying on third party providers.

The Group has been active since listing in executing acquisitions, Greenfield developments and divestments, as it drives a growth strategy that builds further geographical diversification, takes advantage of market opportunities that AHG's scale and access to funds permits, and develops greater synergistic profits and efficiencies.

Recognition of the fruits of this strategy is evidenced through AHG's admission to the ASX200 in the June 2013 quarterly rebalance (after the Group's market capitalisation topped $1 billion). The Group's FY2015 results, which included record revenues, statutory profit, operating profit and dividends, have reinforced AHG's standing within the ASX200.

BUSINESS MODEL AND STRATEGIES

The diversified nature of the Group requires varied business models that reflect the intricacies of the different businesses, their competitive positioning and the stage of their market and business maturity. The Group invests significant time and resources in the development, implementation and maintenance of individual strategic roadmaps across its significant operations, overlaid with alignment to the wider consolidated AHG strategic objectives.

A common thread across the business models and strategies of the operations is the ability of the Group to leverage one of its key strengths, the talent of its people. All general managers and dealer principals are empowered to make appropriate decisions to grow their respective business operations and/or control their cost structures. The Group firmly believes this approach allows AHG to attract and retain talented employees, as well as providing the best service to customers.

The AHG Service Centre Newman opened June 2015

GROUP FINANCIAL PERFORMANCE

Key Financial Data	Statutory IFRS Result 2015	Unusual items* 2015	Operating Non-IFRS Result 2015	Operating Non-IFRS Result 2014
For the year ending 30 June 2015	*$'000*	*$'000*	*$'000*	*$'000*
Revenue	**5,245,789**	**-**	**5,245,789**	**4,734,760**
EBITDA	204,153	(11,622)	215,775	178,614
EBITDA Margin (%)	3.9%		4.1%	3.8%
Depreciation and amortisation	(40,549)	-	(40,549)	(30,350)
EBIT	163,604	(11,622)	175,227	148,264
Interest (net)	(33,576)	-	(33,576)	(30,737)
Profit before tax	130,028	(11,622)	141,651	117,527
Tax expense	(35,913)	5,500	(41,413)	(35,650)
Profit after tax	94,115	(6,122)	100,237	81,877
Non-controlling interest	(6,024)	-	(6,024)	(3,365)
Net profit after tax attributable to shareholders	**88,091**	**(6,122)**	**94,213**	**78,512**
Basic EPS (cents per share)	28.7		30.7	29.0

** Excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)*

Revenue

Group revenue increased 10.8% on FY2014 to $5.25 billion, driven by the acquisitions of SRF/JAT (April 2014) and the Bradstreet Motor Group (August 2014) supported by organic growth in Automotive Retail in particular.

EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation)

Operating non-IFRS margins increased year-on-year to 4.1% (2014: 3.8%), aided by increased Refrigerated Logistics contribution and strong Automotive performance.

Depreciation and Amortisation

Depreciation and amortisation for the year was $40.55 million, an increase of 33.6% on pcp. This was primarily due to a combination of the acquisition of SRF/JAT, combined ongoing investment in organic Refrigerated Logistics operations (premises, vehicle fleet and container assets), supported by plant and equipment acquired as part of the various Automotive Retail acquisitions and Greenfield developments.

Interest Expense (net)

Net interest expense (including floorplan finance, finance costs less interest revenue) for the year was $33.58 million, an increase of 9.2% on pcp. The increase was due to higher floorplan finance costs from the Bradstreet acquisition and higher commercial borrowings levels during FY2015, mitigated by a combination of lower interest rates on borrowings and consistent focus on inventory/cash management.

Operating and Financial Review (continued)

Non-controlling Interests

Profit attributable to non-controlling interests increased to $6.02 million, up 79.0% on pcp. These are entities which are consolidated into AHG's financial performance but where AHG does not hold an entitlement to 100% of their profits. Refer to note 28 Related Parties for a listing of those entities where AHG does not hold a 100% profit entitlement. The increased expense includes no losses related to WMC operations being attributed to non-controlling interests during FY2015.

Profit before Tax

AHG earned a statutory profit after tax of $88.10 million for the year, an increase of 20.8% on pcp. Operating Non-IFRS profit (before unusual items) after tax was $94.21 million, an increase of 20.0% on pcp. Both were record results for the Group.

Dividends

A fully franked final dividend of 13.0 cents per share was declared, taking the full year dividend to 22.0 cents per share, an increase of 1.0 cents (4.8%) over the prior year. This reflects the Group's strengthened balance sheet, strong operating cash flow and capital management.

GROUP FINANCIAL POSITION

	FY2015	FY2014
Total Assets	$1.96 billion	$1.77 billion
Total Liabilities	$1.26 billion	$1.10 billion
Total Equity	$0.70 billion	$0.66 billion

TOTAL ASSETS

Total assets increased by $0.19 billion from $1.77 billion to $1.96 billion, driven by a combination of acquisitions completed during the period and working capital / non-current asset investments.

Trade inventories, the largest individual component of total assets, comprise vehicle, motorcycle and parts inventories on hand across the automotive retail and other logistics segments, increased $60.11 million to $732.03 million. This was attributed to the acquisition of the Bradstreet Motor Group (~$37 million) and increased vehicle inventories arising from strong operating performance and timing of manufacturer supplies. AHG applies policies around its inventory management to mitigate potential obsolescence concerns.

Receivables increased by $25.55 million from $293.04 million to $318.59 million. This was influenced by the acquisition of the Bradstreet Motor Group (~$12 million) and expansion of AHG's Refrigerated Logistics division post SRF/JAT acquisition (~$7 million). Average debtor days decreased over the prior year, aided by AHG's dedicated centralised Credit Control department which monitors outstanding debtors on a continual basis.

Property, plant and equipment increased $45.23 million to $349.17 million, due to a combination of ongoing investment in Group operational requirements (e.g. Refrigerated Logistics), acquisitions executed, as well as property developments to Automotive Retail sites either completed or under construction at the end of FY2015. The sale and leaseback arrangement announcement in July 2015 will see AHG convert ~$37 million of property, plant and equipment assets into cash flow.

Intangible assets increased $68.45 million to $392.04 million linked to acquisitions of the Bradstreet Motor Group, Leo Muller CJD and Paceway Mitsubishi executed during FY2015, and completion of provisional accounting for FY2014 acquisitions of Davie Motors, Jason Mazda and SRF/JAT.

TOTAL LIABILITIES

Total liabilities increased by $0.16 billion to $1.26 billion during FY2015.

Trade and other payables increased $31.74 million, reflecting the influence of acquisitions during FY2015 (~$6 million) and timing around payment of year-end liabilities covering creditors, subcontractors and payroll accruals (including commissions linked to record performance achieved for FY2015).

Interest-bearing liabilities rose due to a combination of increased finance company loans (organic and acquisitions/Greenfields), increased lease/hire purchase commitments (property, plant and equipment investment) and increased commercial borrowings (acquisitions).

Total current and non-current provisions increased $15.1 million to $89.45 million, attributed to increased employee provisions (expanded employee numbers, particularly linked to acquisitions), record FY2015 profits (increased average pay rates apply to entitlements) and natural increases in existing employee service periods and entitlements.

TOTAL EQUITY

Total equity increased by $0.04 billion to $0.70 billion, reflecting the net retained profit between FY2015 performance and dividends paid.

Operating and Financial Review (continued)

FUNDING AND CAPITAL MANAGEMENT (INCL. CASH FLOW / SHAREHOLDER VALUE / DIVIDENDS)

AHG categorises its funding and capital management structure into two components:

- Inventory-backed finance company loans (floorplan), in which dealerships finance their inventory purchases through specific finance facilities provided by either manufacturers or third party finance companies; and
- Commercial banking and leasing finance facilities which support all other aspects of the Group's capital management, working capital and growth strategy.

Finance Company Loans

Finance company facilities of $804.72 million were available to AHG as at 30 June 2015, of which $582.15 million were used.

AHG excludes finance company loans from its gearing ratio calculations.

(refer note 26 – Capital Management).

Commercial Bills and Leasing Finance Facilities

There were $464.27 million of these facilities available to the Group as at 30 June 2015, of which $299.95 million had been utilised. AHG expanded its Commercial Bill facilities by $45.0 million during FY2015 and post 30 June 2015 a further $50.0 million of additional facility has been added. Lease Finance facilities expanded in conjunction with acquisitions during FY2015.

Capital Management Metrics

	FY2015	FY2014
Gearing Ratio *(source: note 26.2 Capital Management)* (net debt excluding finance company loans and cash) / (net debt + equity excluding finance company loans and cash)	25.0%	15.0%
Gearing Ratio *(source: note 26.1 Capital Management)* (net debt excluding cash) / (cash + equity)	53.9%	50.7%
Interest Cover (times) (source: note 2 Operating Segments) • Operating Non-IFRS* • Statutory *(EBIT / Net Interest expense)*	 5.22 4.87	 4.82 4.56

** excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback) (refer to note 1 for a reconciliation of Non-IFRS profit to IFRS profit).*

Net debt (borrowing excluding finance company loans and cash and cash equivalents) increased by $113.46 million to $230.94 million. This increase reflected:

- Operating Cash Flows of $113.31 million, up $11.12 million on pcp;
- Payment for acquisitions of $74.97 million, down from $83.15 million paid in pcp;
- Payment for property, plant and equipment of $98.44 million, down from $111.38 million paid in pcp; and
- Record dividend paid to shareholders during FY2015, totalling $65.91 million. Total declared dividend for FY2015 is 22 cents, with the final dividend component of 13.0 cents to be paid in October.

The Group's strong balance sheet position continues to support further growth opportunities and preliminary discussions with various finance providers (incumbent and new) indicate their comfort and willingness to provide AHG with further facilities (finance company, commercial bills and leasing).

AUTOMOTIVE RETAIL

AHG operates passenger vehicle and truck and bus dealerships in New South Wales, Queensland, Victoria and Western Australia, and passenger vehicle dealerships in Auckland, New Zealand.

Passenger brands: Alfa Romeo, Bentley, Chrysler, Citroen, Dodge, Fiat, Ford, FPV, Holden, HSV, Hyundai, Isuzu Ute, Jeep, Kia, Mazda, Mitsubishi, Nissan, Peugeot, Porsche, Subaru, Suzuki, Toyota, Volkswagen.

Truck and commercial vehicle brands: Fiat Professional, Freightliner, Fuso, Golden Dragon, Higer, Hino, Iveco, JAC, LDV, Mercedes-Benz, Mercedes-Benz Vans, Optare, Rosa, Volkswagen Commercial.

COMPETITIVE ADVANTAGES:

Business model – retail hubs, strong management disciplines and reporting processes.

Diversity – income generated from multiple revenue streams in automotive retailing, including the sale of new and used vehicles, finance, insurance, aftermarket products and services, vehicle servicing and parts.

Financial strength – AHG has a strong and flexible balance sheet, allowing the Group to react quickly to changing economic and market conditions, and to make strategic and accretive acquisitions that complement its portfolio.

People – strong and experienced management team, and the ability to attract and retain key employees.

Relationships – solid, long-term relationships with automotive manufacturers and key service providers.

Scale – as Australasia's largest motoring group, AHG offers a wide range of choice and benefits to its customers and employees.

BUSINESS MODEL AND STRATEGIES

AHG operates an expanding network of franchised dealerships located in both established and growth regions of the Australian mainland and New Zealand.

A key tenet of the AHG business model is the positioning of the dealership network in retail hubs where multiple dealerships trade in close proximity, creating strong efficiencies in terms of operating processes, collaboration and customer attraction. This model is further reinforced through the Group's commitment to investing in state-of-the-art facilities at its dealership premises to maximise both the business opportunities and customer experiences.

Manufacturer relationships remain a key factor in Automotive Retail. AHG's long history of strong performance in the industry has produced long-term, successful relationships across the major franchises that AHG represents. These relationships and AHG's performance history provide the Group with opportunities to develop Greenfield operations that assist in the Group's long-term growth strategies.

Operating within the wider retail environment, AHG is conscious of the need to keep pace with changing consumer habits. Accordingly, a major focus has been on expanding AHG's capacity to engage with prospective customers in the online environment, but in a manner that is complementary to, and supportive of, the large dealer network. The Group also holds a controlling interest in 360 Financial Services, which operates independently from the AHG dealership network to provide consumers with access to financial services through online marketing.

The Group's network of dealerships provides ongoing opportunities to train, promote and advance talented employees through all levels and departments, delivering a competitive advantage when it comes to integrating acquisitions to AHG's culture and methodologies.

Operating and Financial Review (continued)

Key areas of focus for execution of the Group's Automotive Retail strategy include:

- Capture of additional new and used vehicle retail market share;
- Sustained growth of AHG's higher margin parts and service businesses with a strong emphasis on the retention of service customers;
- Operating efficiencies and further leveraging to a lower cost base;
- Continued implementation of an operating model with greater commonality of key operating processes, systems and training that support the extension of best practices and the leveraging of scale;
- Positioning of the Group to meet the changing needs and purchasing behaviour of customers, via online marketing and trading capacity that complements AHG's retail outlets; and
- Enhancement of AHG's current dealership portfolio by strategic acquisition (including Greenfield) and improving or disposing of underperforming dealerships.

BUSINESS SEGMENT - AUTOMOTIVE RETAIL

	FY2015	FY2014	Movement
	$'000	*$'000*	*%*
Automotive Retail			
Revenue	**4,271,145**	3,888,323	10.0%
Statutory IFRS Performance			
EBITDA	**165,114**	130,027	27.0%
EBITDA %	**3.9%**	3.3%	
EBIT	**147,245**	114,338	28.8%
Profit before Tax	**125,844**	92,934	35.4%
Operating* Non-IFRS Performance			
EBITDA	**161,228**	132,541	21.6%
EBITDA %	**3.8%**	3.4%	
EBIT	**143,359**	116,852	22.7%
Profit before Tax	**121,958**	95,448	27.8%

** Excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)*

Automotive retail operations accounted for 81% (FY2014: 82%) of Revenue and 81% (FY2014: 76%) of Statutory EBITDA for FY2015. The FY2015 results of $4.27 billion Revenue and $165.11 million Statutory EBITDA were record achievements for this segment.

The achievement of these milestones has been built on the strong performance of the more established operating dealerships, which enabled AHG to achieve record results while absorbing the costs of a very active expansion program. The expansion program undertaken since January 2012 is listed below:

Acquisitions from 3rd parties:

- Jeff Wignall Group (May 2012 – Mornington Peninsula, Vic)
- Coffey Ford (Aug 2012 – Dandenong, Vic)
- Newcastle Hino, Iveco and Daimler (Sep 2012 – Newcastle, NSW)
- Daimler Brisbane (Oct 2012 – Brisbane, Qld)
- Bayside / Peninsula Group (May 2013 – Mornington Peninsula, Vic)
- McMillan Toyota (Jun 2013 – Preston/South Morang, Vic)
- Jason Mazda (Jul 2013 – Osborne Park, WA)
- Davie Motors (Sep 2013 – Manukau, New Zealand)
- Bradstreet Motor Group (Aug 2014 – Newcastle, NSW)
- Leo Muller CJD (Apr 2015 – Brisbane, Qld)
- Paceway Mitsubishi (May 2015 – Perth, WA)
- Aspley Nissan (FY2016 – Brisbane, Qld)
- West Auckland Nissan (FY2016 – Auckland, New Zealand)
- Western Pacific Automotive (Mercedes-Benz dealership and panel operation) (Nov 2015 – Perth, WA)

Operating and Financial Review (continued)

Greenfield projects and redevelopment:

- Castle Hill Holden / HSV / Hyundai / Nissan (Jan/Nov 2012/Jan 2014 – Castle Hill, NSW)
- Melbourne City Holden / HSV / Hyundai (Mar 2013/Jul 2014 – Melbourne City, Vic)
- Manukau Nissan (Apr 2014 – Manukau, New Zealand)
- Browns Plains Mazda (commencing CY2016 – Brisbane, QLD)

Divestments to 3rd parties:

- Southport / Helensvale / Burleigh Group (Aug 2012 – Gold Coast, QLD)
- Capalaba Mitsubishi / Subaru (Jan/Aug 2013 – Capalaba, QLD)
- Lander Suzuki (Aug 2014 – Blacktown, NSW)

This expansion program provides a strong base for future growth as new businesses are integrated into AHG's business model and restructuring is completed.

AUTOMOTIVE RETAIL OPERATING RESULTS 2014-2015

The Automotive Retail division achieved record results across all operating profit performance metrics from Revenue through to Profit before Tax. Operating Non-IFRS EBITDA margins rose by 0.4% to 3.8%.

The execution of the Bradstreet Motor Group acquisition (August 2014) and strong performance across AHG's East Coast and New Zealand operations contributed positively to the superior performance for FY2015 compared to the results in FY2014, in both margin and revenue growth.

The overall performance in Automotive Retail is driven by the strong inter-relationships between dealership departments (new cars, used cars, finance and insurance, service, parts) while simultaneously enhancing customer experience.

AHG focuses on the performance of all revenue streams through strong disciplines across procedures and policies, systems management and investment, staff training programs, key financial and non-financial metrics, and continual challenging of the businesses for new opportunities and efficiencies to maximise shareholder returns.

Automotive retail is a low-margin, high turnover business and the accumulation of small improvements to margins can have a significant positive impact on overall performance.

This saw consistent growth across all departments, influenced by factors such as:

- The Australian new vehicle market sold 1,113,224 vehicles in CY2014, down 2.0% on the prior year record level (CY2013: 1,136,227). The industry forecast for CY2015 projects a result of 1.14 million units, equivalent to that achieved in CY2013. However, not all franchises recorded increases in their volumes, and the nature of all automotive retail franchises is that they experience cyclical ebbs and flows linked to product ranges, aging profiles and customer buying preferences. AHG's diversified brand portfolio mitigates the majority of this exposure;
- Support from, and competitiveness between, manufacturers during FY2015 remained at relatively aggressive levels, leading to low-rate finance offerings direct from manufacturers as they sought to increase their volume levels. This benefits AHG via increased volumes and associated bonuses and commissions earned, albeit that the commissions earned are typically at lower margins compared to non-manufacturer-direct finance offerings;
- Consistent application and refinement of AHG's used vehicle buying, wholesaling and selling policies translates to smarter vehicle purchasing, lower re-conditioning costs, improved retention of profits and increased opportunity between sites and greater cross-selling between departments. On a combined level, this positively impacted on Automotive Retail's FY2015 EBITDA margin performance;
- Fixed-price service offerings introduced by manufacturers are having a positive impact on customer retention within the automotive retail service departments. This has the potential to increase service income and retain customers within the same dealership and/or brand through replacement vehicle purchases;
- Expansion of product offerings to customers continue through AHG's dealerships, with new opportunities constantly sought and/or evaluated; and
- Record low interest rates have a positive impact on finance costs for the segment.

OUTLOOK

AHG has an experienced management team, a strong balance sheet and a diversified business model that positions the Group well to deliver strong results from its strategic investments in Automotive Retail and to capitalise on future opportunities.

- New vehicle sales remain at solid levels to August 2015, buoyed by manufacturer incentives of low interest rates and service offerings; and
- Post balance date acquisition of Western Pacific Automotive (Mercedes-Benz dealerships) further strengthens the Group's platform for growth.

Melbourne City Hyundai opened August 2014

REFRIGERATED LOGISTICS

AHG's Refrigerated Logistics division operates in every Australian mainland state through Rand, Harris, Scott's Refrigerated Freightways (SRF) and JAT Refrigerated Road Services (JAT).

In combination with AHG's existing Rand and Harris operations, the acquisition of SRF (including JAT) in April 2014 consolidated AHG's position as the largest provider of temperature controlled transport and cold storage operations in Australia with national route coverage and an integrated network of cold store facilities. The acquisition expanded AHG's customer base and product expertise and will diversify AHG's exposure to seasonal peaks in fresh produce, allowing for more efficient use of infrastructure across the year.

Rand, Harris, SRF and JAT employ more than 1,500 permanent staff and provide capacity to store 175,000 pallets of goods at major storage facilities in Brisbane, Sydney, Melbourne, Adelaide and Perth, and depots through far north Queensland and regional New South Wales and Victoria.

During the year in review the Group opened a new state-of-the-art 45,000 pallet cold store at Erskine Park, west of Sydney, exited former sites in NSW and Victoria, combined its business units in South Australia, and rationalised and aligned truck servicing and tyre supply across its fleet.

The combined businesses operate a modern, temperature-controlled and permanently monitored vehicle fleet that includes:

- ~470 company prime movers and rigid vehicles
- ~1,000 road pantechnicons
- ~490 rail containers
- More than 300 sub-contractor prime movers and rigids

COMPETITIVE ADVANTAGES:

Market strength – national mainland footprint with strong position in the warehousing and distribution of refrigerated products.

Scale – larger players compete with a significant structural advantage versus smaller players due to route efficiencies, utilisation and maintenance of fleet and equipment.

Relationships – solid, long-term relationships with producers and customers.

Trust – reputation of compliance with Chain of Responsibility, road safety and legislative requirements.

Facilities – state-of-the-art fleets, distribution hubs and cold storage.

Processes – quality assured accreditation; remote monitoring of refrigerated transport in real time.

BUSINESS MODEL AND STRATEGIES

AHG's Refrigerated Logistics business model and strategy is to leverage its position as the leading provider of integrated national refrigerated logistics solutions in Australia.

The combination of national temperature-controlled long-haul transport, cold storage and refrigerated distribution, differentiate Rand/Harris/SRF/JAT from competitors by offering a complete suite of nationwide refrigerated road, rail, cross-docking, cold store and distribution services supported by sophisticated IT systems.

Given the fragmented nature of the broader industry sector, AHG's investment in state-of-the-art depots and cold storage facilities in each state, the fleet of modern equipment and its reputation for reliability provide the Group with a competitive advantage.

AHG is investing in IT systems development commensurate with the growth of the business to further drive efficiencies and service capabilities to its broad portfolio of customers.

Key areas of focus in AHG's Refrigerated Logistics business strategy are:

- Providing fully integrated refrigerated logistics needs across the entire cold chain market;
- Offering compelling tailored packages supported by a comprehensive executive and customer information system including tracking and performance delivery reporting; and
- Building long-term relationships with its customers by being proactive to their requirements.

The SRF/JAT acquisitions delivered on two key aspects of this business strategy:

- Expansion of integrated services that can be provided to existing and future customers; and
- Development of economies of scale and efficiencies through the business – integrated facilities, sharing of management expertise, equipment handling and utilisation.

BUSINESS SEGMENT - REFRIGERATED LOGISTICS

	FY2015	FY2014	Movement
	$'000	*$'000*	*%*
Refrigerated Logistics			
Revenue	**609,054**	429,722	41.7%
Statutory IFRS Performance			
EBITDA	**42,270**	24,712	71.1%
EBITDA %	**6.9%**	5.8%	
EBIT	**23,723**	13,335	77.9%
Profit before Tax	**17,269**	9,201	87.7%
Operating* Non-IFRS Performance			
EBITDA	**45,242**	29,690	52.4%
EBITDA %	**7.4%**	6.9%	
EBIT	**26,696**	18,313	45.8%
Profit before Tax	**20,241**	14,179	42.8%

** Excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)*

REFRIGERATED LOGISTICS OPERATING RESULTS 2014-2015

The Refrigerated Logistics division achieved record results across all operating profit performance metrics from Revenue through to Profit before Tax. Operating Non–IFRS EBITDA margins rose by 0.5% to 7.4%.

The execution of the SRF/JAT acquisition (April 2014) was the driver of this increased performance for FY2015 compared to the results in FY2014, in both margin and revenue growth. The result was impacted by weaker transport volumes across the industry and the impact of the Group's investment cycle in acquisitions and new facilities, which is now largely complete.

OUTLOOK

AHG is well positioned to deliver strong results from its strategic investments in Refrigerated Logistics and to capitalise on future opportunities. The Group has largely completed significant investment in acquisitions, fleet and cold stores and is focused on further leveraging operational efficiencies to drive shareholder returns.

OTHER LOGISTICS

AHG's Other Logistics business units provide further diversification and offer significant opportunities to develop business relationships across client bases.

AMCAP operates warehousing and distribution of automotive parts and accessories.

Covs* operates distribution of automotive parts and mining supplies.

KTM Sportmotorcycles and HQVA import and distribute the KTM and Husqvarna range of motorcycles across Australia and New Zealand.

VSE provides vehicle storage and engineering to the trucking industry, while Genuine Truck Bodies specialises in body building services.

WMC imports and distributes commercial vehicles from China.

[AHG has entered into an agreement to sell the Covs Parts business to GPC Asia Pacific.]*

COMPETITIVE ADVANTAGES:

Market strength – AHG holds strong positions in the warehousing and distribution of automotive parts and accessories.

Relationships – solid, long-term relationships with manufacturers and customers.

Facilities – state-of-the-art distribution centres.

BUSINESS MODEL AND STRATEGIES

AHG's Other Logistics business models and strategies leverage their position as members of the Group:

- AMCAP: parts distribution capabilities that build on existing relationships with automotive retail manufacturers, supply the automotive retail industry (beyond just AHG operations) and provide third and fourth party distribution logistics capabilities;
- Covs: supply and distribution of automotive, mining and industrial parts that build upon automotive retail end-user experiences, synergistic warehousing and distribution functions with AMCAP and greater integrated service provision to mining and industrial customers already supplied by other operations with the Group;
- KTM and Husqvarna: motorcycle distribution capabilities that build on automotive retail experience as franchisee to act as franchisor to a chain of independent motorcycle dealerships, and utilisation of storage and distribution facilities of other Group operations to distribute motorbikes and supporting parts and accessories;
- WMC: bus and truck distribution capabilities that build on automotive capabilities as a franchisee to act as franchisor to both independent and AHG-owned bus and truck dealerships; and
- VSE-GTB: storage of vehicles that builds on existing relationships with manufacturers, bodybuilding activities that supply complementary AHG businesses and third party customers, and building on automotive retail (truck) experiences to identify new opportunities and business relationships.

