

\$UPER CHEAP AUTO

SUPER CHEAP AUTO GROUP LIMITED
ANNUAL REPORT 2004

WWW.SUPERCHEPAUTO.COM

176 STORES THROUGHOUT AUSTRALIA
AND NEW ZEALAND AND GROWING

AUSTRALIA

AUSTRALIAN CAPITAL TERRITORY
BELCONNEN (02) 6253 5660
FISHWICK (02) 6239 2333
TUGGERANONG (02) 6293 2233

NEW SOUTH WALES

ALBURY (02) 6041 1866
AUBURN (02) 9648 5722
BANKSTOWN (02) 9709 6500
BATHURST (02) 6331 7122
BLACKTOWN (02) 9676 1444
BROOKVALE (02) 9905 5666
CARPENTARIA (02) 4625 9000
COFFS HARBOR (02) 6651 8550
DUBBO (02) 6882 0611
ERINA (02) 4367 4850
FAIRY MEADOW (02) 4225 2366
GOULBURN (02) 4822 9190
GRAFTON (02) 6642 7222
GRIFFITH (02) 6962 9566
INVERELL (02) 6722 5466
KOTARA (02) 4965 5488
LAKE HAVEN (02) 4392 7077
LAKEMBA (02) 9740 9999
LISMORE (02) 6622 7797
LIVERPOOL (02) 9600 7100
MAITLAND (02) 4933 5133
MCGRATHS HILL (02) 4577 8822
MENAI (02) 9543 3577
MT DRUITT (02) 9677 1400
NARELLAN (02) 4647 4533
NEWCASTLE (02) 4968 9833
NOMURA (02) 4422 9700
ORANGE (02) 6369 1066
PENRITH (02) 4733 3322
PORT MACQUARIE (02) 6583 2099
QUEANBEYAN (02) 6299 4099
ROCKDALE (02) 9567 0966
SINGLETON (02) 6571 5955
SHELLHARBOUR (02) 4297 6899
TAMWORTH (02) 6762 4433
TAREE (02) 6551 6211
TWEED HEADS (07) 5524 8911
VILLAWOOD (02) 9632 0877
WAGGA WAGGA (02) 6921 6922
WARWICK FARM (02) 9822 7299
WENTWORTHVILLE (02) 9896 0166
WETHERILL PARK (02) 9604 9622
WEST GOSFORD (02) 4323 2044

NORTHERN TERRITORY

ALICE SPRINGS (08) 8952 7455
BERRIMAH (08) 8932 9866
DARWIN (08) 8927 2888

QUEENSLAND

ACACIA RIDGE (07) 3274 6311
ASHMORE (07) 5539 2033
AYR (07) 4783 7377
BILDELA (07) 4992 5299
BOOVAL (07) 3282 6356
BUNDABERG (07) 4151 1111
BURLINGTON (07) 5576 6000
BURKENGARY (07) 3888 9366
BROWNS PLAINS (07) 3806 8177
CAROL TURE (07) 5499 0488
CAIRNS (Earlville) (07) 4033 0600
CANNON HILL (07) 3395 8622

SUPER CHEAP
AUTO GROUP LIMITED
ANNUAL REPORT

2004

ABN 81 108 676 204

NAME OF ENTITY

Super Cheap Auto
Group Limited

**ABN OR EQUIVALENT
COMPANY REFERENCE**

81 108 676 204

REGISTERED OFFICE

751 Gympie Road
Lawnton QLD 4501
Telephone (07) 3205 8511
Facsimile (07) 3205 8522

SHARE REGISTRY

ASX Perpetual Registrars Limited
Level 8, 580 George Street
SYDNEY NSW 2000

BANKERS

Australia and New Zealand
Banking Group Limited

AUDITORS

Grant Thornton

SOLICITORS

Redmond Van De Graaff
Mallesons Stephen Jacques

STOCK EXCHANGE LISTING

Super Cheap Auto Group
Limited shares are quoted on
the Australian Stock Exchange.

OPEN

**THE ANNUAL
GENERAL MEETING**

The Annual General Meeting of the Shareholders of Super Cheap Auto Group Limited will be held at the Pine Rivers Memorial Bowls Club, Cnr. Sparkes and Francis Roads, Bray Park, Queensland on Thursday 21 October 2004 at 2.00 pm.

Formal notice of this meeting and proxy form are enclosed with this report.

**WELCOME TO THE 2004
SUPER CHEAP AUTO GROUP LIMITED
ANNUAL REPORT.**

**THIS IS OUR FIRST ANNUAL REPORT
AS A PUBLIC COMPANY AND
WE WOULD LIKE TO TAKE THIS
OPPORTUNITY TO THANK ALL OUR NEW
SHAREHOLDERS FOR THEIR INTEREST
AND SUPPORT IN OUR COMPANY.**

**WE ARE VERY PROUD OF
OUR COMPANY AND OF WHAT WE
HAVE ACHIEVED. WE HAVE HAD A LOT
TO CELEBRATE DURING THE YEAR
AND WE HOPE THAT YOU WILL GAIN
A BETTER UNDERSTANDING OF
OUR COMPANY AND ITS CULTURE
THROUGH READING THE REPORT.**

**WE LOOK FORWARD
TO SEEING YOU IN THE STORES.**

WILL NEED THE S

TY

For
Low
Bun

JULY 03

**INTEGRATION OF 20 STORES AND 2 DISTRIBUTION CENTRES ACQUIRED FROM MARLOWS OVER SEVEN WEEKS.
MOVE OF SUPPORT TEAMS INTO A NEW HEAD OFFICE IN LAWNTON, QUEENSLAND.**

OCTOBER 03

ESTABLISHMENT OF NEW SUPPLY CHAIN OPERATIONS INCORPORATING A NEW DISTRIBUTION CENTRE IN MANUKAU, NEW ZEALAND AND THE CLOSURE OF A DISTRIBUTION CENTRE IN ADELAIDE.

NOVEMBER 03

**150TH SUPER CHEAP STORE OPENS IN ASHMORE, GOLD COAST.
SALE TO MIDAS CORPORATION OF 17 FITTING AND SERVICE CENTRES PREVIOUSLY ACQUIRED FROM MARLOWS.
7 STORES OPENED IN ONE DAY IN THE NORTH ISLAND OF NEW ZEALAND PLUS A FURTHER 2 STORES IN AUSTRALIA ON THE SAME DAY.**

DECEMBER 03

COMPANY-WIDE ENTERPRISE AGREEMENT RATIFIED AND IMPLEMENTED.

JUNE 04

40TH NEW STORE FOR THE FINANCIAL YEAR OPENS.

JULY 04

COMPANY LISTS ON THE AUSTRALIAN STOCK EXCHANGE.

**GET THE LOT
FOR LESS.**
SUPER CHEAP
AUTO

**OVER 10,000
ITEMS IN STORE.**
SUPER CHEAP
AUTO



Super Cheap Auto - Tools, Tyres, Accessories, Oil, Batteries, Parts, Repairs, Fuel, Tires, Wash, Wax, Car Wash, Detailing, etc.

OPEN 7 DAYS

SUPER CHEAP AUTO
GET THE LOT FOR LESS

Auto Accessories, Spare Parts, Hand Tools, Power Tools, Car Audio, Tyres & Pumps, Outdoor Power and More (SEARCH)

WASH REPAIRS ACCESSORIES TYRES OIL CAR WAX

STORE LOCATOR **WELL BEAT ANY PRICE IN TOWN ON PRODUCTS WE STOCK**

PRODUCTS

Latest News

Super Cheap Auto Floats

Super Cheap Auto is a leading retailer of auto parts, accessories, handbags, shoes, tools and equipment in Australia and New Zealand.

Founded in 1954 by Ray and Hazel Flood, Super Cheap Auto has grown to have 176 stores across every state and territory in Australia and to sell spreads across Zealand, and over 2,000 team members.

On 20 May 2004, Super Cheap Auto Group Limited (SAG) is proposing to the Australian Securities and Investment Commission in relation to the initial public offering of shares in the company (Offer). The Offer provides an opportunity for investors to share in Super Cheap's future and is open to all members of the public who are required to Australia. The Offer to each investor will be made in, or accompanied

Download PDF's

- 2004 Performance Report Results Announcement
- 2004 Appendix 4E and Special Purpose Vehicle
- 2004 Annual Report

Latest News:

- 27 October 2004 - 2004 Appendix 4E and Special Purpose Vehicle
- 22 October 2004 - 2004 Appendix 4E and Special Purpose Vehicle
- 15 May 2004 - Super Cheap Auto Group Limited (SAG) is proposing to the Australian Securities and Investment Commission in relation to the initial public offering of shares in the company (Offer). The Offer provides an opportunity for investors to share in Super Cheap's future and is open to all members of the public who are required to Australia. The Offer to each investor will be made in, or accompanied

\$1.97

OFFER PRICE

\$2.21

DAY 1 OPENING TRADING PRICE

\$2.34

DAY 1 CLOSING TRADING PRICE

THE INITIAL PUBLIC OFFERING OF 41.5 MILLION SHARES WAS WELL RECEIVED IN THE MARKET AND IN FACT WAS OVERSUBSCRIBED RESULTING IN A SCALE BACK OF THE GENERAL PUBLIC OFFERING.

THE OFFERING ATTRACTED A STRONG TAKE UP BY TEAM MEMBERS.

MANAGEMENT AND DIRECTORS EMBRACED THE OPPORTUNITY TO ACQUIRE NEW SHARES.

THE MAJOR SHAREHOLDER AND FOUNDER, REG ROWE, WILL MAINTAIN HIS STRONG ASSOCIATION AND REMAIN COMMITTED TO THE COMPANY.

OCTANE BOOST & CLEAN



114

**NEW STORES OVER THE
LAST 3 YEARS.**

17.5%

**COMPOUND ANNUAL
GROWTH IN EBIT OVER THE
LAST 3 YEARS.**

36.5%

**COMPOUND ANNUAL
GROWTH IN SALES OVER
THE LAST 3 YEARS.**

1805

**NEW TEAM MEMBERS
OVER THE LAST 3 YEARS.**



W-50

067166

**HELL
SUPER**

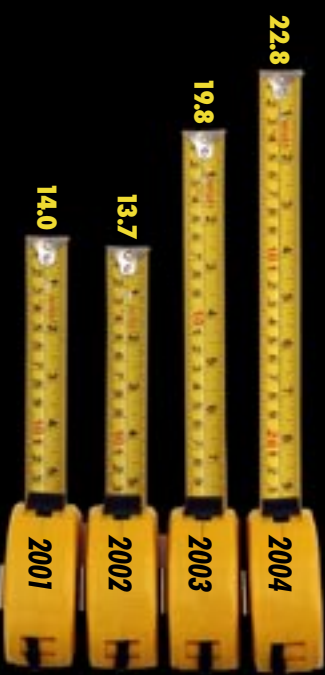
Trusted protection
whatever your car

**PREMIUM MOTOR OIL
5 LITRES**

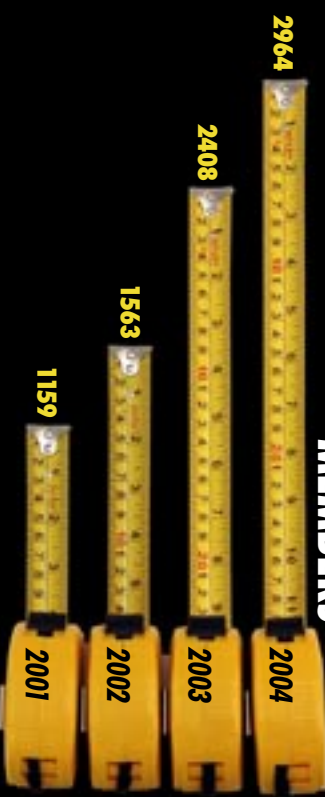
PERFORMANCE



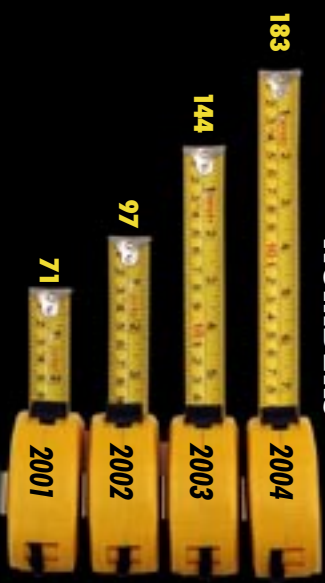
EBIT



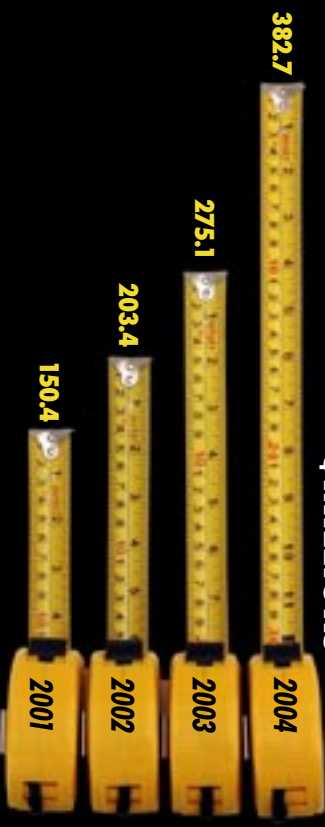
TEAM MEMBERS



STORE NUMBERS



SALES \$ MILLIONS





ENFORCER

ENFORCER

SEAT COVERS



PAGE 10

CHAIRMAN'S LETTER

DICK MCILWAIN, CHAIRMAN OF THE BOARD OF DIRECTORS, INTRODUCES THE COMPANY'S ANNUAL REPORT.



Dear Shareholder,

I am delighted to welcome you as fellow shareholders of our company, Super Cheap Auto Group Limited, and on behalf of the Board, I am pleased to present the group's annual report for the 2004 financial year.

Our Company was incorporated on 8 April 2004 and on 23 April 2004 the Company acquired all of the shares in Super Cheap Auto Pty Ltd, which is the principal operating company. Whilst the financial statements reported in this annual report cover the period from 8 April 2004 to 26 June 2004, the full year results are explained in a separate section to the report. This includes a comparison against the forecast included in the Company's prospectus. The comments in the balance of this letter and in the Managing Director's Report cover events through the full 2004 financial year.

Overview

The 2004 financial year has been a significant one in the Group's history, culminating in the initial public offering of shares during June and July 2004.

At the start of the year, the Group was completing the integration of the 20 stores and two distribution centres acquired from Marlow's Limited in May 2003. This acquisition has provided the opportunity for the Group to rapidly build a presence in the Western and South Australian markets, with an additional two stores being added in these markets during the year.

In November 2003, the Group launched itself into the New Zealand market, opening seven new stores on the one day and breaking company records for the largest first day, first weekend and first week's trading. By the end of the year, we had 18 stores trading in New Zealand and we are very pleased with the performance of this business and are optimistic about opportunities for further growth in this market.

Overall during the year the Group continued its impressive growth record with sales growing by 39%. EBITDA growth was more modest at 23% with margins impacted by costs associated with growing the business and reorganising the supply chain. This investment provides the Company with infrastructure to support its growth plans and provides a platform for both cost and asset efficiency opportunities in future years.

FY 2004 Dividend

As announced in the Company's prospectus, the Company will not pay a dividend for the period ending 26 June 2004. Super Cheap Auto Pty Ltd declared an interim dividend of \$5 million to its shareholders prior to its acquisition by our Company. This dividend will be paid in August 2004.

Moving forward, the Company intends to maintain a dividend payout ratio of 35-45% of net profit after tax. It is intended that dividends will be franked to the greatest extent possible.

Corporate Governance

The Board of Directors fully recognise and acknowledge their responsibility for establishing a framework and culture of appropriate corporate governance throughout the company. We are working towards substantial compliance with the ASX Corporate Governance Council's best practice recommendations and have established a series of Corporate Governance policies and practices which can be viewed on the Company's website.

