

\$UPER CHEAP AUTO

SUPER CHEAP AUTO GROUP LIMITED ANNUAL REPORT 2005



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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.

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 20 October
2005 at 2.00 pm.

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

**WELCOME TO THE 2005 SUPER CHEAP
AUTO GROUP LIMITED ANNUAL REPORT.**

**THIS YEAR HAS BEEN AN EXCITING
ONE WITH FURTHER STORE EXPANSION
AND THE OPPORTUNITY FOR US TO
COMPLEMENT OUR EXISTING AUTOMOTIVE
BUSINESS WITH THE UPCOMING LAUNCH
OF OUR NEW BOATING, CAMPING AND
FISHING BUSINESS, BCF.**

**ONCE AGAIN, WE RECOGNISE OUR
TEAM MEMBERS AND THEIR VALUABLE
CONTRIBUTION TO THE SUCCESS OF
OUR COMPANY.**

**WE THANK ALL OUR SHAREHOLDERS
AND CUSTOMERS FOR THEIR CONTINUED
INTEREST AND SUPPORT IN OUR
COMPANY.**

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

JULY 04

COMPANY LISTS ON AUSTRALIAN STOCK EXCHANGE

DECEMBER 04

**CELEBRATED OPENING OF 200TH STORE (STOKE, NZ)
AND OPENED 5 ADDITIONAL STORES IN NZ ON THE SAME DAY**

JAN 05

**ACQUIRED THE BUSINESS AND TRADING ASSETS OF THE
QUEENSLAND CAMPING AND OUTDOOR LEISURE PRODUCTS RETAILER,
CAMPMART (4 QUEENSLAND STORES)**

**ANNOUNCES EXCITING NEW PARTNERSHIP WITH THE DYNAMIC
TWO CAR SUPER CHEAP AUTO RACING V8 SUPERCAR TEAM AND
AGREEMENT TO ACT AS NAMING RIGHTS SPONSOR FOR THE
BATHURST 1000 FOR THE NEXT THREE YEARS.**

JULY 05

**ANNOUNCED THE LAUNCH OF BCF – PLANS TO REBRAND THE
RECENTLY ACQUIRED CAMPMART BUSINESS TO BCF ALONG WITH PLANS
TO OPEN FURTHER STORES ACROSS AUSTRALIA AND NEW ZEALAND.**

EBIT



3,604
2,964
2,408
1,159
1,563

TEAM MEMBERS



STORE NUMBERS



SALES \$ MILLIONS





**GROUP SALES AT \$470.1 MILLI
THE PRIOR PERIOD, SUPPORTED
SALES GROWTH AC**



**ON WERE 22.8% HIGHER THAN
BY ENCOURAGING LIKE FOR LIKE
ROSS AUSTRALIA.**



**GROUP EARNINGS
BEFORE INTEREST, TAX,
DEPRECIATION AND
AMORTISATION AT
\$40.8 MILLION GREW
BY 27.5% OVER THE
PRIOR PERIOD.**



CHAIRMAN'S REPORT

Fellow Shareholder,

I am pleased to be able to confirm that Super Cheap Auto has realised the goals we set for the Company in the first year following its listing on the ASX. We have maintained high growth rates, exceeded prospectus profit forecasts, and embarked on the strategy to extend our customer offering with an acquisition that will form the basis of our presence in the leisure and outdoor market. This combination of achievements and initiatives provides us with an excellent base for future growth.

Super Cheap Auto maintained its status as a high growth company by expanding its retail network by 32 stores and delivering sales growth of 22.8% in a market where consumer spending began to wane in the latter part of the year. These outcomes were achieved without reducing sales and profit margins. More importantly, like for like growth was delivered despite the expanded presence in both Australia and New Zealand.

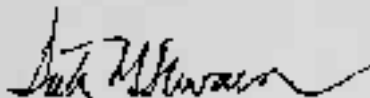
Profit exceeded the prospectus forecast before and after the required changes to accounting standards. This reflects well on the management team's capacity to manage growth without weakening the underlying economics of the business. Bob Thorn, Peter Birtles and the whole team deserve credit for delivering these outcomes.

The acquisition of CampMart, and its imminent transformation into BCF, is an exciting initiative. It will underpin the extension of our customer base, and be a platform for future growth. The focus on leisure goods which supplement the interest that our customers have in cars and outdoor activities will take considerable advantage from the infrastructure and knowledge already available within Super Cheap Auto operations.

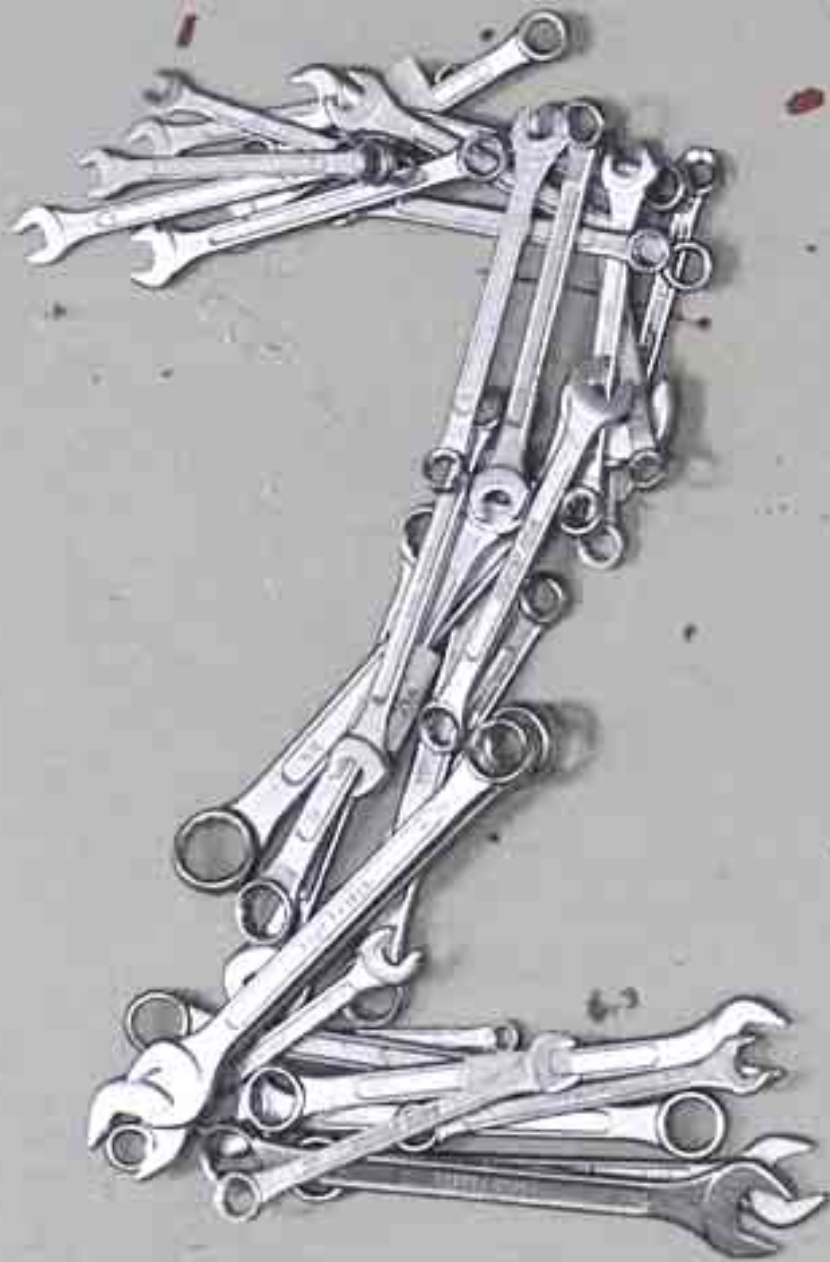
None of this means that Super Cheap Auto is without challenges. A substantial investment in the systems and capacity required by the Company's distribution and logistics effort will be required as it deals with the ongoing expansion of its operations. We will also need to be mindful of the funding required by the additional inventory, and the store roll-out planned for the Super Cheap Auto and BCF retail networks.

The Board remains committed to maintaining growth. This will constrain the Company's capacity to substantially increase the dividends paid to shareholders within the near term. Nevertheless, we have decided to declare a final dividend of 4.5 cents for a full year payment of 6.5 cents per share. This is 0.7 cents above the amount foreshadowed in the prospectus.

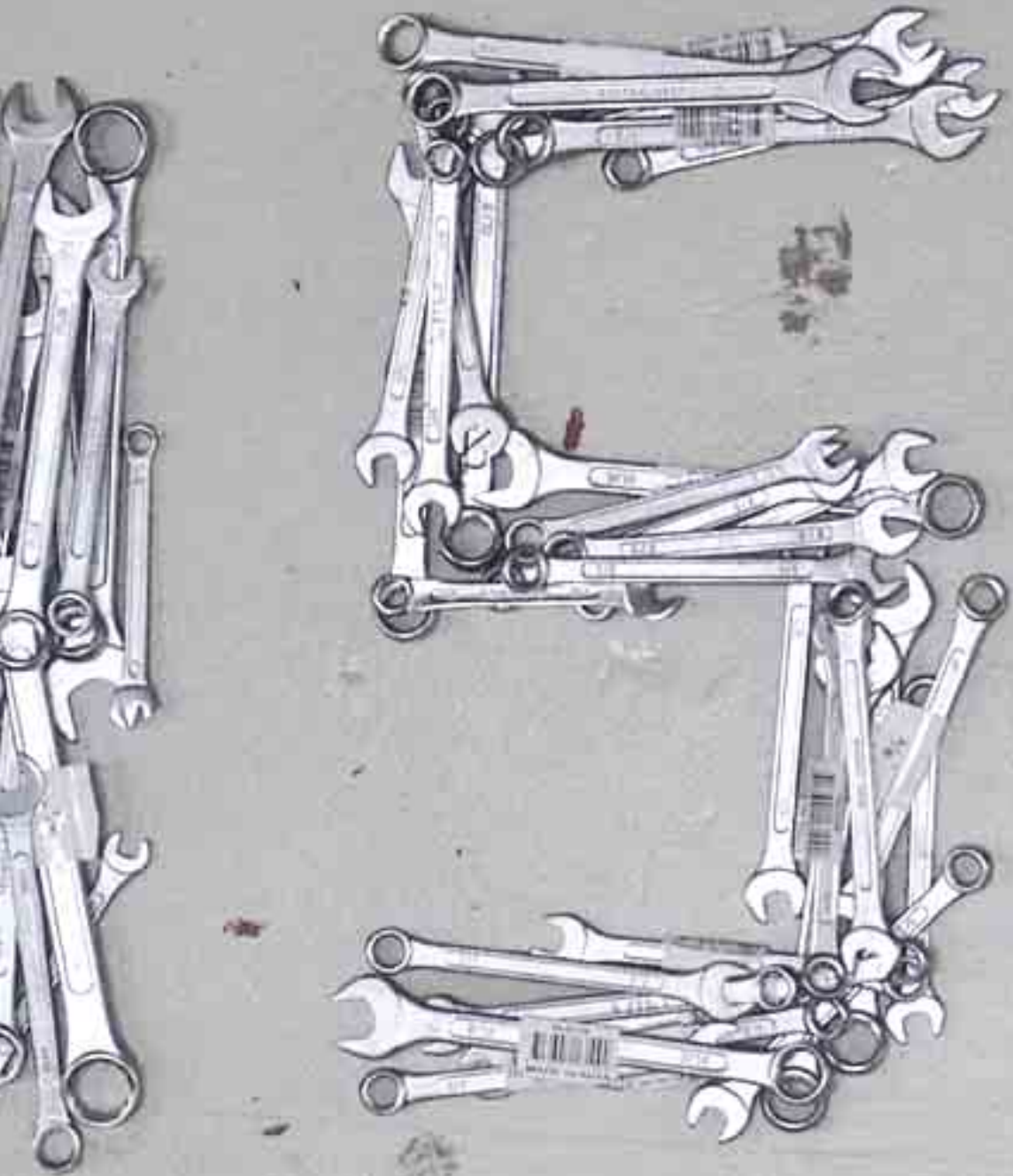
Finally, I need to recognise the contribution of my fellow directors. We have a relatively small board which adds to the load when the Company couples rapid organic growth with a strategy to expand its operations through the acquisition and development of new markets. At all times, your Directors have responded quickly and have acted cohesively to ensure that all stakeholders benefit from an aggressive, innovative, and customer focussed business.



Dick McIlwain
Chairman
Super Cheap Auto Group Limited



**FROM THE COMMENCEMENT OF ITS AUTOMO
THE SUPER CHEAP AUTO GROUP HAS GROWN TO
IN AUSTRALIA AND**



**TIVE ACCESSORIES RETAIL BUSINESS IN 1974,
215 STORES ACROSS EVERY STATE AND TERRITORY
IN NEW ZEALAND.**

MANAGING DIRECTOR'S REPORT

Our first year as a public company is one of which all of our team members can be proud. It is the year where we achieved the milestone of 200 stores across Australia and New Zealand. In addition to this and in spite of tough retail conditions, we have delivered profits and dividends strongly ahead of our IPO prospectus forecasts. Continuing to invest for future growth, we opened another 28 stores in our Super Cheap Auto business and have laid the foundations for the rollout of our new and exciting format, BCF.

Building the business for the future

Retailing is at the heart of Super Cheap Auto Group. Our capabilities across retail management, category management, procurement and marketing supported by our supply chain, property management and our systems have driven the rapid growth of Super Cheap Auto. We have a team of very strong retail managers who have brought to the business experience of working in leading retail businesses not only in Australasia but in other countries. It is these capabilities that will be critical in growing the Group over the coming years. We have always said that we are in the business of creating and rolling out successful retail concepts and we have proven this in the '05 year.