Operating and Financial Review (continued)

BUSINESS SEGMENT - OTHER LOGISTICS

	FY2015	FY2014	Movement
	$'000	$'000	%
Other Logistics			
Revenue	**365,190**	421,409	(13.3%)
Statutory IFRS Performance			
EBITDA	**(2,024)**	16,599	(112.2%)
EBITDA %	**-0.6%**	3.9%	
EBIT	**(6,157)**	13,314	(146.2%)
Profit before Tax	**(7,276)**	13,386	(154.4%)
Operating* Non-IFRS Performance			
EBITDA	**10,512**	17,089	(38.5%)
EBITDA %	**2.9%**	4.1%	
EBIT	**6,379**	13,805	(53.8%)
Profit before Tax	**5,261**	13,876	(62.1%)

OTHER LOGISTICS OPERATING RESULTS 2014-2015

The Other Logistics division was below FY2014 performance across all operating profit performance metrics from Revenue through to Profit before Tax. Operating* Non–IFRS EBITDA margins fell by 1.2% to 2.9%.

Overall performance in Other Logistics is focused on businesses that can leverage their operations across the Group's activities.

The FY2015 results was impacted by a number of factors including a change by Mitsubishi in its parts distribution model in Western Australia that reduced AMCAP revenues, the AUD/EUR exchange rate negatively impacting KTM and Husqvarna imports, and the downturn in the broader bus and truck market having a negative effect on the operations of GTB/VSE and WMC.

** Excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)*

AMCAP

The AMCAP business unit has been a major seller and distributor of automotive and truck parts in Australia for more than 45 years. AMCAP warehouses a wide range of products and meets specific client requirements as a true 3rd and 4th party sales and logistics operation.

It provides sales and marketing services, inventory management, radio-based "paperless" warehousing and a quick response delivery service handling 2.5 million lines per annum over 125,000 Stock Keeping Units (SKUs).

AMCAP's portfolio of franchises includes GM Holden, HSV, Ford, Mitsubishi, Subaru, Iveco Truck, Fuso, AMCAP Truck and Trailer Parts, Hyundai, Kia, Suzuki, VW, Audi, Skoda, PPG Automotive Refinish and 3M.

During the year in review AMCAP's highlights included:

- Successful implementation of new Warehouse Management System (Manhattan Scale);
- Winner of Holden's Trade Club Premiership Dealer of the Year;
- 15% growth in Holden purchases against National 2% growth in a softer WA economy;
- Opening of new location in Melbourne for Truck, Trailer and Industrial business;
- Successful transition from Distributor to Third Party Logistics provider to Mitsubishi Motors Australia;
- Implementation of "Go The Extra Mile" (GEM) cultural initiatives around community involvement and fundraising and employee health and wellbeing programs;
- Gold Accreditation to AS4801/04 for safety; and
- AHG Excellence Safety Award winner.

COVS

AHG has agreed to divest the Covs operation but retains the distribution of Ford and Holden OEM parts through the AMCAP business.

Operating and Financial Review (continued)

KTM and HUSQVARNA

AHG was appointed in 1994 as the exclusive KTM distributor in Australia and New Zealand and the business has enjoyed significant sales growth and developed the KTM brand into a leading national motorsport name. KTM is a prestigious Austrian manufacturer of off-road and on-road motorcycles. Founded in 1934 with a rich racing heritage KTM has enjoyed considerable success in motor sport, recording multiple state, national and international titles, including motocross, enduro and rally titles in Australia and Nerw Zealand in the year in review. KTM bikes feature a distinctive branding strategy that resonates well in the Australian and New Zealand markets.

AHG's KTM distribution centres in Welshpool (WA) and Auckland (NZ)*, service dealers in Australia and New Zealand.

In January 2014 AHG acquired the rights to distribute the Husqvarna brand, also owned by KTM, and established a network of dealers in Australia and New Zealand. The previously distributed Husaberg brand has been discontinued.

[74% owned by AHG, 26% owned by KTM Sportmotorcycles AG.]*

GTB-VSE

This co-located business unit offers a range of engineering, body-building and storage services to the trucking industry in Australia, including to AHG's Refrigerated Logistics businesses.

Genuine Truck Bodies (GTB) undertook a series of restructures during FY2015 across the total operation to reduce overheads and streamline business process, while also developing a significant order bank for FY2016.

Vehicle Storage and Engineering (VSE) broadened its customer base substantially during the year in review.

WMC

WMC is the exclusive distributor of Higer buses and JAC trucks in Australia. Higer Bus Company Limited is a Chinese bus manufacturer founded in 1998 and supplies buses to countries and territories across South Asia, the Middle East, Africa, Russia, East Europe and the Americas, as well as manufacturing buses under contract for Scania. JAC Limited is an established Chinese manufacturer of light-duty trucks, suppling vehicles to more than 100 counties throughout Europe, Asia, the Americas and the Middle East.

OUTLOOK

The Group's AMCAP business unit remains a strong and mature operation that retains a significant share of OEM parts distribution in Western Australia, while the sale of the Covs business to GPC Asia Pacific creates a strategic alliance with GPC Asia Pacific's businesses in Australia and New Zealand.

Demand for KTM and Husqvarna products is expected to remain strong.

The Group remains focused on its core strategies in Other Logistics and will continue to review underperforming businesses where appropriate.

Operating and Financial Review (continued)

PROPERTY

In FY2011 AHG acquired direct interests in two significant properties located in Castle Hill and Hoxton Park in NSW. Combined with some other smaller properties previously held by the Group across NSW and WA, this warranted a separate reporting segment within AHG relating to direct property holdings.

On 1 July 2012 AHG sold its Castle Hill property, including dealership developments undertaken, and all but one of its WA properties to Australasian Property Investments (API) which then launched these properties as the AHG Property Syndicate No. 1.

During FY2014 and FY2015, AHG has acquired further small property interests across Victoria and Queensland, either arising from prior acquisitions or future Greenfield opportunities.

Post 30 June 2015, AHG has entered into a sale and leaseback arrangement which will see the Group realise its investment in Hoxton Park as well as an existing NSW dealership site along with a prospective Greenfield site in Queensland.

WORKPLACE HEALTH AND SAFETY

AHG is committed to provide and maintain a healthy and safe work environment for its employees, contractors, customers and visitors.

FY2015 has been another strong year across all business units. AHG continues to demonstrate that management is committed to improving workplace health and safety, and recognises that sound Workplace Health and Safety performance contributes to overall business success.

The Group holds all business unit leaders and managers accountable for leading health and safety programs in their areas of responsibility.

FY2015 results show the continuation of a very healthy trend. The AHG Lost Time Injury Frequency Rate (LTIFR) of 7.5 has been reduced by more than 7% on FY2014 (down 40% in the last two years) and the Incident Rate (IR) of 1.44 has been reduced by 3.5% (down 37% in the last two years) across all businesses. Western Australian Automotive, along with Victorian Automotive, New South Wales Automotive, New Zealand Automotive and AMCAP, COVS and Rand/Harris all outperformed FY2014 results.

Positive performance indicators for FY2015 again show a pleasing trend across three significant areas. Health and Safety Committee participation across the Group increased significantly by 23% on FY2014 figures, toolbox talks rose by 62% and workplace inspections rose by 38%. These numbers illustrate AHG's commitment and dedication to ensure continued maturity across the Group.

AHG continues to innovate in proactive safety measures and injury reduction. Hand injuries are the most common injuries sustained within the Group and to combat this, AHG has introduced a trial of a new range of gloves specifically designed for mechanics. The trial has been successful with strong input from employees who provided excellent feedback on the initiative. The Group has also introduced a national program for vehicle detailing teams that reduces the quantity of hazardous chemicals on site, providing safety, environmental and cost saving benefits.

FY2015 has seen significant WHS input in the design stages of a number of new building developments across AHG. These include emergency management systems development and traffic management at Daimler Trucks Hazelmere, the AHG Service Centre Newman and Clarkson Nissan.

The WHS team has also provided valued input to the development of the new Rand facility at Erskine Park in NSW, the upgrade works at Osborne Park Mazda in Perth and remedial works at the Bradstreet Motor Group dealerships in Newcastle.

AHG senior management acknowledges:

- Management's legal and moral responsibility for providing a healthy and safe workplace;
- Leadership in establishing a workplace culture committed to WHS; and
- Management's commitment to achieving best practice in WHS, with a focus on continual improvement.

The Group's mature model applies the AS/NZS 4804:2001 Occupational Health and Safety Management System as its preferred model.

The alignment of AS/NZS 4804 with the recognised standard audit tool AS/NZS 4801 provides a robust framework for the evaluation of the health and safety system and its effectiveness in delivering consistently high safety standards and injury and illness prevention in the workplace.

AHG's business units continued to undertake the AS/NZS 4801 Audit with accreditations achieved in more than 90% of those businesses audited. Thirty percent of audits were awarded gold level certification and more than 60% achieved silver level certification.

The Group's five-year Workplace Health, Safety and Environmental strategic plan comprises five key focus areas:

- Alignment and strengthening of OHSE management systems across the Group;
- Cultural change through employee and management engagement;
- Targeting of key injury areas, namely manual tasks, slips, trips and falls, and vehicle accidents;
- Establishment of core training programs; and
- Management of AHG's environmental footprint.

ENVIRONMENT

The Group is committed to meeting or exceeding environmental compliance in its operations and design of new and refurbished facilities. In FY2015, much work has been completed to achieve significant reductions in its environmental footprint. At the outset of FY2015, the aim was to promote and enhance current programs, and seek out new opportunities to improve. FY2015 has seen the Group continuing to work responsibly and logically in this important area.

The work undertaken includes solar panelling installations at a further twelve facilities, mainly new and refurbished dealerships across the country, including the AHG Service Centre Newman, Clarkson Nissan, Castle Hill Nissan and Melbourne City Hyundai and Holden. AMCAP has also benefitted from the installation of a 200 kilowatt solar panel system, significantly reducing energy use. The Group is currently working in partnership with energy monitoring engineers to further improve the proactive identification, assessment and control of inefficient facilities.

FY2015 has also seen the installation of a further eight water recycling systems that reduce consumption and provide reticulation for surrounding gardens, with construction ongoing to install an additional seven.

Lighting audits have been completed on existing automotive sites to analyse the long-term benefits of retro-fitting the dealership network to comply with ISO energy efficiency standards. The installation of LED lighting at Rand sites (Erskine Park) and dealerships such as Aspley Mitsubishi, Hyundai and Sutherland Mazda confirms the progress made in this important area.

The Group has also invested in light harvesting technology (using natural light to control artificial lighting requirements). Light harvesting technology is currently operating at a number of dealerships, including Melbourne City Holden and Hyundai, Southside Mitsubishi and Volkswagen, and the new Daimler Trucks Perth facility.

Further investment has been made in the installation of building maintenance systems (BMS) to control the use of air-conditioning units and lighting. This provides savings in energy use while the facilities are unoccupied. The Group now has installed a further eleven BMS systems in FY2015, bringing the total to 37 facilities.

The Group manages waste, tyre and battery disposal contracts to EPA standards, as well as cardboard and steel recycling. AHG's procurement team has also implemented a program that reduced the number of hazardous substances in the workplace through a consolidated chemical management program for our car detailers.

The fuel manager Statistical Inventory Reporting Analysis (SIRA) system delivers a simple and efficient solution to underground wet stock tank management with a prime focus on protecting the environment through monitoring and reporting requirements. The system complies with Australian state EPA agency requirements.

The Group's automotive dealerships across Australia and New Zealand maintain the coveted Green Stamp accreditation program run through the Motor Trades Associations. This allows dealerships to foster initiatives and ownership of environmental issues and actions. The Green Stamp accreditation rewards initiatives such as energy efficient lighting, building management systems for air-conditioning and lighting control, storage and containment practices, waste water management, waste disposal management and air quality. A number of dealerships within the Group attained Green Stamp Advantage, the highest awarded level of accreditation.

During the year in review the Group's Rand business division successfully applied for contracts under the federal government's Emissions Reduction Fund with a proposal to save 157,000 tonnes of carbon emissions over six years through fuel and network efficiencies across the road and rail fleet. The project supports AHG's environmental efforts and assists Australia meet its carbon reduction targets.

PEOPLE AND CULTURE

The Human Resources team is now 12 months into the implementation of a three-year strategic people plan. There has been significant progress made in all key aspects related to people and culture however specific reference is given to the following six key areas:

- The development and implementation of an AHG policy framework and an updated library of contemporary, legally compliant HR policies that are consistent across each business unit. This provides line managers with greater autonomy to effectively manage their employees;
- The completion of a Group-wide employee survey (discussed further in this report);
- The formation of consistent people metrics that are reported monthly, quarterly and half-yearly giving AHG the capacity to benchmark key people-related metrics with external data;
- The creation of a comprehensive diversity charter specifically focused on gender diversity which forms the basis of a longer term plan to increase the participation level of women in the organisation;
- A significant refresh of the Group's online induction and safety training programs, which has resulted in participants being much more engaged in the learning outcomes, which in turn generates higher levels of overall engagement and more productive employees; and
- The ongoing deployment of an HR information system (EnableHR) that now includes more than 6,000 employee records, which has in turn assisted line managers meet compliance requirements when seeking to fill roles and make staff appointments.

During the year there were also a number of important achievements in the way AHG develops its employees. A new on-line induction program has been further refined to enhance the participants' experience and make the training content significantly more engaging. The program has been designed on a platform which can be used for compliance training in key areas related to workplace health and safety and workplace conduct.

The Company has also recently launched an internally developed Foundation of People Management training program comprising six development areas enabling recently appointed managers to perform their roles effectively.

Working in partnership with Deloitte, the company is developing its third cohort of Peak Performance Program participants. Graduates of this nine month intensive training program have accessed development activities aimed at ensuring their readiness to assume more senior management positions within the Group. The initial focus has been with participants from the East Coast Automotive division with intent to include participants from other parts of the Group including the Refrigerated Logistics Division.

Most recently the Human Resources team released a revised performance management framework which, for the first time, aligns the performance management process across the Group. Such a common approach ensures consistency when evaluating an individual's performance. This process also facilitates conversation between employees and managers about career aspirations and further development opportunities.

Operating and Financial Review (continued)

EMPLOYEE SURVEY

During the previous reporting period, AHG implemented a Group-wide employee opinion survey. The feedback was overwhelmingly positive with the Group recording results for employee engagement (commitment and discretionary effort) and employee enablement (how effective employees feel in their role and if they possess the appropriate tools and training to do their job well) above comparable companies in an external benchmark.

A key feature of the study was the ability to report on specific dealership/state office performance levels (providing there was a sufficient sample size). Deeper insights into key work locations and trends across businesses were identified. This enabled further support and advice tailored to specific business units based on their results. Action plans have been developed which are in the process of being implemented.

AHG intends to repeat the survey in May-June 2016.

DIVERSITY

AHG continues to be a significant employer of women with its April 2015 report to the Workplace Gender Equality Agency (WGEA) showing that there were 1,616 females, representing 22% (23% pcp) of the Group's Australian workforce. These participation rates are broadly commensurate with similar automotive retailing and logistics enterprises.

The acquisitions of the Bradstreet Motor Group, Scott's and JAT during WGEA reporting period (the 12 months to April 2015) saw the Group add approximately 1,280 staff to its workforce, with a higher proportion of male employees than AHG.

During FY2015 the executive leadership group developed and agreed to a comprehensive diversity charter to reinforce and promote the importance of gender diversity at all levels across the organisation.

AHG has also developed an accompanying "gender diversity action plan - intent into action". This plan addresses a number of key elements related to increasing participation rates of women and includes:

- The identification of potential barriers preventing female staff from progressing to more senior ranks in the organisation;
- Determining if gender pay gaps exist within the organisation, establishing why they may arise and developing and implementing strategies aimed at closing any gaps;
- The trialing of a number of innovative workplace practices for all staff in key locations which will include the introduction of flexible days and hours;
- Raising awareness of unconscious bias particularly in the context of hiring and development of staff; and
- The ongoing measurement of our progress.

AHG believes that its ongoing efforts will generate an increase in the overall participation levels of women in the organisation.

AHG WORKFORCE GENDER PROFILE AUSTRALIA & NZ (WGEA CATEGORIES)

APRIL 2015	Female	Female%	Male	Male%	Total
Labourers	99	17%	468	83%	567
Machinery operators and drivers	50	4%	1,153	96%	1,203
Technicians and trade	111	5%	2,031	95%	2,142
Sales	354	26%	1,006	74%	1,360
Clerical and administrative	827	69%	367	31%	1,194
Professional	92	42%	126	58%	218
Other managers	62	10%	539	90%	601
Senior managers	20	11%	165	89%	185
General managers	0	0%	31	100%	31
Key management personnel	0	0%	8	100%	8
Managing director*	0	0%	1	100%	1
	1,615	**22%**	**5,895**	**78%**	**7,510**
Non-executive board members	1	12%	7	88%	8
Total Head Count	**1,616**	**22%**	**5,902**	**78%**	**7,518**

The Managing Director is also a member of the Board

RISK MANAGEMENT AND SUSTAINABILITY

AHG's risk management process analyses and manages business risks, and identifies business process improvement opportunities. The risk assessment process focuses on two key metrics - estimation of the likelihood of risk occurrence and potential impact on financial results. An assessment is also undertaken of the effectiveness of AHG's existing internal controls on a risk-by-risk basis. Action plans are established where existing controls are assessed as requiring improvement in order to mitigate identified risks to an acceptable level.

Risk assessments are performed on a state-by-state basis within the Automotive Retail segment and on a business-by-business basis within the Logistics segments, from which a consolidated risk assessment is derived for AHG. These risk assessments are presented to the Audit and Risk Management Committee, with appropriate risk management strategies.

AHG has set out below a summary of those key risks which have the potential to materially impact on the Group's ability to execute and achieve its business strategies, and therefore could impact on the Group's prospects on a longer-term basis. These key risks cannot be taken as an exhaustive list of uncertainties and risks that the Group faces, noting that many of them remain outside the control of AHG or its officers.

INDUSTRY DOWNTURNS OR DISRUPTION

AHG's revenue and growth are susceptible to downturns in the domestic economy or any of the industries in which it operates, including those resulting from economic and regulatory changes. Automotive retailing is exposed to potential technology disruption to the model for selling and financing motor vehicles.

AHG is a diversified group. Its automotive retail operations have multiple revenue streams across multiple brands and are geographically diversified. General economic and regulatory changes as well as potential disruptors to the current industry model for automotive retail remain outside the control of the Group, however its size and scale offer opportunities to mitigate the potential impacts. AHG is also actively considering strategies to adapt to potential future disruptors.

DELIVERING ON GROWTH OPPORTUNITIES

AHG's strategy has seen it execute numerous acquisitions over the past three financial years. Should some of these acquisitions fail to achieve targeted performance or do so at a slower rate than anticipated due to factors beyond or within the Group's control this may adversely impact performance.

AHG has acquisition and integration strategies to harmonise newly acquired businesses to the Group's policies, procedures and systems to maximise their opportunity to achieve targeted performance. The processes are monitored on an ongoing basis and executive incentives are linked to successful integrations.

KEY RELATIONSHIPS

AHG's business involves key relationships with manufacturers in the grant and renewal of franchise agreements; landlords in granting and renewing property leases; banks and floorplan financiers in the provision of funding facilities, and with its contract customers. The financial performance of the Group is susceptible to adverse changes in any of these key relationships combined with the inability to secure appropriate replacement or alternative relationships. These adverse changes include perceived amalgamation risks from manufacturers linked to any shareholder obtaining a Board seat and/or increased shareholding above 20%, which could result in the triggering of market concentration, change of control and other clauses leading to termination of franchise agreements held by the Group. AHG proactively engages in maximising its key relationships to mitigate such risks.

Strong performance history (automotive retail) and superior service delivery quality (refrigerated logistics) have historically seen low levels of breakdowns in these key relationships, however poor performance or changes in control could put such relationships at risk.

RELIANCE ON KEY PERSONNEL

There exists no assurance that AHG will be able to retain key personnel and the departure of any such key personnel may adversely impact the Group's profitability until suitable replacements are employed.

AHG is committed to succession planning and remaining competitive in its remuneration and other incentive arrangements, its training programs to develop current and potential business leaders, and the alignment of the interests of key personnel with those of its shareholders.

HEALTH AND SAFETY

The Group has a potential risk arising from a significant occupational health and safety incident involving employees, contractors, equipment, customers or the community.

AHG has implemented systems and processes to act positively with due diligence in administering and monitoring the OHSE management of the business, including the development and implementation of positive OHSE metrics and an across business reporting standard to provide reporting that is relevant, valid, comparable and reliable.

INFORMATION TECHNOLOGY

AHG's various operations have a substantial reliance on extensive and complex IT systems, including those supporting customer accounts and financial reporting. Any loss of that capacity for a sustained length of time could adversely impact the Group's profitability.

AHG has a dedicated information services team who maintain high standards of IT operations, disaster recovery capability and information security. Major IT upgrades (hardware and software) are professionally project managed.

AHG is currently undertaking a large modernisation of the IT systems that support its Logistics businesses. This program is under a high degree of governance and general project management, however the risk of cost over-runs exists with any such project.

Corporate Responsibility Highlights

COMMUNITY INVOLVEMENT

AHG supports more than 300 charitable, community and sporting organisations representing a broad cross section of the communities in which it operates across Australia and New Zealand.

Rocky Bay

Western Australia's primary not-for-profit disability service provider supports people of all ages and disabilities, including home and community support, respite, clinical therapies, recreational activities, alternatives to employment, equipment and employment services.

AHG has been a major supporter of Rocky Bay since 2004.

With the support of its dealerships, logistics businesses, suppliers and other service providers, AHG stages an annual Rocky Bay golf day that has raised more than $1.6 million in the past 12 years. AHG staff also commit to charity leave days to support Rocky Bay activities.

The $163,628 raised at this year's event helped fund expansion of the organisation's assistive technology program including a project to use anthropomorphic (humanoid) robots with autistic children to help develop social skills and improve communication.

Perth Symphony Orchestra

AHG is the Foundation Partner of Perth Symphony Orchestra.

PSO musicians include some of the most accomplished players in Western Australia, many of whom also perform with Australia's leading orchestras.

Bear Cottage

AHG's NSW dealerships are major supporters of Sydney's Bear Cottage, one of only two facilities in Australia that provides respite and palliative care for children with life limiting conditions. The Group's Rand business unit also provides two mobile billboards to promote Bear Cottage's annual Superhero Week appeal.

Kids Rehab Unit

AHG's McGrath Mazda Liverpool dealership is a major supporter of Westmead Hospital's Kids Rehab Unit, which is one of the largest paediatric rehabilitation units in Australia, caring for more than 2,300 children and young people in NSW who have a range of disabilities including acquired brain injury, cerebral palsy, spinal cord injury and disease, spina bifida and limb deficiency.

Mater Little Miracles

AHG's Zupps dealerships in Brisbane have supported the Mater Foundation's Little Miracles Ball for the past eight years. The Little Miracles Ball provides much needed funds to deliver health care to some of Queensland's sickest children and premature babies.

Camp Quality New Zealand

Camp Quality is a not-for-profit volunteer organisation providing a wide range of support programmes for children living with cancer. AHG's New Zealand dealerships raised $200,000 for the charity in 2015 at a gala dinner supported by many of the Group's New Zealand business partners and suppliers.

HummingbirdHouse

bear cottage — an initiative of the children's hospital at Westmead

CAMP QUALITY — For Children Living With Cancer

Mater Little Miracles

Melbourne Football Club — EST 1858

Melbourne Utd.

PERTH SYMPHONY ORCHESTRA

telethon 7

the children's hospital at Westmead

RockyBay — discovering abilities

Ronald McDonald House Charities Australia

Corporate Responsibility Highlights (continued)

Hummingbird House

AHG's Zupps dealerships are a foundation sponsor of Hummingbird House, which will be Queensland's only children's hospice. Due for completion in December 2015, it will operate as an around-the-clock medical facility, providing physician and nursing support and pain and symptom management. Hummingbird House will offer scheduled family breaks and emergency respite care as key features of its services.

AFL

The Group is also the major sponsor of the Melbourne Football Club in the AFL and worked with the Club on the successful "Freeze the G" campaign to raise awareness and more than $2.5 million for research into Motor Neurone Disease.

Annual Financial Report Contents

DIRECTORS' REPORT

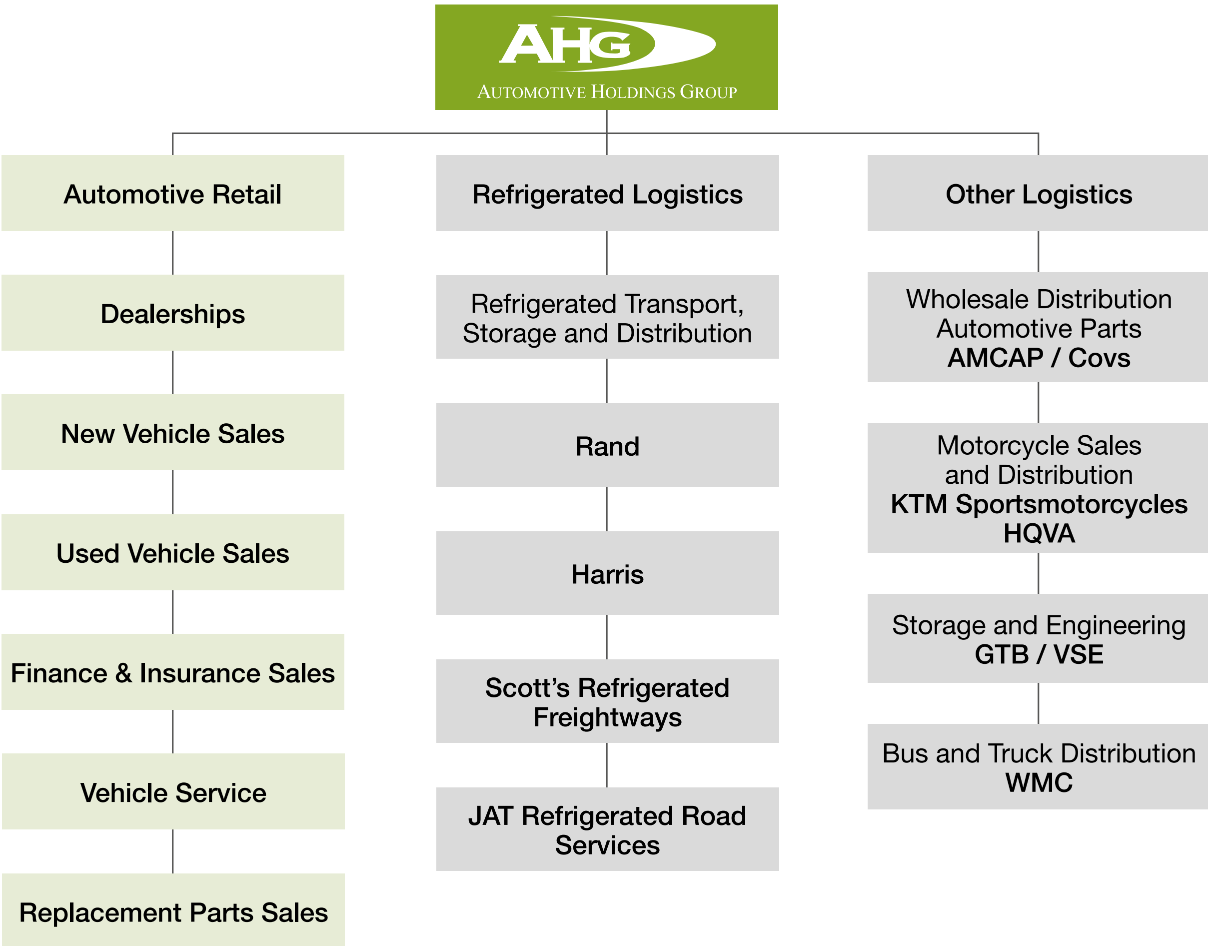
The directors present their report on the consolidated entity consisting of Automotive Holdings Group Limited (AHG or Company) and the entities it controlled (Group) at the end of, or during, the year ended 30 June 2015.