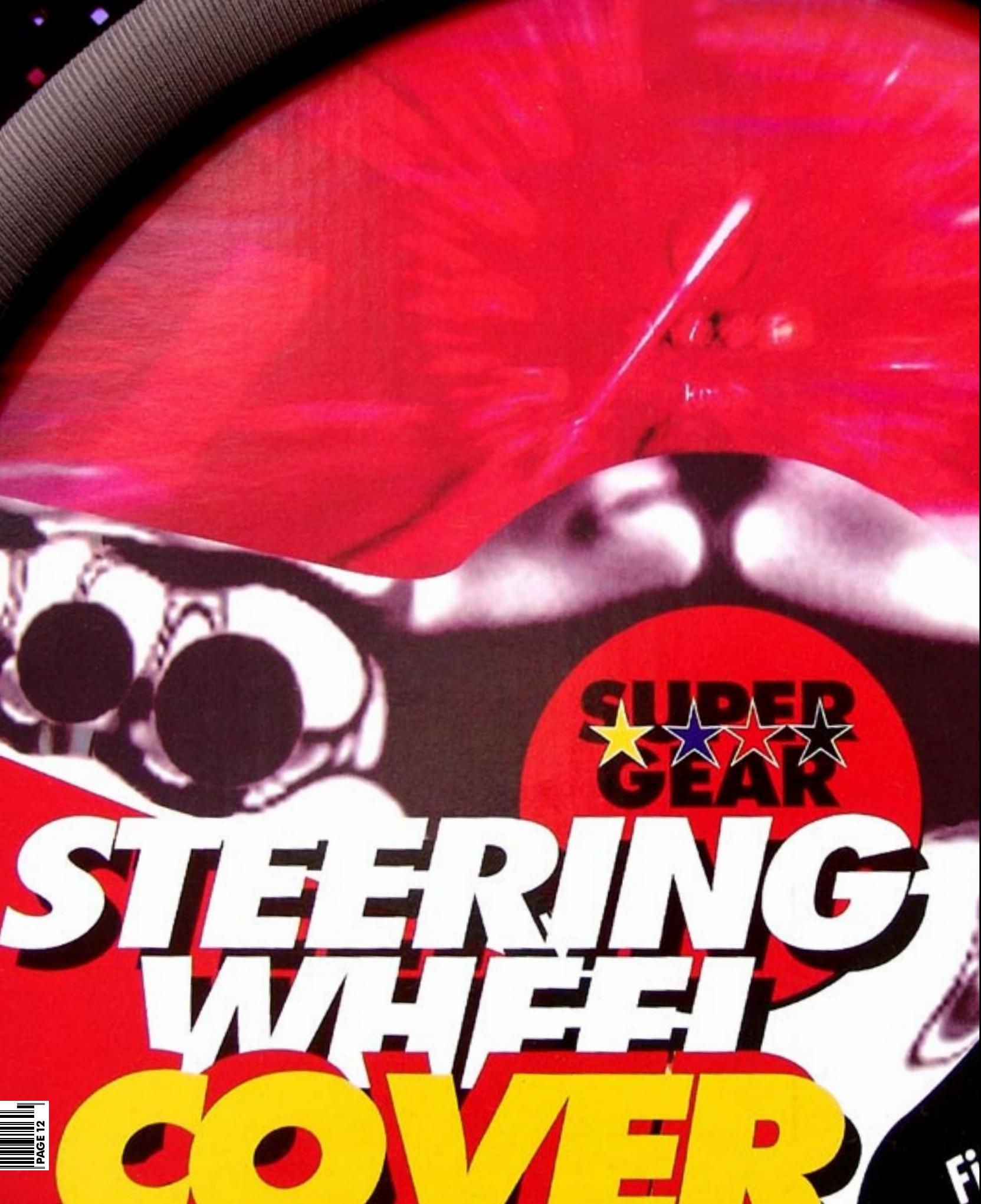
The majority of the Board are Independent Directors; the Audit Committee consists only of Independent Directors and is chaired by a qualified Accountant.

More information on our approach to Corporate Governance is provided in pages 35 to 37 of this report.

Outlook

I am delighted to having been given the opportunity to serve as the first Chairman of our new company. The Group has had an excellent track record of growth over the last few years but at the same time has invested wisely in developing infrastructure and systems to support its growth plans. In addition, Bob Thorn has created a team and a culture that is energetic and highly committed to success. The team proved itself once again last year by delivering remarkable growth and dealing with the challenges presented by rapid expansion without being distracted by the huge effort required to produce a successful public listing. I am confident that they have established a platform for continued and profitable growth in the years ahead, and look forward to working with them as we take on and 'smash-through' the challenges that lie ahead.

Dick McIlwain
Chairman
Super Cheap Auto Group Limited



**SLIDER
GEAR**

STEERING WHEEL COVER

MANAGING DIRECTOR'S REPORT

BOB THORN, MANAGING DIRECTOR, TELLS US ABOUT HIS TIME WITH SUPER CHEAP AUTO, REFLECTING ON THE PAST AND HOW HE SEES THE FUTURE

2005 will be my twelfth year with Super Cheap Auto, the last eight of which I have served as Managing Director. I clearly recall the business in 1993 at eight stores and less than 100 people. We had a vision as to where we wanted the company to be, however, some may have doubted our goals at that point in time. It is extremely pleasing to see those plans come to fruition and with it an enormous sense of achievement.

Our success at Super Cheap Auto is a combination of passion and hard work from a dedicated team of people. Each and every one of our 3000 team members have played an important role in achieving our many milestones. Our approach in some ways is relatively simple... We set clear and precise goals which are understood by everyone; we have trust and respect in our people; we provide feedback on our progress and we continually review and adjust our plan. This approach has allowed us to 'smash-through' and achieve our successes to date. This approach is what makes the Super Cheap Auto Team Culture!

Q. What are your main priorities in your role as Managing Director?

A. As Managing Director I am responsible with our management team for delivering profitable results and strong returns for all our shareholders. To achieve this we need to ensure the strength of the existing business while at the same time defining our plans and guiding our business to our target of 300 stores across Australia and New Zealand. Generally people speak of sales growth, gross margin and expense and capital management, as the main drivers of a business. Although these are important issues, I also see that one of my main responsibilities is to maintain and strengthen the Super Cheap Auto Team Culture.

Our culture is based on a set of principles or values that are the foundation of our business. We have developed a set of Team Framework Principles that we use to operate the business on a day to day basis. It is more than just the written word. There is a requirement of me to apply and practice these values and principles in the way we operate right across the business. I believe that the Chief Executive's role is to lead by example and help all our people to understand the importance of our culture.

What have been your highlights of the 2003/04 year?

The 2004 financial year has been a year of dramatic change for our company. Over the last 10 years our business has been growing at over 27% compound growth per annum. In our early years although the growth in percentage terms was large, the growth in store numbers was small. As the years rolled on, the growth continued and the store numbers and people have grown substantially. There have been many substantial changes in the business over the years, but in the 2004 financial year, we have set new levels of change for the company.

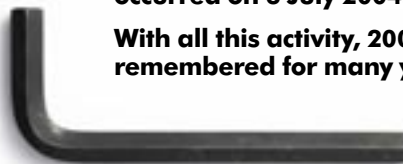
Our first and only acquisition of the Perth-based Marlows Rocca's business which operated in WA, SA and Victoria occurred in May 2003, however the transformation happened in the 2004 financial year. The conversion of 20 stores and two distribution centres to Super Cheap Auto over a seven week period was a major achievement.

In addition to this, we restructured our supply chain processes and now operate three distribution centres, Malaga WA servicing WA, SA and NT; Lawnton, Qld servicing the balance of Australia and part of New Zealand; and Wiri in Auckland, NZ servicing our New Zealand requirements. This new structure was essential to service our Australian stores and as importantly to facilitate our entry into the New Zealand market.

On 29 November 2003, we opened seven stores in New Zealand on the one day and two in Australia. With the TV advertisements boasting the catch-phrase "New Zealand, you've been paying too much for too long!" we saw Super Cheap establish new ground in the North Island of New Zealand. That weekend broke all previous records for sales and transactions for an opening day and weekend... and New Zealand customers were certainly attracted to the Super Cheap Auto offer and have continued to support us since that day. From a zero base, we have now grown to 21 stores across both islands of New Zealand and we see positive signs of future growth in that country.

In addition to the acquisition, restructured supply chain, expansion into New Zealand, opening 18 stores in Australia and growing the business by 39% we also had the pressure of preparing for our Initial Public Offering which occurred on 6 July 2004.

With all this activity, 2004 will be a year proudly remembered for many years to come.



MANAGING DIRECTOR'S REPORT CONTINUED

How do you view the Financial Results for the 2003/04 year?

As I mentioned previously the 2004 year was a year of dramatic change and given that change we are extremely pleased with our performance. Solid growth on like for like stores at 4% combined with strong gross profit helped us to achieve our results. Expense control across the business assisted in producing a result which was above our prospectus forecast. We have seen an **improvement in our inventory levels** which has resulted in an improvement in our working capital requirement. Given our 39% growth in sales and the other changes in our business we feel very positive about our achievements while at the same time we see opportunities for improvements in the 2005 year and beyond.

Can you describe the importance of the Super Cheap Auto culture and the Team Framework Principles to the Company?

So many organisations see their people as just numbers... at Super Cheap Auto **we sincerely value and care for our people** and acknowledge the substantial contribution they make to our success. Our team culture and company values are a core strength and platform for our successes to date and also our future goals.

I can recall in my early days in retailing being frustrated at not being informed of what was happening within the organisation I worked for. I can remember thinking if only everyone was aware of the company's objectives how much more could have been achieved. I can also recall that feeling of just being a number and not being considered an integral part of the success of the business. At Super Cheap Auto it is my intention to ensure that these same things do not occur. It was for that reason we developed our Super Cheap Auto values and our Team Framework Principles. Every Super Cheap Auto team member carries a card which clearly states our **Team Framework Principles:**

- Set clear and precise objectives which are understood by everyone
- Trust and respect each other and the team as a unit
- Provide feedback at all stages of the process
- Review and adjust the plan constantly, reset objectives to continually improve
- Praise and encourage fellow team members, recognise/celebrate major achievements.

Some organisations may not view these issues important to their success... **at Super Cheap Auto we believe they are the foundation of our success.**

The Supply Chain required to support the business is continually developing. Can you describe the plans for this area of the Company?

In past years our supply chain was relatively simple, we processed our imported goods and locally sourced products through one distribution centre (DC) and then transported the product to our stores located predominantly in Queensland and New South Wales. The supply chain structure that exists today is very different from the one that existed only three years ago. **Today we move product through all states and territories of Australia as well as both islands of NZ.**

Our transport provider, Toll, manages the movement of this product from our DCs to our network of stores. Through the functionality of our IT system (SAP) we are able to assess the requirements of our stores and place orders on our three DCs to facilitate the stores requirements. We have invested in leading-edge warehouse management systems that enable us to operate a **paperless picking environment** through the use of **Radio-Frequency technology.** At our Lawnton DC we have implemented special material handling capabilities to move product into the DC, facilitate picking and consolidate product. Although we have made substantial investments in our supply chain over recent years, we see the need to continue this investment into the future as we grow our business.

In 2004 we commenced, and in 2005 we will continue to invest in additional functionality relating to demand planning and forecasting as well as software that will enable us to better assess, analyse and report on all areas of our supply chain. We are working with our suppliers to improve performance and efficiency through a collaborative approach on the needs of our business. As our business has grown, we have experienced a more complex environment for our supply chain. This has necessitated additional DCs, business processes and IT infrastructure. At the same time, we have sought the assistance of external consultants and increased our skills through new supply chain management.

I see supply chain as an **essential and integral component of our success** and an opportunity for cost benefits in the future.



You have said that Relationships with Suppliers are very important to the Company. Can you tell us why they are so important and how you develop strong partnerships?

Our Company has grown at over 27% compound growth over the last 10 years and many of our suppliers have received the benefit of this growth. Although the growth has been **substantial** there are times when we believe that even greater results could have been achieved, if we could have better managed our 'in stock' position across our network.

As a retailer, if we experience out of stock positions our customer is disappointed in our offer, we suffer the sales consequences and ultimately the supplier does not realise the full potential of the business.

We have sought to improve this position and that is the reason we are working with our suppliers to improve performance and efficiency through a collaborative approach on the needs of our business.

Recently we have invited our suppliers to meetings at our head office to talk about our current performance and our future plans. **We have been open** with them in regard to our successes and at the same time have been succinct in regard to problem areas of the business and where we require their assistance. We have identified areas that will create benefits for Super Cheap Auto as well as for our suppliers, covering matters such as effective forecasting, lead times, delivery efficiencies, package and barcode requirements, management of faulty goods and electronic payment processes. We have sought to identify business practices that will produce not only benefits to Super Cheap Auto, but efficiencies and growth opportunities for our suppliers.

I personally believe that it is **essential for our suppliers to be successful** if we are to be a success. There is a need to be open and frank about the issues and we do this in a fair and respectful manner. Our reputation with our suppliers has been a key to our success in past years and we look forward to growing with them into the future. We will continue this open approach to communication and hold regular meetings with all our suppliers to ensure that we achieve our mutual objectives.

How do you see the outlook for the business?

At Super Cheap Auto we believe that we have created something that is unique. **Our offer is** about product relating to the car, the house, the garage, the trailer, the boat and the yard; covering everything from automotive parts and accessories, handyman items, tools and equipment to 4x4 and marine. To many of our customers, a trip to a Super Cheap Auto store is an enjoyable experience and almost a form of entertainment. We serve our need for the customer who wants to complete that job by doing it themselves. But Super Cheap Auto is much **more than just an auto store.**

The name itself, Super Cheap Auto does not clearly explain the offer that we make to our customers. But once having experienced the store they continue to return.

In my time in retailing I have seen the lines between retail business blur. The crossover of product and replication of brands can confuse the customer. I believe it is essential to clearly define the market position of a retail business and to maintain a distinct point of difference. At Super Cheap Auto we believe we have been successful at doing this through our marketing, our product offer and the presentation of our stores. We will continue to search for areas of **distinct point of difference** and be ahead of our retail competitors.

Response from customers in all states of Australia and New Zealand has proven our concept to be correct. It is now our responsibility to continue to update our offer to meet our customer's future expectations. Our focus at this point in time is on achieving our objective of 300 stores across both Australia and New Zealand... **and I look forward** to reporting to all our team members and shareholders on progress over the years to come.



SUPER
FORCE
HEAVY DUTY





Q&A: BOB & THERESA



Super Cheap Auto's team culture is undoubtedly one of the reasons for its success. Managing Director, Bob Thorn, and Human Resources Manager, Theresa Burrows, tell us more:

How would you describe the culture?

Bob: The Super Cheap culture means different things to different people. To me it's about our enthusiasm, our concern for the individual and our commitment to success, but it is so much more than words can describe.

The foundation of the culture is based around the Team Logic. I've always felt that a committed team of people could achieve far more than the efforts of just one person. To achieve the results though, the team must be able to share, understand and practice a similar method of operational behaviour.

Theresa: At a more basic level, I would highlight the way we dress, the way we act and the way we interact. No matter who you are, you are a member of the team. We all wear our uniform with pride. We all practice the 'one metre smile' which means that whenever we pass by a fellow team member or a customer we acknowledge them and give them a polite smile.

What are the Team Framework Principles?

Bob: We recognised that if we were to develop a culture that was based on team values, we needed to let our team members understand our expectations through establishing a set of principles that reinforced those values. These have become our Team Framework Principles.

CHECKLIST

SHARE THE SAME VISION

OPEN AND EFFECTIVE COMMUNICATION

CUSTOMER SERVICE MENTALITY

COMMITMENT TO REINVENTION

APPLICATION OF STANDARDS

PASSION FOR OUR BUSINESS

RECOGNISE CONTRIBUTION, EFFORT AND SUCCESSES

COMMITMENT TO LEARNING

RESPECT FOR OTHERS

SMASH THROUGH MENTALITY

SUPER **FORCE**

5 OUTLET POWERBOARD

WITH OVERLOAD PROTECTION

BOARD OF DIRECTORS

THE BOARD OF DIRECTORS OF SUPER CHEAP AUTO SHARE THEIR EXPERIENCE AND QUALIFICATIONS

DICK MCILWAIN (3) BA, FAICD **Independent Non-Executive Chairman**

Dick McIlwain, aged 57, was appointed a Director of the Company on 19 May 2004. Dick has been the Chief Executive of UNITAB Limited since 1989 and the Managing Director and Chief Executive since 1999. Prior to joining UNITAB Limited, Dick held operational roles at Australian Airlines (now the domestic arm of Qantas) and a human resources and industrial relations role at coal miner Utah Development Company. He is a Fellow of the Australian Institute of Company Directors.