As has been stated previously, our goal is to develop the Super Cheap Auto business to one of around 300 stores across Australia and New Zealand. At the date of this report, we have 212 stores trading of which 32 stores are in New Zealand. In less than 2 years, we have created a business in New Zealand of the size it took us 25 years to create in Australia. As well as growing sales through store expansion, we need to ensure that our existing stores continue to deliver growth in sales and we can only do this by creating an offer that attracts our target customers not only today but into the future. 2005 has seen an increased

emphasis on the "auto" focus in Super Cheap Auto. We are continuing to build our impressive range of products across automotive, spare parts, handyman items, tools and equipment based around products for the car, the house, the boat and the yard and at the same time, we are placing an emphasis on our automotive roots. Over the coming year, you will see some changes in our stores and in our marketing to reflect this.

As we grow the business, we need to continually review our supply chain arrangements to ensure that these meet the needs of the business in a cost effective manner. We have determined that as a result of the growth of the business in Victoria and South Australia, we plan to reduce our overall cost of doing business by channelling stock through a logistics facility in Melbourne for the stores in the Southern states rather than freighting stock from our facility in Queensland.

The Melbourne operation commences later this year. We continue to work in conjunction with our suppliers to reduce costs associated with handling product through our distribution centres and we are considering the establishment of a consolidation centre for imported product in China. This will allow us to pre-pack and hold stock ready for stores in China, thus avoiding the need to hold some imported lines in our Australian distribution centres.

Super Cheap Auto has had an association with Motor Sport for close to 10 years and we are extremely pleased to be taking this to a whole new level with not only our sponsorship of the highly competitive Super Cheap Auto V8 Racing Car team but also through securing the naming rights sponsorship for the Bathurst 1000 for the next three years. Motor Sport and, particularly the V8 Super Cars, are a passion shared by many of our target customer group. We have found our sponsorship of V8 Super Cars as a way of connecting with our customers and particularly in building awareness of our brand in new markets.

The sponsorship of a successful two car V8 team means that our brand is in the camera eye for much longer during the races and we were particularly pleased with our lead driver, Greg Murphy and the team's clean sweep at Pukekohe in New Zealand in March. Our connection with the Bathurst 1000 is one that demonstrates the seriousness of our brand across automotive in Australia and New Zealand. We have identified a number of promotional opportunities to drive sales through the Bathurst sponsorship and we are looking forward with excitement to October 9th – the date of the Super Cheap Auto 1000!

Our New Concept – BCF Boating, Camping, Fishing

The launch of BCF our new Boating, Camping and Fishing products and accessories business in July was an exciting time for the business. In January 2003, we identified a number of retail categories in which no company held a dominant position in the Australian market and in which we believed there was an opportunity to leverage our retail capabilities to build a successful business. We identified that the Camping and Outdoor products market was one of those opportunities. We started to conduct research into this market and we identified that many people who camped also fished and that many people who fished also owned a boat or went boating. Yet no one retailer provided a full offer of boating, camping and fishing products. This led to the creation of a unique retail offer which we have called 'BCF'.

To enable us to create a foothold in the market and to accelerate our understanding of the customers and suppliers, we completed the \$7 million acquisition of the CampMart business in January 2005. The CampMart business had been trading for around 25 years and had established 4 successful stores in Brisbane. We are converting these stores to the new BCF format as this Annual Report is issued.

Our research indicated that the market for Boating, Camping and Fishing products and accessories is around \$2 billion. At this stage, we plan to open 10 new stores in the 2005/06 financial year to add to the four converted CampMart stores. These stores will be based in Queensland and northern New South Wales. In time, we see the potential to open at least 60 stores across Australia and New Zealand, with a total annualised turnover of at least \$300 million.

Our plans to grow the BCF business, will require around \$27.5 million investment in the 2005/06 year of which \$5 million represents set up costs and launch advertising which we will expense against pre tax profits in line with our standard conservative accounting policy.

MANAGING DIRECTOR'S REPORT

CONTINUED

Review of Operations

2004/05 has been another record year for the business. Total Group sales grew by 22.8%, Group EBIT grew by 29.4% and Group Earnings (before non recurring items) by 31.1%. We are particularly pleased that in a tough retail market, we have been successful in managing gross profit and controlling expenses to grow earnings at a higher rate than sales.

The much publicised general decline in retail spending did have some impact on sales resulting in lower 2nd half sales growth but we were successful in maintaining sales growth through increasing our advertising programme rather than through aggressive price discounting activity. We believe that this strategy enabled us to improve our margins and to achieve an earnings result some 10% ahead of our IPO Prospectus.

Super Cheap Auto delivered total sales of \$465 million and operating profit (earnings before interest, tax and amortisation) of \$33 million. In Australia, sales performance was pleasing in most parts of the country with sales from like for like stores growing by 3.7% throughout the year.

In New Zealand, we have made excellent progress in rolling out our business and acceptance by new customers has given us confidence with our New Zealand expansion. Our research has indicated that unprompted awareness of our brand in the New Zealand market had achieved a scoring of 47% within 15 months of opening our first stores. We continue to finetune our customer offer and our marketing as we grow the business and we have also identified a number of opportunities to increase the average sale from our New Zealand stores in the coming year.

As part of our growth strategy we have continued to introduce new products into our stores during the year and, as a result, our car care, car audio/visual and leisure and outdoor categories performed particularly strongly. The continual introduction of new product that attracts and excites our customers and the ongoing development of consistent and credible own brand products are key initiatives to drive sales growth into the future.

Overall gross profit margin improved from 38.4% to 39.0% during the year, through initiatives in improving trading terms, through reducing the cost of product returns and shrinkage and through improvements in supply chain operations. We have also been successful in reducing underlying operating costs in many areas of the business which assisted us to fund the increase in advertising costs without a significant increase in overall operating costs.

The performance of our supply chain was particularly pleasing during the key promotional periods at Christmas and Easter. However, we have more to do to achieve the consistent level of in stock availability that we need to provide to our customers all year round. We also have further work to do to ensure that we are holding the right amount of inventory in the business to maximise sales and margin whilst also achieving required return on capital.

Whilst we have improved our supply chain operations during the year, a major step forward was the implementation of a Distribution Requirements Planning system in February. This, combined with our demand planning and forecasting initiatives, allowed us to better determine customer requirements and ensure

that we are carrying the right amount of stock in every store. Following implementation, we identified that we needed to embark on a nine month exercise to rebalance stock across our Stores and Distribution Centres. This exercise has meant that average stocks per store are running at just over \$550,000 per store at year end as opposed to our target of \$500,000. We are planning to reduce inventory and be in line with targets during the '06 financial year.

Review of Financial Condition

We have continued to fund our investment in the growth of the business through debt. During the year, we have negotiated increases in our funding facilities to support the acquisition of CampMart and we are currently in the process of establishing increased facilities to service the requirements of the Group over the next three years. It is envisaged that these new facilities will include a combination of term debt and working capital facilities.

Net debt for the Group has increased from \$37 million to \$74.85 million during the year. Much of this increase is attributable to the timing of our year end balance date, being 2 July 2005. This has resulted in \$21.8 million in payments made to vendors and landlords on 1 July 2005 being included in net debt at the end of the year. These payments would normally fall into the beginning of the following financial year. Despite the increase in net debt, the Group has remained comfortably within its facility covenant arrangements.

Cash flow from operations was an inflow of \$4.1 million and was impacted by the timing issues referred to above. During the year, the Company successfully renegotiated its trading terms with its major inventory suppliers with a resultant benefit of a \$15 million reduction in working capital requirements. This benefit offset the increased investment in inventory referred to above.

Overall Group capital expenditure was \$16.7 million with \$5.6 million in new store fit-out, \$7.7 million in Supply Chain and IT projects and \$3.4 million in ongoing maintenance projects across the Group.

Team Members

As I mentioned at the start of my review, 2004/05 was a year of which all of our team members can be proud. We now have over 3,500 team members across the Group and I am incredibly proud to be leading such a committed group of people. There are always plenty of challenges that arise when you grow a business at the rate we have with the Super Cheap Auto Group but whatever challenges arise our people always take them on and smash through. We will continue to place substantial emphasis on the core values that make up the Super Cheap Auto Culture and the importance of our Team Framework Principles. In line with one of our Team Framework Principles, we always try to recognise and celebrate major achievements. Many Team Members are worthy of recognition, as you will see later in this report, but I would like to thank all team members for their contribution.

Looking ahead

These are exciting times for the Super Cheap Auto Group. Whilst Super Cheap Auto is on track to establish itself as the clear leader in the retailing of auto parts and accessories across Australia and New Zealand, we look forward to the successful launch of our BCF business. We will continue to improve the functions and systems that support our retail businesses and we will continue to look for further retail opportunities. There is much to do but that is what makes working in this business so enjoyable and rewarding. I look forward to sharing our future successes with you.

“BCF – IT’S LIKE A MATE WITH THE MOST AWESOME SHED I’VE EVER SEEN... WELL ORGANISED WITH EVERYTHING I NEED FOR MY BOATING, CAMPING OR FISHING EXPERIENCE.”



As outlined in our IPO Prospectus, we believe that the capabilities that we have developed in growing the Super Cheap Auto business can be successfully applied to growing other retail formats.

In early 2003, we identified camping and outdoor leisure products as a retail category in which we believed there was an opportunity to develop a new and innovative retail format. This led to the birth of BCF – the one retail format in Australia offering everything you need for your boating, camping and fishing experience. This business will open to the public later this year.

As part of the development of BCF, we made the decision to purchase the four store CampMart business in January 2005. The acquisition of this business, which had been successfully run for 20 years, presented the opportunity to accelerate our understanding of the camping market and its customers' expectations. We have used this experience to fine tune our BCF concept.





**THERE ARE NOW 3,604 TEAM MEMBERS
THE DEDICATION OF THE SUPER CHEAP AUTO
DRIVER OF SUPER CHEAP AUTO'S GROWTH.
CAN BE FOUND AT ALL LEVELS OF**



**ACROSS AUSTRALIA AND NEW ZEALAND.
TEAM MEMBERS CONTINUES TO BE A KEY
A STRONG SENSE OF PRIDE AND TEAMWORK
THE SUPER CHEAP AUTO TEAM.**



BOARD OF DIRECTORS

DICK MCILWAIN (1), BA, FAICD **Independent Non-Executive Chairman**

Dick McIlwain, aged 58, 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 50, was appointed a Director of the Company on 8 April 2004. Bob joined Super Cheap Auto Pty Ltd in 1993 as General Manager and in 1996 was appointed Managing Director. He has almost 30 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 61, 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 which evolved into Super Cheap Auto. Reg served as Managing Director of Super Cheap Auto Pty Ltd until 1996 and then Chairman from 1996 to 2004.

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

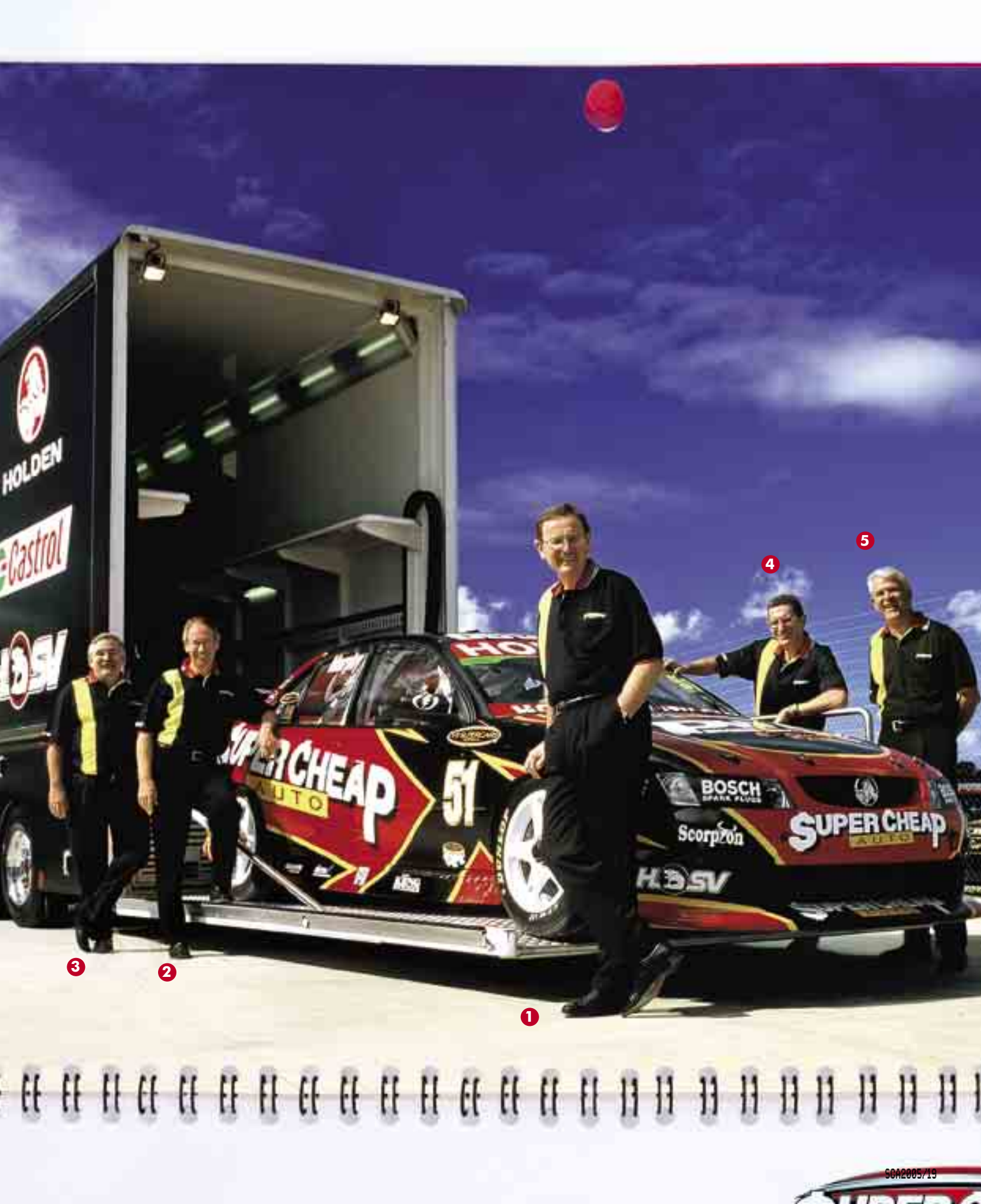
DARRYL MCDONOUGH (3), BBus (Acty), LLB (Hons), SJD, FCPA, FAICD **Independent Non-Executive Director**

Darryl McDonough, aged 54, 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 (2), BCom, FCPA, MAICD **Independent Non-Executive Director**

Mr Robert Wright, aged 56, was appointed a Director of the Company on 19 May 2004. Robert has 30 years' financial management experience, having held a number of chief financial officer positions, including finance director of David Jones Limited. He is currently the Chairman of Dexion Limited and a director of Australian Pipeline Limited, SAI Global Limited and the reconstructed Harris Scarfe Australia Pty Limited.