Directors

The following persons were directors of AHG during the year and up to the date of this report:

David Griffiths	*Non-Executive Chairman*
Howard Critchley	*Non-Executive Director*
Greg Duncan	*Non-Executive Director (Appointed 25 March 2015)*
Giovanni (John) Groppoli	*Non-Executive Director*
Tracey Horton	*Non-Executive Director*
Bronte Howson	*Managing Director*
Robert McEniry	*Non-Executive Director*
Michael Smith	*Non-Executive Deputy Chairman*
Peter Stancliffe	*Non-Executive Director*

Principal Activities



DIRECTORS' REPORT

Dividends

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

	Parent	
DIvidends on ordinary shares:	**2015 $'000**	2014 $'000
Final dividend for the year ended 30 June 2014 of 12.5 cents per fully paid share paid on 2 October 2014 (30 June 2013 of 12.0 cents per fully paid share paid on 2 October 2013)	**38,318**	31,282
Interim dividend of the half-year ended 31 December 2014 of 9.0 cents per fully paid share paid on 2 April 2015 (31 December 2013 of 8.5 cents per fully paid share paid on 3 April 2014)	**27,589**	22,158
	65,907	53,440

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 13.0 cents per share, based on tax paid at 30%. The aggregate amount of dividend to be paid on 2 October 2015 out of the retained profits at 30 June 2015, but not recognised as a liability at year end, will be $39.85 million (2014: $38.32 million).

Review of Operations

Refer to Operating and Financial Review for details.

Significant Changes in State of Affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- Acquisitions of the Bradstreet Motor Group, Leo Muller CJD and Paceway Mitsubishi, and the increase in AHG's Investment in 360 Finance Pty Ltd from 50.1% to 60.1%. These impacted the financial performance and position of the Group at 30 June 2015 compared to 30 June 2014.

Likely Developments and Expected Results of Operations

Refer to Operating and Financial Review for details.

Environmental Regulation

Refer to Operating and Financial Review for details.

Matters Subsequent to the End of the Year

(a) On 6 July 2015 AHG announced that it entered into an agreement with Western Pacific Automotive to acquire its three Mercedes-Benz passenger and van dealerships in Perth, Western Australia. The consideration for the transaction is approximately $58 million and is due for completion in November 2015;

(b) On 17 July 2015 AHG announced that it has entered into a agreement to sell Cov Parts Pty Ltd to GPC Asia Pacific for approximately $43-45 million. This transaction is due for completion in November 2015;

(c) On 21 July 2015 AHG announced that it has entered into exclusive discussions for the sale and leaseback of an existing dealership site and two development properties for approximately $38.5 million upfront cash and $39 million of future development costs;

(d) In August 2015 AHG increased its ownership of 360 Finance Pty Ltd by 10% from 60.1% to 70.1%; and

(e) In August 2015 AHG completed an extension of $50 million in its debt facilities with Sumitomo Mitsui Banking Corporation.

No other material events have occurred since 30 June 2015 requiring disclosure.

Except for those events detailed above, no other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years, or
- The result of those operations in future financial years, or
- The Group's state of affairs in future financial years.

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.

The directors and past directors of the Company are party to an *Access, Indemnity and Insurance Deed*, dated 2005, which provides, amongst other things:

- access to Board papers whilst the director is a director of the Company and for seven years after that person ceases to be a director of the Company;
- subject to certain provisions, indemnification against any liability incurred by that director in their capacity as a director of the Company or of a subsidiary of the Company; and
- the Company obtaining a contract insuring a director against certain liabilities.

In addition, 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.

DIRECTORS' REPORT

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 Audit (WA) Pty Ltd) and affiliated offices 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 and 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 and 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 2015:

	Consolidated	
	2015 $	2014 $
Taxation Services		
Fees paid or payable to BDO Tax (WA) Pty Ltd	**665,852**	423,370
Fees paid or payable to affiliated offices of BDO Tax (WA) Pty Ltd	**11,544**	18,999
Total of Non-Audit Services provided to the Group	**677,396**	442,369

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 Audit (WA) Pty Ltd was appointed on 14 June 2005. During FY2013, the Board undertook a competitive tender of AHG's external audit services. Following this BDO Audit (WA) Pty Ltd were selected as the Group's auditor with effect from the financial year commencing 1 July 2014. Accordingly, BDO Audit (WA) Pty Ltd 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.

Information on Directors

DAVID GRIFFITHS

B Econ (Honours) UWA, Master of Economics ANU, Hon.DEc UWA, FAICD

Chairman, Non-Executive (Independent)

Experience and expertise

Mr Griffiths was appointed as a non-executive director on 27 February 2007, Deputy Chairman on 3 April 2008 and Chairman on 19 November 2010. Mr Griffiths has held a range of senior financial executive positions and has extensive experience in equity capital markets, mergers and acquisitions, and the corporate advisory sector. He is a former Divisional Director of Macquarie Bank Limited and former Executive Chairman of Porter Western Limited. Mr Griffiths is Deputy Chairman of ThinkSmart Limited, and an Independent Non-Executive Deputy Chairman of the contemporary dance company Co3.

Other current directorships (of listed entities)

ThinkSmart Limited

Former directorships in the last 3 years (of listed entities)

Northern Iron Limited

Interest in shares

77,243 ordinary shares in AHG

Special responsibilities

- Chairman of the Board of Directors
- Member of the Remuneration and Nomination Committee
- Member of the Audit and Risk Management Committee
- Chairman of the Refrigerated Logistics Committee

HOWARD CRITCHLEY

BEc, MBA, FAICD, Non-Executive Director (Independent)

Experience and expertise

Mr Critchley has more than 25 years experience in the logistics and Fast Moving Consumer Goods (FMCG) sectors and was formerly managing director (Australia, Asia and China) for CEVA Logistics (formerly TNT Logistics). He is a Fellow of the Australian Institute of Company Directors and holds a Bachelor of Economics degree and a Master of Administration from Monash University.

Mr Critchley is a former non-executive director with Boom Logistics. He is currently a non executive director and member of the Advisory Committee of TVS Logistics, a global logistics business privately owned by an Indian conglomerate and also sits on the board of Y-Gap in the not-for-profit sector.

Mr Critchley's executive career culminated in ten years of CEO roles in TNT/ CEVA Logistics, the world's second largest integrated logistics company, with responsibility for the Australian and Asia Pacific region.

Other current directorships (of listed entities)

Nil

Former directorships in the last 3 years (of listed entities)

Boom Logistics Limited

Interest in shares

6,500 ordinary shares in AHG

Special responsibilities

- Member of the Refrigerated Logistics Committee

GREG DUNCAN

B.Ec, FCA, Non-Executive Director (Independent)

Experience and expertise

Mr Duncan is a highly regarded automotive retailer and business leader. As a chartered accountant, investor and consultant he was a director and shareholder of the Trivett group of prestige dealerships for many years before purchasing outright ownership in 2001. From 2001 to 2013 Mr Duncan led the Trivett group to a position as the largest prestige automotive retailer in Australia. Since 2013 he has been a shareholder, director and partner in JWT Bespoke, a family owned and operated boutique advisory and investment business.

Mr Duncan is also a founder, shareholder and chairman of the unlisted public company One Way Traffic, trading as CarsGuide, a joint venture between News Limited and some of Australia's major automotive dealer groups. He holds an Economics degree from the University of Sydney and is a Fellow of the Institute of Chartered Accountants in Australia.

Mr Duncan's appointment will be subject to ratification by shareholders at the Company's 2015 Annual General Meeting.

Other current directorships (of listed entities)

Nil

Former directorships in the last 3 years (of listed entities)

Nil

Interest in shares

50,000 ordinary shares in AHG

Special responsibilities

Nil

GIOVANNI (JOHN) GROPPOLI

LLB, BJuris, FAICD, Non-Executive Director (Independent)

Experience and expertise

Mr Groppoli was appointed to the Board on 4 July 2006.

Mr Groppoli was a partner of national law firm Deacons (now Norton Rose) from 1987 to 2004 where he specialised in franchising (and related wholesale and retail distribution networks), mergers and acquisitions, 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 RGM Equity whose business operations consist of the national distribution of international homewares, optical products and accessories, occupational health and safety products and the provision of niche third party logistics/warehousing.

He is also a director of ASX listed company, TFS Corporation Ltd, and the Senses Foundation, a leading disability services provider in Western Australia.

Other current directorships (of listed entities)

TFS Corporation Ltd

Former directorships in the last 3 years (of listed entities)

Nil

Interest in shares

45,898 ordinary shares in AHG

Special responsibilities

- Chairman of the Remuneration and Nomination Committee

TRACEY HORTON

BEcon (Hons) UWA, MBA Stan, Prof Emer, Non-Executive Director (Independent), FAICD, FGIA

Experience and expertise

Ms Horton was appointed a non-executive director on 3 May 2012. Ms Horton has extensive international business and education experience most recently as Winthrop Professor and Dean of the UWA Business School where she was responsible for leading more than 200 faculty and staff and around 5,000 students. Prior to this role she was a senior manager and partner at Bain and Company in San Francisco and Poynton and Partners in Perth and was an economist at the Reserve Bank of Australia.

Ms Horton has significant governance experience; currently serving on a number of Boards including ASX listed Skilled Group Limited and Navitas Limited.

Ms Horton is President of the Chamber of Commerce and Industry in Western Australia and chairs the Boards of the not-for-profit Fashion Council – WA and Presbyterian Ladies College. She is a member of the Takeovers Panel, the main dispute resolution forum for takeovers in Australia.

Other current directorships (of listed entities)

Skilled Group Limited
Navitas Limited

Former directorships in the last 3 years (of listed entities)

Nil

Interest in shares

Nil

Special responsibilities

- Member of the Audit and Risk Management Committee
- Member of the Strategy Steering Committee

BRONTE HOWSON

MAICD, Executive Director

Experience and expertise

Mr Howson is recognised as one of the leading figures in the Australian automotive retailing industry with experience gained in a career spanning more than 35 years.

He was appointed CEO of AHG in January 2000 and became Managing Director in 2007.

Mr Howson has led AHG from being a private group with operations largely based in Western Australia to becoming the nation's leading listed specialist Automotive and Logistics Group, establishing a track record of driving profitable growth.

Mr Howson is President and a Life Member of the East Perth Football Club and was awarded honorary life membership of Rocky Bay for his support of the charity.

Other current directorships (of listed entities)

Nil

Former directorships in the last 3 years (of listed entities)

Nil

Interest in shares

3,328,598 ordinary shares in AHG

Special responsibilities

- Managing Director
- Member of the Strategy Steering Committee
- Member of the Refrigerated Logistics Committee

DIRECTORS' REPORT

ROBERT McENIRY

MBA, MAICD, Non-Executive Director (Independent)

Experience and expertise

Mr McEniry has more than 25 years experience in the automotive industry including most recently five years as Chair, President and CEO of Mitsubishi Motors Australia Limited. Prior to that he held a number of senior executive roles including Global Vehicle Line Executive for General Motors, Director of Marketing for General Motors Holden, Vice President Commercial and Marketing for Saab Automobile AB of Sweden, CEO of South Pacific Tyres Pty Ltd, Melbourne and CEO of Nucleus Network, Melbourne.

Mr McEniry is Chair of Burson Group Ltd and he is also a Director of Multiple Sclerosis Society Limited, Chair of Australian Home Care Services Pty Ltd, Chair of Stillwell Motor Group (Ross House Investments) and Chair of Trimont Australia Pty Ltd.

Other current directorships (of listed entities)

Burson Group Ltd (Chair)

Former directorships in the last 3 years (of listed entities)

Nil

Interest in shares

4,950 ordinary shares in AHG

Special responsibilities

- Member of the Strategy Steering Committee

MICHAEL SMITH

DLitt (Hon) UWA, FAICD, Deputy Chairman, Non-Executive (Independent)

Experience and expertise

Mr Smith was appointed as a non-executive director on 6 May 2010 and deputy chairman on 7 February 2011. He chairs Pioneer Credit Limited and the Lionel Samson Sadleirs Group.

Mr Smith is deputy chair of 7-Eleven Australia Pty Ltd and a past chairman of iiNet Limited, Synergy, the Perth International Arts Festival, the West Coast Eagles and Scotch College (Perth). He is also a director of Creative Partnerships Australia and national chair of the Australian Institute of Company Directors. His private consultancy, Black House, advises sector leading companies including Navitas, Hawaiian, Brightwater and the Satterley Property Group.

Other current directorships (of listed entities)

Pioneer Credit Limited

Former directorships in the last 3 years (of listed entities)

iiNet Limited

Interest in shares

25,873 ordinary shares in AHG

Special responsibilities

- Chairman of the Audit and Risk Management Committee
- Member of the Remuneration and Nomination Committee
- Chairman of the Strategy Steering Committee

DIRECTORS' REPORT

PETER 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 over 40 years experience in the management of large industrial companies both in Australia and overseas and has held various senior management positions, including Chief Executive Officer. He has extensive experience in strategy development and a detailed knowledge of modern company management practices.

Mr Stancliffe is a graduate of the MIT Senior Management Program and the AICD Company Directors Course.

Other current directorships (of listed entities)

Nil

Former directorships in the last 3 years (of listed entities)

Hills Limited
Korvest Ltd

Interest in shares

38,523 ordinary shares in AHG

Special responsibilities

- Member of the Audit and Risk Management Committee
- Member of the Refrigerated Logistics Committee

SKILLS AND EXPERIENCE

A summary of the breadth and depth of the Board's experience and skills is set out below:

Skills and experience	Number of Directors
Automotive retailing	3
Refrigerated logistics	2
Mergers and acquisitions / equity capital markets	7
Finance, accounting, audit and banking	5
Legal	1
Regulatory compliance	6
Business development	7
Human resources management	3
Occupational health and safety and risk management	7
Former director experience	All
Former executive management (e.g. CEO, CFO) experience	All

DIRECTORS' REPORT

Chief Financial Officer

PHILIP MIRAMS

B.Com, CA, Chief Financial Officer

Experience and expertise

Mr Mirams was appointed CFO on 1st July 2012. He has more than 25 years of international experience in accounting, corporate finance and management roles within a number of different industries.

He started his professional career as an accountant in New Zealand in 1989 before moving to the UK in 1995 where he held senior roles with Deutsche Bank and Andersen in London. Mr Mirams moved to Australia in 2004 to become the Chief Financial Officer of Deutsche Bank, Australia and New Zealand before joining UGL, an ASX 100 company, as CFO in 2007.

He holds a Bachelor of Commerce from the University of Otago, New Zealand and is a member of the New Zealand Institute of Chartered Accountants.

Company Secretary and General Counsel

DAVID ROWLAND

LLB, B.Juris, GAICD, Company Secretary and General Counsel

Experience and expertise

Mr Rowland was appointed Company Secretary and General Counsel in 2011. He has extensive legal experience with leading law firms in Melbourne and Sydney.

As a corporate lawyer he advised a number of leading Australian companies, specialising in mergers and acquisitions and corporate finance.

Prior to joining AHG Mr Rowland gained ten years of listed company experience as Company Secretary and General Counsel of three ASX listed entities operating across a range of industry sectors, including logistics, media and mining services. Those roles involved direct responsibility for legal, company secretarial, risk and investor relations matters, and a broad range of corporate transactions and capital markets activity.

Daimler Trucks Perth dealership opened June 2015

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 2015 and the number of meetings attended by each Director are as follows:

	Full meetings of Directors		Audit and Risk Management		Remuneration and Nomination		Strategy Steering		Refrigerated Logistics	
	A	B	A	B	A	B	A	B	A	B
D Griffiths	11	11	6	6	6	6	n/a	n/a	5	5
G Groppoli	11	11	n/a	n/a	6	6	n/a	n/a	n/a	n/a
T Horton	11	11	6	6	n/a	n/a	2	2	n/a	n/a
B Howson	11	10	n/a	n/a	n/a	n/a	2	2	5	4
R McEniry	11	11	n/a	n/a	n/a	n/a	2	2	n/a	n/a
M Smith	11	11	6	6	6	6	2	2	n/a	n/a
P Stancliffe	11	11	6	6	n/a	n/a	n/a	n/a	5	4
H Critchley	11	11	n/a	n/a	n/a	n/a	n/a	n/a	5	5
G Duncan*	4	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

A = Number of meetings held during the time the Director held office or was a member of the committee.

B = Number of meetings attended.

No formal Non-Executive Director meetings were held during the year however the Non-Executive Directors regularly met on an informal basis.

* Greg Duncan was appointed a Director on 25 March 2015. Meeting attendances recorded are for the period from 25 March 2015 to 30 June 2015.

Retirement, Election and Continuation in Office of Directors

In accordance with the Constitution of the Company, Mr Michael Smith, Ms Tracey Horton and Mr Robert McEniry will retire by rotation.

Being eligible, Mr McEniry offers himself for re-election at the next Annual General Meeting.

Mr Smith and Ms Horton are not seeking re-election.

In accordance with the Constitution of the Company, Mr Greg Duncan was appointed a Director on 25 March 2015 as a casual vacancy and offers himself for re-election at the next Annual General Meeting.

DIRECTORS' REPORT

Remuneration Report (Audited)

This Remuneration Report for the year ended 30 June 2015 outlines the remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Remuneration Overview for FY2015
2. Remuneration Governance
3. Executive Remuneration Arrangements
   a. Remuneration principles and strategy
   b. Approach to setting remuneration
   c. Details of incentive plans
4. Executive Remuneration Outcomes for FY2015 (including link to performance)
5. Executive Contracts
6. Non-Executive Directors' Remuneration Arrangements
7. Additional Statutory Disclosures

This remuneration report sets out remuneration information for AHG's key management personnel (KMP) (as defined in AASB 124 *Related Party Disclosures*) including Non-Executive Directors, Executive Director and other senior executives who have authority for planning, directing and controlling the activities of the company.

For the purposes of this report the term "executive" includes Executive Director (including the Managing Director) and other senior executives of AHG.

NON-EXECUTIVE DIRECTORS (NEDs)

- David Griffiths, *Chairman*
- Michael Smith, *Deputy Chairman*
- Howard Critchley, *Non-Executive Director*
- Greg Duncan, *Non-Executive Director (Appointed 25 March 2015)*
- John Groppoli, *Non-Executive Director*
- Tracey Horton, *Non-Executive Director*
- Robert McEniry, *Non-Executive Director*
- Peter Stancliffe, *Non-Executive Director*

EXECUTIVE DIRECTOR

- Bronte Howson, *Managing Director*

OTHER KMPs

- Philip Mirams, *Chief Financial Officer*
- David Rowland, *Company Secretary & General Counsel*
- Gus Kininmont, *GM Finance*
- Eugene Kavanagh, *Chief Information Officer*
- Martin Wandmaker, *Head of Human Resources*
- Hamish Williams, *Head of Business Development (Retired 1 July 2015)*

1. Remuneration Overview for FY2015

OVERVIEW

The following provides an overview of AHG's remuneration framework and summary of outcomes for FY2015.

Executive remuneration	
Fixed remuneration	The 2015 annual remuneration review process resulted in an average increase in fixed remuneration for executives of 2.5 percent, reflecting sustained ongoing performance and alignment with market benchmarks to ensure competitive rates of remuneration are provided.
Short-term incentives (STI)	STI measures are determined using threshold and stretch targets established at the commencement of each financial year. The 2015 outcome equated to an average payment of 109 percent of threshold opportunity for all executives. This compared to 89 percent in 2014, when threshold targets were not fully achieved. This STI award reflected the performance of AHG during 2015.
Long-term incentives (LTI)	71 percent vesting of the 2013 LTI (performance period 1 July 2012 to 30 June 2015) reflected TSR of 107 percent, which ranked the Company at 82 percentile of the TSR comparator group, and absolute EPS growth of 7.7 percent.
Total Remuneration	In 2015, average total remuneration for the Managing Director and other executive KMP increased by 24 percent on a statutory basis (see table on page 63) influenced by vesting of the 2012 LTI grant in FY2015, and by 8 percent on a realised or "take-home" basis (see table on page 59), compared with 2014 remuneration levels.
Non-Executive Director remuneration	
	NED fees were increased by 2.5 percent in 2015 as disclosed in the 2014 Annual Report. The NED pool was increased to $900,000 at AHG's AGM on 15 November 2013.

2. Remuneration Governance

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee is a committee of the Board. It is primarily responsible for providing recommendations to the Board on:

- remuneration and incentive policies and practices; and
- 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. This is available on AHG's investor relations website (www.ahgir.com.au).

The Managing Director, other executive directors and senior executives do not participate in any decision relating to their own remuneration.

DIRECTORS' REPORT

USE OF REMUNERATION CONSULTANTS

To ensure the Remuneration and Nomination Committee is fully informed when making remuneration decisions, it seeks external remuneration advice from time to time. When engaged, remuneration consultants are appointed by, and report directly to the Committee.

During the financial year remuneration consultants were engaged by the Remuneration and Nomination Committee for the purpose of verifying the 2012 LTI performance tests and also to set the LTI peer group for FY2016. During the financial year no remuneration recommendations, as defined by the *Corporations Act 2001*, were provided by remuneration consultants.

REMUNERATION REPORT APPROVAL AT FY2014 AGM

The FY2014 Remuneration Report received positive shareholder support at the FY2014 AGM with a vote of 92% in favour.

3. Executive Remuneration Arrangements

A. REMUNERATION PRINCIPLES AND STRATEGY

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 reflects current market practice. The Board aims are to ensure executive reward practice is:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives, and the creation of shareholder value;
- transparent;
- acceptable to shareholders; and
- cognisant of capital management requirements.

The following table illustrates how the Company's remuneration strategy aligns with the strategic direction and links remuneration outcomes to performance.

Remuneration component	Vehicle	Purpose	Link to performance
Fixed remuneration	Comprises base salary, superannuation contributions and other benefits such as motor vehicles and life insurance.	To provide competitive fixed remuneration for senior executives determined by the scope of their position and the knowledge, skill and experience required to perform the role.	Company and individual performance are considered during the annual remuneration review.
STI	Paid in cash. In the case of the financial STI earned by the Managing Director, achievement above target is payable 50% cash and 50% deferred for one year as Performance Rights.	Rewards executives for their contribution to achievement of a range of financial and non-financial business outcomes, as well as individual objectives.	Group Operating Profit after Tax attributable to Members is the key financial metrics. Linked to other internal non-financial measures such as safety performance, people management and compliance etc.
LTI	Awards are made in the form of Performance Rights. Performance Rights do not attract dividends or voting rights.	Acts as a tool for retention of the executive and encourages the executive to take a long-term view of company performance.	Vesting of awards is dependent on total shareholder return (TSR) relative to a peer group and achieving Operating Earnings Per Share Growth (EPS) targets.

B. APPROACH TO SETTING REMUNERATION

In FY2015, the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined below.

The Company aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the business and aligned with market practice.

The Company's policy is to position fixed remuneration around the median of a peer group of companies of similar size (by market capitalisation) and operating in similar industries to AHG. Total remuneration opportunities are intended to provide the opportunity to earn top quartile rewards for outstanding performance against the stretch targets set.

Remuneration levels are considered annually through a remuneration review that considers the performance of the Company and the individual, relevant market movements and trends and the broader economic environment.

The following summarises the Managing Director's and executives' target remuneration mix for FY2015. This mix changes from year to year as personnel and targets evolve.

Managing Director - Target remuneration mix

Executives – Target remuneration mix

C. DETAILS OF INCENTIVE PLANS

Short-term incentive (STI)

AHG operates an annual STI program that is available to executives and provides an award subject to the attainment of clearly defined Group and business unit measures.

For all executives excluding the Managing Director, the STI is in the form of a cash payment.

For the Managing Director, a portion of the quantum of any stretch STI performance incentive is deferred as performance rights (STI Performance Rights). STI Performance Rights do not vest and convert into shares until a further 12-month service condition is met. No other performance conditions apply. The number of Performance Rights to be granted is determined by dividing the relevant dollar value to be deferred by the Company's share price at the time of the award.

Actual STI awards to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key performance indicators (KPIs) covering financial and non-financial, Group and business unit measures of performance. A summary of the measures and weightings are set out below.