BOB THORN (4) **Managing Director**

Bob Thorn, aged 49, was appointed a Director of the Company on 8 April 2004. Bob joined Super Cheap Auto in 1993 as General Manager and in 1996 was appointed Managing Director. He has over 28 years of retailing experience across a range of retail formats, from high profile department store management to more specialised retail outlets.

Prior to joining Super Cheap Auto, Bob was a senior executive with the Lincraft chain and commenced his retail career and held management positions with David Jones Limited.

REG ROWE (5) **Non-Executive Director**

Reg Rowe, aged 60, was appointed a Director of the Company on 8 April 2004. Reg and Hazel Rowe founded an automotive accessories mail order business in 1972 which they ran from their Queensland home. In 1974 they commenced retail operations of the business. Reg has served as Chairman of Super Cheap Auto since Bob Thorn's appointment as Managing Director in 1996.

Prior to this, Reg had 13 years experience in various retail roles at Myer Department Stores.

DARRYL MCDONOUGH (2) BBus (Acty), LLB (Hons), SJD, FCPA, FAICD **Independent Non-Executive Director**

Darryl McDonough, aged 53, was appointed a Director of the Company on 19 May 2004. Darryl is a practicing solicitor with over 20 years of corporate experience. He is the Chairman of Cellnet Group Limited and the Chair of the Queensland Competition Authority. He has served as a director of a number of public companies in the past including Bank of Queensland Limited. Darryl is a Past-President of the Australian Institute of Company Directors, Queensland Division.

ROBERT WRIGHT (1) BCom, FCPA, MAICD **Independent Non-Executive Director**

Robert Wright, aged 55, was appointed a Director of the Company on 19 May 2004. Robert is a director of the reconstructed Harris Scarf Australia Pty Limited. He also currently holds directorships with Australian Pipeline Limited and SAI Global Limited.

Robert has 30 years financial management experience, including as finance director of David Jones Limited from 1990 to 1999. Robert was an executive director of The Adelaide Steamship Company Limited during the restructure of that group from 1990-1995.



SENIOR MANAGEMENT

THE SENIOR MANAGEMENT TEAM INTRODUCE THEMSELVES AND TALK ABOUT THEIR ROLES AND EXPERIENCE

PETER BIRTLES
Chief Financial Officer and Company Secretary

Q. Tell us about your experience prior to joining Super Cheap Auto?

A. I qualified as a chartered accountant in the UK some 16 years ago whilst I was working with Coopers & Lybrand. I then spent 12 years working with the Boots Company in the United Kingdom and Australia in a variety of senior finance and information technology roles. I joined Super Cheap Auto in 2001.

What are your major responsibilities?

I am responsible for Finance, Treasury, Payroll, Internal Audit and I have overall responsibility for the Business Systems Department.

Why do you work for Super Cheap Auto?

The opportunity to make a real contribution to shaping the future of one of Australia's fastest growing companies.

What was your highlight of 2003/04?

There were many – 39% growth, New Zealand, the IPO – but particularly working with a great team of people across the business who work so hard every day to do the best job they can.

What is your favourite Super Cheap Auto product?

It has to be the Air Compressor – what a fantastic deal so I just had to get one – although I haven't actually worked out how I am going to use it yet!

STEVE DOYLE
General Manager, Retail

Q. Tell us about your experience prior to joining Super Cheap Auto?

A. I've been in retail all my working life with 15 years of retail experience in Australia and in Saudi Arabia. Prior to joining Super Cheap Auto in 2002, I was a National Business Manager in Woolworths Limited's merchandise team.

What are your major responsibilities?

I'm responsible for the day-to-day operations of our stores and for the set up of new stores.

Why do you work for Super Cheap Auto?

The dynamic fast paced environment and the culture is fantastic.

What was your highlight of 2003/04?

Opening nine stores in one day, stretching from Perth in the West to Hastings and Napier on the Eastern side of North Island New Zealand.

What is your favourite Super Cheap Auto product?

Right now it's a new product that is going to hit the stores in the next few months. It's an inflatable boat, I saw the shipment sample come through and asked if I could buy it. It's a great product and considerably cheaper than what I had expected to pay. It folds up into a carry bag that has wheels on it so you can pull it around. It fits into the boot of a Commodore and is a great product for fishing in hard to get to places or for kids to have fun with on the weekends.



TOM PANIC
General Manager, Merchandising

Q. Tell us about your experience prior to joining Super Cheap Auto?

A. I'm a retailer through and through. Before joining Super Cheap Auto in 1999, I had 25 years experience in the retail industry, working in buying merchandising and operations roles for Grace Bros Department Stores and Franklins Supermarkets.

What are your major responsibilities?

My responsibilities at Super Cheap Auto include merchandising, demand planning, procurement, inventory and marketing.

Why do you work for Super Cheap Auto?

Great company, great team, great growth... great place to work.

What was your highlight of 2003/04?

The opening of seven stores in New Zealand and two in Australia on the one day – 29 November 2003 – and the subsequent growth of sales and store numbers in New Zealand.

What is your favourite Super Cheap Auto product?

There is no way I could choose just one, there are so many and they are ALL special to me.

THERESA BURROWS
Human Resources Manager

Q. Tell us about your experience prior to joining Super Cheap Auto?

A. My career in human resources previously encompassed the grocery retailing and telecommunications industries. Before joining Super Cheap Auto in 2002, I held senior human resource roles in Franklins Supermarkets and more recently 10 years with Telstra Corporation – the last six of which I was the Human Resources Manager for the rapidly growing MobileNet Division. I became an Associate Fellow of the Australian Human Resources Institute in 1998.

What are your major responsibilities?

My primary responsibilities are human resources, workplace health and safety, loss prevention, stocktake and team development.

Why do you work for Super Cheap Auto?

The team is a fantastic team to work with and I get a real buzz out of what we can achieve together.

What was your highlight of 2003/04?

Definitely finalising the Enterprise Agreement negotiations on Super Cheap Auto's second Enterprise Agreement. The best part was the involvement of the Team Reps in the negotiation process, it was great to show them that the company cares about their views.

What is your favourite Super Cheap Auto product?

I love the silver tool box cases, they are great for storing all my paint brushes and paints for when I get time to indulge in my creative side.



**NICK BINNS
Business Services Manager**

Q. Tell us about your experience prior to joining Super Cheap Auto?

A. I have a B.Sc. (Hons) in Mechanical Engineering. I commenced my career as a Development Engineer with British Aerospace Corporation and then spent five years with the Hughes Aircraft Corporation as a Project Manager involved with the design, manufacture and testing of flight simulators. In the seven years prior to joining Super Cheap Auto, I worked with a firm of international management consultants focusing on process, system and change management. I joined Super Cheap Auto in 2001.

What are your major responsibilities?

I have overall responsibility for process development and information technology, most recently project managing the implementation of the Company's business process reinvention including the implementation of SAP IS Retail.

Why do you work for Super Cheap Auto?

The experience of helping to build a dynamic retailing business that is an Australian success story, providing opportunities for the community.

What was your highlight of 2003/04?

The successful opening of our first seven stores in New Zealand on one day.

What is your favourite Super Cheap Auto product?

The vast array of storage boxes is hard to beat and useful in so many ways.



ROBERT DAWKINS
Property Manager

Q. Tell us about your experience prior to joining Super Cheap Auto?

A. I have a Bachelor of Business degree majoring in Accountancy from the Queensland University of Technology. I have spent 11 years in property management with the Bank of Queensland serving as Property Manager for the final two-and-a-half years before joining Super Cheap Auto in 2001.

What are your major responsibilities?

My key responsibilities include property and facilities management, property leasing and development, project and contract management and asset acquisition and disposal.

Why do you work for Super Cheap Auto?

It's a pleasure to be part of a fantastic team, working for a dynamic organisation that achieves such great results.

What was your highlight of 2003/04?

The birth of my second daughter, but in respect of SCA the launch into New Zealand and the rapid expansion of that store network.

What is your favourite Super Cheap Auto product?

The red trolley. Every home should have one.

STEVE TEWKESBURY
Supply Chain Manager

Q. Tell us about your experience prior to joining Super Cheap Auto?

A. I have over 22 years experience in the FMCG and health sectors including retail, sales, marketing, supply chain and electronic commerce disciplines, with a particular focus on branded household, pharmaceutical, toiletry and food categories.

I gained exposure to state, national, regional and global markets as diverse as Australia, New Zealand, Asia, North and South America. I have also provided business and supply chain consultancy services to food, hardware, chemical and automotive clients to name a few.

Why do you work for Super Cheap Auto?

Super Cheap Auto's direction, growth and powerhouse culture creates an environment that meets my needs for challenging work complexity and sales orientation.

What was your highlight of 2003/04?

Joining the Super Cheap Auto team as Supply Chain Manager.

What is your favourite Super Cheap Auto product?
Powertools!



FRIGGHE

AUTO

CANDY

CANN



free car
every 10 bucks

free car
every 10 bucks

CHEAP!
99
THE LOT FOR LESS.

SUPER CHEAP!
\$3.12

SUPER CHEAP!
87¢

AS ADVERTISED
\$2

THINNER STRIPPERS

Q&A: ANDY

ANDREW JENNER

Is an Area Manager, looking after stores in the Hunter Valley and Central Coast area of New South Wales.

When and where did you join Super Cheap Auto and what were your first impressions?

I moved to Brisbane from a little town called Bulahdelah in the NSW Great Lakes area. I was lucky to get a position as a team member in the Ipswich store and started work on 4 April 1991. This was a big change for me as for the five years previous I had been a shift leading hand on a sand mining plant in NSW and had not worked in the retail field before and walking into a store that had roller doors at the front and was totally open air to the public. The store was overflowing with stock and the team eager to make a difference which created an atmosphere that you wanted to be a part of.

Tell us about the different roles that you have had?

I started as a team member at Ipswich and worked my way up the ladder to Area Controller looking after four stores (Chermside, Lawnton, Redcliffe & Fortitude Valley). A short time later, due to personal reasons, I stepped down to manager of the Loganlea store and for a couple of years after that I worked in many stores and helped do store setups until 1 April 1997 where we started the move south of the border to NSW and helped open the stores in Sydney until I was promoted to area Manager in January 2000 of Sydney and Newcastle and now I'm the Area Manager of the Hunter Valley and based in Maitland.

How has the company changed over the years?

There have been many changes to the way the company operates over the years and it's been the way we've been able to drive the culture and smash through any challenges and drive ahead, and also the way the company evolved from a family-owned business to a public listed company.

What has been your proudest achievement to date?

There's been many achievements over the years but the day Loganlea won store of the year and to see the team faces the day they won the award, especially when the store was the underdog that year. This was a very proud day for the Team and me.

CHECKLIST

STRONG COMPANY CULTURE

TEAM FRAMEWORK PRINCIPLES

CAREER OPPORTUNITIES

PERSONAL DEVELOPMENT

OPPORTUNITY TO MAKE A DIFFERENCE

BEING INFORMED

NEW CHALLENGES EVERY DAY

PERFORMANCE BASED PAY

CLIPPER FORCE

SPORTS ILLUSTRATED

TEAM MEMBER STORIES

THREE TEAM MEMBERS TELL OF THEIR SUCCESS WITH SUPER CHEAP AUTO

AMANDA HOCKINGS is also an Area Manager, responsible for the stores in the Brisbane North Area.

Q. When and where did you join Super Cheap Auto and what were your first impressions?

A. As a very fresh young 15 year old I began my career with Super Cheap Auto as a casual cashier at the Rockhampton store. This was in March 1996 and at this stage I was ecstatic to have a fun, exciting job which I loved and provided a good source of income! I enjoyed the relationship between customers and our team, the ability to show flair in merchandising and improve my product knowledge. When I found that I was receiving more responsibility also, I began to realise that a career within the retail industry, with Super Cheap Auto, was one that I wished to pursue.

Tell us about the different roles that you have had?

During my time in the Rockhampton store I worked my way from the registers to the shop floor, from casual to full time. When the opportunity arose to be involved with store set ups I found myself in different parts of Australia and it was at this time that I also was completing the management orientation program. Shortly after my 19th birthday, my Area Manager, Don Ramsland, offered me a position as Assistant Manager at Redcliffe and so I moved to Brisbane. In the next few years I held management positions in a number of Brisbane stores before accepting the task of revising SCAM (Super Cheap Auto Merchandising).

How has the company changed over the years?

With the growth of the company I feel that the significant change is the ever-increasing number of team members and seeing the success that many have had. Expansion into every state, territory and now New Zealand has allowed us to celebrate many achievements and meant that we've refined many processes and developed new ones. I believe we still hold onto the fundamental aspects which make Super Cheap Auto a great company to be involved with – our culture, our ability to achieve great results and the opportunities that are available for our team members.

What has been your proudest achievement to date?

Personally, representing Super Cheap Auto in the Young Retailer of the Year program and being successful was my proudest moment. It was a highly rewarding experience and I enjoyed sharing my passion for retail with others in the industry. Professionally, being able to work within retail as an Area Manager and having the chance to further my career, I regard as a major achievement and one that I am proud of. To be able to influence our performance, policy and profit is a realisation that I have and I strive to make a difference every day.

How do you use the Team Framework principles in your role?

In everything that we do, we are aware of how we treat each other and how we can achieve our goals. Everyday, when communicating with team members in the business I try to ensure that I am encouraging and developing others, setting realistic goals and sharing feedback on our performance. Working in such a dynamic environment, it is essential that I can shift gears for higher priorities, and encourage others to do the same.

So where do you see yourself in five years time?

There is much to be achieved in the next five years for myself personally. I wish to broaden my knowledge of the business and exceed all expectations in my current role. I know that in five years time I will continue to play an integral role in the success of Super Cheap Auto.



TEAM MEMBER STORIES CONTINUED

PAUL WILSON is the Special Projects Manager for the Supply Chain Department, working out of the Lawnton office and distribution centre complex.

Q. When and where did you join Super Cheap Auto and what were your first impressions?

A. Coming from a retail surf apparel background and joining SCA for the set-up and opening of the Capalaba store in 1994 was to say the least, an eye opener. Gone were the days of surfboards and board shorts; carburettors and oil filters now filled my day along with a fast paced, customer focused, team orientated workplace that I felt proud to be a part of and still do today.

Tell us about the different roles that you have had?

I have experienced a myriad of roles with SCA in the past 10 years. Starting as a retail team member and subsequently a manager at several stores and in that time being involved with five successful new store set-ups and openings. Also in this time I have experienced several Distribution Centre operational roles and to date a special projects role, which involves identifying, developing and initiating opportunities for the Supply Chain.

How has the company changed over the years?

Apart from the increasing level of service and variety we offer our customers, the greatest leap forward for SCA has been the development of our business systems. Over the past ten years I have experienced and used three POS and Warehouse Management systems and two Business Operating systems; the end result of this course has led SCA to operate with its current world class systems.

What has been your proudest achievement to date?

With SCA's backing and encouragement being accepted to undertake a Bachelor of Business would be my proudest personal achievement, but coming from a retail background into a distribution/logistics environment and successfully project managing the implementation and initiation of the conveyor system at the Lawnton Distribution Centre also ranks very high on a personal and professional level.

How do you use the Team Framework principles in your role?

Due to its rapid growth SCA's operations have naturally become highly dynamic – meaning that effective change management is a critical part of its future success. In my role I am involved with many external parties, departments and team members, by applying all the TFP I have found that effective change management is not only achievable but it also becomes a natural process.

So where do you see yourself in five years time?

Finishing the degree and advancing into senior supply chain roles. A world surf safari is also a dream before I get too old.



KAREN BAKER is a Category Manager responsible for the Interior, Seat Cover and Performance products in Super Cheap Auto's range and is based in Lawnton.

Q. When and where did you join Super Cheap Auto and what were your first impressions?

A. I joined Super Cheap Auto in August 1991 at the Cannon Hill store as a casual cashier. It was my first ever attempt at getting a job. I was impressed with the friendliness of the team and the confidence they displayed in teaching a young person such as myself the sales skills and product knowledge to assist customers.

Tell us about the different roles that you have had?

My first four years were spent as a Casual/Cashier at various Brisbane stores. In November 1995 I became a full-time Sales Assistant and was selected to be a Store Opening Team member for our first regional store in Cairns – working in the store for three months assisting the team and managers to learn the procedures for running the store. After finishing the Cairns store setup in May 1996, I moved into the Buying Office Assistant role to help administer all import orders into the business, however, still remaining part of the store opening team.