Robert is the Chairman of the Audit and Risk Management Committee.



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SENIOR MANAGEMENT TEAM

GETTING TO GRIPS WITH SOME OF THE COMPANY'S BEST SELLING PRODUCTS

PETER BIRTLES (1) – Chief Financial Officer and Company Secretary

Peter is a chartered accountant with over 19 years experience. Prior to joining Super Cheap Auto in 2001, Peter spent 12 years working with The Boots Company in the United Kingdom and Australia in a variety of senior finance and information technology roles where he ultimately held the position of Head of Finance and Planning. Prior to joining The Boots Company, Peter worked for Coopers & Lybrand.

Peter is responsible for the Company's financial accounting, planning and reporting, treasury, tax, finance systems, payroll, internal audit and has overall responsibility for business systems.

STEVE DOYLE (5) – General Manager – BCF

Steve joined Super Cheap Auto in 2002 as Marketing Manager. He subsequently held the positions of General Manager - Retail and General Manager – Merchandising. Earlier this year, following the acquisition of CampMart, Steve was appointed General Manager - CampMart. CampMart was relaunched as BCF in July this year.

Steve has 16 years of retail experience in Australia and overseas. Prior to joining Super Cheap Auto, Steve was a National Business Manager in Woolworths Limited's merchandise team. In 2004, Steve received the Australian Institute of Management Young Manager of the Year Award for Brisbane.

DAVID AJALA (3) – General Manager Merchandising – Super Cheap Auto

David has over 25 years' retail experience in Coles Myer. Prior to joining the Super Cheap Auto Group in July 2005, David held a number of senior management positions across several States in Australia, including National buyer, National Promotions Manager, Area and Regional Operations Manager and more recently as a National Business Manager for CML Food and Liquor division, responsible for both the Coles brand and the Bi Lo discount format.

David has completed Post Graduate studies with Deakin University as part of his MBA. David's key responsibilities at Super Cheap Auto include merchandising, procurement, inventory, demand planning and marketing.

MARK GRAHAME (2) – Group Procurement Manager

Mark joined the Super Cheap Auto Group in May 2005. He is responsible for establishing cost effective and consistent forecasting, replenishment and procurement processes across the Group. In this role, Mark works closely with our Merchandising, Supply Chain and Business Systems teams and with our vendors, both in Australia and Asia.

Mark has over twenty years experience in sales, marketing and procurement in information technology, industrial chemicals, automotive tyres, footwear and automotive parts.

Mark holds a B Commerce and an MBA (Hons).

NICK BINNS (8) – Business Systems Manager

Nick joined the Super Cheap Auto Group in 2001. Prior to joining the Company, he had spent seven years at Cambridge Management Consulting with a focus on process, system and change management.

Nick has responsibility for process development and information technology across the Group. Recent projects include the implementation of an Advanced Planning and Optimisation application to help improve in-stock position at store and reduce overall inventory holdings and the implementation of a Business Intelligence solution to provide improved analysis capability to assist in satisfying customer needs at a local market level. Nick reports to Peter Birtles.

PAM PUGSLEY (6) – General Manager Retail Operations – Super Cheap Auto

Pam joined Super Cheap Auto in November 2004. Pam has 22 years of retail experience in Coles Myer Limited. Prior to joining Super Cheap Auto, Pam was a Regional Manager for Coles Supermarkets and Pick'n'Pay, and previously held positions in Merchandising, Store Development, and State Services Management in a variety of locations across Australia.

In 2002, Pam completed a Post Graduate qualification through Deakin University in Melbourne. Pam has the responsibility for the day-to-day operations of our stores and for set up of new stores.

ROBERT DAWKINS (4) – Property Services Manager

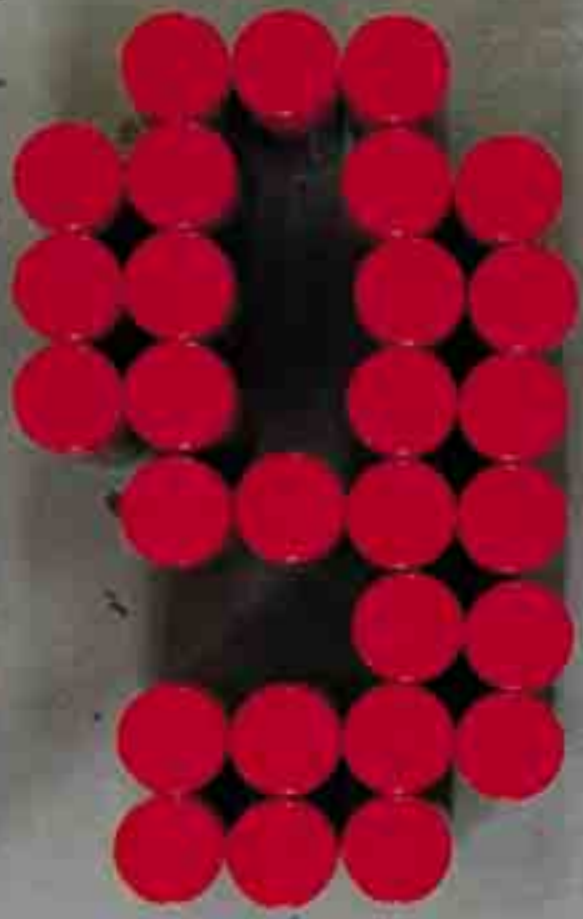
Robert has 15 years experience in property management. Prior to joining the Super Cheap Auto Group in 2001, Robert was the Property Manager for the Bank of Queensland Limited.

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

STEVE TEWKESBURY (7) – Supply Chain Manager

Steve joined Super Cheap Auto in 2004. He has in excess of 23 years experience in sales, marketing and logistics. Prior to joining Super Cheap Auto, Steve worked on Global Supply Chain and E-Commerce Strategy for Reckitt & Colman. He holds a degree qualification in E-Commerce from Monash University.

Steve is responsible for the Company's complete supply chain function which spans across Australia and New Zealand.



**GROUP EARNINGS BEFORE INTEREST
AND TAX OF \$29.5 MILLION GREW BY
29.4% OVER THE PRIOR PERIOD.**



2004 ANNUAL AWARDS

SUPER CHEAP AUTO CELEBRATES THE ACHIEVEMENTS OF ITS TEAM MEMBERS

Each year Super Cheap Auto ("SCA") celebrates the achievements of its team members at its annual Managers' Meeting. Throughout the year, team members are nominated by their peers and supervisors as having gone that extra mile, whilst outstanding stores are nominated by their Area Manager leading up to the awards announcement.

As always the awards are decided with great difficulty and this year, for the first time, the award for Manager of the Year was presented to two exceptional team members and a special recognition award was presented to a team member for her tireless work throughout the year.

The 2004 award winners were:

RALDA GROVE (3), Manager of the Year

Ralda joined SCA in February 2002 as a Trainee Manager at Caboolture. She quickly climbed the promotion ladder and by December 2002 was appointed Manager of the Deception Bay store. In January 2003, Balda transferred to the new Burpengary store as Manager and then to our larger store at Chermside in June 2004. In August 2004, Balda took on the role of Manager of our training academy, SCARMA, giving her the opportunity to share her knowledge and experience with new Managers during the course of their training. Balda is now responsible for managing the Call Centre at our Head Office.

Ralda is a high achiever having won the Manager of the Month award in September 2002 and December 2003. In June 2004, Balda was again nominated for this award and was successful because of her consistently high results, her strength to influence and motivate the team, her enthusiasm and commitment to the Company and those she works with. Balda's June 2004 award led her to win the 2004 Manager of the Year award.

DAVID HOCKINGS (1), Manager of the Year

David joined SCA in March 2002 as Manager of the Ayr store. In May 2003, David played an integral role as Training Manager in Western Australia during the Marlows/Rocca Bros acquisition (SEP 7). David remained in Western Australia following the SEP 7 transition continuing to build the SCA offer we know today. In March 2005, David was promoted to Area Manager for South Australia.

In December 2003, whilst working as Manager of the Midland store, David won Manager of the Month. His nomination was the result of a number of achievements – the huge role he played in SEP 7, including conversion of existing stores to SCA layouts, recruitment and training and because of his efforts in leading and developing his Team at Midland store to become one of WA's top 3 stores in trade.

LUKE OXLADE (2), Team Member of the Year

Luke joined SCA in September 2001 at the tender age of 15 whilst still at school. Luke worked as a casual at the newly opened Bendigo store and as his knowledge of cars and products grew so did the demand for him to be regularly in store. In December 2002, the Kangaroo Flat store

opened and they needed a casual with experience so Luke transferred stores. In November 2003, after completing school, Luke was offered a full-time position at Kangaroo Flat and quickly accepted. In October 2004, Luke was appointed Assistant Manager at the Bendigo store and in November, attended and successfully completed SCARMA.

Since 2001, Luke has been nominated 3 times for Team Member of the Month. His successful nomination in July 2003 led to his winning 2004 Team Member of the Year. His award is the result of his self-motivation, dependability, and his tremendous support and commitment to his Kangaroo Flat team.

MACKAY STORE (4), Store of the Year

In December 1995, Mackay opened as the 21st Super Cheap Auto store.

Mackay Store was nominated along with 14 others as the outstanding store in 2004. Mackay won the award because of its consistent performance, both financially and in standard of presentation. The store came in 2% over sales budget, and 7% over on the previous year sales. The Mackay team scored very well at 92%, 12% over the minimum requirement, during its Store Operating Standards audit. With these results the store was well deserving of the award.

This store could not have come to where it is today, without its team including: Eric Petersen (Manager), Tim Pratt (Asst. Manager), Christine Lavis, Simone Nash, Della Bartlett, Hayley Sbravati, Danielle Fitzgerald, Laura Calvert, Luke Sydmonds-Smith, Grant Eddy, Dustin Cavanagh, Heather Davies, Daniel Thomas, Sarah Edwards, Emma Marshall and Jack Simpson.

SONIA IRWIN (5), Special Recognition Award

In March 2000, Sonia joined SCA as a Casual Team Member at one of our larger stores of the day, Toowoomba City. Within 4 weeks she became a full-time team member and spent the next 12 months in various roles from cashiering, becoming a 3IC and acting Assistant Manager. In March 2001, Sonia was asked to join the New Store Opening team and eventually became a leader during the conversion of the Marlows/Rocca's stores to the SCA format. Not long after, Sonia was asked to be a Set-Up Manager when SCA launched in New Zealand. In January 2004, Sonia was overwhelmed to be asked to take on the role of New Store Opening Manager for SCA and accepted it with great enthusiasm.

Sonia has previously won two Team Member of the Month awards and in June 2004 was nominated for Manager of the Month award. This nomination was as a result of the success that Sonia and her team had in meeting challenges and setting new benchmarks – able to do a fantastic set-up in only 5 days and leaving the store in great condition. Sonia has been described as a "powerhouse and an exemplary role model". Her role is not typical of a SCA manager and it is for these reasons that Sonia was presented with a Special Recognition Award.