	Group Operating Profit after Tax attributable to Members	Business Unit Profit before Tax	Group and Business Unit Non-Financial measures
Managing Director	73%	0%	27%
Key Management Personnel (KMP)	25%	1%	74%

Specific financial performance targets are set for delivery of financial performance outcomes from threshold to stretch performance. STI financial targets are generally specific profit measures aligned to the overall Group's profit result for the Managing Director, KMP, Group corporate executives, and to individual business performance for General Managers, Dealer Principals and operational executives. This approach ensures the quantum of STIs earned and paid to any individual is directly driven by a financial performance metric relevant to that person's role. The total amount of STI's paid in a financial year is directly linked to the overall financial performance for that year. Actual performance is based on audited financial results and/or internally reviewed management reports. Measurement of actual performance is quantified through the internal controls surrounding profit recognition and supported by internal and external audit review.

The non-financial component of the STI plan is measured with reference to an assessment against a range of measures. The measures (and their intended objectives) are as follows:

Non-financial measure	Overview and objective
OH&SE	• Specific measurement targets for minimising safety incidents • KPI's aligned to reducing claims • Support of safety incident reporting, training and education initiatives
People Management	• Clearly aligned leadership and development criteria to support succession planning and drive performance • Performance metrics surrounding staff retention and development • Compliance with and promotion of approved AHG values, policies and behaviours
Compliance & Reporting	• Specific measures surrounding compliance with policies, and adherence with regulatory requirements
Business Development	• Identification and assessment of acquisition and divestment opportunities • Effective integration of acquisitions and alignment to target objectives • Strategic Planning and Input to core strategic issues facing operational businesses and/or AHG
Stakeholder Relationships	• Qualitative measures surrounding board and senior management communications • Management of external relationships (manufacturers, suppliers, investors) • KPI's aligned to customer relationships and aligned to successful business outcomes
Expense management	• Expense management targets are set • KPI's aligned to the achievement of savings in overall expenditure

Long Term Incentive (LTI)

An increasing proportion of total remuneration for senior executives is via LTI's subject to longer-term performance to enhance alignment of interests to those of shareholders. These equity-based LTI awards are made under AHG's existing Performance Rights Plan. This plan provides participants with the rights ("**LTI Performance Rights**") to acquire shares in the Company.

Eligible executives are granted LTI Performance Rights subject to performance hurdles assessed over a three-year period. Each LTI Performance Right is a right to be issued a share in the future, provided the performance-based vesting conditions are met.

The table in section 4 provides details of the value of performance rights granted, exercised and lapsed during the year.

Performance Conditions (FY2015)

The Board has considered current market practice in respect of LTIs when selecting performance conditions. To focus efforts on the creation of shareholder value, the Board has adopted a relative total shareholder return (**TSR**) measure and absolute Earnings per Share (EPS) compound annual growth rate as the two equally weighted performance hurdles.

TSR measure (50%): AHG's TSR performance over the relevant performance period will be assessed against the following peer group of companies. This peer group was chosen taking into consideration factors such as market capitalisation, business activities and management/board structure.

- Amalgamated Holdings Ltd.
- AP Eagers Ltd.
- ARB Corp. Ltd.
- Austbrokers Holdings Ltd.
- Blackmore's Limited.
- Bradken Ltd.
- Breville Group Ltd.
- Corporate Travel Management Limited.
- Country Road Ltd.
- Cabcharge Australia Ltd.
- CSR Limited.
- Domino's Pizza Enterprises Limited.
- FlexiGroup Ltd.
- GWA Group Limited.
- JB Hi-Fi Limited.
- Myer Holdings Limited.
- Premier Investments Ltd.
- Retail Food Group Limited.
- Steamships Trading Company Limited.
- Super Retail Group Limited.
- Ten Network Holdings Limited.
- Village Roadshow Limited.

The Company's performance against the measure is determined according to AHG's ranking against the companies in the TSR peer group over the performance period.

The vesting schedule is as follows:

TSR ranking in the comparator group	Vesting outcome of TSR portion of grant
Below 50th percentile	Nil
At 50th percentile	25% vesting
50th percentile up to 75th percentile	Progressive/pro-rata from 25-100%
At or above 75th percentile	100% vesting

TSR performance is monitored by an independent external adviser at 30 June each year.

Operating EPS compound annual growth rate measure (50%): EPS growth is measured over the performance period with vesting of the EPS portion of the grant occurring on the following basis:

Compound annual EPS growth performance	Compound annual EPS growth performance
Below 7% pa	Nil
At 7% pa	25% vesting
7% pa up to 10% pa	Progressive/pro-rata from 25-100%
At or above 10% pa	100% vesting

Awards are based on performance assessed over a three year vesting period against measures approved by the Board with no subsequent re-testing.

Performance Rights granted prior to departure may be retained post departure subject to compliance with service agreement terms including non-compete restrictions.

Termination and change of control provisions

Awards will be forfeited on cessation of employment unless the board determines otherwise, e.g. in the case of retirement due to injury, disability, death, change of control or redundancy.

DIRECTORS' REPORT

4. Executive Remuneration Outcomes for FY2015 (including link to performance)

2015 TOTAL REALISED EARNINGS

The table below sets out the total realised earnings for the Managing Director and executive KMP for 2014 and 2015 and, provides shareholders with details of the "actual" or "take-home" pay executives received during the year.

These earnings include cash salary and fees, superannuation, non-cash benefits received during the year and the full value of incentive payments earned during the performance period ended 30 June 2015. The table does not include the accounting value of share based payments consisting of share rights granted in the current and prior years. This is because those share based payments are dependent on the achievement of performance hurdles and so may or may not be realised.

Details of the remuneration received by the Managing Director and KMP prepared in accordance with statutory requirements and accounting standards are detailed on page 63.

EXECUTIVE TOTAL REALISED EARNINGS IN 2014 AND 2015

(Non-International Finance Reporting Standards (IFRS))

		Fixed Remuneration[2] $	STI[3] $	LTI[4] $	Total Remuneration $
Executive Director					
B Howson	2015	1,233,494	1,241,638	951,036	3,426,168
Managing Director	2014	1,200,075	935,833	-	2,135,908
Key Executives					
P Mirams	2015	640,000	257,032	-	897,032
Chief Financial Officer	2014	625,000	247,917	-	872,917
D Rowland	2015	460,000	144,750	-	604,750
Company Secretary and General Counsel	2014	410,000	90,000	-	500,000
G Kininmont	2015	333,064	195,270	-	528,334
GM Finance	2014	325,000	200,838	-	525,838
E Kavanagh	2015	357,700	89,000	-	446,700
Chief Information Officer	2014	349,200	75,000	-	424,200
M Wandmaker	2015	327,500	72,500	-	400,000
Head of Human Resources	2014	320,000	33,750	-	353,750
H Williams[1]	2015	675,916	200,000	-	875,916
Head of Business Development	2014	664,221	231,750	-	895,971
Total	2015	4,027,674	2,200,190	951,036	7,178,900
	2014	3,893,496	1,815,088	-	5,708,584

[1] Retired 1 July 2015.
[2] Fixed remuneration includes cash salary, paid leave, superannuation, and non-monetary benefits.
[3] Represents the value of the 2014 STI which was awarded in September 2014 and 2015 STI which was/will be awarded in September 2015. Please note for the Managing Director the STI included an equity component with the value attributed to the equity amount based on the number of shares that were issued multiplied by the closing share price at the date of issue.
[4] Represents the value of the 2012 LTI award for which the performance period concluded 30 June 2015 calculated at the closing price of $3.99 at the date of vesting, 30 June 2015.

DIRECTORS' REPORT

The following table shows key performance indicators for AHG over the past five years:

	2011	2012	2013	2014	2015
Statutory Profit before Tax	55,269	81,147	99,230	109,544	130,028
Five-year CAGR	18.7%				
Operating Profit before Tax*	75,123	90,858	107,557	117,527	141,650
Five-year CAGR	13.5%				
Operating EPS (cents)*	22.70	24.60	27.90	29.00	30.73
Five-year CAGR	6.2%				
Dividend (cents)	17.00	18.00	20.00	21.00	22.00
Five-year CAGR	5.3%				
Share Price @ 30 June	$2.23	$2.47	$3.20	$3.65	$3.99
Five-year CAGR	12.3%				
KMP Total Remuneration	7,475	6,910	7,266	6,772	8,105
Operating Profit: Total Remun % ratio*	14.6%	11.5%	10.0%	8.6%	8.6%
Remuneration Report - STI**	1,293	2,228	1,981	1,827	2,200
Operating Profit: Remun STI % ratio*	2.5%	3.7%	2.7%	2.3%	2.3%

COMPANY PERFORMANCE AND ITS LINK TO SHORT-TERM INCENTIVES

The key FY2015 financial performance measure is Group Operating* Profit after Tax attributable to Members. FY2015 performance was to target in this regard.

The table below outlines FY2015 performance against non-financial targets:

	OH&SE	People Management	Compliance & Reporting	Business Development	Stakeholder Relationships	Asset Management
Performance	At Target	Between threshold and target	Between threshold and target	Between threshold and target	Between threshold and target	At Target

** Non-IFRS Operating excludes costs and fees in relation to integration and acquisition-related activities, asset divestments, impairment of assets and benefits applicable to GST refunds (Son of Holdback) (refer to note 1 for a reconciliation of Non-IFRS Profit to IFRS Profit).*

*** STI remuneration reflects the STI amounts paid to executives.*

DIRECTORS' REPORT

The proportion of maximum threshold STI earned and forfeited in relation to the 2015 financial year was:

	Proportion of maximum STI earned in FY2015	Proportion of maximum STI forfeited in FY2015
B Howson *Managing Director*	100%	0%
P Mirams *Chief Financial Officer*	97%	3%
D Rowland *Company Secretary and General Counsel*	97%	3%
G Kininmont *GM Finance*	100%	0%
E Kavanagh *Chief Information Officer*	51%	49%
M Wandmaker *Head of Human Resources*	97%	3%
H Williams[1] *Head of Business Development*	70%	30%

[1] Retired 1 July 2015.

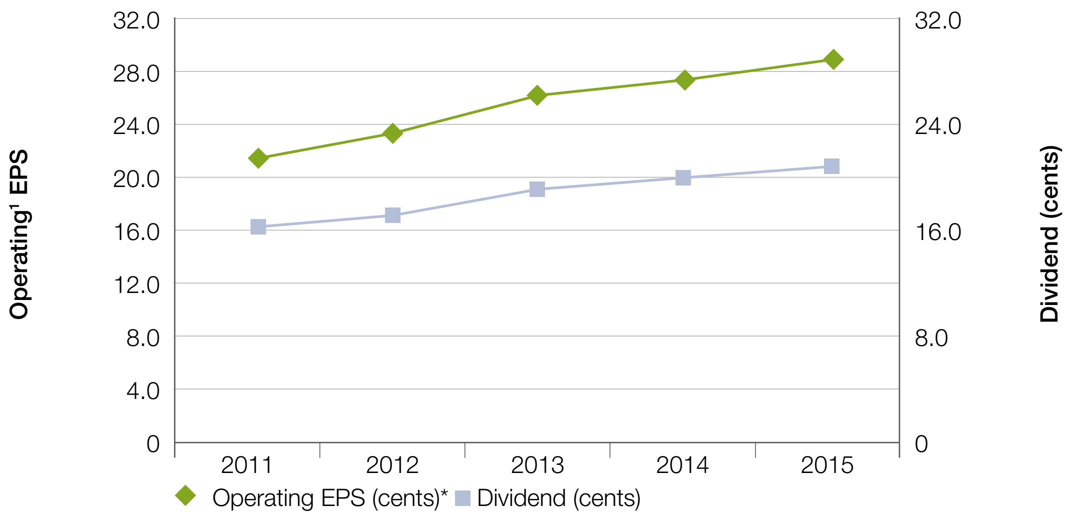
COMPANY PERFORMANCE AND ITS LINK TO LONG-TERM INCENTIVES

The performance measures which drive LTI vesting are the Company's TSR performance relative to a peer group of selected companies and Operating EPS growth (described earlier). The table below outlines both vesting and expected outcomes for outstanding LTI awards in FY2015. Projected outcomes for LTI awards still to be tested are based on assuming the current TSR ranking and EPS Growth remains unchanged at the relevant vesting date:

	2012 grant (FY2013)	2013 grant (FY2014)	2014 grant (FY2015)
Relative TSR performance:			
• AHG performance	107% return over 3 years	32% return over 2 years	Preliminary assessment will be conducted in FY2016
• AHG vs peer group	82nd percentile ranking	56th percentile ranking	
EPS Growth	7.7% p.a.	2.2% p.a.	5.9% p.a.
Implication for vesting:			
• TSR component	100% will vest on 30 September 2015.	43% will vest on 30 September 2016 if TSR ranking remains unchanged to the vesting date in FY2016.	No preliminary assessment has been conducted.
• EPS component	42% will vest on 30 September 2015.	0% will vest on 30 September 2016 if EPS ranking remains unchanged to the vesting date in FY2016.	0% will vest on 30 September 2017 if EPS ranking remains unchanged to the vesting date in FY2017.

DIRECTORS' REPORT

The below graph illustrates the link between AHG's basic Operating[1] earnings per share and dividends to shareholders:



[1] *Operating results exclude non-recurring items (including cost and fees in relation to integration and acquisition-related activities, asset divestments, impairment of assets, sale of properties and benefits applicable to GST refunds (Son of Holdback) (refer to note 1 for a reconciliation of Non-IFRS Profit to IFRS Profit).*

The relative proportion of remuneration that is linked to performance and fixed is as follows:

		Fixed Remuneration	At risk - STI	At risk - LTI
Executive Director				
Bronte Howson	2015	41.2%	39.0%	19.8%
	2014	40.8%	40.4%	18.8%
Key Executives				
Philip Mirams	2015	63.2%	25.2%	11.6%
	2014	73.2%	26.8%	6.4%
David Rowland	2015	76.0%	21.1%	8.6%
	2014	83.1%	18.1%	6.0%
Gus Kininmont	2015	60.7%	34.2%	5.2%
	2014	65.4%	34.6%	2.8%
Eugene Kavanagh	2015	76.0%	18.0%	6.0%
	2014	83.1%	16.9%	3.4%
Martin Wandmaker[1]	2015	79.4%	17.2%	3.5%
	2014	86.3%	13.7%	0.0%
Hamish Williams[2]	2015	68.7%	24.1%	7.1%
	2014	75.1%	22.1%	2.8%

[1] *Appointed 14 October 2013.*
[2] *Retired 1 July 2015.*

DIRECTORS' REPORT

The table below provides remuneration details for the Executive Director of the Company and key management personnel of the Group for the years ended 30 June 2014 and 30 June 2015:

		Short-term Employment Benefits				Long-term Benefits			Post Employment Benefits	Total
		Cash Salary $	Commission / Bonus Earned and Payable for June 2015 $	Other Non Monetary Benefits $	Termination/ Severance Benefits $	Long Service Leave and LTI Benefits $	Share Plan Benefits (Accrued)# $	Share Plan Benefits Vested* $	Super-annuation $	$
Executive Director										
Bronte Howson	2015	1,095,504	1,241,638	162,327	-	18,805	631,697	-	35,000	3,184,971
	2014	1,036,776	945,999	10,940	-	(130,697)	436,156	-	17,775	2,316,949
Key Executives										
Philip Mirams	2015	596,217	257,032	15,084	-	14,844	118,297	-	18,783	1,020,257
	2014	570,845	242,917	33,020	-	1,888	59,635	-	17,775	926,080
David Rowland	2015	401,767	144,750	35,409	-	12,125	59,148	-	33,233	686,432
	2014	348,530	90,000	9,301	-	760	29,817	-	17,775	496,183
Gus Kininmont	2015	289,281	195,270	21,451	-	17,264	29,574	-	18,783	571,623
	2014	284,801	200,838	13,287	-	3,866	14,909	-	17,775	535,476
Eugene Kavanagh	2015	298,130	89,000	33,881	-	8,100	29,574	-	34,995	493,680
	2014	308,530	76,991	9,532	-	7,331	14,909	-	17,775	435,068
Martin Wandmaker[2]	2015	288,715	72,500	27,263	-	642	14,666	-	18,784	422,570
	2014	192,146	33,750	2,987	-	326	-	-	17,775	246,984
Hamish Williams[1]	2015	590,585	200,000	20,178	-	(76,639)	59,148	-	35,000	828,272
	2014	635,670	236,084	32,515	-	96,987	29,817	-	17,775	1,048,848
Total Executive Director and Key Executives	2015	3,560,199	2,200,190	315,593	-	(4,859)	942,104	-	194,578	7,207,805
	2014	3,377,298	1,826,579	111,582	-	(19,539)	585,243	-	124,425	6,005,588

LTI Performance Rights are expensed over their three-year performance period. For FY2015, the accrual relates to three years for the Executive Director and two years for Key Executives. For FY2014, the accrual related to two years for the Executive Director and one year for Key Executives.

* *2012 LTI grant will vest by 30 September 2015 (FY2016) based on performance to 30 June 2015.*

[1] *Retired on 1 July 2015.*

[2] *Employment commenced on 14 October 2013.*

5. Executive Contracts

Remuneration arrangements for executives are formalised in employment agreements. The following outlines the details of contracts with executives:

DETAILS OF RENEGOTIATED EXECUTIVE SERVICE CONTRACT FOR THE MANAGING DIRECTOR

The Managing Director, Mr Howson, is employed under an ongoing contract which can be terminated with notice by either side.

Mr Howson's total remuneration package for FY2015 is as follows:

- Fixed remuneration of $1,233,494 per annum.
- Target STI opportunity is 101% of fixed remuneration and maximum STI opportunity is 117% of fixed remuneration. For Mr Howson's financial STI, a portion of target and any stretch performance is deferred and payable as STI Performance Rights. The grant of STI Performance Rights is subject to shareholder approval at the AGM.
- Eligible to participate in AHG's LTI plan on terms determined by the Board, subject to receiving any required or appropriate shareholder approval.

SERVICE AGREEMENTS

Remuneration and other terms of employment for executives are formalised in an Executive Service Agreement. The agreements for the executives provide for performance-related cash bonuses and other benefits. The Executive Service Agreements are reviewed annually by the Remuneration and Nomination Committee for each executive and details are as follows:

<table>
<tr><th></th><th>Duration of contract</th><th>Notice required to terminate contract*</th><th>Termination benefit**</th><th>Treatment of STI on termination</th><th>Treatment of LTI on termination</th></tr>
<tr><td>Executive director</td><td></td><td></td><td rowspan="9">6 months base salary</td><td rowspan="9">Must be employed at date of review to receive</td><td rowspan="9">At the ultimate discretion of the Board as to whether any LTI is payable on termination</td></tr>
<tr><td>Bronte Howson</td><td>Rolling contract (commenced 01 July 2012)</td><td>6 months</td></tr>
<tr><td>Executive</td><td></td><td></td></tr>
<tr><td>Philip Mirams</td><td>Rolling contract (commenced 10 May 2012)</td><td>3 months</td></tr>
<tr><td>David Rowland</td><td>Rolling contract (commenced 11 August 2011)</td><td>3 months</td></tr>
<tr><td>Gus Kininmont</td><td>Rolling contract (commenced 27 January 2010)</td><td>3 months</td></tr>
<tr><td>Eugene Kavanagh</td><td>Rolling contract (commenced 23 January 2003)</td><td>3 months</td></tr>
<tr><td>Martin Wandmaker</td><td>Rolling contract (commenced 14 October 2013)</td><td>3 months</td></tr>
<tr><td>Hamish Williams***</td><td>Retired 1 July 2015</td><td>3 months</td></tr>
</table>

* *Notice required to terminate contract can be given mutually by either party, being the employee or AHG Limited.*

** *For all new executive hires, or contracts that are materially varied after 1 November 2010, termination benefits will be limited to 12 months fixed remuneration or subject to shareholder approval.*

*** *Mr Williams retired 1 July 2015, and was eligible for a termination payment to be paid in FY2016.*

6. Non-Executive Directors' Remuneration Arrangements

REMUNERATION POLICY

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The Board considers advice from external consultants when undertaking its review process.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2013 AGM held on 15 November 2013 when shareholders approved an aggregate fee pool of $900,000 per year.

STRUCTURE

The remuneration of NEDs consists of directors' fees and committee fees. The payment of additional fees for serving on a committee recognises the additional time commitment required by NEDs who serve on sub-committees.

The table below summarises the NED fees for FY2015:

Board fees	Chairman	Deputy Chairman	Other non-executive Directors
Board fees	$181,220	$135,382	$92,955

Committee fees	Chairman	Member
Audit and Risk Management Committee	$15,457	$7,744
Remuneration and Nomination Committee	$7,744	$3,869
Strategy Steering Committee	$7,744	$3,869
Refrigerated Logistics Committee	$7,744	$3,869

The Company makes superannuation contributions included within the above fees in accordance with the minimum level of superannuation contributions required under any applicable legislation.

In addition to remuneration, NEDs are entitled to receive reimbursement for travelling and other expenses that they incur in attending Directors' meetings, attending any general meetings of the Company or in connection with the Company's business.

NEDs do not participate in any incentive programs.

SERVICE AGREEMENTS

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.

The remuneration of NEDs for the year ended 30 June 2014 and 30 June 2015 is detailed below:

Non-executive directors	Financial year	Fees $	Short-term benefits Non-monetary benefits $	Other $	Post employment Superannuation $	Total $
David Griffiths	2015	186,716	-	-	17,738	**204,454**
	2014	175,662	-	-	16,249	**191,911**
Michael Smith	2015	148,359	-	-	14,094	**162,453**
	2014	145,072	-	-	13,419	**158,491**
Howard Critchley[2]	2015	88,425	-	-	8,400	**96,825**
	2014	20,752	-	-	1,920	**22,672**
Greg Duncan[1]	2015	24,958	-	-	2,079	**27,037**
	2014	-	-	-	-	**-**
John Groppoli	2015	91,964	-	-	8,737	**100,701**
	2014	89,926	-	-	8,318	**98,244**
Tracey Horton	2015	95,497	-	-	9,072	**104,569**
	2014	93,381	-	-	8,638	**102,019**
Robert McEniry	2015	88,425	-	-	8,400	**96,825**
	2014	86,465	-	-	7,998	**94,463**
Peter Stancliffe	2015	95,497	-	-	9,072	**104,569**
	2014	89,926	-	-	8,318	**98,244**
FY2015 NEDs		**819,841**	**-**	**-**	**77,592**	**897,433**
FY2014 NEDs		**701,184**	**-**	**-**	**64,860**	**766,044**

[1] Appointed 25 March 2015.

[2] Appointed 3 April 2014.

DIRECTORS' REPORT

7. Additional Statutory Disclosures

PERFORMANCE RIGHTS AWARDED, VESTED AND LAPSED DURING THE YEAR

The table below discloses the number of performance rights granted to executives as remuneration during FY2015, FY2014 and FY2013 as well as the number of performance rights that vested or lapsed/ forfeited during the year.

Performance rights do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met.

Deferred Performance Rights	Year Granted	No. Granted	Grant date value per share	Vested %	Vested number	Forfeited %	Financial years in which shares may vest	Maximum value yet to vest
Bronte Howson	2013	336,700	$2.12	-	-	-	2016	-
	2014	243,407	$2.45	-	-	-	2017	$198,782
	2015	219,298	$2.68	-	-	-	2018	$391,082
Philip Mirams	2014	73,022	$2.45	-	-	-	2017	$59,632
	2015	65,789	$2.68	-	-	-	2018	$117,325
David Rowland	2014	36,511	$2.45	-	-	-	2017	$29,817
	2015	32,895	$2.68	-	-	-	2018	$58,662
Gus Kininmont	2014	18,256	$2.45	-	-	-	2017	$14,909
	2015	16,447	$2.68	-	-	-	2018	$29,331
Eugene Kavanagh	2014	18,256	$2.45	-	-	-	2017	$14,909
	2015	16,447	$2.68	-	-	-	2018	$29,331
Martin Wandmaker	2015	16,447	$2.68	-	-	-	2018	$29,331
Hamish Williams[1]	2014	36,511	$2.45	-	-	-	2017	$29,817
	2015	32,895	$2.68	-	-	-	2018	$58,662
Total	2013	336,700	$2.12	-	-	-	2016	-
	2014	425,962	$2.45	-	-	-	2017	$347,866
	2015	400,219	$2.68	-	-	-	2018	$713,725

[1] Retired 1 July 2015.

VALUE OF PERFORMANCE RIGHTS AWARDED, EXERCISED AND LAPSED DURING THE YEAR

Total value of performance rights awarded to Executive Director and key management personnel for FY2015 was $1,072,587.

No performance rights were exercised or lapsed during FY2015. The 2013 performance rights will vest on 30 September 2015.

Refer to note 29 for further details on AHG Performance Rights Plan.

SHARES ISSUED ON EXERCISE OF PERFORMANCE RIGHTS

No performance rights were exercised during FY2015 and accordingly no shares issued.

DIRECTORS' REPORT

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

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:

2015		Balance at start of year	Changes during the year	Balance at the end of the year
Directors	**Beneficial Owners**			
Bronte Howson	Croystone Nominees Pty Ltd as trustee for BBK Unit Trust	3,000,000	Nil	3,000,000
	BM Howson	534,598	(300,000)[1]	234,598
	BM & CC Howson	94,000	Nil	94,000
David Griffiths	Darju Pty Ltd; Mrs JM Griffiths, Miss JM Griffiths & Mr TD Griffiths atf Lake Avenue Trust	77,243	Nil	77,243
Michael Smith	RP Smith	25,873	Nil	25,873
Howard Critchley		Nil	6,500[1]	6,500
Greg Duncan	Cleopatra Nominees Pty Ltd	Nil	50,000[2]	50,000
Giovanni (John) Groppoli	Magix Communications Pty Ltd	45,898	Nil	45,898
Tracey Horton		Nil	Nil	Nil
Robert McEniry		Nil	4,950[1]	4,950
Peter Stancliffe	PW Stancliffe	38,523	Nil	38,523
Other Key Management Personnel				
Philip Mirams		Nil	Nil	Nil
David Rowland		Nil	Nil	Nil
Gus Kininmont	FY Kininmont	6,498	Nil	6,498
Eugene Kavanagh	E & M Kavanagh	6,672	Nil	6,672
Martin Wandmaker		Nil	Nil	Nil
Hamish Williams[3]	HC Williams and Associates	28,716	Nil	28,716

[1] *Shares were acquired / (sold) on market.*
[2] *Appointed as Director on 25 March 2015.*
[3] *Retired 1 July 2015.*

LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans to key management personnel (FY2014: $Nil).