In July 1997 I was appointed the Buying Expeditor for the Electrical and Trailer Categories responsible for follow up of stock orders, advertising product selection, price alterations, customer complaints and communications with both suppliers and stores. I completed the ranging for the Caboolture Super Store concept, including the sourcing of new product from additional suppliers, negotiating trading agreements and setting the strategy for retail pricing and promotional activity.

This is where I got the taste for Category Management. In July 1999 I was promoted to Category Manager (interior, seat covers and performance). Being the most challenging role of my career so far yet the most exciting, I've working closely with suppliers to build a platform of a good business ethic – the key to our business success is by working hand in hand with the supplier and maintaining a distinct point of difference from our competitors.

How has the company changed over the years?

From eight to over 180, that's the change in store numbers and along the way we have seen the introduction of processes and company policies, a rapid growth in team members – to go from knowing everyone in the company to meeting a new person every day, the introduction of new team structures to help support the business growth, four point-of-sale systems and three back office system upgrades.

The one thing that has been maintained through all that growth is the feeling that as a team member I can make a difference and that I am trusted, respected and valuable to this company.

What has been your proudest achievement to date?

I have always been proud to work for Super Cheap Auto, I was proud when I was awarded Team Member of the Year in 1997, but my proudest moment would have to be the creation of my first seat cover design, seeing the sales exceed \$1 million dollars and then to see this fabric, that was a new innovation to the category, on so many stands in the Asian trade fairs and the realisation that this seat cover design may now be on cars in other parts of the world.

How do you use the Team Framework principles in your role?

As part of a very dynamic Category Management team we constantly review and adjust the plan to continually improve the outcome for the business. I am fortunate to work with a group of people who trust and respect everyone in our team, and by providing feedback to one another on ranging decisions we support each other on a daily basis.

So where do you see yourself in 5 years time?

Well I suppose it is a little too early for retirement, I would like to think that I will still be with Super Cheap Auto and have advanced my career possibly into a senior role. I know that while ever I am working with the team at SCA I will be learning new skills and refining my current ones.

I only hope that I am still able to wake up every morning excited about the opportunity that every day I can make a difference and achieve results. I know with SCA I do not have a job, I have a career.



FIRE EXTINGUISHER



CLIPPER
GEAR



CLIPPER
GEAR

FIRE EXTINGUISHER



CLIPPER
GEAR

FIRE EXTINGUISHER

SERVICE DESK



Q&A: TOM & STEVE



General Manager Merchandise, Tom Panic, and General Manager Retail, Steve Doyle, talk about the SCA retail experience.

How do you find the products for the stores?

Tom: We start by really thinking about our customers, who they are, what they want and what excites them. Then we search the world looking for items that “fit” our customer needs or that they will be excited by. We want our customers to say “Wow... I didn’t know I could get that here” or “I’ve always wanted one of these and at this price I’m buying it”.

What do customers like about SCA?

Steve: I describe the Super Cheap experience as an ‘Aladdin’s Cave’. A great place to buy stuff. Whether you’re into car restoration, gardening, or simple fix it jobs around the home, we have something for everyone. I think customers appreciate that our team are not pushy, if a customer needs help, we’re happy to assist, but if they want to browse around taking it all in, we can appreciate that too.

Tom: The great value, the wide and interesting range of products, our easy to find locations, our friendly and helpful team – really... Getting the lot for LESS!!

How do you set up a store?

Steve: We have a tried and tested approach. The standard is a two week set up completed by a team of around 20, consisting of eight experienced team members and supplemented by local contractors and new team members. We have the fixtures up by the end of the first day. In the following days we lay out the stock, fill it, then ticket the store and finish off with merchandising gondolas and other displays.

CHECKLIST

PROMINENT CONVENIENTLY LOCATED STORES

AGGRESSIVE AND INNOVATIVE ADVERTISING

LARGE INTERESTING RANGES

LOTS OF “NEW STUFF”

GREAT VALUE OWN BRAND PRODUCTS

POWER MERCHANDISING

PRICE BEAT POLICY

ENSURING CUSTOMERS ENJOY SHOPPING WITH US

MAINTAINING STANDARDS

DISTINCT POINTS OF DIFFERENCE IN EVERYTHING WE DO

THE S E E S



OPEN SEVEN DAYS 364 DAYS A YEAR.

SUPER CHEAP AUTO



Q&A: BOB & PETER



Managing Director, Bob Thorn, and Chief Financial Officer, Peter Birtles, talk about the impact of the change from a private to public company.

Has the Company had to change to adopt the corporate governance principles expected in public companies?

Bob: In many ways, the philosophies behind corporate governance principles are consistent with the philosophies by which we have managed the company for many years. We have always strived to act with integrity and in an open, fair and honest manner with our team members, customers, suppliers and company owners. We see no reason for this to change now that we have a broader group of shareholders.

If I had to identify a change, I would highlight working with a new Board of Directors and developing the processes to make the Board effective. My experience to date has been that we have appointed a strong team of Directors who have proved to be invaluable advisers in the transition to becoming a public company.

Peter: I agree with Bob's assessment. The Company has been run with a very tight control of operations from the top of the organisation and with management ensuring that they have a thorough understanding of the details. In terms of areas where I see a change, the move to becoming a public company will require us to formalise and document some of our policies and process in the area of corporate governance.

CHECKLIST

BOARD INDEPENDENCE

RESPONSIBLE MANAGEMENT

PERFORMANCE EVALUATION

REPORTING INTEGRITY

RISK MANAGEMENT

AUDIT PROCESSES

ETHICAL STANDARDS

CONTINUOUS DISCLOSURE

SHAREHOLDER COMMUNICATION

Geniine

CORPORATE GOVERNANCE

THE COMPANY'S APPROACH TO ESTABLISHING AN EFFECTIVE SYSTEM OF CORPORATE GOVERNANCE EXPLAINED



Super Cheap Auto Group Limited (“the Company”) and the Board are committed to achieving and demonstrating high standards of corporate governance. The Directors of Super Cheap Auto Group Limited are accountable to shareholders for the proper management of the business and affairs of the Company.

A description of the Company’s main corporate governance practices is set out below. All these practices were established in the three months following the Company’s incorporation.

The Board of Directors

The Board of Directors, working with senior management, is responsible to shareholders for the overall management of the Company’s business and affairs. The Directors’ overriding objective is to increase shareholder value within an appropriate framework which protects the rights and interests of company shareholders and ensures the Company and its controlled entities are properly managed.

The Board delegates responsibility for day-to-day management of the Company to the Managing Director.

Composition of the Board

The constitution of the Company provides that the number of Directors is to be not less than three nor more than eight. The Board is currently comprised of five Directors, four of whom (including the Chairman) hold their positions in a non-executive capacity.

The Board operates in accordance with the broad principles set out in its charter which is available from the Corporate Governance information section of the Company website at www.supercheapauto.com.

The composition of the Board is reviewed annually by the Board Nomination and Remuneration Committee to ensure that it has available an appropriate mix of skills and experience to ensure the interests of shareholders are served.

Details of the members of the Board, their experience, expertise, qualifications and independent status are profiled in the Board of Directors section on page 19. There are four Non-Executive Directors, three of whom are independent, and one Executive Director at the date of signing the Directors’ Report.

Responsibilities

The responsibilities of the Board include:

- approving the Company’s goals and strategic direction;
- monitoring financial performance, including adopting annual budgets and approving Super Cheap Auto’s financial statements;
- ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
- selecting the Managing Director and review the performance of senior management; and
- ensuring significant business risks are identified and appropriately managed.

Directors’ Independence

As stated there are five Directors, three of whom are Independent Non-Executive Directors (including the Chairman). The predominance of Independent Non-Executive Directors clearly separates the Board from the Company’s executive management and enshrines board independence. The structure also provides the Company with the benefit of a diverse range of experience, qualifications and professional skills.

The Board has adopted the independence definition suggested by the ASX Corporate Governance Council and as such three of Super Cheap Auto’s Directors (namely Mr Dick McIlwain, Dr Darryl McDonough and Mr Robert Wright) are considered to be independent by reference to that definition.

Independent Professional Advice

The Board (and each individual Director) is entitled to seek independent professional advice consistent with Corporate Governance Practices at the Company’s expense (subject to the reasonableness of the costs and Board consent) in the conduct of its duties for the Company.

Performance Assessment

The Board shall undertake an annual performance, evaluation of itself that compares the performance of the Board with the requirements of the Board Charter, sets the goals and objectives of the Board for the upcoming year and effects any improvements to the Board Charter that are necessary or desirable.

This evaluation is conducted by the Board and includes consideration of the annual assessment of the effectiveness of the Board as conducted by the Board Nomination and Remuneration Committee.



Financial Reporting

The Board is provided with monthly reports from management on the financial performance of the Company. The monthly reports include details of all key financial measures reported against budgets approved by the Board. The Company's financial report preparation and approval process for the 2004 financial year involved both the Managing Director and the Chief Financial Officer making the following certifications to the Board that:

- the Company's financial reports and accompanying notes represent a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Board Committees

The Board has established two Committees to assist it in carrying out its responsibilities, the Board Nomination and Remuneration Committee and the Audit and Risk Committee.

Each Committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. All matters determined by Committees are submitted to the full Board as recommendations for Board decision.

Board Nomination and Remuneration Committee

The current composition of the Board Nomination and Remuneration Committee is the full Board. The Chairman is the Chairman of the Board. The Managing Director does not have voting rights.

The Committee operates in accordance with its charter which is available on the company's website.

The Board has charged the Board Nomination and Remuneration Committee with responsibility to:

- assist the Board in ensuring that it is comprised of Directors with the appropriate mix of skills, experiences and competencies to discharge its mandate effectively;
- establish procedures for the selection and recommendation of candidates suitable for appointment to the Board;
- ensure that the Company has in place appropriate remuneration policies designed to meet the needs of the Company and to enhance corporate and individual performance;
- reviews the succession planning for the Board and senior management and reports to the Board on such issues.

Audit and Risk Committee

The existence of the Audit and Risk Committee is considered by the Company to be a key element of its corporate governance program and part of the Company's commitment to best practice in the area of corporate governance.

The Audit and Risk Committee consists of the following Non-Executive Independent Directors:

R J Wright (Chairman)

R D McIlwain

D D McDonough

All members of the Audit and Risk Committee are financially literate and have the requisite financial expertise. Some members have an understanding of the industry in which the Company operates.

The Audit and Risk Committee operates in accordance with a charter which is available on the Company's website. The Audit and Risk Committee supports the full Board and essentially acts in a review and advisory capacity. The Committee is considered to be a more efficient forum than the full Board for focusing on particular issues relevant to:

- verifying and safeguarding the integrity of the Company's financial reporting including the review, assessment and approval of the half-year financial report, the annual report and all other financial information published by the Company or released to the market;
- establishing a sound system of risk oversight and management, and, internal control;
- establishing a sound system of compliance with laws and regulations, internal compliance guidelines, policies, procedures and control systems and prescribed internal standards of behaviour.

This committee provides ongoing assurance in the areas of:

- financial administration and reporting;
- audit control and independence;
- legal compliance;
- accounting policies and standards;
- internal controls; and
- risk oversight and management.

External Auditors

The Company's and Audit and Risk Committee's policy is to appoint external auditors who clearly demonstrate quality and independence.

The Audit Committee:

- recommends to the Board the appointment of External Auditors and their fee;
- reviews the performance of the External Auditors;
- establishes processes to ensure the independence and competence of the External Auditors' Audit Managers;
- oversees and appraises the quality of audits conducted by the External Auditors;
- approves External Audit yearly audit plans for the Company and its subsidiaries and oversees the scope of audits to be conducted;
- ensuring that no management restrictions are placed upon access to relevant information or personnel by External Auditors;

The performance of the External Auditor is reviewed annually.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services is provided in Note 27 to the financial statements. It is the policy of the External Auditors to provide an annual declaration of their independence to the Audit and Risk Committee.

The External Auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Code of Conduct

The Company has developed a statement of Corporate Governance Principles and a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and team members.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

A copy of the Code is available on the Company's website.

Dealing in Shares

The Company has a formal written policy for Directors and officers with respect to trading in the Company's securities ("Trading Policy"). Directors and senior management (and their associates) are prohibited from engaging in short-term trading of Company securities.

The policy also restricts the selling of Company securities to three "window" periods (between 24 hours and 30 working days following the release of the annual results, the release of the half-yearly results and the close of the annual general meeting) and such other times as the Board permits. In addition, Directors and senior management must notify the Chairman before they buy or sell Company securities and confirm once the transaction is complete.

In all instances buying or selling Super Cheap Auto shares is not permitted at any time by any person who possesses price sensitive information not available to the market.

A copy of the Trading Policy is available on the Company's website.

Continuous Disclosure and Shareholder Communication

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is available on the Company's website.



Dwell Hi-Volts
Lo-Tach Lo-Volts
Hi-Tach Points

Analyzer

SUPER CHEAP!

Premium Thinners
4 Litres
\$19.99
GOT IT!
GET THE LOT FOR LESS



SUPER CHEAP!

General Purpose Thinners 4 Litre Size
\$14.99
GOT IT!
GET THE LOT FOR LESS



Q&A: PETER & NICK



Peter Birtles, Chief Financial Officer, and Nick Binns, Business Systems Manager, talk about Financial Management and Information Technology systems.

Can you describe the company's investment management process?

Peter: All expenditure in the business is considered against the annual budget expenditure plans approved by the Board, and is authorised through a formal approval process. Items of major expenditure are assessed using the Company's financial model which calculates the Return on Investment, the Pay-back period and the Net Present Value of the proposed investment. For expenditure to move forward to approval it has to exceed certain criteria, which have been approved by the Directors.

How do you ensure your systems can support the company's growth plans?

Nick: We took the decision about three years ago, to implement 'Tier 1' software which is capable of adopting and growing to support the changing needs of the company. For example, when we acquired the Marlows business, we were able to integrate all 20 stores and two distribution centres with 26,000 products into our system within 20 days. The technology that we have put in place allows us to provide new functionality to the business by building on the existing software rather than changing it.

Peter: Effective technology is critical to the ongoing success of the business so this is an area in which we have and will continue to invest. Going forward we have made plans for investment in technology to enhance our merchandising and marketing systems.

CHECKLIST

FINANCIAL CONTROL ■

TREASURY MANAGEMENT ■

BUSINESS ANALYSIS ■

FINANCIAL PLANNING ■

ACCOUNTING SERVICES ■

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FINANCIAL STATEMENTS

Super Cheap Auto Group Limited
For the period from:

INCORPORATION
TO
26 JUNE 2004

DIRECTORS' REPORT

Super Cheap Auto Group Limited
For the period from incorporation to 26 June 2004

Your Directors present their report on the consolidated entity consisting of Super Cheap Auto Group Limited and the entities it controlled at the end of, or during, the period ended 26 June 2004.

DIRECTORS

The following persons were Directors of Super Cheap Auto Group Limited who were appointed during the period and continue in office at the date of this report.

Director	Appointment Date
R D McIlwain	19 May 2004
R E Thorn	8 April 2004
R A Rowe	8 April 2004
D D McDonough	19 May 2004
R J Wright	19 May 2004

P A Birtles was appointed a Director on 8 April 2004 and continued in office until his resignation on 19 May 2004. Information on the qualifications and experience of Directors is included on page 19.

PRINCIPAL ACTIVITIES

During the period the principal continuing activities of the consolidated entity consisted of the retailing of auto parts and accessories, tools and equipment.

DIVIDENDS - SUPER CHEAP AUTO GROUP LIMITED

No dividends have been paid or declared during the period.

REVIEW OF OPERATIONS

Revenue from trading operations for the period was \$70,924,000. During the period, the consolidated entity opened ten new stores of which three were in Australia and seven in New Zealand. At the end of the period, the consolidated entity was trading from 183 stores.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of Super Cheap Auto Group Limited in office at the date of this report are listed below together with details for their relevant interest in the securities of the Company at that date.

PARTICULARS OF DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF SUPER CHEAP AUTO GROUP LIMITED

Director	Ordinary Shares	Options
Chairman - non-executive		
R D McIlwain	158,882	
Executive Director		
R E Thorn	4,899,078	1,000,000
Non-executive directors		
R A Rowe	52,402,159	
D D McDonough	30,000	
R J Wright	40,609	

The net profit of the consolidated entity for the period from incorporation to 26 June 2004, after providing for income tax, amounted to \$2,767,000.