1



2



3



4



5

SUPER CHEAP AUTO, STOCK EVERY STORE, PRIDES ITSELF ON ITS PRODUCT



**ING OVER 10,000 ITEMS IN
N THE BREADTH AND VALUE OF
T OFFERING.**



TEN

LOCATION: GYMPIE QLD AUSTRALIA ADDRESS: 19 WICKHAM STREET GYMPIE

DAY

START DATE: 09-05-05 FINISH DATE: 19-05-05 GRAND OPENING: 28-05-05

STORE BUILD

GYMPIE IS SUPER CHEAP AUTO'S 211TH STORE

PHOTOGRAPHED BY TEAM MEMBER JO WILLEY



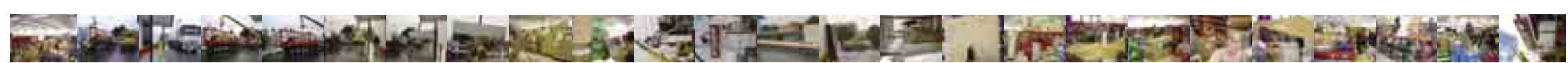
DAY 1 GYPIE



DAY 02 GYPIE



DAY 03 GYPIE



DAY 04 GYMPIE



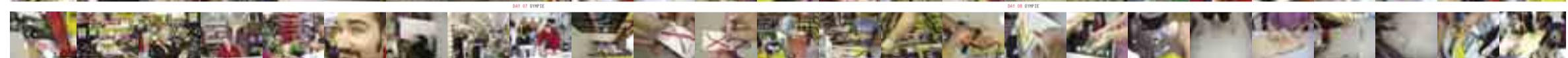
DAY 05 GYMPIE

DAY 06 GYMPIE

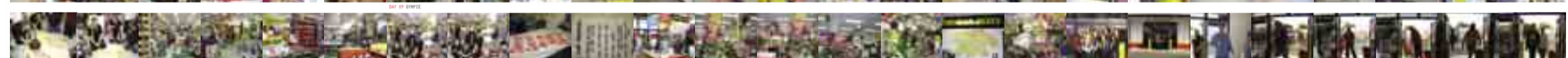


DAY 07 GYMPIE

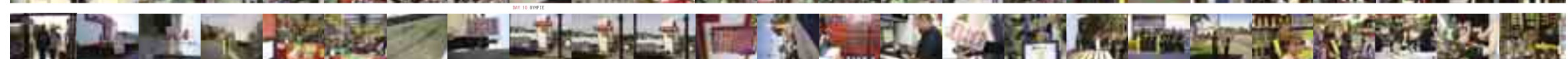
DAY 08 GYMPIE



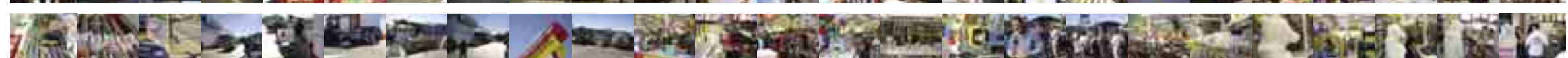
DAY 09 GYMPIE



DAY 10 GYMPIE



OPENING DAY!!!!



STORE OPENINGS ARE A CULMINATION OF TEAMWORK ACROSS MANY DEPARTMENTS THROUGHOUT THE BUSINESS STARTING AT PROPERTY THEN WORKING THROUGH FINANCE, MERCHANDISING, BUSINESS SYSTEMS AND TECHNOLOGY, HUMAN RESOURCES, LOGISTICS AND RETAIL.

WORKING FROM A PROVEN PROCESS, DEVELOPED OVER TIME, ALL AREAS OF THE BUSINESS INTERLINK WITH EACH OTHER TO ENSURE DEADLINES ARE REACHED AND STORES OPEN 8.00 AM SHARP ON THE DESIGNATED DAY.

THE PHYSICAL STORE OPENING PROCESS IS ACHIEVED THROUGH THE OUTSTANDING EFFORTS OF A DEDICATED STORE OPENING TEAM THAT COMPRISE A MANAGER AND 8 OTHERS.

AT PRESENT, THERE ARE TWO PERMANENT STORE SET-UP TEAMS, ONE FOR SUPER CHEAP AUTO AND THE OTHER FOR BCF. ADDITIONAL TEAMS ARE CREATED AS REQUIRED TO ASSIST WITH MULTIPLE STORE OPENINGS.

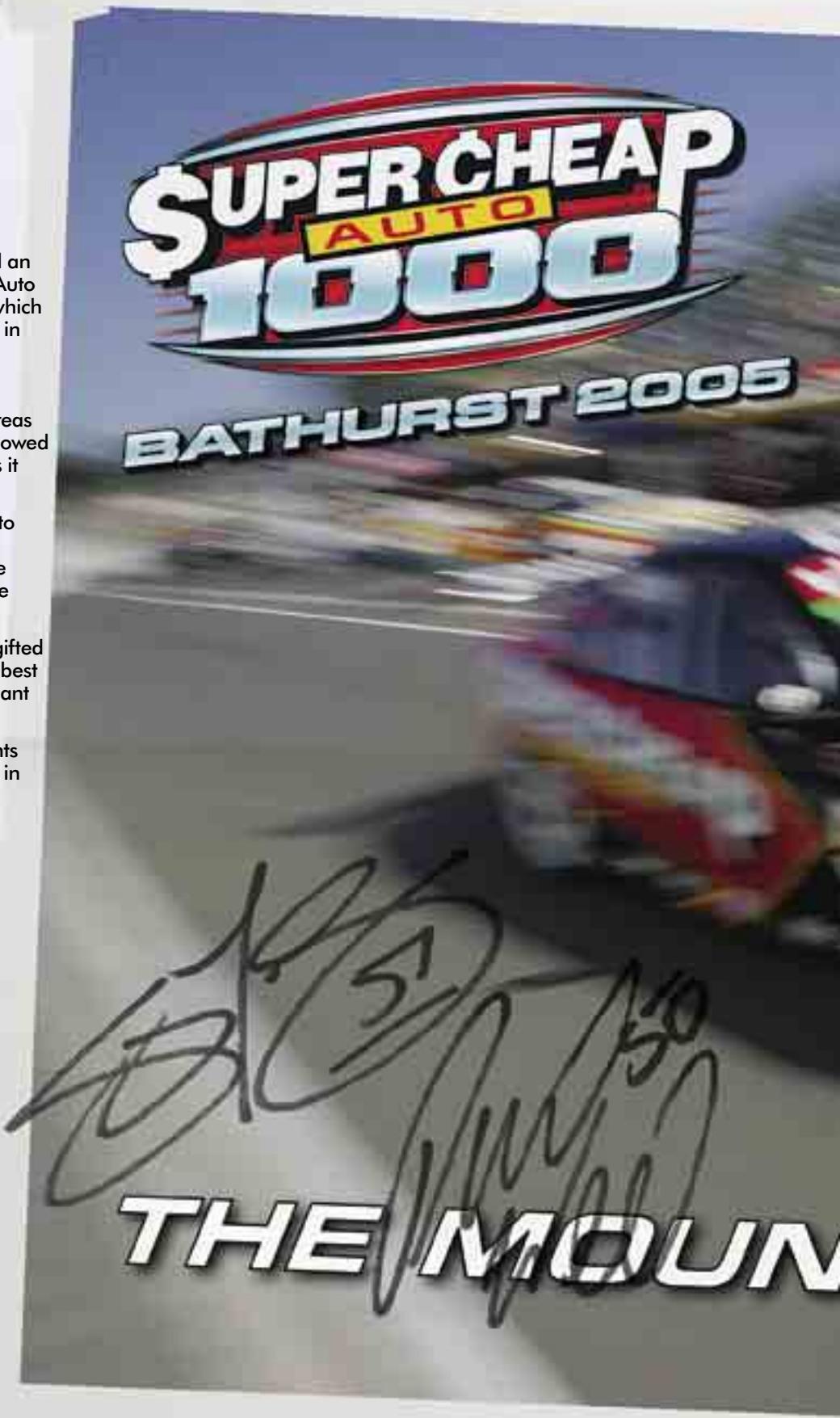
V8 SUPERCAR MUSCLE CAR MANIA

Since 1995, sponsorship of Motorsport has played an important role in the growth of the Super Cheap Auto business. Involvement in the V8 Supercar series, which is one of the most widely watched sporting events in Australia, has ensured that the Super Cheap Auto brand name is recognised by its target customers, many of whom are motor sport enthusiasts. This coverage has been a good introduction even in areas where the business has had no stores. This has allowed the business to quickly build customer numbers as it extended its store network.

This year the Company has taken its involvement to a whole new level with sponsorship of the 2 car Super Cheap Auto Racing team and becoming the naming rights sponsor of the Bathurst 1000 for the next three years.

The Super Cheap Auto Racing team, with its two gifted drivers Greg Murphy and Paul Weel, provides the best opportunity yet to win races and become a dominant force on the track.

The Bathurst 1000 is one of Australia's iconic events which will put the Super Cheap Auto brand name in front of audiences around the world.





NTAIN IS CALLING
OCTOBER 6 - 9



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 Directors' Report section on pages 38 to 44.

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.

CORPORATE GOVERNANCE CONTINUED

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 2005 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 team members 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.

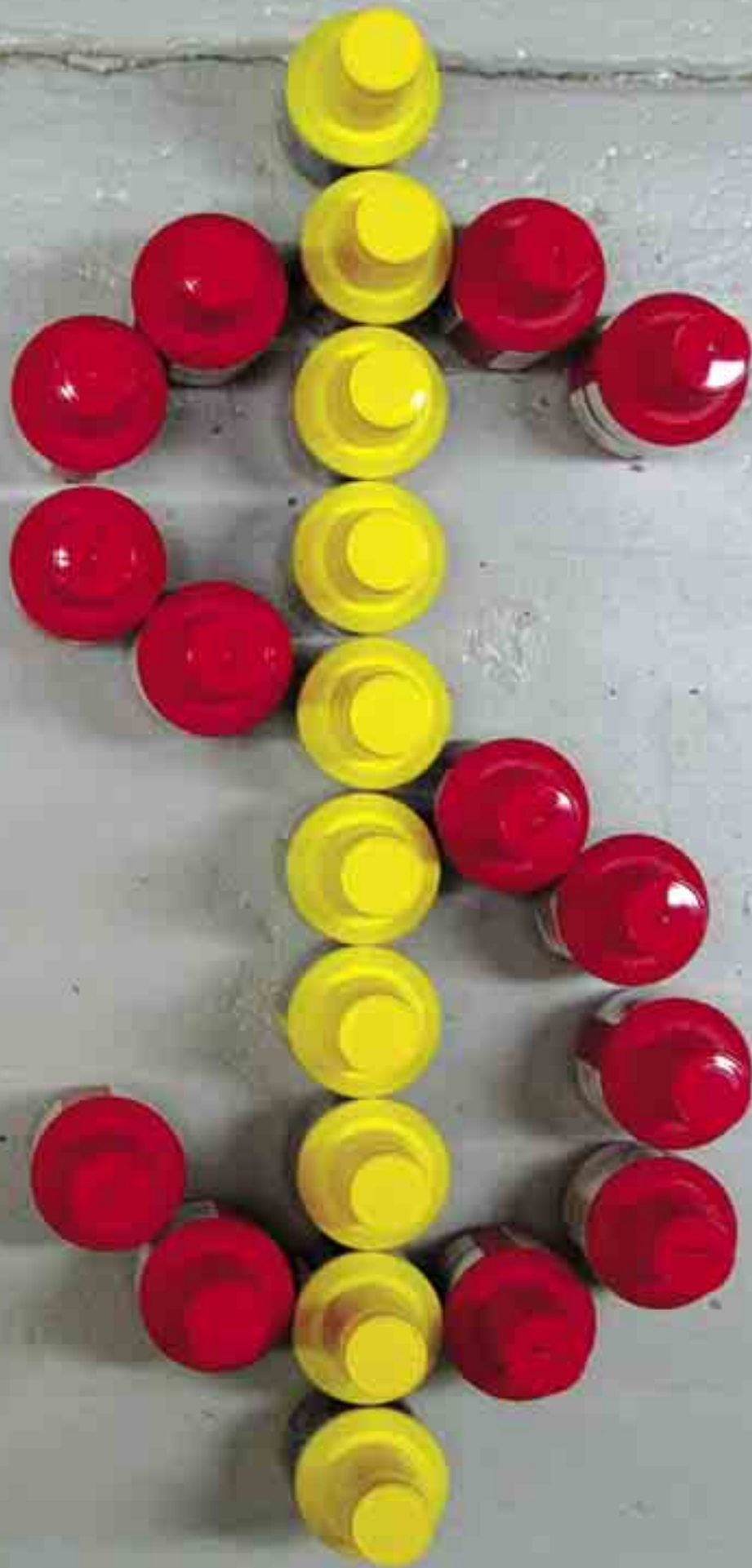
The policy also restricts the selling of Company securities to three "window" periods (between 24 hours and 30 working days following the release of the annual results, the release of the half-yearly results and the close of the annual general meeting) and such other times as the Board permits. In addition, 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.