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

	2015 $'000	2014 $'000
Amounts recognised as distributions to shareholders		
Dividends paid	767	819

This is the end of the audited remuneration report

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

David C Griffiths
Chairman
Perth, 25th September 2015

AUDITOR'S INDEPENDENCE DECLARATION

BDO

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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 period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 25 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015	Notes	2015 $'000	2014 $'000
Revenue from continuing operations	3	**5,245,789**	4,734,760
Profit on sale of assets	3	**149**	-
Raw materials and inventory expense		**(3,904,842)**	(3,647,985)
Employee benefits expense	4	**(697,121)**	(559,645)
Depreciation and amortisation expense	4	**(40,549)**	(30,350)
Finance costs	4	**(36,526)**	(33,332)
Advertising and promotion		**(46,388)**	(40,017)
Occupancy costs		**(148,115)**	(126,238)
Vehicle preparation and service		**(43,353)**	(38,582)
Supplies and outside services		**(48,419)**	(43,227)
Motor vehicle expense		**(12,795)**	(13,647)
Equipment rental	4	**(16,504)**	(15,241)
Professional services		**(7,743)**	(9,316)
Other expenses	4	**(113,860)**	(66,449)
Loss on sale of assets		**-**	(1,547)
Share of net profit of joint venture partnership accounted for using the equity method		**305**	360
Profit before income tax		**130,028**	109,544
Income tax expense	5	**(35,913)**	(33,255)
Profit for the year before other comprehensive income		**94,115**	76,289
Profit attributable to:			
Owners of Automotive Holdings Group Limited	18	**88,091**	72,924
Non-controlling interest		**6,024**	3,365
		94,115	76,289
Other Comprehensive Income			
Items that may be reclassified to profit or loss (net of tax)			
Unrealised changes in the fair value of cash flow hedges	18	**(299)**	(1,916)
Exchange differences on translation of foreign operations	18	**(789)**	685
Total comprehensive income for the year (net of tax)		**93,027**	75,058
Total comprehensive income attributable to:			
Owners of Automotive Holdings Group Limited		**87,003**	71,693
Non-controlling interest		**6,024**	3,365
		93,027	75,058
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	21	**28.7**	26.9
Diluted earnings per share	21	**28.7**	26.9
Earnings per share is calculated on a weighted average number of shares of:	21	**306,541,437**	270,776,519

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015	Notes	2015 $'000	2014 $'000
CURRENT ASSETS			
Cash and cash equivalents	6	**69,862**	99,495
Trade and other receivables	7	**318,586**	293,035
Inventories	8	**732,030**	671,920
Other current assets	9	**29,167**	26,852
TOTAL CURRENT ASSETS		**1,149,645**	1,091,302
NON CURRENT ASSETS			
Investments accounted for using the equity method		**925**	1,020
Available-for-sale financial assets	10	**6,450**	6,450
Property, plant and equipment	11	**349,174**	303,944
Intangible assets	12	**392,041**	323,590
Deferred tax assets	5	**58,847**	42,613
TOTAL NON CURRENT ASSETS		**807,437**	677,617
TOTAL ASSETS		**1,957,082**	1,768,919
CURRENT LIABILITIES			
Trade and other payables	13	**268,953**	237,216
Interest-bearing loans and borrowings	16	**616,483**	590,419
Income tax payable		**7,202**	4,431
Provisions	14	**66,598**	57,154
TOTAL CURRENT LIABILITIES		**959,236**	889,220
NON CURRENT LIABILITIES			
Interest-bearing loans and borrowings	16	**266,466**	192,113
Deferred tax liabilities	5	**12,885**	6,049
Provisions	15	**22,852**	17,159
TOTAL NON CURRENT LIABILITIES		**302,203**	215,321
TOTAL LIABILITIES		**1,261,439**	1,104,541
NET ASSETS		**695,643**	664,378
EQUITY			
Contributed equity	17	**541,532**	541,532
Reserves	18	**1,537**	1,446
Retained profits	18	**129,275**	107,090
Capital and reserves attributable to the owners of Automotive Holdings Group Limited		**672,344**	650,068
Non-controlling interest	19	**23,299**	14,310
TOTAL EQUITY		**695,643**	664,378

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014	Contributed Equity	Reserves	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2013 (Restated)	**384,112**	**2,210**	**87,605**	**473,927**	**7,093**	**481,020**
Profit for the year (after tax)	-	-	72,924	72,924	3,365	76,289
Changes in fair value of cash flow hedges	-	(2,737)	-	(2,737)	-	(2,737)
Exchange differences on translation of foreign operations	-	685	-	685	-	685
Income tax relating to components of other comprehensive income	-	821	-	821	-	821
Total comprehensive income for the year	**-**	**(1,231)**	**72,924**	**71,693**	**3,365**	**75,058**
Transactions with owners in their capacity as equity holders:						
Contributions of equity, net of transaction costs	157,420	-	-	157,420	6,900	164,320
Dividends provided for or paid	-	-	(53,440)	(53,440)	(3,048)	(56,488)
Employee share scheme	-	467	-	467	-	467
	157,420	**467**	**(53,440)**	**104,447**	**3,852**	**108,299**
At 30 June 2014	**541,532**	**1,446**	**107,090**	**650,068**	**14,310**	**664,378**

For the year ended 30 June 2015	Contributed Equity	Reserves	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2014	**541,532**	**1,446**	**107,089**	**650,068**	**14,310**	**664,378**
Profit for the year (after tax)	-	-	88,091	88,091	6,024	94,115
Changes in fair value of cash flow hedges	-	(610)	-	(610)	-	(610)
Exchange differences on translation of foreign operations	-	(789)	-	(789)	-	(789)
Income tax relating to components of other comprehensive income	-	311	-	311	-	311
Total comprehensive income for the year	**-**	**(1,088)**	**88,091**	**87,003**	**6,024**	**93,027**
Transactions with owners in their capacity as equity holders:						
Other transactions with non-controlling interests	-	-	-	-	3,825	3,825
Contributions of equity, net of transaction costs	-	-	-	-	4,340	4,340
Dividends provided for or paid	-	-	(65,906)	(65,906)	(5,200)	(71,106)
Employee share scheme	-	1,179	-	1,179	-	1,179
	-	**1,179**	**(65,906)**	**(64,727)**	**2,965**	**(61,762)**
At 30 June 2015	**541,532**	**1,537**	**129,275**	**672,344**	**23,299**	**695,643**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015	Notes	2015 $'000	2014 $'000
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		**5,750,984**	5,232,832
Payments to suppliers and employees (inclusive of GST)		**(5,564,778)**	(5,063,978)
Interest paid and costs of finance		**(36,526)**	(33,332)
Interest received		**2,951**	2,595
Income tax paid		**(39,325)**	(35,933)
Net cash inflow from operating activities	22	**113,306**	102,184
Cash flow from investing activities			
Payment for purchase of business, net of cash acquired	27	**(74,974)**	(83,152)
Payment for property plant and equipment		**(98,444)**	(111,378)
Dividends and distributions received		**640**	604
Proceeds of sale of property, plant and equipment		**17,120**	9,175
Proceeds of sale of investments		**-**	300
Net cash outflow from investing activities		**(155,658)**	(184,451)
Cash flows from financing activities			
Net proceeds from borrowings		**83,825**	(474)
Proceeds from issue of shares, net of transaction costs	17	**-**	141,294
Dividends paid to members	20	**(65,906)**	(53,440)
Dividends paid to non-controlling interest		**(5,200)**	(3,048)
Net cash inflow / (outflow) from financing activities		**12,719**	84,332
Net (decrease) / increase in cash and cash equivalents		**(29,633)**	2,065
Cash and cash equivalents at the beginning of the year		**99,495**	97,430
Cash and cash equivalents at the end of the year	6	**69,862**	99,495

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Non-cash financing and investing activities

During the year the consolidated entity acquired plant and equipment with a fair value of $5,656,439 (2014: $4,730,494) by means of finance leases (excluding those assumed in acquisitions) – refer note 11. These acquisitions are not reflected in the statement of cash flows.

Contents to the Notes to the Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by three events and transactions during the reporting period.

Acquisitions during FY2015 of the Bradstreet Motor Group, Leo Muller CJD and Paceway Mitsubishi impacted all major line items in both the statements of financial performance and position of the Group at 30 June 2015 compared with 30 June 2014. Refer to note 27 for further details in relation to each of these.

Key Financial Data	**Statutory IFRS Result**	**Unusual items***	**Operating Non-IFRS Result**
For the year ended 30 June 2015			
	$'000	$'000	$'000
Revenue	**5,245,789**	**-**	**5,245,789**
EBITDA	204,153	(11,622)	215,775
EBITDA margin %	3.9%		4.1%
Depreciation and amortisation	(40,549)	-	(40,549)
EBIT	163,604	(11,622)	175,227
Interest (net)	(33,576)	-	(33,576)
Profit before tax	130,028	(11,622)	141,651
Tax expense	(35,913)	5,500	(41,413)
Profit after tax	94,115	(6,122)	100,237
Non-controlling interest	(6,024)	-	(6,024)
Net profit after tax attributable to shareholders	**88,091**	**(6,122)**	**94,213**
Basic EPS (cents per share)	28.7		30.7

** Costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)*

The Group incurred Unusual Items totalling $6.122 million (net of tax) during the current year. These Unusual Items comprised:

- $4.087 million (net of tax) in relation to costs and fees arising from the business acquisitions of the Bradstreet Motor Group, Leo Muller CJD and Paceway Mitsubishi, and non-recurring integration-related costs in relation to the above acquisitions (e.g. redundancy, technology, occupancy related costs in transitioning acquisitions to AHG practices and procedures);
- $7.410 million (net of tax) arising from a restructure of AHG's WMC-related operations (Other Logistics segment); and
- $5.375 million (net of tax) of benefits applicable to GST refunds (Son of Holdback). These refunds arose from a Federal Court decision involving the Commissioner of Taxation that related to GST treatment of various incentive payments in the motor industry that flow from motor vehicle distributors to motor vehicle dealers.

Taking all these changes into consideration, AHG reported record Statutory and Operating Non-IFRS revenue and net profit attributable to shareholders for FY2015, as shown in the table above.

2. Operating segments

The Board has determined that AHG's operating segments be divided between a single reportable automotive segment, two reportable logistics segments comprising of AHG's refrigerated operations and the balance of all of its other logistical operations and a single reportable property segment, per note 38(i). All segments operate within the geographical area of Australia and New Zealand. Operations in Australia and New Zealand are classified and managed as one geographical area, and therefore geographic disclosures have not been included.

AUTOMOTIVE RETAIL

The automotive retail segment has 182 motor vehicle franchises at 105 dealership locations operating within the geographical areas of Australia and New Zealand.

AHG's automotive operations exhibit similar economic characteristics. They have similar product offerings and a consistency of customer base. The generic characteristics of these businesses allow AHG to consistently measure operating performance within this segment.

REFRIGERATED LOGISTICS

The refrigerated logistics operations segment comprises AHG's cold storage and transport operations.

OTHER LOGISTICS

The other logistics operations segment comprises AHG's automotive parts warehousing and distribution businesses, motorcycle distribution, bus and truck distribution and vehicle storage and engineering.

PROPERTY

The property segment comprises AHG's direct property interests in land and buildings.

Sales between segments are eliminated on consolidation, as noted in the tables below. There is no significant reliance on any individual major customers within the segment revenues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Operating segments (continued)

Segment Reporting June 2015	Automotive Retail	Refrigerated Logistics	Other Logistics	Total Logistics	Property	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Statutory IFRS Financial Performance Analysis						
Gross revenue	4,754,876	639,501	414,656	1,054,157	401	5,809,434
Less: intercompany sales	(486,209)	(30,643)	(49,744)	(80,387)	-	(566,596)
Segment revenue	4,268,667	608,858	364,912	973,770	401	5,242,838
Interest earned	2,477	196	278	474	-	2,951
Total revenue						**5,245,789**
EBITDA	**165,114**	**42,270**	**(2,024)**	**40,246**	**(1,207)**	**204,153**
Depreciation and amortisation	(17,869)	(18,547)	(4,133)	(22,680)	-	(40,549)
EBIT	**147,245**	**23,723**	**(6,157)**	**17,566**	**(1,207)**	**163,604**
Interest expense (net)	(21,401)	(6,454)	(1,119)	(7,573)	(4,602)	(33,576)
Profit before tax						**130,028**
Income tax expense						(35,913)
Reportable segment profit after tax						**94,115**
Operating Non-IFRS Financial Performance Analysis						
Total revenue	**4,271,145**	**609,054**	**365,190**	**974,244**	**401**	**5,245,789**
EBITDA before unusual items*	**161,228**	**45,242**	**10,512**	**55,754**	**(1,207)**	**215,775**
EBIT before unusual items*	**143,359**	**26,696**	**6,379**	**33,075**	**(1,207)**	**175,227**
Segment result before unusual items*	**121,958**	**20,241**	**5,261**	**25,502**	**(5,809)**	**141,651**
Unusual items*	3,887	(2,973)	(12,536)	(15,509)	-	(11,622)
Reportable segment result net unusual items	**125,844**	**17,269**	**(7,276)**	**9,993**	**(5,809)**	**130,028**
Statutory Financial Position Analysis						
Segment assets	1,461,543	321,991	144,885	466,876	28,663	1,957,082
Total consolidated assets						**1,957,082**
Segment liabilities	759,953	301,625	155,918	457,543	43,943	1,261,439
Total consolidated liabilities						**1,261,439**
Acquisition of property, plant, equipment and intangibles	**129,620**	**36,656**	**6,746**	**43,402**	**(3,127)**	**169,896**

** Costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback) (refer to note 1 for a reconciliation of Non-IFRS profit to IFRS profit)*

2. Operating segments (continued)

Segment Reporting June 2014	Automotive Retail	Refrigerated Logistics	Other Logistics	Total Logistics	Property	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Statutory IFRS Financial Performance Analysis						
Gross revenue	4,333,670	435,191	476,894	912,085	306	5,246,061
Less: intercompany sales	(452,495)	(5,580)	(55,821)	(61,401)	-	(513,896)
Segment revenue	3,881,175	429,611	421,073	850,684	306	4,732,165
Interest earned	2,147	111	336	447	-	2,595
Total revenue						**4,734,760**
EBITDA	**130,027**	**24,712**	**16,599**	**41,311**	**(707)**	**170,631**
Depreciation and amortisation	(15,689)	(11,377)	(3,285)	(14,662)	-	(30,350)
EBIT	**114,338**	**13,335**	**13,314**	**26,649**	**(707)**	**140,281**
Interest expense (net)	(21,404)	(4,134)	71	(4,063)	(5,270)	(30,737)
Profit before tax						**109,544**
Income tax expense						(33,255)
Reportable segment profit after tax						**76,289**
Operating Non-IFRS Financial Performance Analysis						
Total revenue	**3,883,323**	**429,722**	**421,409**	**851,131**	**306**	**4,734,760**
EBITDA before unusual items*	**132,541**	**29,690**	**17,089**	**46,780**	**(707)**	**178,614**
EBIT before unusual items*	**116,852**	**18,313**	**13,805**	**32,118**	**(707)**	**148,264**
Segment result before unusual items*	**95,448**	**14,179**	**13,876**	**28,055**	**(5,977)**	**117,527**
Unusual items*	(2,514)	(4,978)	(491)	(5,469)	-	(7,983)
Reportable segment result net unusual items	**92,934**	**9,201**	**13,386**	**22,587**	**(5,977)**	**109,544**
Statutory Financial Position Analysis						
Segment assets	1,289,061	295,103	150,905	446,008	33,850	1,768,919
Total consolidated assets						**1,768,919**
Segment liabilities	628,117	278,205	153,217	431,423	45,003	1,104,541
Total consolidated liabilities						**1,104,541**
Acquisition of property, plant, equipment and intangibles	**71,841**	**81,551**	**8,073**	**89,624**	**21,965**	**183,430**

** Costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback) (refer to note 1 in the 2014 Annual Report for a reconciliation of Non-IFRS profit to IFRS profit)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Revenue and other income

	2015 $'000	2014 $'000
Sales revenue		
Sale of goods	**4,227,254**	3,962,844
Rendering of services	**975,201**	747,951
	5,202,455	4,710,795
Other revenue		
Interest	**2,951**	2,595
Other revenue	**40,383**	21,370
	43,334	23,965
Total Revenue from continuing operations	**5,245,789**	4,734,760

	2015 $'000	2014 $'000
Other Income		
Profit on sale of assets	**149**	-
	149	-

4. Expenses

	2015 $'000	2014 $'000
Depreciation		
Vehicles, plant, furniture and equipment	**29,999**	21,786
	29,999	21,786
Amortisation		
Capitalised leased assets	**4,899**	4,168
Leasehold improvements	**5,651**	4,396
	10,550	8,564
Finance costs ***(for financial liabilities not at fair value through profit or loss)***		
Interest paid - other	**5,287**	4,526
Interest paid - finance leases	**1,547**	1,587
Interest paid - hire purchase	**4,760**	2,766
Interest paid - floor plan	**24,932**	24,453
	36,526	33,332
Lease payments		
Rental expenses relating to property operating leases	**118,351**	98,927
Rental expenses relating to equipment operating leases	**16,504**	15,241
	134,855	114,168
Employee benefits expense		
Wages, salaries and employee benefits	**650,215**	522,874
Superannuation	**45,727**	36,304
Share-based payments expense	**1,179**	467
	697,121	559,645
Other expenses*		
Bad debts written off	**1,066**	1,558
Repairs and maintenance	**24,106**	8,025
Insurances	**27,206**	18,023
Stamp duty and bank fees	**10,448**	7,937
Impairment of intangibles	**3,000**	-
Office, IT, telephone and travel	**35,449**	28,262
Miscellaneous	**12,585**	2,644
	113,860	66,449

** Movement in other expenses predominantly driven by the acquisitions of SRF/JAT (April 2014) and the Bradstreet Motor Group (August 2014)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Income tax

INCOME TAX EXPENSE

	2015 $'000	2014 $'000
Current tax	**41,052**	35,084
Deferred tax	**(6,007)**	(1,829)
Adjustments in respect of current income tax of previous years	**868**	-
	35,913	33,255
Income tax expense is attributable to:		
Profit from continuing operations	**35,913**	33,255
	35,913	33,255
Deferred income tax expense included in income tax expense comprises:		
(Increase) / decrease in deferred tax assets	**(12,517)**	(8,021)
Increase / (decrease) in deferred tax liabilities	**6,510**	6,192
	(6,007)	(1,829)

AMOUNTS CHARGED OR CREDITED DIRECTLY TO EQUITY

	2015 $'000	2014 $'000
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	**275**	(1,558)
	275	(1,558)

NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	2015 $'000	2014 $'000
Profit from continuing operations before income tax expense	**130,028**	109,544
Corporate tax at the rate of 30% (2014: 30%)	**39,008**	32,863
Non-deductible expenses	**1,315**	252
Research and development claim	**(622)**	(293)
Non-deductible stamp duty attributed to goodwill on acquisition	**152**	433
Reversal of previously unrecognised deferred tax losses	**(3,195)**	-
Non-assessable income	**(1,613)**	-
Income tax expense	**35,045**	33,255
Adjustments in respect of current income tax of previous years	**868**	-
Income tax expense	**35,913**	33,255

5. Income Tax (continued)

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2015 $'000	2014 $'000
Deferred tax assets		
Opening balance 1 July	42,613	31,516
Acquisition of subsidiaries	3,992	2,271
Credited to income	12,517	8,021
Credited / (debited) to equity	(275)	805
Closing balance 30 June	58,847	42,613
The balance comprises temporary differences attributable to:		
Amounts recognised in the statement of profit or loss and other comprehensive income		
Doubtful debts	1,839	1,677
Finance leases	5	54
Inventory	1,026	2,071
Property, plant & equipment	4,261	4,435
Fringe benefits tax	36	66
Accrued expenses	10,629	8,467
Provisions:		
Employee benefits	21,574	18,290
Warranties	3,676	2,903
Other provisions	5,584	1,968
Other	9,362	1,551
Amounts recognised directly in the statement of financial position		
Share issue expenses	679	1,062
Cash flow hedges	176	69
Deferred tax assets	58,847	42,613

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Income Tax (continued)

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2015 $'000	2014 $'000
Deferred tax liabilities		
Opening balance 1 July	6,049	610
Acquisition of subsidiaries	326	-
Credited to income	6,510	6,192
Credited / (debited) to equity	-	(753)
Closing balance 30 June	12,885	6,049
The balance comprises temporary differences attributable to:		
Amounts recognised in the statement of profit or loss and other comprehensive income		
Doubtful debts	1,221	895
Finance leases	1,616	722
Other	10,048	4,432
Deferred tax liabilities	12,885	6,049

Deferred tax assets of $36,582,000 (2014: $29,209,000) and liabilities of $2,837,000 (2014: $1,617,000) are expected to be settled within 12 months. The balance is expected to be settled after 12 months.

6. Current assets – cash and cash equivalents

	2015 $'000	2014 $'000
Cash at bank and on hand	69,352	73,985
Deposits at call	510	25,510
	69,862	99,495

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 attracts floating interest rates between 0.75% and 1.58% (2014: 1.25% and 2.16%). The interest rates applicable to deposits at call at 30 June 2015 vary between 1.80% and 2.65% (2014: 2.40% and 4.27%).

The Group's exposure to interest rate risk is disclosed in note 24.

7. Current assets – trade and other receivables

	2015 $'000	2014 $'000
Trade receivables	308,891	284,040
Allowance for impairment of receivables	(2,977)	(2,940)
Other receivables	12,672	11,935
	318,586	293,035

IMPAIRED TRADE RECEIVABLES

The Group has recognised a loss of $1,066,000 (2014: $1,557,000) in respect of impaired trade receivables during the year ended 30 June 2015. The loss has been included in "other expenses" in the profit for the year.

At 30 June 2015 the Group recognised $2,977,000 (2014: $2,940,000) as an allowance 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.

	2015 $'000	2014 $'000
Opening balance	(2,940)	(3,120)
Translation adjustment	3	(4)
Acquired on acquisition	(159)	-
Allowance for impaired receivables	(1,426)	(2,007)
Receivables written off during the year	1,066	1,557
Reversal of amounts provided	479	634
Closing balance	(2,977)	(2,940)

PAST DUE NOT IMPAIRED

As at 30 June 2015, trade receivables of $59,569,000 (2014: $63,189,000) 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:

	2015 $'000	2014 $'000
Days Past Due		
1 - 30	45,591	45,213
31 - 60	6,440	7,965
61 - 90	2,010	2,854
91 +	5,528	7,157
	59,569	63,189

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 and the Group's approach to risk management are discussed in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Current assets – inventories

	2015 $'000	2014 $'000
Vehicles inventory - at cost	644,352	584,160
Write-down to net realisable value	(11,818)	(11,505)
Other inventories - at cost	106,950	107,887
Write-down to net realisable value	(7,454)	(8,622)
	732,030	671,920

Inventory recognised as an expense (cost of sales) during the year ended 30 June 2015 (including write-down of inventories to net realisable value) amounted to $3,904,842,000 (2014: $3,647,985,000).

9. Current assets – other

	2015 $'000	2014 $'000
Prepaid expenses and deposits	29,167	26,852
	29,167	26,852

10. Non-current assets – available-for-sale financial assets

	2015 $'000	2014 $'000
Shares in unlisted company and trust	6,450	6,450
	6,450	6,450

UNLISTED SECURITIES

Unlisted securities are traded in inactive markets. Refer to note 24 for further information about the methods used and assumptions applied in determining fair value.

	2015 $'000	2014 $'000
Opening balance	6,450	6,750
Disposals	-	(300)
Closing balance	6,450	6,450

IMPAIRMENT AND RISK EXPOSURE

For an analysis of the sensitivity of available-for-sale financial assets to price risk refer to note 24.

11. Non-current assets – property, plant and equipment

CARRYING AMOUNTS MEASURED AT COST LESS ACCUMULATED DEPRECIATION AND AMORTISATION

	2015 $'000	2014 $'000
Land and buildings	38,357	40,469
Accumulated depreciation	-	-
	38,357	40,469
Plant and equipment at cost	266,157	233,924
Accumulated depreciation	(121,983)	(96,843)
	144,174	137,081
Capitalised leased assets	37,989	35,766
Accumulated amortisation	(14,903)	(12,049)
	23,086	23,717
Leasehold improvements at cost	99,398	68,531
Accumulated amortisation	(25,922)	(20,477)
	73,476	48,054
Assets under construction	70,081	54,623
Total property, plant and equipment	349,174	303,944

RECONCILIATION OF CARRYING AMOUNTS AT THE BEGINNING AND END OF THE YEAR

Consolidated June 2015	Land and buildings	Plant and equipment	Capitalised leased assets	Leasehold improve-ments	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2014	40,469	137,081	23,717	48,054	54,623	303,944
Translation adjustment	-	(127)	-	(34)	(1)	(162)
Additions	69	45,981	5,656	31,279	15,459	98,444
Acquisitions through business combinations	-	3,533	-	61	-	3,594
Disposals	(2,181)	(13,683)	-	(233)	-	(16,097)
Transfers	-	1,388	(1,388)	-	-	-
Depreciation / amortisation	-	(29,999)	(4,899)	(5,651)	-	(40,549)
Carrying amount at 30 June 2015	**38,357**	**144,174**	**23,086**	**73,476**	**70,081**	**349,174**

11. Non-current assets – property, plant and equipment (continued)

RECONCILIATION OF CARRYING AMOUNTS AT THE BEGINNING AND END OF THE YEAR

Consolidated June 2014	Land and buildings	Plant and equipment	Capitalised leased assets	Leasehold improve-ments	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2013 (Restated)	23,057	76,092	22,246	44,574	20,754	186,723
Translation adjustment	-	137	-	43	5	185
Additions	18,742	45,872	4,730	8,127	33,864	111,335
Acquisitions through business combinations	-	43,918	1,962	300	-	46,180
Disposals	(1,330)	(8,214)	-	(585)	-	(10,129)
Transfers	-	1,063	(1,053)	(10)	-	-
Depreciation / amortisation	-	(21,787)	(4,168)	(4,395)	-	(30,350)
Carrying amount at 30 June 2014	**40,469**	**137,081**	**23,717**	**48,054**	**54,623**	**303,944**

PROPERTY, PLANT AND EQUIPMENT PLEDGED AS SECURITY FOR LIABILITIES

Leased assets are pledged as security for related finance lease liabilities.