A review of the operations for the pro-forma 52 weeks to 26 June 2004 is set out on pages 11 to 15 of this report and in the Special Purpose Report on pages 47 to 50.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company was incorporated on 8 April 2004. On 23 April 2004, the Company acquired all of the issued share capital of Super Cheap Auto Pty Ltd for a consideration of \$84,233,000.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 6 July 2004, the Company's shares were listed on the Australian Stock Exchange.

Since the end of the financial period, the Company has opened an additional seven stores as at the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Consolidated Entity in future financial years are referred to in pages 11 to 15.

ENVIRONMENTAL REGULATION

The consolidated entity's environmental obligations are regulated under State, Territory and Federal Law. The consolidated entity has a policy of at least complying with its environmental performance obligations. All environmental performance obligations are monitored by the Board. No environmental breaches have been notified to the consolidated entity during the period ended 26 June 2004.

DIRECTORS' REPORT CONTINUED

Super Cheap Auto Group Limited

For the period from incorporation to 26 June 2004

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and each Board Committee held during the period ended 26 June 2004, and the numbers of meetings attended by each Director were:

	Full meetings of directors	
	A	B
R D McIlwain	3	3
R E Thorn	4	4
R A Rowe	4	4
D D McDonough	3	3
R J Wright	3	3
P A Birtles (resigned 19 May 2004)	2	2

A Number of meetings attended

B Number of meetings held during the time the Director held office or was a member of the Committee during the year

There were no meetings of the Audit and Risk Committee or the Board Nomination and Remuneration Committee during the period ended 26 June 2004. The Audit and Risk Committee met on 17 August 2004.

REMUNERATION REPORT

Principles used to determine the nature and amount of remuneration

The broad remuneration policy is to ensure remuneration properly reflects the relevant person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Board believes that the best way to achieve this objective is to provide Senior Executives with a remuneration package consisting of fixed components (salary and superannuation) which reflect the individual's responsibilities, duties and personal performance plus annual bonuses which reward both individual and company performance each year. A proportion of the bonus payments may be deferred for a period of three years after being awarded and may be made through the transfer of the Company's ordinary shares acquired by the Company on market at the time of their award.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-Executive Directors do not receive share options. Non-Executive Directors may opt each year to receive a percentage of their remuneration in Super Cheap Auto Group Limited shares, which would be acquired on-market.

Directors' fees

The current base remuneration was established on 19 May 2004. The Director's fees are inclusive of Committee fees.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, approved by shareholders which is currently \$280,000.

DIRECTORS' REPORT CONTINUED

Super Cheap Auto Group Limited
For the period from incorporation to 26 June 2004

Details of remuneration

Details of the nature and amount of each element of the emoluments of each director of Super Cheap Auto Group Limited for the period from incorporation to 26 June 2004 are set out in the following table.

Directors of Super Cheap Auto Group Limited

Name	Primary			Post-employment	Equity	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Options	
	\$	\$	\$	\$	\$	\$
R D McIlwain	11,507	-	-	-	-	11,507
R E Thorn	65,824	-	806	3,507	20,190	90,327
R A Rowe	26,301	-	-	-	-	26,301
D D McDonough	6,334	-	-	570	-	6,904
R J Wright	6,334	-	-	570	-	6,904
Total	116,300	-	806	4,647	20,190	141,943

P A Birtles served as a Director from 8 April 2004 to 19 May 2004 but received no remuneration in relation to this appointment. During this time, Mr Birtles maintained his responsibilities as Chief Financial Officer of the consolidated entity. Amounts received in relation to this position are disclosed in the following table.

Other Executives of the Company and of the consolidated entity

No Executives were employed by the Company during the period. The nature and amount of each element of the five officers of the consolidated entity receiving the highest emoluments for the period from incorporation to 26 June 2004 are set out in the following table.

Name	Primary			Post-employment	Equity	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Options	
	\$	\$	\$	\$	\$	\$
P A Birtles Chief Financial Officer and Company Secretary	36,734	-	789	1,929	4,569	44,021
T Panic General Manager - Merchandising	27,441	-	3,068	1,929	-	32,438
S J Doyle General Manager - Retail	27,003	-	1,753	1,929	-	30,685
N J Binns Business Systems Manager	24,153	-	-	1,929	-	26,082
T D Burrows Human Resources Manager	21,742	-	877	1,929	-	24,548
Total	137,073	-	6,487	9,645	4,569	157,774

Options are granted to Executive Directors and other executives under the Super Cheap Auto Executive Option Plan, details of which are set out in Note 31 to the financial statements.

DIRECTORS' REPORT CONTINUED

Super Cheap Auto Group Limited
For the period from incorporation to 26 June 2004

Service agreements

Remuneration and other terms of employment for the Managing Director are formalised in a service agreement. The agreement provides for the provision of performance-related cash bonuses, other benefits including car allowances and participation, when eligible, in the Super Cheap Auto Executive Option Plan.

R E Thorn, Managing Director

* Term of agreement - 5 years commencing 1 July 2004

* Base salary, inclusive of superannuation, for the year ended 30 June 2005 of \$550,000 to be reviewed annually by the Board Nomination and Remuneration Committee.

SHARE OPTIONS GRANTED TO DIRECTORS AND THE MOST HIGHLY REMUNERATED OFFICERS

Options over unissued ordinary shares of Super Cheap Auto Group Limited granted during or since the end of the financial year to any of the directors or the five most highly remunerated officers of the company and consolidated entity as part of their remuneration were as follows:

Directors	Options granted
R E Thorn Managing Director	1,000,000
Other executives of Super Cheap Auto Group Limited	
P A Birtles Chief Financial Officer and Company Secretary	200,000

The options were granted under the Super Cheap Auto Executive Option Plan on 19 May 2004.

SHARES UNDER OPTION

Unissued ordinary shares of Super Cheap Auto Group Limited under option at the date of this report are as follows:

Date options granted	Exercise date	Issue price of shares	Number under option
19 May 2004	1 July 2005	\$1.97	700,000
19 May 2004	1 July 2006	\$1.97	250,000
19 May 2004	1 July 2007	\$1.97	250,000
			1,200,000

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

The amounts disclosed for emoluments relating to options above is the assessed fair value at grant date of options granted to executive directors and other executives, allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

DIRECTORS' REPORT CONTINUED

Super Cheap Auto Group Limited
For the period from incorporation to 26 June 2004

INSURANCE OF OFFICERS

During the period, Super Cheap Auto Group Limited paid a premium of \$63,852 to insure the Directors and Secretaries of the Company and its Australian-based controlled entities, and the general managers of each of the divisions of the consolidated entity.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

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 Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Directors.



R D McIlwain
Chairman



R E THORN
Director

Brisbane
23 August 2004

SPECIAL PURPOSE REPORT

Comparison of **Prospectus** pro-forma
forecast results to pro-forma historical
results for the 52 weeks from:

29 JUNE 2003
TO
26 JUNE 2004

SPECIAL PURPOSE REPORT

Super Cheap Auto Group Limited
For the 52 weeks to 26 June 2004

INTRODUCTION

Super Cheap Auto Group Limited was incorporated on 8 April 2004. On 23 April 2004, the Company acquired all of the shares in Super Cheap Auto Pty Ltd. On 20 May 2004, the Company issued a Prospectus inviting investors to apply for a total of 41,507,568 shares (39% of the issued capital of the Company). Pursuant to the offer of shares, the Company listed on the Australian Stock Exchange on 6 July 2004.

The Prospectus included Super Cheap Auto Group Limited's pro-forma forecast results for the period ended 26 June 2004. This Special Purpose Report contains a comparison of Super Cheap Auto Group Limited's pro-forma historical results for the 2004 year, to both the pro-forma forecast results for the 2004 year and the pro-forma historical results for the 2001, 2002, and 2003 years.

The pro-forma results set out in this Special Purpose Report are not a substitute for the Super Cheap Auto Group Limited's consolidated financial report for the period from incorporation 26 June 2004, which is set out on pages 51 to 79.

BASIS OF PREPARATION

The pro-forma historical results for the 2001, 2002 and 2003 years have been prepared from the adjusted historical financial information of Super Cheap Auto Pty Ltd. The adjusted historical financial information adjusts the statutory historical financial information to promote comparability with the pro-forma forecast and historical results for the 2004 year.

The pro-forma historical results for the 2004 year are based upon the unaudited actual historical results of Super Cheap Auto Pty Ltd consolidated group for the 43 weeks ended 23 April 2004 and the audited actual consolidated historical results of the Super Cheap Auto Group for the remaining nine weeks ended 26 June 2004.

DISCUSSION OF 2004 PRO-FORMA HISTORICAL VS PRO-FORMA FORECAST RESULTS

Pro-forma net profit for Super Cheap Auto of \$2.1 million was \$1.9 million ahead of the Prospectus forecast of \$0.2 million.

Pro-forma revenue of \$382.7 million was above the forecast of \$378.9 million due to:

- * seven stores forecast to be opened during July 2004, were opened during June 2004
- * stronger than anticipated trading in Australia in the last six weeks of the year driven by promotional activity and benefiting from the Government payment of the baby bonus.

offset by:

- * a slight shortfall in sales in New Zealand stores due to seasonal factors.

Pro-forma EBITDA at \$32.0 million was \$1.4 million (4.6%) above prospectus forecast due to:

- * the higher sales result
- * a 0.1% improvement in gross margin benefiting from improved supplier terms.

Pro-forma amortisation and depreciation of \$9.2 million was \$0.6 million under forecast mainly through the timing of investment in new material handling equipment and information technology.

Pro-forma cash flow at \$14.4 million was \$8.6 million above forecast due to:

- * the improvement in EBITDA
- * a saving in working capital investment of \$9.3 million as the Company reduced average stock investment across the stores.

SPECIAL PURPOSE REPORT

Super Cheap Auto Group Limited
For the 52 weeks to 26 June 2004

TABLE 1 -
STATEMENT OF FINANCIAL PERFORMANCE

\$m	Adjusted Historical ¹			Pro-forma Forecast	
	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2003/ 2004
Sales					
Australia	150.4	203.4	275.1	366.7	362.5
New Zealand	-	-	-	16.0	16.4
Total	150.4	203.4	275.1	382.7	378.9
COGS	(90.4)	(128.3)	(166.9)	(235.8)	(233.6)
Gross Profit	60.0	75.1	108.2	146.9	145.3
Operating Expenses	(42.9)	(57.0)	(82.1)	(115.0)	(114.7)
EBITDA	17.1	18.1	26.1	32.0	30.6
Depreciation	(1.3)	(2.6)	(4.3)	(6.4)	(6.9)
EBITA	15.8	15.5	21.8	25.6	23.7
Amortisation	(1.8)	(1.8)	(2.0)	(2.8)	(2.9)
EBIT	14.0	13.7	19.8	22.8	20.8
Net Borrowing Costs				(3.0)	(3.0)
Income Tax				(6.6)	(6.4)
NPAT (Pre share issue costs)				13.2	11.4
After Tax share issue costs ²				(11.1)	(11.2)
NPAT				2.1	0.2
Earnings per share pre amortisation and share issue costs ³				15.0c	13.4c
Total Sales Growth	NA	35.2%	35.2%	39.1%	37.7%
Gross Margin	39.9%	36.9%	39.3%	38.4%	38.3%
EBITA Margin	10.5%	7.6%	7.9%	6.7%	6.3%
EBITA Growth	-	-1.9%	40.6%	17.4%	8.7%
Store Numbers	71	97	144	183	176

(1) The Adjusted Historical Financial Information is based on the audited results for the years ended 30 June 2001, 2002, and 2003.

The Company has made various adjustments to the statutory historical information to arrive at the Adjusted Historical Financial Information included in this Section.

(2) In the period ending 26 June 2004, the Group incurred share issue costs before tax of \$15.8 million comprising of:

- Costs of \$1.7m associated with the implementation of the Senior Management Team Share Plan.
- Costs of \$13.9m associated with the repayment by Super Cheap Auto Pty Ltd of third party loans made to SCA Equity Plan Pty Ltd, the trustee of the Senior Management Team Share Plan, and to Bob Thorn to assist with the purchase of shares in Super Cheap Auto Pty Ltd; and
- Ancillary costs of \$0.2 million associated with restructuring Super Cheap Auto in preparation for listing on the ASX.

These Expenses will not recur in the year ending 30 June 2005.

(3) Earnings per share pre amortisation and share issue costs is calculated by using 106,429,622 ordinary shares as the denominator, being the number of shares on issue at the end of the period.

SPECIAL PURPOSE REPORT CONTINUED

Super Cheap Auto Group Limited
For the 52 weeks to 26 June 2004

TABLE 2 - FINANCIAL CASH FLOWS

\$m	Adjusted Historical 2003/2004	Pro-forma Forecast 2003/2004
For period ending 26 June		
EBITDA	32.0	30.6
Tax Paid	(15.8)	(3.1)
Investment in Working Capital	(14.9)	(24.2)
Management Loans	7.2	7.2
Investment in Other Assets	-	(0.1)
Cash Flows from Operating Activities	18.5	10.4
Capital Expenditure	(10.4)	(12.5)
Cash Flows from Investing Activities	(10.4)	(12.5)
Net Interest	(3.3)	(3.0)
Equity Issuance/(Buyback)	4.3	3.4
Debt Issuance/(Repayment)	10.3	12.5
Dividend Payment to Shareholders ¹	(5.0)	(5.0)
Cash Flows from Financing Activities	6.3	7.9
Net Change in Cash	14.4	5.8
Beginning Cash Balance ²	(0.8)	(0.8)
Ending Cash Balance	13.6	5.0

(1) The \$5m dividend payment in 2004 represents the dividend declared for the year ended 28 June 2003 by Super Cheap Auto Pty Ltd payable to the Vendor Shareholder.

(2) The bank overdraft is reclassified as debt for balance sheet purposes. For purposes of the cash flow statement, it is included as cash.

CONSOLIDATED FINANCIAL STATEMENTS

Super Cheap Auto Group Limited
For the period from:

INCORPORATION
TO
26 JUNE 2004

STATEMENT OF FINANCIAL PERFORMANCE

Super Cheap Auto Group Limited

For the period from incorporation to 26 June 2004

	Notes	Consolidated entity	Parent entity
		2004 \$'000	2004 \$'000
Revenue from ordinary activities			
Sale of goods		70,757	0
Other revenues from ordinary activities		167	0
Total revenues	4, 5	70,924	0
Expenses from ordinary activities			
Cost of sales of goods		(43,658)	0
Other expenses from ordinary activities			
- selling and distribution		(7,782)	0
- marketing		(2,532)	0
- occupancy		(4,212)	0
- administration		(7,848)	0
Borrowing costs expense	5	(720)	0
Total expenses	5	(66,752)	0
Profit from ordinary activities before related income tax expense			
		4,172	0
Income tax expense relating to ordinary activities	6	(1,405)	0
Total changes in equity other than those resulting from transactions with owners as owners	24	2,767	0
		Cents	
Basic earnings per share	36	4.1	
Diluted earnings per share	36	4.1	

The above statement of financial performance must be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

Super Cheap Auto Group Limited
As at 26 June 2004

	Notes	Consolidated entity	Parent entity
		2004 \$'000	2004 \$'000
Current assets			
Cash assets	7	13,640	0
Receivables	8	5,394	0
Inventories	9	92,513	0
Tax Assets	10	1,633	1,678
Other	11	1,206	0
Total current assets		114,386	1,678
Non-current assets			
Other financial assets	12	0	84,233
Property, plant and equipment	13	36,257	0
Intangible assets	14	45,349	0
Deferred tax assets	15	5,006	4,876
Other non-current assets	16	440	0
Total non current assets		87,052	89,109
Total assets		201,438	90,787
Current liabilities			
Payables	17, 30	46,857	0
Interest bearing liabilities	18	36,184	6,199
Provisions	19, 30	8,643	0
Total non-current liabilities		91,684	6,199
Non-current liabilities			
Interest bearing liabilities	20	21,600	0
Deferred tax liabilities	21	355	355
Provisions	22, 30	797	0
Total non-current liabilities		22,752	355
Total liabilities		114,436	6,554
Net assets		87,002	84,233
Equity			
Contributed equity	23	84,233	84,233
Reserves	24	2	0
Retained profits	24	2,767	0
Total Equity		87,002	84,233

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

STATEMENT OF CASH FLOWS

Super Cheap Auto Group Limited

For the period from incorporation to 26 June 2004

	Notes	Consolidated entity	Parent entity
		2004 \$'000	2004 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		79,092	0
Payments to suppliers and employees (inclusive of goods and services tax)		(68,048)	0
Rental payments		(4,294)	0
Income taxes paid		(156)	0
Net cash inflow from operating activities	34	6,594	0
Cash flows from investing activities			
Cash acquired from purchase of controlled entity	35	10,005	0
Payments for property, plant and equipment		(1,781)	0
Proceeds from sale of property, plant and equipment		0	0
Proceeds from sale of service centres in prior year		237	0
Net cash inflow/(outflow) from investing activities		8,461	0
Cash flows from financing activities			
Proceeds from external borrowings		17,500	0
Repayment of borrowings		(20,000)	0
Repayments of advances to related parties		7,496	0
External interest paid		(661)	0
External interest received		45	0
Costs of IPO to be reimbursed		(798)	0
Dividend paid	25	(5,000)	0
Net cash inflow/(outflow) from financing activities		(1,418)	0
Net increase/(decrease) in cash held		13,637	0
Cash at the beginning of the financial period		0	0
Effects of exchange rate changes on cash		3	0
Cash at the end of the financial period	7	13,640	0

See note 20 for details of financing arrangements.