AUSTRALIAN CAPITAL TERRITORY

Belconnen (02) 6253 5660
 Fyshwick (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
 Bondi Junction (02) 9389 3968
 Brookvale (02) 9905 5666
 Campbelltown (02) 4625 9000
 Coffs Harbour (02) 6651 8550
 Dubbo (02) 6882 0611
 Erina (02) 4367 4850
 Fairy Meadow (02) 4225 2366
 Glendale (02) 4954 6066
 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
 Lake Road (02) 6581 5778
 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
 Mudgee (02) 6372 7055
 Narellan (02) 4647 4533
 Newcastle (02) 4968 9833
 Nowra (02) 4422 9700
 Orange (02) 6369 1066
 Penrith (02) 4733 3322
 Port Macquarie (02) 6583 2099
 Queanbeyan (02) 6299 4099
 Rockdale (02) 9567 0966
 Shellharbour (02) 4297 6899
 Singleton (02) 6571 5955
 Tamworth (02) 6762 4433
 Taree (02) 6551 6211
 Tweed Heads (02) 5524 8911
 Ulladulla (02) 4455 3488
 Villawood (02) 9632 0877
 Wagga Wagga (02) 6921 6922
 Warwick Farm (02) 9822 7299
 Wentworthville (02) 9896 0166
 West Gosford (02) 4323 2044
 Wetherill Park (02) 9604 9622

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
 Biloela (07) 4992 5299
 Booval (07) 3282 6356
 Browns Plains (07) 3806 8177
 Bundaberg (07) 4151 1111
 Burleigh (07) 5576 6000
 Burpengary (07) 3888 9366
 Caboolture (07) 5499 0488
 Cairns (Earlville) (07) 4033 0600
 Cannon Hill (07) 3395 8622
 Gladstone (07) 4976 9133
 Goodna (07) 3818 0722
 Gympie (07) 5482 7566
 Hermit Park (07) 4721 6488
 Hervey Bay (Pialba) (07) 4124 1211
 Innisfail (07) 4061 4788
 Ipswich (07) 3812 2366
 Kallangur (07) 3204 4922
 Kawana Waters (07) 5478 3555
 Keperra (07) 3851 3611
 Kingaroy (07) 4162 5733
 Labrador (07) 5537 7977
 Lawnton (07) 3881 2800
 Loganholme (07) 3209 9322
 Loganlea (07) 3805 2688
 Macgregor (07) 3849 6822
 Mackay (07) 4942 2344
 Mackay City (07) 4951 0944
 Manunda (07) 4053 6912
 Maroochydore (07) 5479 4844
 Maryborough (07) 4121 3332
 Mermaid Beach (07) 5554 6233
 Moorooka (07) 3892 2565
 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 (Cairns) (07) 4038 1588
 Southport (07) 5527 0666
 Stones Corner (07) 3394 4844
 Taigum (07) 3265 7211
 Taringa (07) 3871 3808
 Thuringowa (07) 4773 9000
 Toowoomba City (07) 4632 0799
 Toowoomba South (07) 4635 7577
 Townsville (Garbutt) (07) 4725 6866
 Underwood (07) 3841 3400
 Warwick (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
 Marion (08) 8296 2210
 Noarlunga (08) 8384 2833
 Para Hills (08) 8258 2760
 Salisbury (08) 8258 4811
 Thebarton (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
 Frankston (03) 9781 2288
 Hoppers Crossing (03) 9748 7277
 Kangaroo Flat (03) 5447 9144
 Keysborough (03) 9798 8466
 Knox City (03) 9800 4722
 Maribyrnong (03) 9318 8444
 Mentone (03) 9585 0399
 Mildura (03) 5022 2588
 Moe (03) 5126 1755
 North Geelong (03) 5272 3277
 Preston (03) 9484 6006
 Ringwood (03) 9847 0055
 Rowville (03) 9764 1677
 Sale (03) 5144 3466
 Shepparton (03) 5831 3944
 Sunbury (03) 9746 3610
 Sunshine (03) 9310 2488
 Thomastown (03) 9466 3699
 Traralgon (03) 5174 9755
 Wangaratta (03) 5722 3244
 Warragul (03) 5623 5699
 Warrnambool (03) 5561 7660
 Watergardens (03) 9390 9699
 Waurm Ponds (03) 5241 8947
 Werribee (03) 9748 0055
 Yarraville (03) 9318 9928

WESTERN AUSTRALIA

Balcatta (08) 9240 1566
 Belmont (08) 9477 5699
 Bunbury (08) 9721 9977
 Canning Vale (08) 9455 3411
 Fremantle (08) 9335 8633
 Gosnells (08) 9398 4822
 Joondalup (08) 9300 0744
 Kalgoorlie (08) 9021 7145
 Mandurah (08) 9581 8588
 Midland (08) 9274 5422
 Morley (08) 9375 6933
 Myaree (08) 9317 7699
 O'Connor (08) 9314 3822
 Osborne Park (08) 9443 3711
 Rockingham (08) 9592 7999
 Spearwood (08) 9494 2144
 Victoria Park (08) 9361 8422

NEW ZEALAND

Albany 0011 64 9 448 2461
 Alicetown 0011 64 4 569 1576
 Cambridge 0011 64 7 823 7618
 Dunedin 0011 64 3 477 2590
 Feilding 0011 64 6 323 2074
 Gisborne 0011 64 6 868 3760
 Hamilton 0011 64 7 834 3586
 Hastings 0011 64 6 870 4521
 Hawera 0011 64 6 278 3641
 Highland Park 0011 64 9 533 3201
 Invercargill 0011 64 3 214 4385
 Kelston 0011 64 9 813 2091
 Manukau 0011 64 9 250 4392
 Masterton 0011 64 6 370 3308
 Mt Maunganui 0011 64 7 574 1593
 Mt Wellington 0011 64 9 574 6435
 Napier 0011 64 6 842 1461
 New Plymouth 0011 64 6 758 3882
 Palmerston North 0011 64 6 354 1743
 Paraparaumu 0011 64 4 298 1523
 Porirua 0011 64 4 238 2641
 Riccarton 0011 64 3 341 5087
 Rotorua 0011 64 7 348 5275
 Stoke 0011 64 3 547 8394
 Tauranga 0011 64 7 579 5436
 Tory Street 0011 64 4 801 6072
 Upper Hutt 0011 64 4 528 0278
 Wairau Park 0011 64 9 442 1905
 Wanganui 0011 64 6 348 9407
 Whakatane 0011 64 7 308 9072
 Whangarei 0011 64 9 459 6440
 Woolston 0011 64 3 389 1249

BCF (CAMPMART) QUEENSLAND

Capalaba (07) 3245 2220
 Keperra (07) 3851 4625
 Lawnton (07) 3889 2911
 Springwood (07) 3808 2405

SUPER CHEAP AUTO GROUP LIMITED

751 Gympie Road
 Lawnton Qld 4501
 Telephone (07) 3205 8511
 Facsimile (07) 3205 8522
www.supercheapauto.com.au

FINANCIAL STATEMENTS

Super Cheap Auto Group Limited
For the period from:

27 JUNE 2004
TO
2 JULY 2005

DIRECTORS' REPORT CONTINUED

Super Cheap Auto Group Limited
For the period from 27 June 2004 to 2 July 2005

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 2 July 2005.

DIRECTORS

The following persons were Directors of Super Cheap Auto Group Limited during the financial year and up to the date of this report.

R D McIlwain
R E Thorn
R A Rowe
D D McDonough
R J Wright

Information on qualifications and experience of Directors is included on pages 38 to 39.

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.
- * camping and outdoor leisure products.

DIVIDENDS - SUPER CHEAP AUTO GROUP LIMITED

The Directors recommended a fully franked dividend of 4.5 cents per share be paid on 12 October 2005 (total dividend, fully franked - \$4,789,333). The following fully franked dividends of the parent entity have also been paid, declared or recommended since the end of the preceding financial year:

Dividend	Payment Date	\$
2005 interim fully franked dividend	24 March 2005	2,128,592

REVIEW OF OPERATIONS

Revenue from trading operations for the period was \$470,061,000. During the period, the consolidated entity opened 28 new stores of which 16 were in Australia and 12 in New Zealand. In January 2005, the entity acquired the CampMart business comprising four stores which are located in the Greater Brisbane area of Queensland. At the end of the financial year, the consolidated entity was trading from 215 stores.

The net profit of the consolidated entity for the year ended 2 July 2005, after providing for income tax, amounted to \$20,563,000.

A review of the operations for the 53 weeks to 2 July 2005 is set out in pages 10 to 13 of this report and in the Special Purpose Report on pages 45 to 48.

SCA2005/38

FINANCIAL POSITION

A review of the financial position of the consolidated entity is set out on pages 10 to 13.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

In the opinion of the Directors, there were no significant matters subsequent to the end of the financial period.

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 10 to 13.

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 2 July 2005.

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 of their relevant interest in the securities of the Company at that date.

R D McIlwain, BA, FAICD. Independent Chairman - non-executive. Age 58.

Experience and expertise

Independent non-executive Chairman for 15 months.
Chief Executive Officer of UNiTAB for 10 years to 1999 and then Managing Director and Chief Executive Officer of UNiTAB Limited for 6 years.
Fellow of the Australian Institute of Company Directors.

Other current directorships

Managing Director of UNiTAB Limited since 1999.

Former directorships in the last 3 years

None.

DIRECTORS' REPORT CONTINUED

Super Cheap Auto Group Limited
For the period from 27 June 2004 to 2 July 2005

Special responsibilities

Chairman of the Board
Chairman of the Nomination and Remuneration Committee
Member of the Audit and Risk Committee.

Interests in shares and options

158,882 ordinary shares in Super Cheap Auto Group Limited.

R E Thorn, Managing Director, Age 50.

Experience and expertise

Managing Director for 9 years. Previously General Manager for 4 years.

Other current directorships

None.

Former directorships in the last 3 years

None.

Special responsibilities

Managing Director.
Member of the Nomination and Remuneration Committee.

Interests in shares and options

4,899,078 ordinary shares in Super Cheap Auto Group Limited.
1,000,000 options over ordinary shares in Super Cheap Auto Group Limited.

R A Rowe, Non-Executive Director, Age 61.

Experience and expertise

Founder of the business in 1972. Non-executive director for 15 months. Previously 8 years as Chairman and 24 years as Managing Director.

Other current directorships

Director of a number of private family companies.

Former directorships in the last 3 years

None.

Special responsibilities

Member of the Nomination and Remuneration Committee.

Interests in shares and options

52,402,159 ordinary shares in Super Cheap Auto Group Limited.

D D McDonough, BBus (Acty), LLB (Hons), SJD, FCPA, FAICD, Independent Non-Executive Director, Age 54.

Experience and expertise.

Independent Non-Executive Director for 15 months. Partner of a major legal firm. Past President of the Australian Institute of Company Directors (Queensland Division).

Other current directorships

Chairman and non-executive director of Cellnet Group Limited (director since 2002) and Queensland Competition Authority (director since 1998).

Former directorships in the last 3 years

Trustee of Brisbane Cricket Ground Trust from 1997-2002.
Non-executive director of Bank of Queensland from 1997-2002.
Non-executive director of Bond University Limited from 1998-2003.

Special responsibilities

Member of the Audit and Risk Committee.
Member of the Nomination and Remuneration Committee.

Interests in shares and options

50,000 ordinary shares in Super Cheap Auto Group Limited.

R J Wright, BCom, FCPA, MAICD, Independent Non-Executive Director, Age 56.

Experience and expertise

Independent Non-Executive Director for 15 months. Director of a number of major Retail companies over the last 20 years. Member of the Australian Institute of Company Directors.

Other current directorships

Chairman and non-executive director of Dexion Limited (director since 2005). Non executive director of Australian Pipeline Limited (director since 2000), SAI Global Limited (director since 2003) and the reconstructed Harris Scarfe Australia Limited (director since 2001).

Former directorships in the last 3 years

None.

Special responsibilities

Chairman of the Audit and Risk Committee.
Member of the Nomination and Remuneration Committee.

Interest in shares and options

40,609 ordinary shares in Super Cheap Auto Group Limited.

Company Secretary

The Company Secretary is Mr P A Birtles, BSc, ACA. Mr Birtles is a Chartered Accountant who has served as Chief Financial Officer since 2001 and was appointed Company Secretary in May 2004.

DIRECTORS' REPORT CONTINUED

Super Cheap Auto Group Limited

For the period from 27 June 2004 to 2 July 2005

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and each Board Committee held during the period ended 2 July 2005

MEETINGS OF COMMITTEES

	Full meetings directors		Audit & Risk		Nomination & Remuneration	
	A	B	A	B	A	B
R D McIlwain	17	17	3	3	1	1
R E Thorn	17	17	n/a	n/a	0	1
R A Rowe	17	17	n/a	n/a	1	1
D D McDonough	17	17	3	3	1	1
R J Wright	17	17	3	3	1	1

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

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 and a blend of short and long term incentives which reward both individual and company performance each year. The framework provides a mix of fixed and variable pay. As executives gain seniority within the group, the balance of their mix shifts to a higher proportion of "at risk" rewards.

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 Directors' fees are inclusive of Committee fees.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit approved by shareholders.

Executive pay

The executive pay and reward framework has four components:

SCA2005/40

* base pay and benefits

* short-term performance incentives

* long-term incentives through participation in the Super Cheap Auto Executive Option Plan, and

* other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any senior executives' contracts.

DIRECTORS' REPORT CONTINUED

Super Cheap Auto Group Limited

For the period from 27 June 2004 to 2 July 2005

Benefits

Executives receive benefits including car allowances and salary continuance insurance.

Short-term incentives

Should the Company achieve a pre-determined profit target set by the Nomination and Remuneration Committee then a short-term incentive (STI) pool is available for allocation to executives during the annual review. Cash incentives (bonuses) are payable in September each year. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for executive out-performance.

Each executive has a target STI opportunity depending on the accountabilities of the role and impact on organisation of business unit performance. The maximum target bonus opportunity is between 40% and 70% of total base salary dependent on the seniority of the executive.

Each year, the Nomination and Remuneration Committee considers the appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

For the period ended 2 July 2005, the KPIs linked to short term incentive plans were based on group, individual business and personal objectives. Depending on the responsibilities of the executive, these KPIs required performance in sales growth, gross profit improvement, reduction of operating costs and improvement in operating procedures.

The Nomination and Remuneration Committee is responsible for assessing whether the KPIs are met. To help make this assessment, the Committee receives reports on performance from management.

The STI target annual payment is reviewed annually.

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 ended 2 July 2005 are set out in the following table.

Directors of Super Cheap Auto Group Limited

Name	Primary		Non-monetary benefits \$	Post-employment	Equity	
	Cash salary and fees \$	Cash bonus \$		Super-annuation \$	Options \$	Total \$
R D McIlwain	100,000	-	-	-	-	100,000
R E Thorn	548,076	275,000	9,342	31,520	270,326	1,134,264
R A Rowe ⁽¹⁾	188,745	-	-	5,400	-	194,145
D D McDonough	54,600	-	-	5,400	-	60,000
R J Wright	54,600	-	-	5,400	-	60,000
Total	946,021	275,000	9,342	47,720	270,326	1,548,409

(1) Mr R A Rowe resigned as an Executive Officer of the Company on 5 July 2004. Upon resignation he was paid unused leave entitlements of \$134,145. This is included in the table above in cash salary and fees.