Land and buildings with a carrying amount of $10,646,810 (2014: $10,646,810) are subject to a first mortgage from certain other loans as disclosed in note 16.

Land and buildings with a carrying amount of $27,710,540 (2014: $29,822,724) are pledged as security for non-current liabilities as disclosed in note 16.

Other property, plant and equipment with a carrying amount of $287,731,000 (2014: $239,757,000) are pledged as security for non-current liabilities as disclosed in note 16.

12. Non-current assets – intangible assets

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

	Goodwill	Franchise Rights & Distribution Agreements	Total
	$'000	$'000	$'000
Consolidated 2015			
Carrying amount at 1 July 2014	158,600	164,990	323,590
Additions	28,014	43,437	71,451
Impairment charges	-	(3,000)	(3,000)
Carrying amount at 30 June 2015	**186,614**	**205,427**	**392,041**
Consolidated 2014			
Carrying amount at 1 July 2013	99,722	152,325	252,047
Additions	58,878	12,665	71,543
Carrying amount at 30 June 2014	**158,600**	**164,990**	**323,590**

	Goodwill	Franchise Rights & Distribution Agreements	Total
	$'000	$'000	$'000
Consolidated 2015			
Automotive Retail	97,067	195,484	292,551
Refrigerated Logistics	78,762	-	78,762
Other Logistics	10,785	9,943	20,728
Carrying amount at 30 June 2015	**186,614**	**205,427**	**392,041**
Consolidated 2014			
Automotive Retail	73,699	152,047	255,746
Refrigerated Logistics	74,116	-	74,116
Other Logistics	10,785	12,943	23,728
Carrying amount at 30 June 2014	**158,600**	**164,990**	**323,590**

There are no intangible assets associated with the property segment.

IMPAIRMENT TESTING

Goodwill and franchise rights are monitored by management based on operating segment, as disclosed in the table above.

The recoverable amounts of the Group's various CGUs are determined based on value-in-use calculations for these units or its fair value less costs to sell. Value-in-use calculations use cash flow projections based on financial budgets 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. Fair value less costs to sell use the estimated future net consideration to be received on sale.

12. Non-current assets – intangible assets (continued)

IMPAIRMENT TESTING

Key assumptions used for value-in-use calculations (applicable to all segments)

Calculating value-in-use for each CGU, a pre-tax discount rate of 10% (2014: 12%) 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 3% (2014: 3%). This growth rate is consistent with forecasts included in industry reports and reflective of impacts of NGERS and fuel tax credits across the Group.

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 15% (2014: 9.5% to 15%) 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 10% (2014: 12%) and the breakeven point.

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 to a conclusion 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.

Impairment charge

As a result of the above impairment testing process at 30 June 2015, no impairment charge (2014 $Nil) has been brought to account in the year ended 30 June 2015.

Separate to the above assessment process, an impairment charge of $3 million (2014: $Nil) was brought to account in FY2015 from a restructure of AHG's WMC related operations (Other Logistics segment).

13. Current liabilities – trade and other payables

	2015 $'000	2014 $'000
Trade payables	**102,769**	111,866
Other payables and accruals	**155,223**	114,421
Goods and services tax	**10,107**	10,700
Derivative financial instruments	**854**	229
	268,953	237,216

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Current liabilities – provisions

	2015 $'000	2014 $'000
Annual leave	**35,517**	30,419
Long service leave	**25,619**	21,196
Other	**2,880**	3,248
Warranties	**2,582**	2,291
	66,598	57,154

MOVEMENTS IN PROVISIONS AND AMOUNTS NOT EXPECTED TO BE SETTLED WITHIN 12 MONTHS

Please refer to note 15 for details.

15. Non-current liabilities – provisions

	2015 $'000	2014 $'000
Warranties	**6,671**	4,583
Long service leave	**9,957**	8,650
Make good provisions	**6,224**	3,926
	22,852	17,159

WARRANTIES

Ongoing provision is made for estimated customer claims in respect of extended warranties provided on certain retail vehicle sales. 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.

MAKE GOOD PROVISION

At the end of the respective lease term, the Group is required to restore various leased business premises to their condition at the time of entering the lease, subject to fair wear and tear. A provision has been recognised for the present value of the estimated expenditure required to restore various leasehold sites to this 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 leasehold assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENTS IN PROVISIONS

Movements in each class of provision during the financial year, other than provisions relating to employee benefits, are set out below:

	Warranties	Make Good / Other
	$'000	$'000
At 1 July 2014	6,874	7,174
Additional provisions recognised	2,379	1,930
At 30 June 2015	**9,253**	**9,104**
Current 2015	2,582	2,880
Non-current 2015	6,671	6,224
	9,253	**9,104**
Current 2014	2,291	3,248
Non-current 2014	4,583	3,926
	6,874	**7,174**

AMOUNTS NOT EXPECTED TO BE SETTLED WITHIN THE NEXT 12 MONTHS

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experiences, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The amount of leave that is not expected to be taken or paid within the next 12 months is $48,909,153 (2014: $41,291,776).

16. Interest-bearing loans and borrowings

CURRENT

	2015 $'000	2014 $'000
Finance company loans	**582,148**	565,554
Lease liability	**6,564**	5,848
Hire purchase liability	**15,601**	16,927
Other	**12,170**	2,090
	616,483	590,419

Finance company loans

Finance company loans (floorplan facilities) are in respect of vehicles provided to the Group (note 38(o)) and are secured over these vehicle inventories. The Group has total floorplan facilities amounting to $804,723,778 (2014: $734,357,998). At 30 June 2015 $582,148,000 (2014: $565,554,000) of these facilities were used. The weighted average interest rate applicable at 30 June 2015 on these loans was 4.09% (2014: 4.62%).

Lease and hire purchase liabilities

Lease and hire purchase liabilities are fully secured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Interest-bearing loans and borrowings (continued)

NON-CURRENT

	2015 $'000	2014 $'000
Other loans	**196,021**	119,226
Lease liability	**16,541**	18,049
Hire purchase liability	**52,682**	53,979
Amounts owing to manufacturer	**1,222**	859
	266,466	192,113

Other Loans

$189,000,000 (2014: $104,000,000) 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 2.75% (2014: 2.71%) for the period of the current bills in place.

$18,133,734 (2014: $16,515,420) are other commercial loans secured over specific properties and plant and equipment. Interest is charged at an average rate of 2.71% (2014: 2.71%).

$500,000 (2014: $500,000) are commercial loans with a five year term. Interest is charged at a variable rate of 6.65% at 30 June 2015 (2014: 7.15%).

$136,924 (2014: $252,949) is a franchise supported working capital loan between Auckland Auto Collection Limited and UDC Finance Limited. Interest is charged at an average rate of 6.50% (2014: 6.85%).

$420,342 (2014: $47,735) is a supplier loan to fund minor capital works in fixed operations.

Lease and hire purchase liabilities

Lease and hire purchase liabilities are fully secured.

Amounts owing to manufacturer

$1,222,304 (2014: $858,671) is an unsecured amount owing to a manufacturer and is non-interest bearing.

Fair values

For the majority of borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on these borrowings is either close to current market rates (leases/HP) or the borrowings are of a relatively short-term nature (commercial bills contained within an overarching non-current facility however they roll-over on a short-term basis within this facility during the financial year).

These liabilities are classified as Level 3 financial instruments and fair values in the fair value hierarchy due to the use of unobservable inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Interest-bearing loans and borrowings (continued)

NON-CURRENT

	Carrying Value		Fair Value	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Group				
Finance liabilities				
Advances	**195,601**	119,178	**195,601**	119,178
Lease liability	**16,541**	18,049	**16,541**	18,049
Hire purchase liability	**52,682**	53,979	**52,682**	53,979
Amounts owing to manufacturer	**1,222**	859	**1,222**	859
Other loans	**420**	48	**420**	48
	266,466	192,113	**266,466**	192,113

INTEREST RATE AND LIQUIDITY RISK

Details regarding interest rate and liquidity risk are disclosed in note 24.

ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current interest-bearing liabilities are:

	Notes	2015 $'000	2014 $'000
Current			
Floating charge			
Cash and cash equivalents	6	**69,862**	99,495
Trade and other receivables	7	**318,586**	293,035
Inventories	8	**732,030**	671,920
Other current assets	9	**27,088**	23,413
Total current assets pledged as security		**1,147,566**	1,087,863
Non - Current			
First mortgage			
Freehold land and buildings	11	**10,647**	10,647
Finance lease			
Plant and equipment	11	**23,086**	23,717
Floating charge			
Freehold land and buildings	11	**27,711**	29,823
Plant and equipment	11	**287,730**	239,757
Total non-current assets pledged as security		**349,174**	303,944
Total assets pledged as security		**1,496,740**	1,391,807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Interest-bearing loans and borrowings (continued)

FACILITIES

Group borrowing facilities and amounts utilised for current and non-current interest-bearing liabilities are:

	Utilised $'000	Un-utilised $'000	Total Facility $'000
Bank overdraft	-	5,000	5,000
Finance company loans	582,148	222,576	804,724
Lease & HP	91,388	85,882	177,270
Commercial loans	208,555	78,445	287,000
Amounts owing to manufacturer	1,222	-	1,222
	883,313	391,903	1,275,216
Contingent Liabilities (guarantees)	29,684	2,316	32,000
	912,997	394,219	1,307,216

17. Contributed equity

	Parent		Parent	
	2015 Shares	2014 Shares	**2015 $'000**	2014 $'000
Ordinary shares fully paid	**306,541,437**	306,541,437	**541,532**	541,532
Total contributed equity	**306,541,437**	306,541,437	**541,532**	541,532

ORDINARY SHARES

On the show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

		No. of Shares	Issue Price	$'000
01/07/13	**Balance at 1 July 2013**	**260,683,178**		**384,112**
01/04/14	Institutional placement	32,951,290	$3.49	115,000
30/04/14	Share issued as part of purchase consideration	4,297,994	$3.49	15,000
08/05/14	Share purchase plan	8,608,975	$3.49	30,045
	Less: transaction costs arising on issue of equity			(3,750)
	Deferred tax credit recognised directly in equity			1,125
30/06/14	**Balance at 30 June 2014**	**306,541,437**		**541,532**
30/06/15	**Balance at 30 June 2015**	**306,541,437**		**541,532**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Retained earnings and reserves

MOVEMENTS IN RETAINED EARNINGS WERE AS FOLLOWS:

	2015 $'000	2014 $'000
Opening balance at 1 July	**107,090**	87,605
Net profit for the year attributable to members	**88,091**	72,924
Dividends paid to members	**(65,906)**	(53,440)
Closing balance at 30 June	**129,275**	107,090

OTHER RESERVES

Consolidated	Share-based Payments Reserve	Hedge Reserve	Foreign Currency Translation	Total
	$'000	$'000	$'000	$'000
At 1 July 2013	237	1,756	217	2,210
Cash flow hedges	-	(2,737)	-	(2,737)
Exchange differences on translation of foreign operations	-	-	685	685
Employee share scheme	467	-	-	467
Income tax relating to components of other comprehensive income	-	821	-	821
At 30 June 2014	**705**	**(160)**	**902**	**1,446**
At 1 July 2014	705	(160)	902	1,446
Cash flow hedges	-	(610)	-	(610)
Exchange differences on translation of foreign operations	-	-	(789)	(789)
Employee share scheme	1,179	-	-	1,179
Income tax relating to components of other comprehensive income	-	311	-	311
At 30 June 2015	**1,883**	**(459)**	**113**	**1,537**

NATURE AND PURPOSE OF RESERVES

Share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of Performance Rights shares granted to employees but not yet vested.

Hedge revaluation reserve

Changes in the fair value of hedging instruments are taken to this reserve, as described in note 38(ee). Amounts are recognised in the statement of profit or loss and other comprehensive income when the associated hedge transaction affects the statement of profit or loss and other comprehensive income.

Foreign currency translation reserve

Exchange differences arising on translation of the controlled foreign entity are taken to the foreign currency translation reserve, as described in note 38(j). The reserve is recognised in the statement of profit or loss and other comprehensive income on disposal of the net investment.

19. Non-controlling interest

	2015 $'000	2014 $'000
Interest in:		
Share capital	**17,041**	12,701
Retained profit	**6,258**	1,609
Balance 30 June	**23,299**	14,310

Refer to note 28 for details of the subsidiaries within the AHG Group. There are twelve subsidiaries (2014: nine) where AHG holds an equity interest between 60.1% and 85% (2014: 50.1% and 85%), giving rise to non-controlling interests for the balance to 100% shareholding. There are also four WMC-related subsidiaries where AHG hold a 0% equity interest but a non-controlling interest arises as a result under AASB 10. None of the non-controlling interests held in these subsidiaries are individually material to AHG's consolidated performance or position.

The majority of these arrangements arise from automotive compliance requirements with particular franchises, with little adverse restrictions, risks or consequences for AHG compared to other franchises held without these compliance requirements. In relation to the remaining non-controlling interests, there are no material adverse restrictions, risks or consequences for AHG arising from the non-controlling interest positions held.

Transactions with non-controlling interests

On 1 July 2014, AHG acquired an additional 10% of the issued shares of 360 Finance Pty Ltd for $2,076,000. Immediately prior to the purchase, the carrying amount of the existing 50.1% non-controlling interest in 360 Finance Pty Ltd was $4.37 million. AHG recognised a decrease in the non-controlling interests of $440,000 and a decrease in equity attributed to owners of the parent of $1,636,000. The effect on the equity attributable to the owners of 360 Finance Pty Ltd during the year is summarised as follows:

	2015 $'000	2014 $'000
Carrying amount of non-controlling interests acquired	**440**	-
Consideration paid to non-controlling interests	**(2,076)**	-
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(1,636)**	-

There were no transactions with non-controlling interests in 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Dividends paid and proposed

RECOGNISED AMOUNTS

	2015 $'000	2014 $'000
Dividends on ordinary shares:		
Final dividend for the year ended 30 June 2014 of 12.5 cents per fully paid share paid on 2 October 2014 (30 June 2013 of 12.0 cents per fully paid share paid on 2 October 2013)	**38,318**	31,282
Interim dividend for the half-year ended 31 December 2014 of 9.0 cents per fully paid share paid on 2 April 2015 (31 December 2013 of 8.5 cents per fully paid share paid on 3 April 2014)	**27,589**	22,158
	65,907	53,440

UNRECOGNISED AMOUNTS

	2015 $'000	2014 $'000
Dividends on ordinary shares:		
Since year end, the directors have recommended the payment of a fully franked final dividend of 13.0 cents per share (2014: 12.5 cents), based on tax paid at 30%. The aggregate amount of dividends to be paid on 2 October 2015 (2014: 2 October 2014) out of the retained profits at 30 June 2015, but not recognised as a liability at year end is	**39,850**	38,318

FRANKING CREDIT BALANCE

	AHG Tax Consolidated Group	
	2015 $'000	2014 $'000
Dividends on ordinary shares:		
Franking credits available for subsequent financial years based on a tax rate of 30%	**126,020**	113,000

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

- franking credits that will arise from the payment of the amount of the current tax liability; and
- franking debits that will arise from the payment of dividends either proposed at the reporting date, or recommended for payment subsequent to the reporting date but prior to sign-off of these financial statements.

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 $17,078,737 (2014: $16,421,863).

Tax rates

The tax rate at which paid dividends have been franked is 30% (2014: 30%). Dividends proposed will be franked at 30% (2014: 30%).

21. Earnings per share

BASIC EARNINGS PER SHARE

	2015 cents	2014 cents
IFRS Earnings per share for profit attributable to the ordinary equity holders of the Company:		
Basic earnings per share	**28.7**	26.9
Diluted earnings per share	**28.7**	26.9
Non-IFRS Earnings per share for profit attributable before unusual items* attributable to the ordinary equity holders of the Company:		
Basic earnings per share	**30.7**	29.0
Diluted earnings per share	**30.7**	29.0

* *Unusual items - excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback) (refer to note 1 for a reconciliation of Non-IFRS profit to IFRS profit)*

RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

Basic Earnings Per Share	2015 $'000	2014 $'000
Profit attributable to the ordinary equity holders of the Company from continuing operations excluding unusual items*	**88,091**	72,924
Profit / (loss) attributable to the ordinary equity holders of the Company from unusual items*	**6,122**	5,588
Profit attributable to the ordinary equity holders of the Company from continuing operations in calculating basic earnings per share	**94,213**	78,512

* *Costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback) (refer to note 1 for a reconciliation of Non-IFRS profit to IFRS profit)*

The Group has no instruments that have a dilutive effect on earnings per share.

WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	Number	
	2015	2014
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**306,541,437**	270,776,519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Statement of cash flows reconciliation

	2015 $'000	2014 $'000
Cash at bank and on hand	**69,352**	73,985
Deposits at call	**510**	25,510
	69,862	99,495
Profit after tax	**94,115**	76,289
Non Operating Activity Cash flow in profit		
- Distributions received	**(640)**	(604)
- Profit on sale of assets	**(149)**	-
- Loss on sale of assets	**-**	1,547
- Profit on sale of investments	**-**	(785)
- Direct costs relating to acquisition	**-**	1,023
Non Cash flow in profit		
- Depreciation	**29,999**	21,787
- Amortisation	**10,550**	8,564
- Impairment of intangibles	**3,000**	-
Changes in operating assets and liabilities		
(Increase) / decrease in trade debtors	**(11,189)**	29,283
(Increase) / decrease in inventories	**(35,533)**	8,255
Decrease / (increase) in other current assets	**595**	(159)
(Increase) in prepayments	**(1,860)**	(5,656)
(Increase) in deferred tax assets	**(12,094)**	(6,501)
Increase / (decrease) in current tax payable	**2,771**	(4,545)
(Decrease) in trade creditors	**(427)**	(26,697)
Increase / (decrease) in accruals	**26,107**	(3,082)
Increase in employee entitlements	**4,629**	2,006
(Decrease) in other provisions	**(2,479)**	(3,982)
Increase in deferred tax liabilities	**5,911**	5,441
Net cash inflow from operating activities	**113,306**	102,184

23. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, contingent liabilities, revenue and expenses. Management continually evaluates its judgements and estimates basing them on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

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

DEMONSTRATOR VEHICLE WRITE-DOWN TO NET REALISABLE VALUE

In determining the amount of write-downs required for demonstrator vehicle inventory, management has made judgements based on the expected net realisable value of that inventory. Historic experience and current knowledge of the products has been used in determining any write-downs to net realisable value. Details regarding the write-down of vehicles to net realisable value are shown at note 8.

USED VEHICLE WRITE-DOWN TO NET REALISABLE VALUE

In determining the amount of write-downs required for used vehicle inventory, management has, in consultation with published independent used vehicle valuations, made judgements based on the expected net realisable value of that inventory. Historic experience, current knowledge of the products and the valuations from an independent used car publication has been used in determining any write-downs to net realisable value. Details regarding the write-down of vehicles to net realisable value are shown at note 8.

IMPAIRMENT OF INTANGIBLES WITH INDEFINITE USEFUL LIVES

The Group determines whether intangibles with indefinite useful lives are impaired at least at each reporting date under the criteria set out in AASB 136 *Impairment of Assets*. This requires an estimation of the recoverable amount of the cash generating units, to which the intangible is allocated, using a value-in-use discounted cash flow methodology. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives, including sensitivity analysis, are discussed in note 12.

WARRANTIES

The Group uses a third party in the majority of circumstances to determine the level of provision required for mechanical warranties. Where the Group does not use a third party, judgements have been made in respect of the expected performance of the vehicles delivered, number of customers who will use the warranty and how often, and the cost of fulfilling the performance of the mechanical warranty. The related carrying amounts are disclosed in notes 14 and 15.

FAIR VALUE OF ASSET AND LIABILITY ACQUIRED IN A BUSINESS COMBINATION

Estimates and judgements were made in determining the fair value of assets and liabilities acquired in a business combination (note 27). Assets and liabilities to which judgement was made in determining fair value were:

- **Automotive Retail:** Franchise rights, vehicle and parts inventory, and vehicle warranty.
- **Refrigerated Logistics:** Vehicle fleet, provisioning policies and make good obligations on leased premises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Significant accounting judgements, estimates and assumptions (continued)

CONSOLIDATION OF ENTITIES IN WHICH THE GROUP HOLDS LESS THAN 50%

In the judgement of the Group, the controlling activity of the WMC entities is the decision and authority surrounding the ability to commit these entities to acquire inventory for importation and distribution by the WMC entities in Australia and New Zealand. This activity is dependent on the ability of the WMC entities to finance these inventory acquisitions; and this financing process and authority is ultimately controlled by AHG. It is on this basis that the Group has judged it has control over the WMC entities despite having a non-controlling equity interest of 0% (2014: 0%).

24. Financial risk management objectives and policies

The Group's principal financial instruments comprise; receivables; payables; commercial borrowings; available-for-sale investments and cash (including overdrafts) and short term deposits.

RISK EXPOSURE AND RESPONSES

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 framework focuses on the effective management of its financial risks arising through the automotive retail and logistics businesses. The management program establishes sound policy to minimise financial risk and in particular, any uncertainty faced due to volatility of Group 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 / minimise losses;
- deliver managed outcomes in terms of Australian dollar cash flows, employing an approach that focuses on risk minimisation and moderation of cash flow 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 Group's Treasury Policy, a Treasury Committee has been established comprising of the Head of Business Development, Chief Financial Officer, GM - Finance, Company Secretary and an external treasury adviser. This Committee meets regularly, at least on a quarterly basis, to review 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 debt structures, with a view to any top-up and/or restructuring opportunities that may exist or may be permitted;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Financial risk management objectives and policies (continued)

RISK EXPOSURE AND RESPONSES (continued)

- 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).

	2015 $'000	2014 $'000
Financial Assets		
Cash and cash equivalents	**69,862**	99,495
Trade and other receivables	**318,586**	293,035
Available-for-sale financial assets	**6,450**	6,450
	394,898	398,980
Financial Liabilities at amortised cost		
Trade and other payables	**268,099**	236,987
Interest-bearing loans and borrowings	**882,949**	782,532
Derivative financial liabilities	**854**	229
	1,151,902	1,019,748

The carrying amounts of assets pledged as security against current and non-current borrowings are reflected in note 16. Refer to note 25 for details of derivative financial instruments included in trade and other receivables and trade and other payables.

MARKET RISK

Interest rate risk

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

- inventory financing arrangements via its floorplan financing 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 overdrafts;
- 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. 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 expenditure and investment requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Financial risk management objectives and policies (continued)

Interest rate risk (continued)

Within the fixed interest borrowing structure, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees to exchange, at specified intervals (e.g. monthly) the difference between fixed contract rates and floating rate interest amounts by reference to the agreed notional principal amounts. Fixed rate borrowings are carried at amortised cost and are not subject to variable interest rate risk. The fixed rate borrowings under interest rate swaps amounted to $100.00 million (2014: $50.00 million) at 30 June 2015, at a weighted average interest rate of 2.81% (2014: 2.68%).

During 2015 and 2014, the Group's borrowings were principally denominated in Australian dollars. The following table reflects the net debt position subject to variable interest rate risk.

Consolidated 2015		$'000	$'000	- 25Bps		- 50Bps	
	Weighted Average Interest Rate [1]	Notional Amount	Carrying Amount	Profit (after tax)	Equity (after tax)	Profit (after tax)	Equity (after tax)
Financial Assets							
Cash and cash equivalents	0.82%	-	69,862	(122)	-	(245)	-
Financial Liabilities							
Vehicle borrowings	4.09%	-	(582,148)	1,019	-	2,038	-
Derivatives - cash flow hedges	2.60%	(100,000)	(816)	-	(1)	-	(2)
Other borrowings	2.75%	-	(189,137)	331	-	662	-
Total Increase / (Decrease)		**(100,000)**	**(702,239)**	**1,228**	**(1)**	**2,455**	**(2)**

Consolidated 2014		$'000	$'000	- 25Bps		- 50Bps	
	Weighted Average Interest Rate [1]	Notional Amount	Carrying Amount	Profit (after tax)	Equity (after tax)	Profit (after tax)	Equity (after tax)
Financial Assets							
Cash and cash equivalents	1.69%	-	99,495	(174)	-	(348)	-
Financial Liabilities							
Vehicle borrowings	4.62%	-	(565,554)	990	-	1,979	-
Derivatives - cash flow hedges	2.68%	(50,000)	(8)	-	-	-	-
Other borrowings	2.70%	-	(104,253)	182	-	365	-
Total Increase / (Decrease)		**(50,000)**	**(570,320)**	**998**	**-**	**1,996**	**-**

[1] *Based on weighted average interest rates in effect at 30 June, excluding fees.*

Group Sensitivity

The above table for the year ended 30 June 2015 reflects a sensitivity analysis on potential interest rate movements of up of 25 and 50 basis points (bps to relevant floating borrowing balances as at reporting date); there exists ongoing volatility in the current market regarding expectations of likely interest rate movements, the quantum of such movements and the direction of these movements. Accordingly, the above tables equally reflect the impact for both interest rate decreases and increases on the Group's financial performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Financial risk management objectives and policies (continued)

Foreign currency risk

The Group is exposed to foreign exchange risk arising from the currency exposures centred on the purchase of inventory (and associated trade payables and finance company loans) and, accordingly, had entered into forward exchange contracts to buy EUR Nil (2014: EUR 9.82 million) and USD $1.28 million (2014: USD $1.38 million) as of 30 June 2015.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The risk is measured using cash flow forecasting and sensitivity analysis. The Group's Treasury Committee assists the Group subsidiaries in managing their foreign exchange risk exposure through the use of forward exchange contracts such as detailed above. All material short-term foreign exchange exposures are hedged and therefore changes in exchange rates will have an immaterial impact on profit or loss or equity.