See note 35 for details of non-cash financing and investing activities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

01 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

This financial report covers the consolidated entity of Super Cheap Auto Group Limited and its controlled entities, and Super Cheap Auto Group Limited as an individual parent entity. Super Cheap Auto Group Limited is a public company that listed on the Australian Stock Exchange subsequent to the period's end and is incorporated and domiciled in Australia.

This financial report is prepared on an accruals basis in accordance with the historical cost convention which, except for certain assets, as noted, are at valuation.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Super Cheap Auto Group Limited (the "Company" or "parent entity") as at 26 June 2004 and the results of its controlled entities for the period then ended. Super Cheap Auto Group Limited and its controlled entities comprise the "consolidated entity". The effects of all transactions between entities in the consolidated entity are fully eliminated. A list of controlled entities is contained in Note 37 to the financial statements.

Where control of an entity is acquired during a financial period its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the period during which control existed.

(b) Income tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the operating profit adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Foreign currency translation

(i) Transactions

Foreign currency transactions are initially translated into Australian dollars at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian dollars at rates current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year.

(ii) Specific commitments

Foreign currency forward exchange contracts are undertaken in order to avoid or minimise the possible adverse financial effects of movements in exchange rates. Gains and losses arising upon entry into a foreign exchange contract intended to hedge the purchase or sale of goods or services, together with the subsequent exchange gains and losses resulting from those transactions are deferred in the statement of financial position from the inception of the forward exchange contract up to the date of the purchase or sale and included in the measurement of the purchase or sale. The net amounts receivable or payable under the forward exchange contract are also recorded in the statement of financial position. Any gains or losses arising on the forward exchange contract after the recognition of the hedged purchase or sale are included in the statement of financial performance.

When anticipated purchase or sale transactions have been hedged, actual purchases and sales which occur during the designated forward exchange contract period are accounted for as having been hedged until the amounts of those transactions in the designated period are fully allocated against the amounts of the forward exchange contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

Where a hedged transaction is not expected to occur as originally designated, or if the forward exchange contract is not expected to be effective, any previously deferred gains or losses are immediately recognised as revenue or loss. Where a forward exchange contract is terminated prior to its maturity date and the hedged transaction is still expected to occur as designated, gains or losses arising prior to termination continue to be deferred and are included in the measurement of the hedged transaction. In those circumstances where a forward exchange contract is terminated, as the hedged transaction is not expected to occur as designated, any previously deferred gains and losses are recognised in the statement of financial performance on the date of termination.

Where a forward exchange contract is redesignated as the hedge of another commitment because the original purchase or sale transaction is no longer expected to occur as designated, the gains or losses that arise on the forward exchange contract prior to the redesignation are recognised in the statement of financial performance at the date of redesignation.

(iii) Foreign controlled entity

The foreign controlled entity is self-sustaining and, therefore, its assets and liabilities are translated into Australian dollars at the rate of exchange current at balance date and its revenues and costs are translated at the average of the rates during the period. Exchange differences arising on the translation are taken to the foreign currency translation reserve. Upon disposal or part disposal of a self-sustaining foreign operation the balance of the foreign currency translation relating to the disposal is transferred to retained profits.

(d) Revenue recognition

Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid. Revenue from the sale of goods is recognised upon the delivery of goods to customers pursuant to sales orders and when the associated risks have passed to the carrier or customer. Revenue from rendering a service is recognised upon the delivery of the service to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(e) Receivables

All trade debtors are recognised at the amounts receivable as the amounts are due for settlement within thirty days of recognition.

Recognition of trade debtors is reviewed on an ongoing basis. Known uncollectible debts are written off as and when these become uncollectible. A provision for doubtful debt is raised when doubt as to collection exists and, in any event, when the debt is more than sixty days overdue.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs.

(g) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost, less, where applicable, any accumulated depreciation or amortisation.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

(h) Depreciation and amortisation of property, plant and equipment

Depreciation and amortisation are calculated on a straight line or diminishing value basis so as to write off the net cost of an item of property, plant and equipment over the expected useful life of each asset to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual re-assessments for major items. The depreciation rates used for each class of assets are:

	Depreciation rate
Plant and equipment	10% - 37.5%
Capitalised leased plant and equipment	10% - 37.5%
Motor vehicles	15%
Computer equipment	25% - 37.5%

(i) Leased non-current assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised by establishing a lease asset and lease liability at the present value of the minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense. The lease asset is amortised on a straight line basis over the term of the lease or, where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Lease assets at the reporting date are being amortised at rates ranging from 10% to 37.5%.

Operating lease payments are charged to the statement of financial performance in the periods in which these are incurred, as this represents the pattern of benefits derived from the leased assets.

(j) Intangible assets and expenditure carried forward

(i) Goodwill and brand

Goodwill is recorded at the amount by which the purchase price of an entity exceeds the fair value attributed to the identifiable net assets at the date of acquisition. Goodwill is amortised on a straight line basis over a period of twenty years. The balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to no longer be probable, is written off.

(ii) Trademarks

Significant expenditure associated with trademarks are deferred and amortised on a straight line basis over the periods during which the expected benefits will be derived.

(iii) Other items of expenditure

Significant items of expenditure, such as costs incurred in store set-ups, are expensed in the financial period in which these costs are incurred.

(k) Trade and other creditors

Trade and other creditors are payables for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid at that date. The amounts are unsecured and are normally paid within thirty days of recognition.

(l) Interest bearing liabilities

Loans are carried at the amount that represents the present value of the future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recognised as other creditors.

(m) Dividends

Provision is made for the amount of any dividend declared by the Directors on or before the end of the financial period but not distributed at balance date.

(n) Employee benefits

Provision is made for the economic entity's liability for employee benefits arising from services rendered by employees to balance date. A liability for employee benefits in the form of bonus payments is recognised in other creditors when the bonus criteria have been satisfied and the amount of the bonus can be reliably determined. Employee benefits expected to be settled within one year, together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

Equity based compensation benefits are provided to certain employees via the Super Cheap Auto Executive Option Plan. Information on this scheme is set out in Note 31.

The amounts disclosed for remuneration of Directors and executives in Note 31 include the assessed fair value of options, using the Black-Scholes option pricing model, at the date they were granted.

Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred.

(o) Borrowing costs

Borrowing costs are recognised in the period in which these are incurred and are expensed in the period to which the costs relate. Generally costs such as discounts and premiums incurred in raising borrowings are amortised on a straight line basis over the period of the borrowing. Borrowing costs include:

- * interest on bank over-drafts and short-term and long-term borrowings;
- * amortisation of discounts or premiums relating to borrowings;
- * amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- * finance lease charges; and
- * certain exchange differences arising from foreign currency borrowings.

(p) Cash

For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank and at call deposits with banks or financial institutions.

(q) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax, except where the amount of goods and services tax incurred is not recoverable from the Australian Taxation Office. In these circumstances the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the statement of financial position are shown inclusive of goods and services tax.

(r) Tax consolidation legislation

Effective 1 July 2003, for the purposes of income taxation, Super Cheap Auto Group Limited and its wholly-owned Australian controlled entities formed a tax consolidation group. The Australian Taxation Office will be notified of this decision, in accordance with tax legislation requirements, at the time of lodgement of the 2004 tax return.

As a consequence, Super Cheap Auto Group Limited as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts in relation to its own transactions, events and balances. Amounts receivable or payable under an accounting tax funding agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the tax funding agreement are recognised as a component of income tax expenses (revenue).

(s) Financial year

As allowed under section 323D(2) of the Corporations Act 2001, the Directors have determined the financial year to be a fixed period of fifty-two calendar weeks or fifty-three calendar weeks. For the period to 26 June 2004, the Company is reporting on the period that began 8 April 2004, being incorporation date, and ended 26 June 2004.

(t) Rounding of amounts

The economic entity 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

02 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The economic entity will be required to prepare financial statements using Australian Standards that comply with IFRS when the economic entity reports in 2006.

The economic entity has established a project team to monitor and plan for the adoption of IFRS. The project team has been considering developments in IFRS and the likely impact that these standards will have on our financial reports and accounting policies.

The following areas are those that have been identified as potentially having an impact on the Group's accounting policies:

(a) Goodwill

Under the Australian equivalent to IFRS 3 Business Combinations, amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focusing on the cash flows of the related cash generating unit.

This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over 20 years.

(b) Share-based compensation benefits

Under the Australian equivalent to IFRS 2 Share-based Payments, equity-based compensation to employees will be recognised as an expense over the period between the grant date and the vesting date of the equity instrument.

(c) Forward Exchange Contracts

The Company enters into foreign currency forward exchange contracts in order to minimise the exchange rate risk associated with the purchase of inventory. The forward exchange contract can either be based upon anticipated purchase transactions or firm commitments. Currently, any unrealised gains or losses on foreign currency forward exchange contracts, together with the cost of the contracts, are deferred and recognised in the measurement of the underlying transaction.

Under the Australian equivalent to IAS 39 Financial Instruments - Recognition and Measurement, gains or losses on the forward exchange contracts will be recognised directly in equity or in inventory or will be offset against any gain or loss on the hedged item in the statement of financial performance, depending on the nature of the contract.

(d) Income Tax

Under the Australian equivalent to IAS 12 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

03 SEGMENT INFORMATION

The consolidated entity is organised geographically on a global basis which represents its primary and only internal segmentation reporting. The economic entity's only business segment is the retail and distribution of motor vehicle spare parts and accessories, tools and equipment.

Geographical Segments	Australia	New Zealand	Inter-Segment eliminations/ unallocated	Consolidated
	2004 \$'000	2004 \$'000	2004 \$'000	2004 \$'000
Sales to external customers	65,760	4,997	0	70,757
Inter-segment sales	3,503	0	(3,503)	(0)
Total sales revenue	69,263	4,997	(3,503)	70,757
Other revenue	496	1	(330)	167
Total segment revenue	69,759	4,998	(3,833)	70,924
Segment result	4,651	(472)	(7)	4,172
Unallocated revenue less unallocated expenses				0
Profit from ordinary activities before related income tax expense				4,172
Income tax expense				(1,405)
Net profit/(loss)				2,767
Segment assets	199,288	14,380	(12,230)	201,438
Unallocated assets				0
Total assets				201,438
Segment liabilities	112,115	14,260	(11,939)	114,436
Unallocated liabilities				0
Total liabilities				114,436
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	79,891	3,197	26	83,114
Depreciation and amortisation expense	1,499	55	0	1,554
Other non-cash expenses	6,103	1,634	(583)	7,154

Notes to and forming part of the segment information

Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1 and accounting standard AASB 1005, Segment Reporting.

Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

04 REVENUE	Consolidated	Parent
	entity	entity
	2004	2004
	\$'000	\$'000
Revenue from operating activities		
Sale of goods	70,757	0
Revenue from outside the operating activities		
Other revenue	122	0
Interest revenue - other corporations	45	0
Total revenue from outside the operating activities	167	0
Total revenue from ordinary activities	70,924	0

05 PROFIT FROM ORDINARY ACTIVITIES

Net gains and expenses

Profit from ordinary activities before income tax expense includes the following specific gains and expenses:

Net gains

Net gain on disposal of property, plant and equipment	96	0
Net foreign exchange gains for the period	543	0

Expenses

Depreciation		
- Plant and equipment	475	0
- Capitalised leased plant and equipment	27	0
- Motor vehicles	41	0
- Computer equipment	586	0
Total depreciation	1,129	0
Amortisation - goodwill	425	0
Other charges against assets		
- write down of inventories to net realisable value	1,640	0
- scrapping of property, plant and equipment	0	0
- minor assets expensed on acquisition	45	0
Total other charges against assets	1,685	0
Borrowing costs - other corporations		
- interest and finance charges	698	0
- lease finance costs	0	0
- amortisation of ancillary costs of borrowings	22	0
Total borrowing costs - other corporations	720	0
Rental expenses		
- operating lease costs	3,776	0
- equipment hire	14	0
Total rental expenses	3,790	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

06 INCOME TAX	Consolidated entity	Parent entity
	2004	2004
	\$'000	\$'000

Income tax expense

The income tax expense for the financial period differs from the amount calculated on the profit. The differences are reconciled as follows:

Profit/(loss) from ordinary activities before income tax expense	4,172	0
Income tax calculated at 30%	1,252	0
Tax effect of permanent differences:		
- amortisation of goodwill	127	0
- other non-allowable items	26	0
Aggregate income tax expense	1,405	0

07 CURRENT ASSETS - CASH ASSETS

Cash on hand	727	0
Cash at bank	12,863	0
Deposits at call	50	0
Total current assets - cash assets	13,640	0

The deposits at call bear interest at variable rates of between 4.6% and 5.3%

08 CURRENT ASSETS - RECEIVABLES

Trade debtors	2,840	0
Sundry debtors	1,481	0
Security deposits	113	0
Related parties (refer Note 32)	960	0
Total current assets - receivables	5,394	0

09 CURRENT ASSETS - INVENTORIES

Finished goods, at cost	92,513	0
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10 TAX ASSETS

Income tax receivable	1,633	1,678
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11 CURRENT ASSETS - OTHER

Prepayments	1,206	0
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

12 NON-CURRENT ASSETS - OTHER FINANCIALS	Consolidated	Parent
	entity	entity
	2004	2004
	\$'000	\$'000
Name of entity		
Super Cheap Auto Pty Ltd	0	84,233
Total - non-current assets - shares in controlled entities (refer Note 37)	0	84,233

13 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Plant and equipment, at cost	31,010	0
Less accumulated depreciation	(6,394)	0
Net plant and equipment	24,616	0
Capitalised leased plant and equipment	1,039	0
Less accumulated depreciation	(958)	0
Net capitalised leased plant and equipment	81	0
Motor vehicles	996	0
Less accumulated depreciation	(396)	0
Net motor vehicles	600	0
Computer equipment	17,825	0
Less accumulated depreciation	(6,865)	0
Net computer equipment	10,960	0
Total net property, plant and equipment	36,257	0

	Plant and equipment \$'000	Capitalised leased plant and equipment \$'000	Motor vehicles \$'000	Computer equipment \$'000	Total \$'000
Reconciliations - consolidated entity					
Carrying amounts at 8 April 2004	0	0	0	0	0
Additions	1,837	0	0	344	2,181
Disposals	0	0	(4)	0	(4)
Additions through acquisition	23,254	108	645	11,202	35,209
Depreciation and amortisation	(475)	(27)	(41)	(586)	(1,129)
Foreign currency exchange differences	0	0	0	0	0
Carrying amounts at 26 June 2004	24,616	81	600	10,960	36,257
Reconciliations - parent entity					
Carrying amounts at 8 April 2004	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Additions through acquisition	0	0	0	0	0
Depreciation and amortisation	0	0	0	0	0
Foreign currency exchange differences	0	0	0	0	0
Carrying amounts at 26 June 2004	0	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

14 NON-CURRENT ASSETS - INTANGIBLES	Consolidated	Parent
	entity	entity
	2004	2004
	\$'000	\$'000
Goodwill and brand, at cost	53,570	0
Less accumulated amortisation	(8,235)	0
Net goodwill	45,335	0
Trademarks, at cost	14	0
Less accumulated depreciation	0	0
Net trademarks	14	0
Total net intangibles	45,349	0

	Goodwill	Brand	Trademarks	Totals
	\$'000	Name	\$'000	\$'000
		\$'000		
Reconciliations - consolidated entity				
Carrying amounts at 8 April 2004	0	0	0	0
Additions	0	0	2	2
Disposals	0	0	0	0
Additions through acquisition	45,760	0	12	45,772
Depreciation and amortisation	(425)	0	0	(425)
Foreign currency exchange differences	0	0	0	0
Carrying amounts at 26 June 2004	45,335	0	14	45,349
Reconciliation - parent entity				
Carrying amounts at 8 April 2004	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Additions through acquisition	0	0	0	0
Depreciation and amortisation	0	0	0	0
Foreign currency exchange differences	0	0	0	0
Carrying amounts at 26 June 2004	0	0	0	0

15 NON-CURRENT ASSETS - DEFERRED TAX ASSETS	Consolidated	Parent
	entity	entity
	2004	2004
	\$'000	\$'000
Future income tax benefits	5,006	4,876

16 NON-CURRENT ASSETS - OTHER NON-CURRENT ASSETS		
Borrowing costs, at cost	616	0
Less accumulated amortisation	(176)	0
Net borrowing costs	440	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

17	CURRENT LIABILITIES - PAYABLES	Consolidated	Parent
		entity	entity
		2004	2004
		\$'000	\$'000
	Trade creditors	29,733	0
	Other creditors	17,124	0
	Total current liabilities - payables	46,857	0

18	CURRENT LIABILITIES - INTEREST BEARING LIABILITIES		
		Consolidated	Parent
		entity	entity
		2004	2004
		\$'000	\$'000
	Secured		
	Commercial bill	29,000	0
	Total current liabilities - secured interest bearing liabilities	29,000	0
	Unsecured		
	Related parties (refer Note 32)	7,184	6,199
	Total current liabilities - unsecured interest bearing liabilities	7,184	6,199
	Total current liabilities - interest bearing liabilities	36,184	6,199

The details of the security for the secured liabilities are set out in Note 20.