DIRECTORS' REPORT CONTINUED

Super Cheap Auto Group Limited

For the period from 27 June 2004 to 2 July 2005

Other executives of the Company and of the consolidated entity

The nature and amount of each element of the five officers of the consolidated entity receiving the highest emoluments for the period ended 2 July 2005 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	291,150	135,000	3,396	11,585	63,502	504,633
S J Doyle General Manager - BCF ¹	225,038	75,000	20,221	11,585	-	331,844
T Panic Merchandising Manager - BCF ²	160,650	-	18,481	11,585	-	190,716
N J Binns Business Systems Manager	150,288	44,000	-	11,585	-	205,873
S R Tewkesbury Supply Chain Manager	232,000	-	-	-	-	232,000
Total	1,059,126	254,000	42,098	46,340	63,502	1,465,066

(1) Mr S J Doyle served as General Manager - Retail Operations from 27 June 2004 to 3 October 2004, General Manager - Merchandising from 4 October 2004 to 15 May 2005 and was appointed General Manager, BCF on 16 May 2005.

(2) Mr T Panic served as General Manager - Merchandising from 27 June 2004 to 3 October 2004 and was appointed BCF Merchandising Manager on 4 October 2004.

CASH BONUSES

Cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed "short term incentives" above. For each cash bonus included in the above tables, the percentage of the available bonus that was paid and the percentage that was forfeited because the person did not meet the performance criteria are set out below. No part of the bonuses are payable in future years.

Name	Cash Bonus	
	Paid %	Forfeited %
R E Thorn	71	29
P A Birtles	75	25
S J Doyle	60	40
N J Binns	69	31

Service agreements

Remuneration and other terms of employment for the Managing Director and Chief Financial Officer are formalised in service agreements. The agreements provide 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 Nomination and Remuneration Committee.

DIRECTORS' REPORT CONTINUED

Super Cheap Auto Group Limited

For the period from 27 June 2004 to 2 July 2005

-
- * Payment of a termination benefit on early termination by the Company, other than for cause, equal to 33 months base salary if the termination is effective more than 12 months before the expiry date or 9 months base salary if the termination is effective within 12 months before the expiry date.

P A Birtles, Chief Financial Officer and Company Secretary

- * Term of agreement - 3 years commencing 1 July 2004
- * Base salary, inclusive of superannuation for the year ended 30 June 2005 of \$300,000 to be reviewed annually by the Nomination and Remuneration Committee.
- * Payment of a termination benefit on early termination by the Company, other than for cause, equal to the lesser of 6 months base salary or the base salary in respect of the remainder of the contract.

SHARE OPTIONS GRANTED TO DIRECTORS AND THE MOST HIGHLY REMUNERATED OFFICERS

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.

No options were issued or granted during the period.

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 2007	\$1.97	700,000
19 May 2004	1 July 2008	\$1.97	250,000
19 May 2004	1 July 2009	\$1.97	250,000
			1,200,000

The exercise of the options is subject to the satisfaction of a qualifying hurdle. The qualifying hurdle requires cumulative annual growth of 10% in Earnings Per Share pre amortisation from the IPO Prospectus forecast Earnings Per Share pre amortisation for the year ending 30 June 2005 (being 17.2 cents) through to each of the years prior to the options being exercised.

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.

INSURANCE OF OFFICERS

During the financial year, Super Cheap Auto Group Limited paid a premium of \$85,201 to insure the directors and secretaries of the Company and its 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.

DIRECTORS' REPORT CONTINUED

Super Cheap Auto Group Limited

For the period from 27 June 2004 to 2 July 2005

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (Grant Thornton) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- * all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- * none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 86.

Consolidated Entity	
2005	2004
\$'000	\$'000

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Assurance Services

Remuneration for audit services	175,000	84,000
Remuneration for other assurance services	0	28,000
Total remuneration for assurance services	175,000	112,000

Taxation Services

Total remuneration for taxation services	4,000	1,000
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Advisory Services

Total remuneration for advisory services	0	37,000
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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

SPECIAL PURPOSE REPORT

Comparison of **Prospectus** pro-forma
forecast results to pro-forma historical
results for the 53 weeks from:

27 JUNE 2004
TO
2 JULY 2005

SPECIAL PURPOSE REPORT CONTINUED

Super Cheap Auto Group Limited
For the 53 weeks to 2 July 2005

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 2 July 2005. This Special Purpose Report contains a comparison of Super Cheap Auto Group Limited's pro-forma historical results for the 2005 period, to both the pro-forma forecast results for the 2005 year and the pro-forma historical results for the 2001, 2002, 2003 and 2004 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 to 2 July 2005, which will be included in the Company's annual report.

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 pro-forma historical results for the 2004 year are based on 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 Limited for the remaining nine weeks ended 26 June 2004.

The pro-forma historical results for the 2005 year are based upon the audited actual consolidated historical results of the Super Cheap Auto Group for the remaining 53 weeks ended 2 July 2005.

The adjusted historical financial information adjusts the statutory historical financial information to promote comparability with the pro-forma forecast and historical results for the 2005 year.

DISCUSSION OF 2005 PRO-FORMA HISTORICAL VS PRO-FORMA FORECAST RESULTS

Pro-forma net profit for Super Cheap Auto of \$20.6 million was \$5.2 million ahead of the Prospectus forecast of \$15.4 million.

Pro-forma sales revenue of \$470.1 million was slightly below the forecast of \$474.3 million. The major factors influencing sales performance were:

- The decline in consumer spending in the 2nd half of the year depressing sales in Australian stores. Like for like sales growth in Australian stores was 3.7% versus a forecast of 4.5%.
- A number of more recently opened stores trading below expected levels in both Australia and New Zealand.
- The benefit of having opened six more Super Cheap Auto stores than was expected in the forecast. Five of these additional stores were in New Zealand.
- The \$5.1 million contribution from the four CampMart stores acquired in January 2005.

Pro-forma EBITDA at \$40.8 million was \$1 million (2.5%) above prospectus forecast with EBITDA margins at 8.7% strongly ahead of the forecast of 8.4%. This improvement resulted from:

- a 0.4% point improvement in gross margin through improvements in purchase costs and in supplier trading terms. Supply chain costs as a % of sales were reduced in line with forecast expectations.
- a 0.1% point increase in operating costs as a % of sales arising from an increase in marketing activity partly offset by savings across a number of other key expense categories.

Pro-forma amortisation and depreciation of \$11.3 million was \$0.9 million under forecast mainly through the timing of investment in information technology projects.

Pro-forma income tax at \$8.4 million was higher than prospectus forecast as a result of improved profit before tax performance.

SPECIAL PURPOSE REPORT CONTINUED

Super Cheap Auto Group Limited
For the 53 weeks to 2 July 2005

Pro-forma cash flow from operating activities at \$4.1 million was \$23.2 million below forecast due to an increase in working capital investment of \$23.9 million.

- * This was primarily the result of payments to stock vendors of \$19.3 million and to landlords of \$2.5 million on 1 July not being included in the forecasts.
- * Period end inventory was \$14.3 million higher than forecast but this was offset by a \$15 million benefit from improved supplier payment terms negotiated during the year.

TABLE 1 - STATEMENT OF FINANCIAL PERFORMANCE

	Adjusted Historical ¹					Pro-forma Forecast
	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2004/ 2005
\$m						
Sales						
Super Cheap Auto Pty Ltd						
- Australia	150.4	203.4	275.1	366.7	417.6	424.9
- New Zealand				16.0	47.4	49.4
BCF Australia Pty Ltd					5.1	0
Total	150.4	203.4	275.1	382.7	470.1	474.3
COGS	(90.4)	(128.3)	(166.9)	(235.7)	(286.8)	(291.1)
Gross Profit	60.0	75.1	108.2	147.0	183.3	183.2
Operating Expenses	(42.9)	(57.0)	(82.1)	(115.0)	(142.5)	(143.4)
EBITDA	17.1	18.1	26.1	32.0	40.8	39.8
Depreciation	(1.3)	(2.6)	(4.3)	(6.4)	(8.3)	(9.2)
EBITA	15.8	15.5	21.8	25.6	32.5	30.6
Amortisation	(1.8)	(1.8)	(2.0)	(2.8)	(3.0)	(3.0)
EBIT	14.0	13.7	19.8	22.8	29.5	27.6
Net Borrowing Costs				(3.0)	(3.8)	(4.3)
Income Tax				(6.6)	(8.4)	(7.9)
NPAT (Pre specific items)				13.2	17.3	15.4
After Tax Share Issue Costs²				(11.1)	0	0
After tax benefit arising from change to inventory valuation methodology³					3.3	0
NPAT				2.1	20.6	15.4
Earnings per share pre amortisation and share issue costs⁴				15.0¢	19.1¢	17.2¢
Total Sales Growth	NA	35.2%	35.2%	39.1%	22.8%	25.2%
Gross Margin	39.9%	36.9%	39.3%	38.4%	39.0%	38.6%
EBITA Margin	10.5%	7.6%	7.9%	6.7%	6.9%	6.5%
EBITA Growth		-1.9%	40.6%	17.4%	27.0%	29.1%
Store Numbers	71	97	144	183	215	205

(1) The Adjusted Historical Financial Information (issued in the Prospectus dated 20 May 2004) is based on the audited results for the years ended 30 June 2001, 2002, 2003, 2004 and 2005. The Company has made various adjustments to the statutory historical information to arrive at the Adjusted Historical Financial Information included in this Section.

SPECIAL PURPOSE REPORT CONTINUED

Super Cheap Auto Group Limited
For the 53 weeks to 2 July 2005

- (2) In the period ending 26 June 2004, the Company incurred share issue costs before tax of \$15.8 million comprising of:
- Costs of \$1.7 million associated with the implementation of the Senior Management Team Share Plan.
 - Costs of \$13.9 million 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 did not recur in the year ending 2 July 2005.
- (3) Change of methodology of trading stock valuation has resulted in a one-off credit to the Statement of Financial Performance of \$4.7 million pre-tax. The change concerns capitalisation of supply chain costs. This change ensures consistency between accounting and taxable profits following the release of ATO Practice Statement LA 2003/13.
- (4) Earnings per share pre amortisation and specific items 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.

TABLE 2 - FINANCIAL CASH FLOWS

\$m	Adjusted Historical 2004/2005	Pro-forma Forecast 2004/2005
For period ending 2 July 2005		
EBITDA	40.8	39.8
Tax Paid	(6.0)	(6.3)
Investment in Working Capital	(30.7)	(6.8)
Investment in Other Assets	0	0.6
Cash Flows from Operating Activities	4.1	27.3
Capital Expenditure	(16.7)	(16.4)
Business Acquisition	(8.0)	0
Cash Flows from Investing Activities	(24.7)	(16.4)
Net Interest	(3.8)	(4.3)
Equity Issuance/(Buyback)	0	0
Debt Issuance/(Repayment)	31.5	7.6
Dividend Payment to Shareholders ¹	(7.1)	(7.0)
Management Share Loan	(7.2)	(7.2)
Cash Flows from Financing Activities	13.4	(10.9)
Net Change in Cash	(7.2)	0.0
Beginning Cash Balance ²	13.6	5.0
Ending Cash Balance	6.4	5.0

(1) The dividend payment to shareholders includes the payment of a \$5 million dividend payment by Super Cheap Auto Pty Ltd to its shareholders. This dividend was declared prior to Super Cheap Auto Pty Ltd's acquisition by Super Cheap Auto Group Limited.

(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:

27 JUNE 2004
TO
2 JULY 2005

STATEMENT OF FINANCIAL PERFORMANCE

Super Cheap Auto Group Limited

For the period 27 June 2004 to 2 July 2005

	Notes	Consolidated entity		Parent entity	
		2005 \$000	2004 \$000	2005 \$000	2004 \$000
Revenue from ordinary activities					
Sale of goods		470,061	70,757	0	0
Other revenues from ordinary activities		290	167	9,509	0
Total revenues	3, 4	470,351	70,924	9,509	0
Expenses from ordinary activities					
Cost of sales of goods		(281,135)	(43,658)	0	0
Other expenses from ordinary activities					
- selling and distribution		(52,091)	(7,782)	0	0
- marketing		(25,965)	(2,532)	0	0
- occupancy		(29,139)	(4,212)	0	0
- administration		(47,032)	(7,848)	(785)	0
Borrowing costs expense	4	(4,595)	(720)	(1,180)	0
Total expenses	4	(439,957)	(66,752)	(1,965)	0
Profit from ordinary activities before related income tax expense					
		30,394	4,172	7,544	0
Income tax expense relating to ordinary activities	5	(9,831)	(1,405)	587	0
Total changes in equity other than those resulting from transactions with owners as owners					
	24	20,563	2,767	8,131	0
Basic earnings per share					
	34	Cents 19.3	Cents 4.1		
Diluted earnings per share					
	34	Cents 19.3	Cents 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 2 July 2005

	Notes	Consolidated entity		Parent entity	
		2005 \$000	2004 \$000	2005 \$000	2004 \$000
Current assets					
Cash assets	6	6,426	13,640	45	0
Receivables	7	6,607	5,394	62,119	0
Inventories	8	123,183	92,513	0	0
Tax Assets	9	0	1,633	0	1,678
Other	10	4,725	1,206	860	0
Total current assets		140,941	114,386	63,024	1,678
Non-current assets					
Other financial assets	11	0	0	84,234	84,233
Property, plant and equipment	12	45,016	36,257	0	0
Intangible assets	13	49,294	45,349	0	0
Deferred tax assets	14	3,509	5,006	3,142	4,876
Other non-current assets	15	395	440	67	0
Total non current assets		98,214	87,052	87,443	89,109
Total assets		239,155	201,438	150,467	90,787
Current liabilities					
Payables	16	46,417	46,857	201	0
Interest bearing liabilities	17	81,251	36,184	59,650	6,199
Current tax liabilities	18	696	0	467	0
Provisions	19	4,032	8,643	0	0
Total non-current liabilities		132,396	91,684	60,318	6,199
Non-current liabilities					
Interest bearing liabilities	20	0	21,600	0	0
Deferred tax liabilities	21	341	355	174	355
Provisions	22	984	797	0	0
Total non-current liabilities		1,325	22,752	0	355
Total liabilities		133,721	114,436	60,492	6,554
Net assets		105,434	87,002	89,975	84,233
Equity					
Contributed equity	23	84,233	84,233	84,233	84,233
Reserves	24	0	2	0	0
Retained profits	24	21,201	2,767	5,742	0
Total Equity		105,434	87,002	89,975	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 27 June 2004 to 2 July 2005