PRICE RISK

The Group holds available-for-sale financial assets in One Way Traffic Pty Ltd (CarsGuide.com.au) and AHG Property Syndicate No 1 Unit Trust (launched by Australasian Property Investments). These are unlisted securities and are immaterial in terms of the possible impact on profit or loss or total equity.

CREDIT RISK

Credit risk is managed at both the business unit and Group level. Credit risk arises predominantly 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's 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.

There are no significant concentrations of credit risk through exposure to individual customers.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Financial risk management objectives and policies (continued)

CREDIT RISK (continued)

Maximum Credit Risk	**2015 $'000**	2014 $'000
Deposits	**12,721**	8,158
Vehicle debtors	**67,004**	65,633
Parts and service debtors	**169,968**	158,437
Factory receivables	**34,463**	37,761
Finance and insurance receivables	**24,735**	14,051
Allowance for impairment of trade receivables	**(2,977)**	(2,940)
Total trade receivables	**305,914**	281,100

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.

Credit Quality of Total Trade Receivables	**2015 $'000**	2014 $'000
Counterparties with external credit ratings		
AA	**16,008**	16,805
A	**6,412**	7,040
BBB	**6,507**	4,984
BB	**10,270**	9,446
B	**1,352**	3,363
CCC	**63**	235
	40,612	41,873
Counterparties without external credit ratings		
Group 1	**70,943**	62,166
Group 2	**177,185**	151,135
Group 3	**20,151**	28,866
	268,279	242,167
Total trade receivables	**308,891**	284,040
Cash and cash equivalents		
AA	**69,847**	74,474
BBB	**15**	25,021
	69,862	99,495

Group 1 - new customers (less than 6 months).
Group 2 - existing customers (more than 6 months) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Financial risk management objectives and policies (continued)

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.

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 statement of financial position 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.

Gross Contractual Liability Cash Flow Outgoings ($'000)						
Consolidated 2015	Carrying Amount	1 - 12 months	1 - 2 years	2 - 5 years	5 + years	Total Gross Cash flow
Used car VIL borrowings	34,201	34,320	-	-	-	34,320
New car floorplan*	547,947	549,709	-	-	-	549,709
Trade payables	102,764	101,973	791	-	-	102,764
Other payables and accruals	165,340	163,954	277	741	368	163,340
Finance lease liabilities	23,105	6,564	12,302	4,239	-	23,105
Hire purchase liabilities	68,283	15,601	16,252	36,411	19	68,283
External loans	209,413	12,170	196,646	597	-	209,413
	1,151,053	884,291	226,268	41,988	387	1,150,943

Gross Contractual Liability Cash Flow Outgoings ($'000)						
Consolidated 2014	Carrying Amount	1 - 12 months	1 - 2 years	2 - 5 years	5 + years	Total Gross Cash flow
Used car VIL borrowings	55,739	56,030	-	-	-	56,030
New car floorplan*	509,815	512,284	-	-	-	512,284
Trade payables	111,866	110,638	723	3	502	111,866
Other payables and accruals	125,350	123,931	497	561	361	125,350
Finance lease liabilities	23,897	5,851	6,278	11,768	-	23,897
Hire purchase liabilities	70,906	16,904	13,669	40,332	-	70,905
External loans	122,174	13,498	108,640	36	-	122,174
	1,019,747	839,136	129,807	52,700	863	1,022,506

** The Group finances the acquisition of its new vehicle inventory via a bailment arrangement, with multiple financiers, known as floorplan financing. Under its floorplan financing arrangement, the Group's total inventory borrowings are comprised of individually secured loans against specific items of inventory. Generally, 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 floorplan financing arrangement. In this way, cash flow required to meet the Group's floorplan financing obligations is available as part of the Group's working capital cycle.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Financial risk management objectives and policies (continued)

FAIR VALUE MEASUREMENTS

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period (current bid price). These instruments are included in level 1. $Nil at 30 June 2015 (2014: Nil).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group has level 2 derivative financial instruments at fair value comprising derivative assets of $Nil (2014: $Nil) and derivative liabilities of $854,000 (2014: $229,000).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted securities. Specific valuation techniques used to value financial instruments include discounted cash flow analysis and other techniques.

As of 30 June 2015, there were two level 3 investments held, being an unlisted equity investment in One Way Traffic Pty Ltd (CarsGuide.com.au) with a fair value of $2.25 million (2014: $2.25 million) and unlisted units held in the AHG Property Syndicate No. 1 Unit Trust with a fair value of $4.20 million (2014: $4.20 million).

The fair values of these unlisted investments are individually determined based on the present value of net cash inflows from future profits and subsequent disposal of the securities. These net cash inflows are discounted to their present value using a pre-tax discount rate of 10.0% that reflects a current market assessment of the time value of money and the risks specific to those assets. If the estimated risk-adjusted discount rate was 10% higher or lower, the fair value (and equity reserves) would increase/decrease by $0.65 million (2014: $0.65 million).

The carrying amounts 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 their future contractual cash flows at the current market interest rate of 2.75% that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying value amount, as the impact of discounting is not significant.

25. Derivative financial instruments

	2015 $'000	2014 $'000
Current liabilities		
Interest-rate swap contracts (included in Payables note 13)	**816**	8
Forward foreign exchange contracts (included in Payables note 13)	**38**	221
	854	229

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies (refer to note 24).

(i) Interest rate swaps – cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 2.75% (2014: 2.71%) (excluding fees). It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable interest rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 53% (2014: 48%) of the variable loan principal outstanding. The average fixed interest rate is 2.81% (2014: 2.68%). The contracts require settlement of net interest receivable or payable on a monthly basis.

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into the statement of profit or loss and comprehensive income when the hedged interest expense is recognised. In the year ended 30 June 2015 a loss of $0.57 million (2014: loss of $0.01 million) was reclassified into the statement of profit or loss and other comprehensive income and included in finance costs. There was no hedge ineffectiveness in the current year.

(ii) Forward exchange contracts – cash flow hedges

Components of the Other Logistics segment purchase inventory in Euros and US Dollars. In order to protect against exchange rate movements, the Group has entered into forward exchange contracts to purchase US Dollars. These contracts are hedging highly probable forecasted purchases for the ensuing financial year. The contracts are timed to mature when payments for major shipments are scheduled to be made.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When the cash flows occur, the Group adjusts the initial measurement recognised in the statement of financial position by removing the related amount from other comprehensive income.

During the year ended 30 June 2015 $0.15 million (2014: $1.76 million) was reclassified from other comprehensive income and included in the cost of sales.

(b) Risk exposures and fair value measurements

Information about the Group's exposure to foreign exchange and interest rate risk and about the methods and assumptions used in determining fair values is provided in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Capital management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern so that the Group 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.

The Group and the parent entity monitor capital on the basis of the gearing ratio; however there are industry-specific funding arrangements (finance company loans) which see this monitoring occur on both a traditional gearing ratio basis as well as an automotive industry specific gearing ratio.

1. Traditional Gearing Ratio

Traditional gearing ratios are 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 statement of financial position (including minority interest) plus net debt.

Gearing Ratio - Traditional	2015 $'000	2014 $'000
Total borrowings	**882,949**	782,532
Less: cash and cash equivalents	**(69,862)**	(99,495)
Net debt	**813,087**	683,037
Total equity	**695,643**	664,378
Total capital under management	**1,508,730**	1,347,415
Gearing Ratio - Traditional	**53.9%**	50.7%

2. Automotive Industry Gearing Ratio

The automotive retail industry utilises a relatively unique funding structure in relation to its vehicle inventory holdings, whereby the majority of inventory is specifically financeable. On this basis, the Group considers that the exclusion of these finance company loans from net debt and total capital reflects a more appropriate gearing ratio specific to the automotive industry and more reflective of the substance behind the traditional gearing ratio.

Gearing Ratio - Automotive Industry	2015 $'000	2014 $'000
Current debt	**616,483**	590,419
Less: finance company loans	**(582,148)**	(565,554)
Current debt excluding finance company loans	**34,335**	24,865
Less: cash and cash equivalents	**(69,862)**	(99,495)
Net cash excluding finance company loans	**(35,527)**	(74,630)
Non-current debt	**266,466**	192,113
Net debt excluding finance company loans and cash	**230,939**	117,483
Total equity	**695,643**	664,378
Total capital	**926,582**	781,861
Gearing Ratio - Automotive Industry	**25.0%**	15.0%

AHG has complied with the financial covenants of its borrowings facilities during the 2015 and 2014 reporting periods.

27. Business combinations

During FY2015, Automotive Holdings Group Limited ('AHG') completed the following business combinations:

	Name	Type	Consideration $'million	Location
19 Aug 2014	Bradstreet Motor Group	100% of the shares in certain companies (now 100% owned subsidiaries)	$65.731	Newcastle, New South Wales
21 April 2015	Leo Muller CJD	Certain business assets and liabilities	$2.049	Aspley, Queensland
30 April 2015	Paceway Mitsubishi	Certain business assets and liabilities	$4.183	Osborne Park, Western Australia

The business combinations contributed revenues of $343.077 million and net profit before tax of $14.352 million for the year ended 30 June 2015 from their dates of acquisition, before unusual items. It is expected that AHG would have reported $5.399 billion in consolidated revenues and $96.475 million consolidated net profit after tax attributable to members, for the year ended 30 June 2015, had the business combinations occurred at the beginning of the reporting period.

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

	Fair Value $'000			
	Bradstreet Motor Group	Leo Muller CJD	Paceway Mitsubishi	Consolidated
Receivables	6,400	-	-	**6,400**
Vehicle inventories (net of bailment)	2,257	(37)	1,022	**3,242**
Parts inventories	3,143	194	307	**3,644**
Other inventory	243	-	-	**243**
Other assets	932	8	15	**955**
Property, plant and equipment	3,521	243	542	**4,306**
Deferred tax assets	2,779	30	178	**2,987**
	19,275	438	2,064	**21,777**
Trade and other payables	(6,008)	-	(143)	**(6,151)**
Vehicle warranties	(1,659)	(13)	(23)	**(1,695)**
Employee entitlements	(5,746)	(88)	(365)	**(6,199)**
Deferred tax liabilities	(924)	-	-	**(924)**
	(14,337)	(101)	(531)	**(14,969)**
Net identifiable assets acquired	4,938	337	1,533	**6,808**
Add: goodwill	20,264	571	883	**21,718**
Add: franchise rights	40,529	1,141	1,767	**43,437**
Net assets acquired	65,731	2,049	4,183	**71,963**
Purchase consideration				
Cash paid	73,764	2,049	4,183	**79,996**
Less: balances acquired Cash	(8,033)	-	-	**(8,033)**
Total purchase consideration	65,731	2,049	4,183	**71,963**

27. Business combinations (continued)

i. Goodwill

The goodwill is attributable to the workforce, profitability of the acquired business and the synergistic opportunities it offers with AHG's existing automotive retail operations. It is only deductible for tax purposes upon any future sale of this business.

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

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

Integration-related costs (technology, personnel, occupancy) and acquisition-related costs (stamp duty, professional services) of $1.21 million are included in the statement of profit or loss and other comprehensive income in the reporting year ended 30 June 2015.

iii. Information not disclosed as not yet available

The Group has reported provisional amounts for goodwill and other assets acquired a part of the purchase of the Bradstreet Motor Group, Leo Muller CJD and Paceway Mitsubishi. The amounts proportionally attributable to both goodwill and franchise rights are consistent with the Group's treatment of like amounts previously acquired.

iv. FY2014 Business Combination finalisation

Provisional acquisition accounting has been completed for the FY2014 acquisitions of Davie Motors, Jason Mazda, Scotts Refrigerated Freightways and JAT Refrigerated Road Services. This has resulted in an increase of $4.66 million in intangible assets as a result of fair value revisions in relation to provisioning policies, make good provisions and other adjustments.

28. Related party disclosures

SUBSIDIARIES

Name Of Entity	Country of Incorporation	Equity Holding 2015	Equity Holding 2014
Corporate			
AHG Services (NSW) Pty Ltd	Australia	100%	100%
AHG Services (WA) Pty Ltd	Australia	100%	100%
AHG Services (Vic) Pty Ltd	Australia	100%	100%
AHG Services (Qld) Pty Ltd	Australia	100%	100%
ACN 150 616 890 Pty Ltd	Australia	100%	100%
ACN 150 616 747 Pty Ltd	Australia	100%	100%
AHG Training Pty Ltd	Australia	100%	100%
Logistics			
Rand Transport (1986) Pty Ltd	Australia	100%	100%
Rand Transport Pty Ltd	Australia	100%	100%
Rand Transport Unit Trust	Australia	100%	100%
Motorcycle Distributors Pty Ltd	Australia	100%	100%
Butmac Pty Ltd	Australia	100%	100%
Motorbike Unit Trust	Australia	100%	100%
Janasen Pty Ltd	Australia	100%	100%
VMS Pty Ltd	Australia	100%	100%
Vehicle Storage & Engineering Pty Ltd	Australia	100%	100%
Shemapel 2005 Pty Ltd	Australia	100%	100%
Covs Parts Pty Ltd	Australia	100%	100%
Vehicle Parts (WA) Pty Ltd	Australia	50%	50%
Zupps Parts Pty Ltd	Australia	100%	100%
Castlegate Enterprises Pty Ltd	Australia	100%	100%
AHG Management Co Pty Ltd	Australia	100%	100%
AHG International Pty Ltd	Australia	100%	100%
HQVA Pty Ltd	Australia	100%	100%
Scotts Refrigerated Freightways Pty Ltd	Australia	100%	100%
JAT Refrigerated Road Services Pty Ltd	Australia	100%	100%
WMC Bus Pty Ltd	Australia	0%	0%
WMC Unit Trust	Australia	0%	0%
JAC Unit Trust	Australia	0%	0%
LDV Pty Ltd	Australia	0%	0%
LWC Limited	New Zealand	100%	100%
LWC International Limited	New Zealand	100%	100%
KTM New Zealand Limited	New Zealand	74%	74%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Related party disclosures (continued)

SUBSIDIARIES (continued)

Name Of Entity	Country of Incorporation	Equity Holding 2015	Equity Holding 2014
Automotive			
Auckland Auto Collection Limited	New Zealand	100%	100%
AHG Finance 2005 Pty Ltd	Australia	100%	100%
AHG Finance Pty Ltd	Australia	100%	100%
AHG Finance Unit Trust	Australia	100%	100%
MBSA Motors Pty Ltd	Australia	100%	100%
AHG Property Head Trust 1 Unit Trust	Australia	100%	100%
ACN 132 712 111 Pty Ltd	Australia	100%	100%
AHG Property Sub Trust 1 Unit Trust	Australia	100%	100%
AHG Property Sub Trust 2 Unit Trust	Australia	100%	100%
AHG Property Pty Ltd	Australia	100%	100%
Allpike Autos Pty Ltd	Australia	100%	100%
Big Rock 2005 Pty Ltd	Australia	80%	80%
Big Rock Pty Ltd	Australia	100%	100%
Big Rock Unit Trust	Australia	100%	100%
Chellingworth Pty Ltd	Australia	100%	100%
AUT 6 Pty Ltd	Australia	100%	100%
Mounts Bay Unit Trust	Australia	100%	100%
City Motors (1981) Pty Ltd	Australia	100%	100%
Lionteam Pty Ltd	Australia	100%	100%
City Motors Unit Trust	Australia	100%	100%
Dual Autos Pty Ltd	Australia	100%	100%
Duncan Autos 2005 Pty Ltd	Australia	100%	100%
Duncan Autos Pty Ltd	Australia	100%	100%
Duncan Autos Unit Trust	Australia	100%	100%
Giant Autos (1997) Pty Ltd	Australia	100%	100%
Giant Autos Pty Ltd	Australia	100%	100%
Giant Autos Unit Trust	Australia	100%	100%
Grand Autos 2005 Pty Ltd	Australia	80%	80%
SWGT Pty Ltd	Australia	100%	100%
SWGT Unit Trust	Australia	100%	100%
North City 2005 Pty Ltd	Australia	100%	100%
North City (1981) Pty Ltd	Australia	100%	100%
North City Unit Trust	Australia	100%	100%
Northside Nissan (1986) Pty Ltd	Australia	100%	100%
Northside Autos 2005 Pty Ltd	Australia	100%	100%
Northside Nissan Unit Trust	Australia	100%	100%
Nuford Ford Pty Ltd	Australia	100%	100%
Kingspoint Pty Ltd	Australia	100%	100%
New Dealership Unit Trust	Australia	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Related party disclosures (continued)

SUBSIDIARIES (continued)

Name Of Entity	Country of Incorporation	Equity Holding 2015	Equity Holding 2014
Automotive (continued)			
Melville Autos 2005 Pty Ltd	Australia	100%	100%
Melville Autos Pty Ltd	Australia	100%	100%
Melville Autos Unit Trust	Australia	100%	100%
Osborne Park Autos Pty Ltd	Australia	100%	100%
Janetto Holdings Pty Ltd	Australia	100%	100%
Osborne Park Unit Trust	Australia	100%	100%
Perth Auto Alliance Pty Ltd	Australia	100%	100%
Skipper Trucks Pty Ltd	Australia	100%	100%
Geraldine Nominees Pty Ltd	Australia	100%	100%
Belmont Unit Trust	Australia	100%	100%
Southside Autos 2005 Pty Ltd	Australia	100%	100%
Southside Autos (1981) Pty Ltd	Australia	100%	100%
Southside Unit Trust	Australia	100%	100%
Total Autos 2005 Pty Ltd	Australia	100%	100%
Total Autos (1990) Pty Ltd	Australia	100%	100%
Total Autos Unit Trust No. 2	Australia	100%	100%
WA Trucks Pty Ltd	Australia	100%	100%
Falconet Pty Ltd	Australia	100%	100%
Truck Unit Trust	Australia	100%	100%
AHG 1 Pty Ltd	Australia	100%	100%
Ferntree Gully Autos Pty Ltd	Australia	80%	80%
ACM Autos Pty Ltd	Australia	80%	80%
ACM Liverpool Pty Ltd	Australia	100%	100%
Automotive Holdings Group (NSW) Pty Ltd	Australia	100%	100%
Castle Hill Autos No. 1 Pty Ltd	Australia	100%	100%
Highland Autos Pty Ltd	Australia	80%	80%
Highland Kackell Pty Ltd	Australia	100%	100%
MCM Autos Pty Ltd	Australia	80%	80%
MCM Sutherland Pty Ltd	Australia	100%	100%
Automotive Holdings Group (Qld) Pty Ltd	Australia	100%	100%
Southeast Automotive Group Pty Ltd	Australia	100%	100%
Southern Automotive Group Pty Ltd	Australia	100%	100%
Southwest Automotive Group Pty Ltd	Australia	100%	100%
Zupp Holdings Pty Ltd	Australia	100%	100%
Zupps Aspley Pty Ltd	Australia	100%	100%
Zupps Gold Coast Pty Ltd	Australia	100%	100%
Zupps Mt Gravatt Pty Ltd	Australia	100%	100%
Zupps Southside Pty Ltd	Australia	100%	100%
Mornington Auto Group (2012) Pty Ltd	Australia	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Related party disclosures (continued)

SUBSIDIARIES (continued)

Name Of Entity	Country of Incorporation	Equity Holding 2015	Equity Holding 2014
Automotive (continued)			
Melbourne City Autos (2012) Pty Ltd	Australia	100%	100%
Automotive Holdings Group (Victoria) Pty Ltd	Australia	100%	100%
CFD (2012) Pty Ltd	Australia	100%	100%
Newcastle Commercial Vehicles Pty Ltd	Australia	100%	100%
AHG Automotive Mining and Industrial Solutions Pty Ltd	Australia	100%	100%
Easy Auto 123 Pty Ltd	Australia	100%	100%
AHG Northwest Pty Ltd	Australia	100%	100%
360 Finance Pty Ltd	Australia	60.1%	50.1%
360 Financial Services Australia Pty Ltd	Australia	100%	100%
360 Insurance Services Pty Ltd	Australia	100%	100%
OPM (2012) Pty Ltd	Australia	100%	100%
PT (2013) Pty Ltd	Australia	80%	80%
Novated Direct Pty Ltd	Australia	100%	100%
Rent Two Buy Pty Ltd	Australia	100%	100%
Drive A While Pty Ltd	Australia	100%	100%
AHG Newcastle Pty Ltd	Australia	100%	-
NSW Vehicle Wholesale Pty Ltd	Australia	100%	-
Maitland City Motor Group Pty Ltd	Australia	80%	-
Maitland City Motor Group Holdings Pty Ltd	Australia	100%	-
Sabalan Pty Ltd	Australia	80%	-
Sabalan Holdings Pty Ltd	Australia	100%	-
Bradstreet Motors Pty Ltd	Australia	80%	-
Bradrstreet Motors Holdings Pty Ltd	Australia	100%	-
Cardiff Car City Pty Ltd	Australia	100%	-
Cardiff Car City Holdings Pty Ltd	Australia	100%	-
Widevalley Pty Ltd	Australia	100%	-
HM (2015) Pty Ltd	Australia	100%	-
HM (2015) Holdings Pty Ltd	Australia	100%	-
AHG WA (2015) Pty Ltd	Australia	100%	-

The consolidated financial statements incorporate the assets, liabilities and results of the above subsidiaries in accordance with the accounting policy described in note 38(c). 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. The Deed of Cross Guarantee (refer note 34) relieves wholly-owned entities from lodging financial reports under Class Order 98/1418 (as amended) issued by ASIC.

28. Related party disclosures (continued)

ULTIMATE PARENT

The parent entity in the consolidated Group is Automotive Holdings Group Limited.

KEY MANAGEMENT PERSONNEL COMPENSATION

	2015 $'000	2014 $'000
Short-term employee benefits	6,896	6,017
Long-term employee benefits	(5)	(20)
Share-based payments	942	585
Post-employment benefits	272	189
	8,105	6,771

Refer to note 29 for further details on share-based payments scheme with key management personnel.

TRANSACTIONS WITH RELATED PARTIES

During the year to 30 June 2015 there were $Nil (2014: $Nil) transactions between entities within the consolidated Group and related parties.

TRANSACTIONS OF DIRECTORS AND DIRECTOR RELATED ENTITIES CONCERNING SHARES

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

	2015 $'000	2014 $'000
Amounts recognised as distributions to shareholders		
Dividends paid	767	819

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 Group or their Director-related entities on terms and conditions consistent with a normal employee relationship.

Detailed remuneration disclosures in relation to key management personnel are provided in the Directors' Report under the heading 'Remuneration Report'.

GUARANTEE BY EXECUTIVE DIRECTORS

Vehicle registration requirements in Queensland require a personal guarantee and indemnity be granted by the directors of the relevant operating company. The nature of the obligation is to indemnify the State of Queensland against any loss and damage it may suffer as a result of AHG subsidiaries' failure to comply with relevant vehicle licensing requirements connected to AHG's automotive business. This personal obligation (provided by the executive director) is indemnified by Automotive Holdings Group Limited under the terms of the Access Indemnity and Insurance Deed (AIID) entered into between AHG and those individuals in their capacity as director and officer of Automotive Holdings Group Limited and all its Group entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Share-based payment plans

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 fair value of a LTI Performance Right as at 1 July in the relevant financial year as independently calculated. The Board will call on recommendations from the Remuneration and 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.

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 and EPS have been used as measures of performance for senior and operational executives.

TSR will be determined on the basis of the total shareholder return (including dividends) during the relevant performance period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Share-based payment plans (continued)

AHG PERFORMANCE RIGHTS PLAN (continued)

The issue of FY2013 Performance Rights under a Long Term Incentive Scheme ("LTI") to AHG's Managing Director, Bronte Howson, was approved by shareholders at the Group's AGM on 16 November 2012. The issue of FY2014 Performance Rights under a LTI to AHG's Managing Director, Bronte Howson, and selected senior and operational executives was approved by shareholders at the Group's AGM on 15 November 2013. The issue of FY2015 Performance Rights under a LTI to AHG's Managing Director, Bronte Howson, and selected senior and operational executives was approved by shareholders at the Group's AGM on 14 November 2014. These Performance Rights have been issued in accordance with AHG's existing Performance Rights Plan.

LTI

This is the monetary value of Performance Rights to be issued on the following basis:

- Subject to shareholder approval at each annual AGM.
- Issued under the rules of the AHG Performance Rights Plan.
- Based on performance assessed over a three year vesting period against measures approved by the Board with no subsequent re-testing.
- Performance Rights granted prior to departure can be retained post departure subject to compliance with service agreement terms including non-compete restrictions.
- Performance Rights will vest subject to performance achieved against a relative Total Shareholder Return (TSR) hurdle (50% weighting) and an Earnings per Share (EPS) compound annual growth rate (50% weighting), the details of which are outlined below.

Company's TSR relative to Peer Group (refer Remuneration Report for details)	Vesting outcome of TSR portion of grant
< 50th percentile	Nil
At 50th percentile	25% vesting
> 50th percentile but ≤ 75th percentile	Progressive / pro-rata from 25% to 100%
≥ 75th percentile	100% vesting

Compound annual EPS growth performance (off prior year baseline Operating EPS)	Vesting outcome of EPS portion of grant
< 7 % pa	Nil
At 7% pa	25% vesting
7% pa up to 10% pa	Progressive / pro-rata from 25% to 100%
At or above 10% pa	100% vesting

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Share-based payment plans (continued)

AHG PERFORMANCE RIGHTS PLAN (continued)

LTI Issue Value – FY2013

Vesting of the Managing Director's FY2013 Performance Rights (as approved by shareholders at the 2012 AGM) is based on achievement of performance criteria measured across three financial years to 30 June 2015. Those Rights that do vest will be issued during the year ended 30 June 2016. The value of the Managing Director's LTI for 2013 is $0.667 million. The amount is represented by 336,700 Performance Rights at an issue value of $1.98 per Right. The issue value was calculated by independent consultants PwC using a Black-Scholes option price model and is based around AHG's share price at 1 July 2012. This and other model inputs to the valuation methodology are disclosed below.