19	CURRENT LIABILITIES - PROVISIONS		
		Consolidated	Parent
		entity	entity
		2004	2004
		\$'000	\$'000
	Dividends (refer Note 25)	5,000	0
	Employee benefits (refer Note 30)	3,643	0
	Total current liabilities - provisions	8,643	0
	Movements in provisions - dividends		
	Carrying amount at the start of the financial period	0	0
	Provisions recognised as part of acquisition of Super Cheap Auto Pty Ltd	10,000	0
	Payments/other sacrifices of economic benefits	(5,000)	0
	Carrying amount at the end of the financial period	5,000	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

20	NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES	Consolidated entity	Parent entity
		2004 \$'000	2004 \$'000
Secured			
Commercial bill		21,600	0
Secured liabilities			
Total secured liabilities (current and non-current) are:			
Commercial bills		50,600	0
Total current and non-current secured liabilities		50,600	0
<p>The facilities are secured by two fixed and floating charges over Super Cheap Auto Pty Ltd assets and unlimited cross guarantee and indemnity between Super Cheap Auto Pty Ltd and Super Cheap Auto (New Zealand) Pty Ltd in favour of ANZ Banking Group Limited. Financial covenants are provided by Super Cheap Auto Pty Ltd with respect to adjusted gearing ratio, fixed charges cover and debt to EBITDA ratio. In addition, Super Cheap Auto undertakes not to make distributions of more than 60% of NPAT without ANZ Banking Group Limited's prior consent.</p>			
Financing arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Total facilities			
- Multi-Option Facility (including overdraft and cash advance)		38,120	0
- Variable rate Commercial Bill Acceptance/Discount Facility		25,000	0
- Indemnity/Guarantee Facility		1,300	0
Totals		64,420	0
Facilities used at balance date			
- Multi-Option Facility (including overdraft and cash advance)		26,000	0
- Variable rate Commercial Bill Acceptance/Discount Facility		24,600	0
- Indemnity/Guarantee Facility		1,287	0
Totals		51,887	0
Unused balance of facilities at balance date			
- Multi-Option Facility (including overdraft and cash advance)		12,120	0
- Variable rate Commercial Bill Acceptance/Discount Facility		400	0
- Indemnity/Guarantee Facility		13	0
Totals		12,533	0

In addition, the Company has access to a \$20.3 million transactional facility for clean credit and foreign currency dealings.

The current interest rates on the financing arrangements are:

- Multi-Option Facility (including overdraft and cash advance)	7.23% - 7.29%
- Variable rate Commercial Bill Acceptance/Discount Facility (subject to an interest rate swap - refer Note 26)	6.19%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

21	NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES	Consolidated	Parent
		entity	entity
		2004	2004
		\$'000	\$'000
	Deferred tax liabilities	355	355

22	NON-CURRENT LIABILITIES - PROVISIONS	Consolidated	Parent
		entity	entity
		2004	2004
		\$'000	\$'000
	Employee benefits (refer Note 30)	797	0

23	CONTRIBUTED EQUITY	Consolidated	Parent
		entity	entity
		2004	2004
		\$'000	\$'000
	Ordinary shares fully paid	84,233	84,233
		Number of	Issue
		Shares	Price
			\$'000
	Movement in ordinary share capital		
	Issue of shares on incorporation (8 April 2004)	1	1.00
	Issue of shares on 23 April 2004	49,697,150	1.69
	Share split on 19 May 2004	56,732,471	-
	Closing balance 26 June 2004	106,429,622	84,233

The ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held.

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

Options over unissued ordinary shares of Super Cheap Auto Group Limited granted during or since the end of the financial year to any of the Directors or the five officers of the consolidated entity with the greatest authority for strategic direction and management of the Company and consolidated entity as part of their remuneration were as follows:

	Options granted
Directors	
R E Thorn, Managing Director	1,000,000
Other executives of Super Cheap Auto Group Limited	
P A Birtles, Chief Financial Officer and Company Secretary	200,000

The options were granted under the Super Cheap Auto Executive Option Plan on 19 May 2004 (Refer Note 31). These are the only options outstanding as at 26 June 2004.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

24 RESERVES AND RETAINED EARNINGS	Consolidated	Parent
	entity	entity
	2004	2004
	\$'000	\$'000
Reserves		
Foreign currency translation reserve	2	0
Movements		
Balance at the beginning of the financial period	0	0
Net exchange difference on translation of foreign controlled entity	2	0
Reserves at the end of the financial period	2	0
Retained earnings		
Balance at the beginning of the financial period	0	0
Net profit/(loss) for the financial period attributable to shareholders of Super Cheap Auto Group Limited	2,767	0
Dividends provided for or paid	0	0
Retained profits/(losses) at the end of the financial period	2,767	0

Nature and purpose of reserves

Foreign currency translation reserve.

Exchange differences which arise on translation of the foreign controlled entity are taken to the foreign currency translation reserve (refer Note 1(c)(iii)).

25 DIVIDENDS

	Parent
	entity
	2004
	\$'000
Ordinary shares	
No dividends were declared or paid by Super Cheap Auto Group Limited during the reporting period.	0
Total dividends provided and paid	0

During the period, Super Cheap Auto Pty Ltd paid a \$5 million dividend which had been declared at 30 June 2003. Super Cheap Auto Pty Ltd declared an interim dividend of \$5 million to its shareholders prior to its acquisition by the Company. This dividend will be paid in August 2004.

Franking credits

The franked portions of dividends paid after 26 June 2004 will be franked out of existing franking credits and out of franking credits arising from the payments of income tax in the years ending after 26 June 2004.

Franking credits remaining at balance date available for dividends declared after the current balance date based on a tax rate of 30%

	15,926
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The above amounts represent the balance of the franking account as at the end of the financial period, adjusted for:

- * franking credits that will arise from the payment of the current tax liability; and,
- * franking debits that will arise from the payment of the dividend as a liability at the reporting date.

The amount recorded above as the franking credit amount is based on the amount of Australian income tax paid or to be paid in respect of the liability for income tax at the balance date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

26 FINANCIAL INSTRUMENTS

	Consolidated entity	Parent entity
	2004 \$'000	2004 \$'000
Derivative financial instruments		
The parent entity and its controlled entity are parties to derivative financial instruments in the normal course of business in order to hedge exposures to foreign exchange and interest rate changes.		
Foreign exchange contracts		
The economic entity retails products that have been imported from South East Asia. In order to protect against exchange rate movements, the economic entity has entered into forward exchange rate contracts to purchase USD. The contracts are timed to mature in line with forecasted payments for imports and cover forecast purchases for the coming 3 months on a rolling basis.		
At balance date the following amounts were committed on foreign currency forward exchange contracts:		
Buy United States dollars and sell Australian dollars with maturity		
- 0 to 6 months	8,000	0
- 7 to 12 months	0	0
Weighted average rate of contracts	70 cents	0

These forward exchange contracts are hedging future purchases and unrealised gains and losses on the contracts, together with the costs of the contracts, are deferred and will be recognised in the measurement of the underlying transaction provided the underlying contract is still expected to occur as originally designated.

Gains and losses arising from hedging contracts terminated prior to maturity are also carried forward until the designated hedged transaction occurs.

The following gains, losses and costs have been deferred as at the balance date:

- realised gains	0	0
- unrealised gains	16	0
- total gains (a)	16	0
- realised losses and costs	0	0
- unrealised losses and costs	0	0
- total losses and costs (refer (b))	0	0
Net gains/(losses and costs)	16	0

(a) Included in other creditors under Note 17

(b) Included in sundry debtors under Note 8

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

26 FINANCIAL INSTRUMENTS CONTINUED

Interest rate swap contracts

Bank loans of the economic entity currently bear an average variable interest rate of 7.26%. It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the economic entity has entered into interest rate swap contracts, under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in other debtors or other creditors.

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. Swaps currently in place cover approximately 49% of the loan principal outstanding. The fixed interest rate is 6.19%.

Interest rate risk exposures

The economic entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

		Fixed interest maturing in					
	Notes	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	Total \$'000
2004							
Financial assets							
Cash and deposits	7	11,947	0	0	0	1,693	13,640
Receivables	8, 11	0	0	0	0	6,600	6,600
Total financial assets		11,947	0	0	0	8,293	20,240
<i>Weighted average rate of interest</i>		<i>3.69%</i>					
Financial liabilities							
Trade and other creditors	17	0	0	0	0	46,857	46,857
Related parties	18	0	0	0	0	7,184	7,184
Hire purchase creditors		0	0	0	0	0	0
Commercial bill	18, 20	26,000	3,000	21,600	0	0	50,600
Employee entitlements	19, 22	0	0	0	0	4,440	4,440
Total financial liabilities		26,000	3,000	21,600	0	58,481	109,081
<i>Weighted average rate of interest</i>		<i>7.26%</i>	<i>6.19%</i>	<i>6.19%</i>			
Net financial assets/(liabilities)		(14,053)	(3,000)	(21,600)	0	(50,188)	(88,841)

Net fair value of financial assets and liabilities

On-balance sheet items

The net fair values of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximate the carrying amounts.

The net fair values of other monetary financial assets and financial liabilities of the consolidated entity are based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Derivative financial instruments

The net fair values of forward exchange contracts is taken as the unrealised gain or loss at balance date calculated by reference to the current forward rates for contracts with similar maturity profiles.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

26 FINANCIAL INSTRUMENTS CONTINUED	Carrying amount	Net fair value
	2004	2004
	\$'000	\$'000
Carrying amounts and net fair values of financial assets and financial liabilities at balance sheet date:		
On-balance sheet financial instruments		
Financial assets		
Cash and deposits	13,640	13,640
Receivables	5,394	5,394
Non-traded financial assets	19,034	19,034
Financial liabilities		
Trade and other creditors	(54,041)	(54,041)
Bank overdrafts	0	0
Hire purchase creditors	0	0
Commercial bill	(50,600)	(50,600)
Non-traded financial liabilities	(104,641)	(104,641)
Off-balance sheet financial instruments		
Financial assets		
Forward exchange contracts*	0	
Financial liabilities		
Forward exchange contracts*	16	

* These amounts are unrealised gains and losses which have been included in the net carrying amount and net fair value of the on-balance sheet financial assets and liabilities.

None of the financial assets and liabilities are readily traded on organised markets in the standardised form. Where assets are carried at amounts above the net fair value these amounts have not been written down as it is intended to hold these assets to maturity.

Net fair value is exclusive of costs that would be incurred on realisation of an asset and inclusive of costs that would be incurred on settlement of a liability.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position, and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts and interest rate swaps is the net fair value of these contracts.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

27 REMUNERATION OF AUDITORS	Consolidated entity	Parent entity
	2004 \$'000	2004 \$'000
During the period the auditor of the parent entity and its related practices earned the following remunerations:		
Grant Thornton - Australian firm		
Audit or review of financial reports of the entity and any entity in the consolidated entity	84	0
Other audit related work	28	0
Other assurance services	0	0
Total audit and assurance services	112	0
Advisory services	37	0
Taxation services	1	0
Total remuneration	150	0
Related entities of Grant Thornton - Australian firm		
Audit or review of financial reports of the entity and any entity in the consolidated entity	0	0
Other audit related work	0	0
Other assurance services	0	0
Total audit and assurance services	0	0
Advisory services	0	0
Taxation services	0	0
Total remuneration	0	0

Audit fees for the consolidated and parent entity are borne by the trading company, Super Cheap Auto Pty Ltd.

28 CONTINGENT LIABILITIES

Guarantees

Guarantees issued by the bankers of Super Cheap Auto Pty Ltd in support of various rental arrangements for certain retail outlets.

The maximum future rental payments guaranteed amount to:	1,287	0
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

	Consolidated entity	Parent entity
	2004 \$'000	2004 \$'000
29 COMMITMENTS FOR EXPENDITURE		
Capital Commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	786	0
Later than one year but not later than five years	0	0
Later than five years	0	0
Total capital commitments	786	0
Lease commitments		
Commitments in relation to operating lease payments under non-cancellable operating leases are payable as follows:		
Within one year	25,280	0
Later than one year but not later than five years	80,181	0
Later than five years	53,141	0
Total lease commitments	158,602	0
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	4,668	0
30 EMPLOYEE BENEFITS		
Employee benefits and related on-costs liabilities		
Included in other creditors - current (refer Note 17)	761	0
Provision for employee benefits - current (refer Note 19)	3,643	0
Provision for employee benefits - non-current (refer Note 22)	797	0
Total employee benefit and related on-costs liabilities	5,201	0
	Consolidated entity	Parent entity
	2004 Number	2004 Number
Employee numbers		
Number of employees at reporting date	2,964	0
Long service leave		
Amounts provided for long service leave, as stated in Note 1(n), that are expected to be settled more than twelve months after the reporting date, are measured at the present value of the expected settlement amount. The following assumptions have been adopted in measuring the present values:		
Weighted average rates of increase in annual employee benefits until the settlement of the liabilities	2.0%	-
Weighted average discount rates	5.6%	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

31 DIRECTOR AND EXECUTIVE DISCLOSURES Remuneration of Directors and Executives

Details of the nature and amount of each element of the emoluments of each Director of Super Cheap Auto Group Limited for the period from incorporation to 26 June 2004 are set out in the following table.

Directors of Super Cheap Auto Group Limited

Name	Primary		Non-monetary benefits	Post-employment	Equity		Total
	Cash salary and fees	Cash bonus		Super-annuation	Options		
	\$	\$	\$	\$	\$	\$	\$
R D McIlwain	11,507	-	-	-	-	-	11,507
R E Thorn	65,824	-	806	3,507	20,190	-	90,327
R A Rowe	26,301	-	-	-	-	-	26,301
D D McDonough	6,334	-	-	570	-	-	6,904
R J Wright	6,334	-	-	570	-	-	6,904
Total	116,300	-	806	4,647	20,190	-	141,943

P A Birtles served as a Director from 8 April 2004 to 19 May 2004 but received no remuneration in relation to this appointment. During this time, Mr Birtles maintained his responsibilities as Chief Financial Officer of the consolidated entity. Amounts received in relation to this position are disclosed in the following table.

Other executives of the Company and of the consolidated entity

No Executives were employed by the Company during the period. The nature and amount of each element of the five officers of the consolidated entity with the greatest authority for strategic direction and management of the consolidated entity for the period ended 26 June 2004 are set out in the following table.