	Notes	Consolidated entity		Parent entity	
		2005 \$000	2004 \$000	2005 \$000	2004 \$000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		517,279	79,092	0	0
Payments to suppliers and employees (inclusive of goods and services tax)		(470,187)	(68,048)	(588)	0
Rental payments - external		(31,024)	(3,116)	0	0
Rental payments - related parties		(6,002)	(1,178)	0	0
Income taxes paid		(6,018)	(156)	354	0
Net cash inflow from operating activities	33	4,048	6,594	(234)	0
Cash flows from investing activities					
Payments for business acquired	35	(8,019)	0	(6,699)	0
Cash acquired from purchase of controlled entity		0	10,005	0	0
Payments for property, plant and equipment		(17,812)	(1,781)	0	0
Proceeds from sale of property, plant and equipment		45	0	0	0
Proceeds from sale of Service Centres in prior year		1,084	237	0	0
Net cash inflow/(outflow) from investing activities		(24,702)	8,461	(6,699)	0
Cash flows from financing activities					
Proceeds from external borrowings		284,100	17,500	220,350	0
Repayment of borrowings		(253,450)	(20,000)	(160,775)	0
Advances to related parties		0	0	(48,447)	0
Repayments of advances to related parties		856	7,496	0	0
External interest paid		(3,751)	(661)	(2,021)	0
External interest received		0	45	0	0
Costs of IPO to be reimbursed		0	(798)	0	0
Dividend paid	25	(7,129)	(5,000)	(2,129)	0
Repayment of loans re shares		(7,183)	0	0	0
Net cash inflow (outflow) from financing activities		13,443	(1,418)	6,978	0
Net increase/(decrease) in cash held		(7,211)	13,637	45	0
Cash at the beginning of the financial period		13,640	0	0	0
Effects of exchange rate changes on cash		(3)	3	0	0
Cash at the end of the financial period	6	6,426	13,640	45	0

Refer 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 AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

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 listed on the Australian Stock Exchange 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 2 July 2005 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 35 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 potential 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 27 June 2004 to 2 July 2005

01 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 comprise direct purchase costs and an appropriate proportion of supply chain variable and fixed overhead expenditure. 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.

(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:

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

01 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

	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) 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 27 June 2004 to 2 July 2005

01 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Equity based compensation benefit 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 overdrafts 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 Tax 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.

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 52 calendar weeks or 53 calendar weeks. For the period to 2 July 2005, the Company is reporting on the 53 week period that began 27 June 2004 and ended 2 July 2005. For the period to 26 June 2004, the company is reporting on the period commencing 8 April 2004, being date of incorporation to 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 27 June 2004 to 2 July 2005

02 SEGMENT INFORMATION

The consolidated entity is organised on a global basis into the following business segments.

Business Segments

The consolidated entity is organised on a global basis into the following divisions by product and service type.

Super Cheap Auto; Retail and distribution of motor vehicle spare parts and accessories, tools and equipment.

BCF (Boating, Camping and Fishing); Retail and distribution of boating, camping and fishing equipment.

The consolidated entity's divisions are operated in two main geographical areas;

Australia

The home country of the parent entity. The areas of operation are automotive as well as boating, camping and fishing.

New Zealand

Only Super Cheap Auto operates in New Zealand.

PRIMARY SEGMENT - BUSINESS SEGMENTS - 2 JULY 2005

	Super Cheap Auto	BCF	Inter-Segment eliminations/ unallocated	Consolidated
	2005 \$'000	2005 \$'000	2005 \$'000	2005 \$'000
Sales to external customers	464,972	5,089	0	470,061
Inter-segment sales	0	0	0	0
Total sales revenue	464,972	5,089	0	470,061
Other revenue	283	7	0	290
Total segment revenue	465,255	5,096	0	470,351
Segment result (pre interest)	34,765	(535)		34,230
Net borrowing costs	0	0	(3,836)	(3,836)
Segment result	34,765	(535)	(3,836)	(30,394)
Unallocated revenue less unallocated expenses				0
Profit from ordinary activities before related income tax expense				30,394
Income tax expense				(9,831)
Net profit/(loss)				20,563
Segment assets	228,475	10,680		239,155
Unallocated assets				0
Total assets				241,728
Segment liabilities	121,916	11,109		133,025
Unallocated liabilities				0
Total liabilities				133,025
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	16,232	7,635	0	23,867
Depreciation and amortisation expense	10,799	175	0	10,974
Other non-cash expenses	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

02 SEGMENT INFORMATION CONTINUED

PRIMARY SEGMENT - BUSINESS SEGMENTS - 26 JUNE 2004

	Super Cheap Auto	BCF	Inter-Segment eliminations/ unallocated	Consolidated
	2004 \$'000	2004 \$'000	2004 \$'000	2004 \$'000
Sales to external customers	70,757	0	0	70,757
Inter-segment sales	0	0	0	(0)
Total sales revenue	70,757	0	0	70,757
Other revenue	167	0	0	167
Total segment revenue	70,924	0	0	70,924
Segment result (pre-interest)	4,825	0	0	4,825
Net borrowing costs	0	0	(653)	(653)
Segment result	4,825	0	(653)	4,172
Unallocated revenue less unallocated expenses			0	0
Profit from ordinary activities before related income tax expense				4,172
Income tax expense				(1,405)
Net profit/(loss)				2,767
Segment assets	201,438	0	0	201,438
Unallocated assets				0
Total assets				201,438
Segment liabilities	114,436	0	0	114,436
Unallocated liabilities				0
Total liabilities				114,436
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	83,114	0	0	83,114
Depreciation and amortisation expense	1,554	0	0	1,554
Other non-cash expenses	7,154	0	0	7,154

SECONDARY SEGMENT - GEOGRAPHICAL SEGMENTS - 2 JULY 2005

	Segment revenues sales to external customers		Segment Assets		Aquisitions of plant, plant and equipment, intangibles and other non-current segment assets	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Australia	422,718	65,760	233,090	187,058	21,208	79,81
New Zealand	47,343	4,997	26,541	14,380	2,659	3,197
	470,061	70,757	259,631	201,438	23,867	83,088

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

02 SEGMENT INFORMATION CONTINUED

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.

03 REVENUE

	Consolidated entity		Parent entity	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Revenue from operating activities				
Sale of goods	470,061	70,757	0	0
Revenue from outside the operating activities				
Other revenue	72	122	0	0
Interest revenue - other corporations	218	45	9	0
Dividend - related party	0	0	9,500	0
Total revenue from outside the operating activities	290	167	9,509	0
Total revenue from ordinary activities	470,351	70,924	9,509	0

04 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	0	96	0	0
Net foreign exchange gains for the period	356	543	0	0
Change in methodology of inventory valuation to incorporate attributable supply chain costs	4,718	0	0	0

Expenses

Net loss on disposal of property, plant and equipment	147	0	0	0
Depreciation				
- Plant and equipment	3,630	475	0	0
- Capitalised leased plant and equipment	81	27	0	0
- Motor vehicles	268	41	0	0
- Computer systems	4,164	586	0	0
Total depreciation	8,143	1,129	0	0

Amortisation - goodwill	2,831	425	0	0
Other charges against assets				
- write down of inventories to net realisable value	811	117	0	0
- scrapping of property, plant and equipment	0	0	0	0
- minor assets expensed on acquisition	180	45	0	0
Total other charges against assets	991	162	0	0

Borrowing costs - other corporations				
- interest and finance charges	4,054	698	1,172	0
- lease finance costs	0	0	0	0
- amortisation of ancillary costs of borrowings	185	22	8	0
Total borrowing costs - other corporations	4,239	720	1,180	0

Rental expenses				0
- operating lease costs	29,846	3,776	0	0
- equipment hire	0	14	0	0
Total rental expenses	29,846	3,790	0	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

05 INCOME TAX

	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'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	30,394	4,172	7,544	0
Income tax calculated at 30% (2004 - 30%)	9,118	1,252	2,263	0
Tax effect of permanent differences:				
- amortisation of goodwill	849	127	0	0
- other non-allowable items	35	26	0	0
Dividend - related party	0	0	(2,850)	0
Tax consolidation adjustments re NZ branch	(415)	0	0	0
Difference in NZ tax rate	47	0	0	0
Income tax adjusted for permanent differences	9,634	1,405	(587)	0
Under/(over) provision from prior year	197	0	260	0
Aggregate income tax expense	9,831	1,405	(327)	0

06 CURRENT ASSETS - CASH ASSETS

Cash on hand	373	727	0	0
Cash at bank	6,001	12,863	45	0
Deposits at call	52	50	0	0
Total current assets - cash assets	6,426	13,640	45	0

The deposits at call bear interest at variable rates of between 5.2% and 5.6% (2004: 4.6% and 5.3%)

07 CURRENT ASSETS - RECEIVABLES

Trade debtors	5,988	2,840	0	0
Sundry debtors	448	1,481	3	0
Security deposits	127	113	0	0
Related parties	44	960	62,116	0
Total current assets - receivables	6,607	5,394	62,119	0

08 CURRENT ASSETS - INVENTORIES

Finished goods, at cost	123,183	92,513	0	0
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09 TAX ASSETS

Income tax receivable	0	1,633	0	1,678
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10 CURRENT ASSETS

Prepayments	4,725	1,206	860	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 27 June 2004 to 2 July 2005

11 NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Name of entity				
Super Cheap Auto Pty Ltd	0	0	84,234	84,233
BCF Australia Pty Ltd	0	0	1	0
Total - non-current assets - shares in controlled entities (refer Note 35)	0	0	84,234	84,233

12 NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Plant and equipment, at cost	38,771	31,010	0	0
Less accumulated depreciation	(9,990)	(6,394)	0	0
Net plant and equipment	28,781	24,616	0	0
Capitalised leased plant and equipment	1,039	1,039	0	0
Less accumulated depreciation	(1,039)	(958)	0	0
Net capitalised leased plant and equipment	0	81	0	0
Motor vehicles	1,139	996	0	0
Less accumulated depreciation	(487)	(396)	0	0
Net motor vehicles	652	600	0	0
Computer systems	26,610	17,825	0	0
Less accumulated depreciation	(11,027)	(6,865)	0	0
Net computer equipment	15,583	10,960	0	0
Total net property, plant and equipment	45,016	36,257	0	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 27 June 2004	24,616	81	600	10,960	36,257
Additions	7,750	0	353	8,785	16,888
Disposals	(130)	0	(58)	(1)	(189)
Additions through acquisition	175	0	25	3	203
Depreciation and amortisation	(3,630)	(81)	(268)	(4,164)	(8,143)
Foreign currency exchange differences	0	0	0	0	0
Carrying amounts at 2 July 2005	28,781	0	652	15,583	45,016
Reconciliations - parent entity					
Carrying amounts at 27 June 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 2 July 2005	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 27 June 2004 to 2 July 2005

13 NON CURRENT ASSETS - INTANGIBLES

	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Goodwill and brand, at cost	60,347	53,570	0	0
Less accumulated amortisation	(11,067)	(8,235)	0	0
Net goodwill	49,280	45,335	0	0
Trademarks, at cost	14	14	0	0
Less accumulated depreciation	0	0	0	0
Net trademarks	14	14	0	0
Total net intangibles	49,294	45,349	0	0

	Goodwill \$'000	Brand names \$'000	Trade marks \$'000	Totals \$'000
Reconciliations - consolidated entity				
Carrying amounts at 27 June 2004	45,335	0	14	45,349
Additions	0	0	0	0
Disposals	0	0	0	0
Additions through acquisition	6,776	0	0	6,776
Depreciation and amortisation	(2,831)	0	0	(2,831)
Foreign currency exchange differences	0	0	0	0
Carrying amounts at 2 July 2005	49,280	0	14	49,294
Reconciliation - parent entity				
Carrying amounts at 27 June 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 2 July 2005	0	0	0	0

14 NON CURRENT ASSETS - DEFERRED TAX ASSETS

	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Future income tax benefits	3,509	5,006	3,142	4,876

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

15 NON-CURRENT ASSETS - OTHER NON-CURRENT ASSETS	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Borrowing costs, at cost	703	616	67	0
Less accumulated amortisation	(308)	(176)	0	0
Net borrowing costs	395	440	67	0

16 CURRENT LIABILITIES - PAYABLES				
Trade creditors	33,373	29,733	32	0
Other creditors	13,044	17,124	169	0
Total current liabilities - payables	46,417	46,857	201	0

17 CURRENT LIABILITIES - INTEREST BEARING LIABILITIES				
Secured				
Commercial bill	81,250	29,000	59,650	0
Total current liabilities - secured interest bearing liabilities	81,250	29,000	59,650	0
Unsecured				
Related parties	1	7,184	0	6,199
Total current liabilities - unsecured interest bearing Liabilities	1	7,184	0	6,199
Total current liabilities - interest bearing liabilities	81,251	36,184	59,650	6,199

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

18 CURRENT TAX LIABILITIES				
Income tax payable	696	0	467	0

19 CURRENT LIABILITIES - PROVISIONS				
Dividends (see Note 25)	0	5,000	0	0
Employee benefits (refer Note 30)	4,032	3,643	0	0
Total current liabilities - provisions	4,032	8,643	0	0
Movements in provisions - dividends				
Carrying amount at the start of the financial period	5,000	0	0	0
Provisions recognised as part of acquisition of Super Cheap Auto Pty Ltd	0	10,000	0	0
Payments/other sacrifices of economic benefits	(5,000)	(5,000)	0	0
Carrying amount at the end of the financial period	0	5,000	0	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

20 NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES

	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Secured				
Commercial bill	0	21,600	0	0
Secured liabilities				
Total secured liabilities (current and non-current) are:				
Commercial bills	81,250	50,600	59,650	0
Total current liabilities	81,250	50,600	59,650	0

The facilities are secured by first registered company charges over all the assets and undertakings of Super Cheap Auto Group Limited, Super Cheap Auto Pty Ltd, Super Cheap Auto (New Zealand) Pty Ltd and BCF Australia Pty Ltd in favour of ANZ Banking Group Limited and by Cross guarantees and indemnities between Super Cheap Auto Pty Ltd and Super Cheap Auto (New Zealand) Pty Ltd and between Super Cheap Auto Group Limited, Super Cheap Auto Pty Ltd, SCA Equity Plan and BCF Australia Pty Ltd in favour of ANZ Banking Group Ltd. Financial covenants are provided by Super Cheap Auto Group Ltd with respect to lease adjusted debt to capitalisation, balance sheet debt to capitalisation, fixed charges cover and lease adjusted debt to EBITDAL. In addition, Super Cheap Auto undertakes not to make distributions of more than 60% of NPAT without ANZ Banking Group Limited's prior consent.