LTI Issue Value – FY2014

Vesting of the Managing Director's, senior executives' and operational executives' FY2014 Performance Rights (as approved by shareholders at the 2013 AGM) is based on achievement of performance criteria measured across three financial years to 30 June 2016. Those Rights that do vest will be issued during the year ended 30 June 2017. The value of the Managing Director's, senior executives' and operational executives' LTI for 2014 is $1.567 million. The amount is represented by 572,006 Performance Rights at an issue value of $2.7389 per Right. The issue value was calculated by independent consultants PwC using a Black-Scholes option price model and is based around AHG's share price at 1 July 2013. This and other model inputs to the valuation methodology are disclosed below.

LTI Issue Value – FY2015

Vesting of the Managing Director's, senior executives' and operational executives' FY2015 Performance Rights (as approved by shareholders at the 2014 AGM) is based on achievement of performance criteria measured across three financial years to 30 June 2017. Those Rights that do vest will be issued during the year ended 30 June 2018. The value of the Managing Director's, senior executives' and operational executives' LTI for 2015 is $1.717 million. The amount is represented by 564,693 Performance Rights at an issue value of $3.04 per Right. The issue value was calculated by independent consultants PwC using a Black-Scholes option price model and is based around AHG's share price at 1 July 2014. This and other model inputs to the valuation methodology are disclosed below.

Accounting Fair Value of FY2015 Performance Rights granted

1. TSR component

The assessed fair value at grant date of the LTI is $1.94 per share (2014: $1.82). The fair value at grant date is independently determined using a Monte Carlo simulation model that takes into account the issue price, the vesting term of the shares, the impact of dilution, the share price at grant date, the expected volatility, the expected dividend yield and the risk free interest rate.

2. EPS component

The assessed fair value at grant date of the LTI is $3.41 per share (2014: $3.08). The fair value at grant date is independently determined using a Black-Scholes pricing model that takes into account the vesting term of the share, the impact of dilution, the share price at grant date and the expected dividend yield.

Rights are granted for no consideration and vest 50:50 based on i) AHG's TSR ranking within a peer group of 20 selected companies over a three year period; and ii) AHG's EPS growth rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Share-based payment plans (continued)

AHG PERFORMANCE RIGHTS PLAN (continued)

The model inputs for the LTI granted during 2015, 2014 and 2013 included:

	FY2015	FY2014	FY2013
Performance assessment start date:	**1 July 2014**	1 July 2013	1 July 2012
Issue value (1 July, calculated by PwC):	**$3.04**	$2.7389	$1.98
Grant date (AGM):	**14 November 2014**	15 November 2013	16 November 2012
Expiry date:	**30 June 2017**	30 June 2016	30 June 2015
Share price at grant date (AGM):	**$3.92**	$3.75	$3.25
Expected price volatility of AHG's shares:	**30%**	30%	42%
Expected dividend yield:	**5.36%**	7.50%	7.50%
Risk-free interest rate:	**2.62%**	3.00%	3.50%

The expected price volatility is based on the historic volatility of the Company.

Total expenses arising from share-based transactions recognised during the period as part of employee benefits expenses were $1,208,030 (2014: $704,511) related to the Performance Rights. The maximum grant-date-assessed value of the 2015 LTI is $1,510,554 (2014: $1,401,415) over three years.

Deferred Performance Rights								
	Year Granted	No. Granted	Grant date value per share	Vested %	Vested number	Forfeited %	Financial years in which shares may vest	Maximum value yet to vest
Bronte Howson	2013	336,700	$2.12	-	-	-	2016	-
	2014	243,407	$2.45	-	-	-	2017	$198,782
	2015	219,298	$2.68	-	-	-	2018	$391,082
Philip Mirams	2014	73,022	$2.45	-	-	-	2017	$59,632
	2015	65,789	$2.68	-	-	-	2018	$117,325
David Rowland	2014	36,511	$2.45	-	-	-	2017	$29,817
	2015	32,895	$2.68	-	-	-	2018	$58,662
Gus Kininmont	2014	18,256	$2.45	-	-	-	2017	$14,909
	2015	16,447	$2.68	-	-	-	2018	$29,331
Eugene Kavanagh	2014	18,256	$2.45	-	-	-	2017	$14,909
	2015	16,447	$2.68	-	-	-	2018	$29,331
Martin Wandmaker	2015	16,447	$2.68	-	-	-	2018	$29,331
Hamish Williams[1]	2014	36,511	$2.45	-	-	-	2017	$29,817
	2015	32,895	$2.68	-	-	-	2018	$58,662

[1] *Retired on 1 July 2015.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Share-based payment plans (continued)

AHG TAX EXEMPT SHARE PLAN

AHG has also introduced a tax exempt share plan that provides eligible employees with more than three 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.

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.

The Group has formed a trust to administer the Group's share-based payment plans and employee schemes. The trust is consolidated as the substance of the relationship is that the trust is controlled by the Group.

Shares will be issued by the trust to eligible participants in the plans and schemes. Shares held by the trust and not yet issued to employees at the end of the reporting period are disclosed as treasury shares and deducted from contributed equity.

30. Joint operations

A Group subsidiary has entered into a joint operation called Vehicle Parts (WA) Pty Ltd for the distribution of Subaru Parts within Western Australia. The Company has a 50% (2014: 50%) participating interest in this joint operation and is entitled to 50% of its profit (refer note 28 for further details).

This interest is not material to the AHG consolidated financial position or performance. There are no capital expenditure commitments and no contingent liabilities associated with this operation.

31. Parent entity information

The following details information related to the parent entity, Automotive Holdings Group Limited, at 30 June 2015. The information presented is in line with the Group's accounting policies as presented in note 38.

	2015 $'000	2014 $'000
Current assets	**463,386**	390,975
Non current assets	**333,455**	296,686
Total assets	**796,841**	687,661
Current liabilities	**3,804**	(1,623)
Non-current liabilities	**212,108**	111,219
Total liabilities	**215,912**	109,596
Contributed equity	**541,531**	541,531
Reserves		
- Cash flow hedge reserve	**(587)**	(228)
Retained profits	**39,985**	36,763
Total equity	**580,929**	578,066
Profit for the year	**62,229**	61,749
Other comprehensive income/(loss) for the year	**(299)**	(1,916)
Total comprehensive income for the year	**61,930**	59,833

Profit for the year is net of impairment to investments in controlled entities of $3,000,000 (2014: $Nil).

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 2015 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 34. Where appropriate the parent entity has recognised impairment adjustments equivalent to the deficiency of net assets of controlled entities. No contingent liabilities exist in respect of joint operations (note 30). Capital commitments of the parent in relation to property, plant and equipment are the same as those consolidated capital commitments disclosed in note 33. Contingent liabilities of the parent are disclosed in note 34.

32. Company details

AHG's registered office and principal place of business is 21 Old Aberdeen Place, West Perth, WA 6005.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. Commitments

CAPITAL COMMITMENTS

	2015 $'000	2014 $'000
Property, plant and equipment	**45,160**	42,284

FINANCE LEASE COMMITMENTS

	2015 $'000	2014 $'000
Within one year	**7,761**	6,199
Later than one year but not later than five years	**17,478**	18,848
Total lease payments	**25,239**	25,047
Future finance charges	**(2,134)**	(1,150)
Lease liability	**23,105**	23,897
Representing lease liabilities:		
Current	**6,564**	5,848
Non-current	**16,541**	18,049
	23,105	23,897

HIRE PURCHASE COMMITMENTS

	2015 $'000	2014 $'000
Within one year	**19,182**	17,103
Later than one year but not later than five years	**57,002**	55,308
Total lease payments	**76,184**	72,411
Future finance charges	**(7,901)**	(1,505)
HP liability	**68,283**	70,906
Representing HP liabilities:		
Current	**15,601**	16,927
Non-current	**52,682**	53,979
	68,283	70,906

33. Commitments (continued)

OPERATING LEASE COMMITMENTS

	2015 $'000	2014 $'000
Within one year	**137,303**	121,601
Later than one year but not later than five years	**405,016**	351,115
Later than five years	**634,626**	579,349
	1,176,945	1,052,065

REMUNERATION COMMITMENTS

	2015 $'000	2014 $'000
Within one year	**1,659**	1,910

34. Contingencies

A liability exists for after sales service and finance rebates but the amount cannot be quantified. In the opinion of the directors the amount is not material to the financial statements.

Unsecured guarantees, indemnities and undertakings have been given by AHG in the normal course of business in respect of banking and financial trade arrangements entered into by its controlled entities. The total of these guarantees is $29,684,000 (2014: $14,166,000). At 30 June 2015 no controlled entity was in default in respect of any arrangement guaranteed by AHG.

At 30 June 2015, trusts and subsidiaries 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 the relevant provision at 30 June 2015, is below their expected selling price.

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. By entering into this Deed of Cross Guarantee it allows the Group to take advantage of Class Order 98/1418 relief from accounting requirements for wholly-owned subsidiaries.

There are no material differences in the Statement of Profit or Loss and Other Comprehensive Income or Statement of Financial Performance between the amounts shown for the Consolidated Group and amounts for the members of the Closed Group.

Refer to the table at note 28 (subsidiaries) which details the Group's corporate structure, including those entities that are wholly-owned, but also those entities that are not, who are eligible to form part of the Extended Closed Group where they are controlled by AHG.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. Contingencies (continued)

DEED OF CROSS GUARANTEE (continued)

Since 30 June 2015, but before finalising these accounts, there are no subsidiaries that are in the process of being added to the Deed of Cross Guarantee by Assumption Deed (contemplated by the Deed of Cross Guarantee).

The parent entity has determined that there is no material deficiency 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.

35. Events after the reporting date

On 6 July 2015 AHG announced that it entered into an agreement with Western Pacific Automotive to acquire its three Mercedes-Benz passenger and van dealerships in Perth, Western Australia. The consideration for the transaction is approximately $58 million and is due for completion in November 2015.

On 17 July 2015 AHG announced that it has entered into a agreement to sell Cov Parts Pty Ltd to GPC Asia Pacific for approximately $43-45 million. This transaction is due for completion in November 2015.

On 21 July 2015 AHG announced that it has entered into exclusive discussions for the sale and leaseback of an existing dealership site and two development properties for approximately $38.5 million upfront cash and $39 million of future development costs;

In August 2015 AHG increased its ownership of 360 Finance Pty Ltd by 10% from 60.1% to 70.1%.

In August 2015 AHG completed an extension of $50 million in its debt facilities with Sumitomo Mitsui Banking Corporation.

No other material events have occurred since 30 June 2015 requiring disclosure.

Except for those events detailed above, no other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years, or
- The result of those operations in future financial years, or
- The Group's state of affairs in future financial years.

36. Auditor's remuneration

	2015 $	2014 $
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 Audit (WA) Pty Ltd		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	689,119	597,279
Fees paid or payable to affiliated offices of BDO Audit (WA) Pty Ltd		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	103,080	99,800
	792,199	697,079
Taxation Services		
Fees paid or payable to BDO Tax (WA) Pty Ltd	665,852	423,370
Fees paid or payable to affiliated offices of BDO Tax (WA) Pty Ltd	11,544	18,999
Total of Non-Audit Services provided to the Group	677,396	442,369

37. 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 three and five 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies

CONTENTS TO THE 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 financial years unless otherwise stated. The financial statements are for the consolidated entity consisting of Automotive Holdings Group Limited, its subsidiaries and joint ventures.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 200*1. Automotive Holdings Group Limited is a for-profit entity for the purpose of preparing the financial statements.

These financial statements have been approved for issue by the Board of Directors on 25th September 2015.

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.

(a) Compliance with IFRS

These consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) New Accounting Standards and Interpretations

New and amended accounting standards

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2014:

- Interpretation 21 *Accounting for Levies*
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*
- AASE 2014-1 *Amendments to Australian Accounting Standards*

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods. Additionally, they did not significantly affect AHG's accounting policies or any of the disclosures.

Early adoption

There are no standards available for early adoption that have been early adopted in the current financial year.

Accounting standards issued not yet effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 June 2015 and have not been adopted in preparing the financial report for the year ended 30 June 2015. In all cases the entity intends to apply these standards applicable from the period first commencing after the effective date as indicated over:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(b) New Accounting Standards and Interpretations (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2014)	Financial Instruments	**Classification and measurement** AASB 9 amends the classification and measurement of financial assets: • Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. • All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss.	Annual reporting periods beginning on or after 1 January 2018	Adoption of AASB 9 is only mandatory for the year ending 31 December 2018. The entity has not yet made an assessment of the impact of these amendments. The entity has financial assets classified as available-for-sale. When AASB 9 is first adopted, the entity will reclassify these into the fair value through profit or loss category. On 1 July 2018, the cumulative fair value changes in the available-for-sale reserve will be reclassified into retained earnings and subsequent fair value changes will be recognised in profit or loss. The change is applied retrospectively, however comparatives need not be retrospectively restated. Instead, the cumulative effect of applying the change for the first time will be recognised as an adjustment to the opening balance of retained earnings on 1 July 2018.
		Impairment The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model. A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses. A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months. For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.		The entity has short term trade receivables. When this standard is adopted, the entity's loss allowance on trade receivable will increase. The change is applied retrospectively, however comparatives need not be retrospectively restated. Instead, the cumulative effect of applying the change for the first time is recognised as an adjustment to the opening balance of retained earnings on 1 July 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(b) New Accounting Standards and Interpretations (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2014) - cont	Financial Instruments	**Hedge accounting** Under the new hedge accounting requirements: • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable • An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI • When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI • Net foreign exchange cash flow positions can qualify for hedge accounting.		The entity currently applies hedge accounting. It is expected that the application of the new amendments will not have an impact on the entity's financial statements.
AASB 15 (issued December 2014)	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 *Revenue*.	Annual reporting periods beginning on or after 1 January 2018	Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(c) 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 2015 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 these financial statements as the Group or Consolidated Entity. Subsidiaries are all those entities where the Group is exposed to, or has the rights to variable returns from its involvement with the entity and the ability to affect those returns through its power the direct the activities of the entities.

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

Non-controlling interest

Non-controlling interests are allocated their share of net profit or loss after tax in the consolidated statement of profit or loss and other comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity attributable to the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of AHG Limited.

Joint Arrangements

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Refer note 30.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognised at cost in the consolidated statement of financial position.

Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(c) Principles of Consolidation (continued)

Share Trust

The Group has formed a trust to administer the Group's employee share scheme.The trust is consolidated as the substance of the relationship is that the trust is controlled by the Group. Shares held by the trust are disclosed as treasury shares and deducted from contributed equity.

(d) 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.

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.

(e) 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 statement of financial position.

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.

(f) Income Tax – refer note 5

The income tax expense for the period is the tax payable on the current period's taxable income based on a corporate taxation 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(f) Income Tax – refer note 5 (continued)

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 (the head entity) and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single consolidated entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that is relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Refer to (gg) (ii) for further details.

(g) 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 transferred, shares issued or liabilities undertaken at the date of the acquisition. Costs directly attributable to the acquisition are expensed as incurred.

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 non-controlling 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 statement of profit or loss and other comprehensive income, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(h) Impairment of Assets

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

Goodwill and other 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. 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 or, for assets held for sale, its fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which goodwill is monitored for internal management purposes and are not larger than an operating segment.

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.

For the purpose of assessing fair value less costs to sell, the estimated future net consideration to be received on sale is used.

(i) Segment Reporting – refer note 2

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entities chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Group has determined that its chief operating decision-maker is its Managing Director and through this role, the Board.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the following respects:

- Nature of the products and services;
- Nature of the production process;
- Type or class of customer for the products or services;
- Methods used to distribute the products or provide the services, and if applicable; and
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed in AASB 8 *Operating Segments* are reported separately. This has resulted in the separate disclosure of the Group's refrigerated logistics operations from within the total Logistics Division.

The Board has determined that AHG's operating segments be divided between a single reportable automotive segment, two reportable logistics segments comprising AHG's refrigerated logistics operations and the balance of all of its other logistical operations, and a single reportable property segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(j) 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 Group's 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 profit for the year, 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 statement of financial position presented are translated at the closing rate of the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income 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 other comprehensive income (foreign currency translation reserve).

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. 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 statement of profit or loss and other comprehensive income.

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.

(k) Cash and Cash Equivalents – refer note 6

For statement of cash flow 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.

(l) Banking Transactions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(m) Trade Receivables – refer note 7

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

(n) Inventories – refer note 8

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 costs to sell). Demonstrator vehicles are written down to net realisable value. Costs are assigned to individual vehicles 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 reporting date. Costs are assigned to individual vehicles on the basis of specific identification.

Parts and associated products 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.

(o) New Motor Vehicle Stock and Related Bailment

Motor vehicles secured under bailment plans are provided to the Group under bailment agreements between the floorplan loan providers and entities within the Group. The Group obtains title to the vehicles immediately prior to sale. The floorplan 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 floorplan obligation have been included in the financial statements although ownership of such inventory rests with the floorplan financiers.

(p) Investments and Other Financial Assets

The Group classifies its investments or other financial assets in the following categories: available-for-sale financial assets 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(p) Investments and Other Financial Assets (continued)

Available-For-Sale Financial Assets – refer note 10

Available-for-sale financial assets 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 reporting 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 other comprehensive income 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 statement of profit or loss and other comprehensive income 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.

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 – refer note 7

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, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. 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 is adjusted accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

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

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 reporting date. Assumptions used are based on observable market prices and rates at reporting 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.

(r) Property, Plant and Equipment – refer note 11

Property, plant and equipment (excluding land) is measured on a historical cost basis and is depreciated on a straight line basis over its estimated useful economic life, as follows:

Category	Life
Buildings	40 years
Plant & equipment (including motor vehicles and computer software)	2½ – 20 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 reporting 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 statement of profit or loss and other comprehensive income.

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 statement of profit or loss and other comprehensive income 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 Group, whichever is the shorter. Assets under construction are not amortised until they are completed and transferred to their appropriate asset category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(s) Leased Assets – refer note 11

Leasing of 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 leases inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments (note 33). 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 33). Operating lease assets are not capitalised and rental payments are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

(t) Intangibles – refer note 12

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.

Goodwill is not amortised. Instead, goodwill is tested for impairment at each reporting date, 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 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 grouped within the lowest level at which goodwill is monitored for internal management purposes.

Franchise rights

The Group has franchise agreements with manufacturers for the distribution of new vehicles and parts. These 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 at each reporting date and where there are indications of impairment the franchise rights values are adjusted to their recoverable amounts.

(u) Trade and Other Payables – refer note 13

These amounts represent liabilities for goods and services provided to the Group prior to the reporting date and which are unpaid at reporting date. The amounts are generally unsecured and are usually paid within 30 days of recognition. Amounts are recognised initially at fair value and subsequently at amortised cost.

(v) Interest Bearing Loans and Borrowings – refer note 16

All loans and 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 statement of profit or loss and other comprehensive income 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 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 reporting date. This policy also applies to inter-company borrowings within the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(w) Finance Costs

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

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

(x) Provisions – refer notes 14 and 15

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 vehicle sales. The majority of the Group's operations pay a fee 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 charged against the provision. Where an independent third party is not used to determine the warranty provision the Group makes a best estimate of the expenditure required to settle the present obligation at reporting date. 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.

(y) Employee Benefits – refer notes 14 and 15

Short-term obligations

The provision for employee entitlements, salaries (including non-monetary benefits) and annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised 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. Leave entitlements are recognised in the provision for employee benefits. All other short-term obligations are recognised as payables.

Other long-term employee benefit obligations

Where the liability for annual or long service leave is expected to be settled more than 12 months from the reporting date, the associated obligations are still presented as a current liability in the statement of financial performance if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. For those annual leave and long service leave liabilities that are a non current liability within employee entitlements, they are 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 anticipated 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 agreed adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(y) Employee Benefits – refer notes 14 and 15 (continued)

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 29.

The fair value of Performance Rights are recognised as an employee benefit expense based on the probability of certain executives meeting performance hurdles during a performance period.

At each reporting date, the Group 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.

(z) Contributed Equity – refer note 17

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. Consideration paid for treasury shares is deducted from equity attributable to owners until the shares are re-issued.

(aa) Dividends – refer note 20

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(bb) Earnings per Share – refer note 21

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 (excluding treasury shares).

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).

(cc) 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 statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(dd) Financial Guarantee Contracts – refer notes 28 and 34

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(ee) Derivatives and Hedging Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges);
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedge items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements in the hedging reserve in shareholders' equity are show in note 18.

(i) Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss and other comprehensive income within other income or other expense.

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the statement of profit or loss and other comprehensive income within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging import purchases is recognised in the statement of profit or loss and other comprehensive income within 'raw materials and inventory expense'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (e.g. inventory) the gains or losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in the statement of profit or loss and other comprehensive income as raw materials and inventory expense.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of profit or loss and other comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Summary of significant accounting policies (continued)

(ff) Non-Current Assets (or Disposal Groups) Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial performance. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial performance.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical areas of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations.

(gg) Parent Entity Financial Information – refer note 31

The financial information for the parent entity, Automotive Holdings Group Limited, disclosed in note 31 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investment in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for at cost in the financial statements of Automotive Holdings Group Limited. Dividends received from associates are recognised in the parent entity's statement of profit or loss and other comprehensive income rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidated legislation

Automotive Holdings Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

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 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 losses and 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.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising; the consolidated statement of profit or loss and other comprehensive income; consolidated statement of financial position; consolidated statement of cash flows; consolidated statement of changes in equity; and accompanying notes, are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The directors have been given declarations by the chief executive officer and chief financial officer required by section 295A.

At the date of this declaration there are reasonable grounds to believe that the companies which are parties to the Deed of Cross Guarantee (see note 34 to the annual accounts) will, as the Consolidated Entity will, be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the Deed of Cross Guarantee.

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

David C Griffiths
Chairman
Perth, 25th September 2015

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER DECLARATION

DECLARATION BY

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

TO THE DIRECTORS OF AHG LIMITED

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

The Chief Executive Officer and Chief Financial Officer, as required by section 295A of the *Corporations Act 2001*, declare that, in their opinion, for the financial year ended 30 June 2015:

1. The financial records of the company/disclosing entity have been properly maintained in accordance with section 286 of the *Corporations Act 2001*.
2. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated entity.
3. Any other matters prescribed by the Regulations for the purposes of section 295A have been satisfied in relation to the financial statements and notes for the financial year.
4. The financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

This declaration is signed by the Chief Executive Officer and Chief Financial Officer.

B Howson

P Mirams

Perth, 25th September 2015

INDEPENDENT AUDITOR'S REPORT

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Automotive Holdings Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Automotive Holdings Group Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 38, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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*, which has been given to the directors of Automotive Holdings Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Automotive Holdings Group Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 38.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of Automotive Holdings Group Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Director

Perth, 25 September 2015

SHAREHOLDER AND OPTIONHOLDER INFORMATION

The shareholder information set out below was applicable at 14th September 2015.

A. Distribution of equity securities

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

	No. of Shareholders
1 - 1,000	1,968
1,001 - 5,000	4,331
5,001 - 10,000	1,571
10,001 - 100,000	1,374
100,001 and over	104
Total	**9,348**

The number of holders holding a less than marketable parcel of ordinary shares based on the market price as at 23rd September 2015 was 469 holders holding 7,970 shares.

B. Equity Security Holders

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

	Ordinary Shares	
	Number Held	% of Issued Shares
AP Eagers Limited	60,904,350	19.87
JP Morgan Nominees Australia Limited	42,258,832	13.79
HSBC Custody Nominees (Australia) Limited	22,064,020	7.20
National Nominees Limited	19,814,306	6.46
Auto Management Pty Ltd <<Branchi Family Account>>	17,658,389	5.76
Citicorp Nominees Pty Limited	10,819,539	3.53
AC McGrath & Co Pty Ltd	6,801,063	2.22
Argo Investments Limited	5,184,593	1.69
Pulo Rd Pty Ltd <<Pulo Road Super Fund>>	5,008,411	1.63
Mr Damon Stuart Wheatley	3,723,799	1.21
BNP Paribas Noms Pty Ltd <<DRP>>	3,668,901	1.20
Zero Nominees Pty Ltd	3,646,274	1.19
Mrs Michelle Victoria Harris	3,489,362	1.14
Milton Corporation Limited	3,176,366	1.04
Croystone Nominees Pty Ltd <<BBK Unit Account>>	3,000,000	0.98
RBC Investor Services Australia Nominees Pty Limited <<VFA A/C>>	3,000,000	0.98
Warbont Nominees Pty Ltd <<Unpaid Entrepot A/C>>	2,757,232	0.90
Australian Executor Trustees Ltd <<No 1 Account>>	2,201,132	0.72
Jove Pty Ltd	2,128,883	0.69
Carawatha Holdings Pty Ltd	1,396,023	0.46
UBS Nominees Pty Ltd	1,354,778	0.44

SHAREHOLDER AND OPTIONHOLDER INFORMATION

C. Substantial holders

	Ordinary Shares	
	Number Held	% of Issued Shares
AP Eagers Limited and its associated entities*	60,904,350	19.87
Robert John Branchi and associated entities	17,641,591	5.76

** WFM Motors Pty Ltd and NGP Investments (both associated entities with Nicholas George Politis) are also substantial shareholders due to their relevant interest in securities held by AP Eagers Limited.*

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.

AHG
AUTOMOTIVE HOLDINGS GROUP

CORPORATE DIRECTORY

REGISTERED OFFICE AND HEAD OFFICE

Automotive Holdings Group Limited
ABN 35 111 470 038
21 Old Aberdeen Place
West Perth WA 6005

Tel: +61 8 9422 7676
Fax: +61 8 9422 7686
Email: info@ahg.com.au
Web: ahg.com.au
Investor Relations Web Site: ahgir.com.au

EXECUTIVE DIRECTOR

Bronte Howson
Managing Director

NON EXECUTIVE DIRECTORS

David Griffiths *(Chairman)*

Michael Smith *(Deputy Chairman)*

Howard Critchley

Greg Duncan

John Groppoli

Tracey Horton

Robert McEniry

Peter Stancliffe

COMPANY SECRETARY

David Rowland

SHARE REGISTRY

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Enquiries (Toll free within Australia)
Tel: +61 2 9287 0303

Fax: +61 2 9287 0303

Web: linkmarketservices.com.au

AHG

Automotive Holdings Group