Name	Primary		Non-monetary benefits	Post-employment	Equity		Total
	Cash salary and fees	Cash bonus		Super-annuation	Options		
	\$	\$	\$	\$	\$	\$	\$
P A Birtles Chief Financial Officer and Company Secretary	36,734	-	789	1,929	4,569	-	44,021
T Panic General Manager - Merchandising	27,441	-	3,068	1,929	-	-	32,438
S J Doyle General Manager - Retail	27,003	-	1,753	1,929	-	-	30,685
N J Binns Business Systems Manager	24,153	-	-	1,929	-	-	26,082
T D Burrows Human Resources Manager	21,742	-	877	1,929	-	-	24,548
Total	137,073	-	6,487	9,645	4,569	-	157,774

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

31 Super Cheap Auto Executive Option Plan

The Company has established the Super Cheap Auto Executive Share Option Plan ("Option Plan") to assist in the retention and motivation of executives of Super Cheap Auto ("Participants"). It is intended that the Option Plan will enable the Company to retain and attract skilled and experienced executives and provide them with the motivation to enhance the success of the Company.

Under the Option Plan, options may be offered to Participants selected by the Board. Unless otherwise determined by the Board, no payment is required for the grant of options under the Option Plan.

Subject to any adjustment in the event of a bonus issue, each option is an option to subscribe for one Share. Upon the exercise of an option by a Participant, each Share issued will rank equally with other Shares of the Company.

Options issued under the Option Plan may not be transferred unless the Board determines otherwise. The Company has no obligation to apply for quotation of the options on ASX. However, the Company must apply to ASX for official quotation of Shares issued on the exercise of the options.

At any one time, the total number of options on issue under the Option Plan that have neither been exercised nor lapsed will not exceed 5.0% of the total number of shares in the capital of the Company on issue.

The Company has granted to R E Thorn and P A Birtles options under the plan as set out in the following table. These options were granted on 19 May 2004 and are exercisable subject to the Company listing on the Australian Stock Exchange and satisfaction of a qualifying hurdle. The qualifying hurdle requires cumulative annual growth of 10% in earnings per share (pre-amortisation) from a base of 17.2 cents for the year ending 30 June 2005 through to each of the years prior to the options being exercised.

	Options granted
Directors	
R E Thorn, Managing Director	1,000,000
Other executives of Super Cheap Auto Group Limited	
P A Birtles, Chief Financial Officer and Company Secretary	200,000

Particulars of Directors' interests in shares and options of Super Cheap Auto Group Limited

Director	Ordinary Shares	Options
Chairman - Non-Executive		
R D McIlwain	158,882	
Executive Director		
R E Thorn	4,899,078	1,000,000
Non - Executive Directors		
R A Rowe	52,402,159	
D D McDonough	30,000	
R J Wright	40,609	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

32 RELATED PARTIES

Transactions with related parties are at arm's length unless otherwise stated.

Directors

The names of the persons who were Directors of Super Cheap Auto Group Limited during the financial period are R D McIlwain, R E Thorn, R A Rowe, D D McDonough, R J Wright, and P A Birtles. P A Birtles resigned on 19 May 2004.

Amounts due from Directors and director-related entities

Amounts due from Directors of the consolidated entity and their director-related entities which are included under related parties in Note 8 are as follows:

	Consolidated entity	Parent entity
	2004 \$'000	2004 \$'000
Amount due from:		
Director - R E Thorn		
- expenses to be reimbursed	8	0
Director related entities of R A Rowe		
- costs of IPO to be reimbursed	798	0
- property related expense to be reimbursed	154	0
	960	0

Other transactions with Directors and director-related entities

Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with Directors and director-related entities:

- store lease payments - R A Rowe related property entities	1,157	0
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Share transactions of Directors and director-related entities

Aggregate numbers of shares of Super Cheap Auto Group Limited acquired or disposed by the directors of the parent entity and the consolidated entity or their director-related entities from the parent entity.

	Consolidated entity and parent entity
	2004 Number
Acquisitions by Directors and Director Related Entities	
Ordinary shares issued as an advance to a Director and director-related entities	
R A Rowe - director-related entities	93,909,727
R A Rowe - interests associated	2,141,564
R E Thorn	4,835,120
SCA Equity Plan Pty Ltd	5,543,211
	106,429,622

Super Cheap Auto Pty Ltd established a Senior Management Team Share Plan on 10 July 2003. Under the plan, Super Cheap Auto Pty Ltd issued shares in the Company to 38 senior team members and executives. These shares are held in trust for the participating executives by the trustee, SCA Equity Plan Pty Ltd.

Under the acquisition of Super Cheap Auto Pty Ltd by the Company, SCA Equity Plan Pty Ltd transferred the shares that it held in Super Cheap Auto Pty Ltd to the Company in return for being issued the same number of shares in the Company.

Subsequent to the end of the year, Super Cheap Auto Pty Ltd repaid a loan extended by ANZ Banking Group Limited to SCA Equity Plan Pty Ltd (on behalf of the participants of the Senior Management Team Share Plan) and to Bob Thorn totalling \$7,184,000. In addition, the Company will incur Fringe Benefits Tax of \$6,764,000 on these items. This transaction was recognised as a pre-acquisition cost.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

33 EVENTS OCCURRING AFTER REPORTING DATE

On 6 July 2004, 41,507,568 shares were sold by the principal shareholder, being Rowe Family Trust. Pursuant to this, the Company's shares were listed on the Australian Stock Exchange.

34 RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES	Consolidated entity	Parent entity
	2004	2004
	\$'000	\$'000
Profit from ordinary activities after related income tax	2,767	0
Cash flows excluded from profit from ordinary activities attributable to operating activities		
Depreciation and amortisation	1,554	0
Net (gain)/loss on sale of non-current assets	20	0
(Gain)/loss on disposal of service entity	(96)	0
Cash flow attributed to investing and financing activities		
Interest paid - net	616	0
IPO costs to be reimbursed	798	0
GST credit claims for fixed asset purchases	162	0
Change in operating assets and liabilities, net of effects from the purchase of controlled entities and the sale of the service entity		
- (increase) in receivables	(673)	0
- (increase) in inventories	(103)	0
- increase in payables	2,484	0
- (decrease) in provisions	(650)	0
- (decrease) in deferred tax	(285)	0
Net cash inflow from operating activities	6,594	0

35 NON-CASH FINANCING AND INVESTING ACTIVITIES

On 23 April 2004, Super Cheap Auto Group Limited acquired 100% of Super Cheap Auto Pty Ltd and its controlled entities for consideration of \$84,233,157 of shares in Super Cheap Auto Group Limited. The net assets acquired were as follows:

	\$'000
Consideration	84,233
Goodwill	(26)
Net assets acquired	84,207
Represented by:	
Receivables	14,127
Inventories	92,410
Property, plant and equipment	35,209
Intangibles	45,742
Tax balances	7,533
Borrowings	(53,100)
Dividends payable	(10,000)
Creditors	(57,719)
	74,202
Cash acquired	10,005

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

	Consolidated Entity
	2004 Cents
Basic earnings per share	4.1
Diluted earnings per share	4.1
	Consolidated Entity
	2004 Number
Weighted average number of shares used as the denominator	
Weighted average number of shares used as the denominator in calculating basic earnings per share	67,550,020
Weighted average potential ordinary shares used as the denominator in calculating diluted earnings per share	67,550,020
Reconciliation of earnings used in calculating earnings per share	
Basic earnings per share	
- earnings used in calculating basic earnings per share - net profit after tax	2,767
Diluted earnings per share	
- earnings used in calculating diluted earnings per share - net profit after tax	2,767

Information on the classification of securities

The options over 1,200,000 ordinary shares remaining unconverted at year end is not included in basic or dilutive EPS as the issue of shares is contingent upon future events. As at reporting date, conditions which would result in the issue of shares had not been obtained.

			Equity Holding 2004 %
37 INVESTMENTS IN CONTROLLED ENTITIES	Country of Incorporation	Class of Shares	
Name of Entity			
Super Cheap Auto Pty Ltd ^(a)	Australia	Ordinary	100
Super Cheap Auto (New Zealand) Pty Ltd ^(b)	New Zealand	Ordinary	100
Super Cheap Auto Purchasing Pty Ltd ^(b)	Australia	Ordinary	100

(a) These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.

(b) Investment is held directly by Super Cheap Auto Pty Ltd.

38 DEED OF CROSS GUARANTEE

Super Cheap Auto Group Limited and Super Cheap Auto Pty Ltd are parties to a Deed of Cross Guarantee under which each Company guarantees the debts of the others. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended by Class Orders 98/2017, 00/0321, 01/1087, 02/0248 and 02/1017) issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Super Cheap Auto Group Limited, they also represent the 'Extended Closed Group'.

As the consolidated financial statements cover all parties to the Deed of Cross Guarantee and the members of the Extended Closed Group are the same as the Closed Group, no separate disclosure of consolidated information for the Closed Group has been shown.

DIRECTORS' DECLARATION

Forming part of the Consolidated Financial Statements
For the period from incorporation to 26 June 2004

The Directors declare that the financial statements and notes of the consolidated entity,

(a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) give a true and fair view of the Company's and consolidated entity's financial position as at 26 June 2004 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the Directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001; and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 38 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note 38.

This declaration is made in accordance with a resolution of the Directors.



R D McIlwain
Chairman



R E THORN
Director

Brisbane
23 August 2004

INDEPENDENT AUDIT REPORT TO MEMBERS OF SUPER CHEAP AUTO GROUP LIMITED

Scope

The financial report and directors' responsibility

The financial report, as set out on pages 51 to 79, comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Super Cheap Auto Group Limited (the company) and the consolidated entity for the period ended 26 June 2004. The consolidated entity comprises both the company and the entities it controlled during that period.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

**INDEPENDENT AUDIT REPORT
TO MEMBERS OF SUPER CHEAP AUTO GROUP LIMITED (cont)**

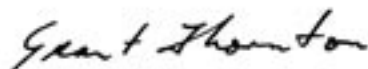
Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Super Cheap Auto Group Limited is in accordance with:

- (a) the Corporations Act 2001, including
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 26 June 2004 and of their performance for the period ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australian.



GRANT THORNTON
Chartered Accountants



L. R. JONES
Partner

Brisbane

23 August 2004

SHAREHOLDER INFORMATION

The ownership structure of the Company immediately prior to and at completion of the Offer is shown in the table below:

	Pre-Offer		At completion of the Offer	
	Shares	%	Shares	%
The Vendor Shareholder	93,909,727	88.24	52,402,159	49.24
Interested associated with the Vendor Shareholder	2,141,564	2.01	2,155,268	2.02
Senior Management Team	10,378,331	9.75	10,581,361	9.94
Non-Executive Directors and associated interests	0	0	285,783	0.27
New shareholders pursuant to the Offer			41,005,051	38.53
Total	106,429,622	100	106,429,622	100

The Vendor Shareholder and Bob Thorn have entered into voluntary escrow arrangements with the Company under which they have agreed that, except in limited circumstances, they will not dispose of any Shares held as at the date of the Prospectus until the Company has reported its audited financial results for the year ending 30 June 2005.

Under the terms of the Senior Management Team Share Plan, the participating executives are restricted from dealing with the Shares held under this plan, so that they may only sell up to one third of their Shares in each of the calendar years commencing on the first, second and third anniversaries of the date that the Company is admitted to the official list of the ASX.

DISTRIBUTION OF SHAREHOLDINGS AS AT 26 AUGUST 2004

Size of Holding	Ordinary Shareholders
1-1,000	690
1,001 - 5,000	1,017
5,001 - 10,000	309
10,001 - 100,000	283
100,001 and over	40
	2,339
Number of Shareholders with less than a marketable parcel	7

Voting Rights

All ordinary shares issued by Super Cheap Auto Group Limited carry one vote per share.

SHAREHOLDER INFORMATION

TWENTY LARGEST SHAREHOLDINGS AS AT 26 AUGUST 2004

Number of Ordinary Shares	Shareholder
52,402,159	SCA FT Pty Ltd
7,944,137	J P Morgan Nominees Australia Limited
5,543,211	SCA Equity Plan Pty Ltd
4,835,120	Robert Edward Thorn
3,930,366	Citicorp Nominees Pty Limited <CFS Future Leaders Fund A/c>
2,706,988	Westpac Custodian Nominees Limited
2,141,564	Macquarie Prism Pty Ltd
1,934,150	ANZ Nominees Pty Limited
1,920,090	RBC Global Services Australia Nominees Pty Limited <PIPOOLED A/c>
1,500,000	Queensland Investment Corporation
970,129	Suncorp Custodian Services Pty Limited <AET>
906,687	RBC Global Services Australia Nominees Pty Limited <PIIC A/c>
800,000	RBC Global Services Australia Nominees Pty Limited <GSJBW A/c>
720,920	HSBC Custody Nominees (Australia) Limited
700,909	Berne No 132 Nominees Pty Ltd <146199 A/c>
556,800	Government Superannuation Office <State Super Fund A/c>
505,325	Cogent Nominees Pty Limited
485,806	National Nominees Pty Ltd
380,710	Geomar Superannuation Pty Ltd <The Chapman SF A/c>
312,100	GIO General Ltd
91,197,171	

Total held by twenty largest shareholders as a percentage 85.96%



SATISFA

GUARA



**ACTION
WARRANTY**

**SUPER CHEAP AUTO
GROUP LIMITED**

751 Gympie Road

Lawnton QLD 4501

Telephone (07) 3205 8511

Facsimile (07) 3205 8522

www.supercheapauto.com.au



CHENSHIDE (07) 3327 4730
CLEVELAND (07) 3286 5777
CURRIMINDI (07) 5437 7400
DALBY (07) 4662 2933
DECEPTION BAY (07) 3204 8100
GOODNA (07) 3818 0722
ENGGERA (07) 3855 3188
GLADSTONE (07) 4976 9133
HERMIT PARK (07) 4721 6488
HERVEY BAY (Pialba) (07) 4124 1211
IPSWICH (07) 3812 2366
INNISFALL (07) 4061 4788
KALLANGUR (07) 3204 4922
KANAMA MATERS (07) 5478 3555
KEPERRA (07) 3851 3611
KINGAROOY (07) 4162 5733
LARRADOR (07) 5537 7977
LAUNTON (07) 3881 2800
LOGANHOLME (07) 3209 9322
LOGANLEA (07) 3805 2688
MACGREGOR (07) 3849 6822
MACKAY (07) 4942 2344
MACKAY CITY (07) 4951 0944
MARDODCHODRE (07) 5479 4844
MARYBOROUGH (07) 4121 3332
MERMAID BEACH (07) 5554 6233
MOOROOKA (07) 3892 2545
MT ISA (07) 4749 3785
NERANG (07) 5527 3988
NOOSA (07) 5455 5444
NUNDAH (07) 3256 7600
REDCLIFFE (07) 3284 2055
ROCKHAMPTON (07) 4922 5433
SMITHFIELD (Gairns) (07) 4038 1588
SOUTHPORT (07) 5527 0666
STONES CORNER (07) 3394 4844
TAIGUM (07) 3265 7211
TARINGA (07) 3871 3808
THURINGOMA (07) 4773 9000
TOODOOMBA CITY (07) 4632 0799
TOODOOMBA SOUTH (07) 4635 7577
TOWNSVILLE (Garbutt) (07) 4725 6866
UNDERWOOD (07) 3841 3400
MARUICK (07) 4661 7633
WINDSOR (07) 3857 0677
YAMANTO (07) 3294 1033

SOUTH AUSTRALIA

DARLINGTON (08) 8358 3566
ELIZABETH (08) 8287 6533
KILKENNY (08) 8347 2214
MORLUNGA (08) 8384 2833
SALISBURY (08) 8258 4811
PARA HILLS (08) 8258 2760
THERARTON (08) 8354 0666

TASMANIA

DEVONPORT (03) 6424 3244
GLENORCHY (03) 6272 9200
LAUNCESTON (03) 6333 0511

VICTORIA

BAIRNSDALE (03) 5153 2799
BALLARAT (03) 5339 9455
BENDIGO (03) 5442 7877
BROADMEADOWS (03) 9309 2799
CARRUM DOWNS (03) 9782 8305
CRANBOURNE (03) 5995 7299
DANDENONG (03) 9706 7788
ECHUCA (03) 5480 6788
EPPING (03) 9408 4288
ESSENDON (03) 9379 3600
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MENTONE (03) 9585 0399
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NORTH GEELONG (03) 5272 3277