Financing arrangements

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

Total facilities				
- Multi-Option Facility (including commercial bill, overdraft and cash advance)	90,000	63,120	90,000	0
- Indemnity/Guarantee Facility	1,338	1,300	1,388	0
Totals	91,338	64,420	91,338	0

Facilities used at balance date

- Multi-Option Facility (including commercial bill, overdraft and cash advance)	81,250	50,600	59,650	0
- Indemnity/Guarantee Facility	1,287	1,287	0	0
Totals	82,537	51,887	59,650	0

Unused balance of facilities at balance date

- Multi-Option Facility (including commercial bill, overdraft and cash advance)	8,750	12,520	30,350	0
- Indemnity/Guarantee Facility	51	13	1,338	0
Totals	8,801	12,533	31,688	0

In addition, the Company has access to a \$35.3 million (2004: \$20.3 million) transactional facility for clean credit and foreign currency dealings. Super Cheap Auto has commercial bills of \$21.6 million (2004: \$50.6 million) outstanding at year end which are drawn as part of the group facility.

The current interest rates on the financing arrangements are:

- Multi Option Facility (including commercial bills, overdraft and cash advance)	5.99%-7.23% (2004:6.19%-7.43%)
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21 NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

Deferred tax liabilities	341	355	174	355
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

22 NON-CURRENT LIABILITIES - PROVISIONS

	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Employee benefits (refer Note 29)	984	797	0	0

23 CONTRIBUTED EQUITY

	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Ordinary shares fully paid	84,233	84,233	84,233	84,233
		Number of Shares	Issue Price	\$'000
Movement in ordinary share capital				
Issue of shares on incorporation (8 April 2004)		1	1.00	0
Issue of shares on 23 April 2004		49,697,150	1.69	84,233
Share split on 19 May 2004		56,732,471	-	0
Closing balance 2 July 2005		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.

No options were issued, exercised nor lapsed during the period. Information relating to options outstanding at the end of the financial year are set out in Note 31.

24 RESERVES AND RETAINED EARNINGS

	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Reserves				
Foreign currency translation reserve	0	2	0	0
Movements				
Balance at the beginning of the financial period	2	0	0	0
Net exchange difference on translation of foreign controlled Entity	(2)	2	0	0
Reserves at the end of the financial period	0	2	0	0
Retained earnings				
Balance at the beginning of the financial period	2,767	0	0	0
Net profit/(loss) for the financial period attributable to shareholders of Super Cheap Auto Group Limited	20,563	2,767	7,871	0
Dividends provided for or paid	(2,129)	0	(2,129)	0
Retained profits/(losses) at the end of the financial period	21,201	2,767	5,742	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)).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

25 DIVIDENDS

	Parent entity	
	2005	2004
	\$'000	\$'000
Ordinary shares		
Dividends paid by Super Cheap Auto Group Limited during the reporting period were as follows:		
Interim dividend for the period ended 2 July 2005 of 2 cents per share paid on 24 March 2005. Fully franked based on tax paid @ 30%	2,129	0
Total dividends provided and paid	2,129	0
During the period, Super Cheap Auto Pty Ltd paid a \$5 million dividend which had been declared at 26 June 2004.		
Dividends not recognised at year end		
Subsequent to year end, the Directors have recommended the payment of a final dividend of 4.5 cents per ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the dividend expected to be paid on 12 October 2005, out of retained profits at 2 July 2005, but not recognised as a liability at year end, is	4,789	0
Franking credits		
The franked portions of dividends paid after 2 July 2005 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 2 July 2005.		
Franking credits remaining at balance date available for dividends declared after the current balance date based on a tax rate of 30%	22,539	15,926

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 27 June 2004 to 2 July 2005

26 FINANCIAL INSTRUMENTS

	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'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 including some 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 United States Dollars. 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	4,000	8,000	0	0
- 7 to 12 months	0	0	0	0
Weighted average rate of contracts	75 cents	70 cents	0	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	0	0
- unrealised gains	0	16	0	0
- total gains (a)	0	16	0	0
- realised losses and costs	0	0	0	0
- unrealised losses and costs	(7)	0	0	0
- total losses and costs (b)	(7)	0	0	0
Net gains/(losses and costs)	(7)	16	0	0

(a) Included in other creditors under note 16

(b) Included in sundry debtors under note 7

Interest rate swap contracts

Bank loans of the economic entity currently bear an average variable interest rate of 7.09% (2004: 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 45% (2004: 49%) of the loan principal outstanding. The fixed interest rate is 6.24% (2004: 6.19%).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

26 FINANCIAL INSTRUMENTS CONTINUED

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:

	Notes	Floating interest rate \$'000	Fixed interest maturing in				Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000			
2005								
Financial assets								
Cash and deposits	6	5,379	0	0	0	1,047	6,426	
Receivables	7, 10	0	0	0	0	11,332	11,332	
Total financial assets		5,379	0	0	0	12,379	17,758	
Weighted average rate of interest		5.11%						
Financial liabilities								
Trade and other creditors	16	0	0	0	0	46,417	46,417	
Related parties	17	0	0	0	0	1	1	
Hire purchase creditors		0	0	0	0	0	0	
Commercial bill	17, 20	59,650	21,600	0	0	0	81,250	
Employee entitlements	19, 22	0	0	0	0	5,016	5,016	
Total financial liabilities		59,650	21,600	0	0	51,434	132,684	
<i>Weighted average rate of interest</i>		<i>7.09%</i>	<i>6.24%</i>					
Net financial assets/(liabilities)		(54,271)	(21,600)	0	0	(39,055)	(114,926)	
2004								
Financial assets								
Cash and deposits	6	11,947	0	0	0	1,693	13,640	
Receivables	7, 10	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	16	0	0	0	0	46,857	46,857	
Related parties	17	0	0	0	0	7,184	7,184	
Hire purchase creditors		0	0	0	0	0	0	
Commercial bill	17, 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

26 FINANCIAL INSTRUMENTS CONTINUED

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.

	Carrying amount		Net fair value	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'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	6,426	13,640	6,426	13,640
Receivables	11,332	6,600	11,332	6,600
Non-traded financial assets	17,758	20,240	17,758	20,240
Financial liabilities				
Trade and other creditors	(46,418)	(54,041)	(46,418)	(54,041)
Bank overdrafts	0	0	0	0
Hire purchase creditors	0	0	0	0
Commercial bill	(81,250)	(50,600)	(81,250)	(50,600)
Non-traded financial liabilities	(127,688)	(104,641)	(127,668)	(104,641)
Off-balance sheet financial instruments				
Financial assets				
Forward exchange contracts *	0	16		
Financial liabilities				
Forward exchange contracts *	(7)	0		

* 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 27 June 2004 to 2 July 2005

27 REMUNERATION OF AUDITORS

	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'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	175	84	143	0
Other audit related work	0	28	0	0
Other assurance services	0	0	0	0
Total audit and assurance services	175	112	143	0
Advisory services	0	37	0	0
Taxation services	4	1	0	0
Total remuneration	179	150	143	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	0	0
Other audit related work	0	0	0	0
Other assurance services	0	0	0	0
Total audit and assurance services	0	0	0	0
Advisory services	0	0	0	0
Taxation services	0	0	0	0
Total remuneration	0	0	0	0

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	1,287	0	0
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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	1,694	786	0	0
Later than one year but not later than five years	0	0	0	0
Later than five years	0	0	0	0
Total capital commitments	1,694	786	0	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

29 COMMITMENTS FOR EXPENDITURE CONTINUED

	Consolidated entity		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Lease commitments				
Commitments in relation to operating lease payments under non-cancellable operating leases are payable as follows:				
Within one year	29,249	25,280	0	0
Later than one year but not later than five years	87,119	80,181	0	0
Later than five years	46,171	53,141	0	0
Total lease commitments	162,539	158,602	0	0
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	3,874	4,668	0	0

30 EMPLOYEE BENEFITS

Employee benefits and related on-costs liabilities				
Included in other creditors				
- current (refer Note 16)	850	761	0	0
Provision for employee benefits				
- current (refer Note 19)	4,032	3,643	0	0
Provision for employee benefits				
- non-current (refer Note 22)	984	797	0	0
Total employee benefit and related on-costs liabilities	5,866	5,201	0	0

	Consolidated entity		Parent entity	
	2005 Number	2004 Number	2005 Number	2004 Number
Employee numbers				
Number of employees at reporting date	3,604	2,964	0	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%	2.0%		
Weighted average discount rates	5.6%	5.6%		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

31 DIRECTOR AND EXECUTIVE DISCLOSURES

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 and a blend of short and long term incentives which reward both individual and company performance each year. The framework provides a mix of fixed and variable pay. As executives gain seniority within the group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

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 Directors' fees are inclusive of Committee fees.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit approved by shareholders.

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits
- short-term performance incentives
- long-term incentives through participation in the Super Cheap Auto Executive Option Plan, and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any senior executives' contracts.

Benefits

Executives receive benefits including car allowances and salary continuance insurance.

Short-term incentives

Should the Company achieve a pre-determined profit target set by the Nomination and Remuneration Committee then a short-term incentive (STI) pool is available for allocation to executives during the annual review. Cash incentives (bonuses) are payable in September each year. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for executive out-performance.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

31 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

Each executive has a target STI opportunity depending on the accountabilities of the role and impact on organisation of business unit performance. The maximum target bonus opportunity is between 40% and 70% of total base salary dependent on the seniority of the executive.

Each year, the Nomination and Remuneration Committee considers the appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

For the period ended 2 July 2005, the KPIs linked to short term incentive plans were based on group, individual business and personal objectives. Depending on the responsibilities of the executive, these KPIs required performance in sales growth, gross profit improvement, reduction of operating costs and improvement in operating procedures.

The Nomination and Remuneration Committee is responsible for assessing whether the KPIs are met. To help make this assessment, the Committee receives reports on performance from management.

The STI target annual payment is reviewed annually.

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 ended 2 July 2005 are set out in the following table.

Directors of Super Cheap Auto Group Limited

Name	Primary		Non-monetary benefits	Post-employment	Equity	
	Cash salary and fees	Cash bonus		Super-annuation	Options	Total
	\$	\$	\$	\$	\$	\$
R D McIlwain	100,000	-	-	-	-	100,000
R E Thorn	548,076	275,000	9,342	31,520	270,326	1,134,264
R A Rowe	188,745	-	-	5,400	-	194,145
D D McDonough	54,600	-	-	5,400	-	60,000
R J Wright	54,600	-	-	5,400	-	60,000
Total	946,021	275,000	9,342	47,720	270,326	1,584,409

(1) Mr R A Rowe resigned as an Executive Officer of the Company on 5 July 2004. Upon resignation he was paid unused leave entitlements of \$134,145. This is included in the table above in cash salary and fees.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

31 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

Other executives of the Company and of the consolidated entity

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 2 July 2005 are set out in the following table:

Name	Cash salary and fees \$	Primary Cash bonus \$	Non- monetary benefits \$	Post- employment	Equity	Total \$
				Super- annuation \$	Options \$	
P A Birtles Chief Financial Officer and Company Secretary	291,150	135,000	3,396	11,585	63,502	504,633
S J Doyle General Manager - BCF ¹	225,038	75,000	20,221	11,585	-	331,844
P M Pugsley General Manager - Retail Operations ²	91,450	21,200	5,593	6,758	-	125,001
N J Binns Business Systems Manager	150,288	44,000	-	11,585	-	205,873
S R Tewkesbury Supply Chain Manager	232,000	-	-	-	-	232,000
Total	989,926	275,200	29,210	41,513	63,502	1,399,351

(1) Mr S J Doyle served as General Manager - Retail Operations from 27 June 2004 to 3 October 2004, General Manager - Merchandising from 4 October 2004 to 15 May 2005 and was appointed General Manager, BCF on 16 May 2005.

(2) Ms P Pugsley was appointed as General Manager - Retail Operations on 29 November 2004.

Cash bonuses

Cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed "short term incentives" above. For each cash bonus included in the above tables, the percentage of the available bonus that was paid and the percentage that was forfeited because the person did not meet the performance criteria are set out below. No part of the bonuses are payable in future years.

Name	CASH BONUS	
	Paid %	Forfeited %
R E Thorn	71	29
P A Birtles	75	25
S J Doyle	60	40
N J Binns	69	31
P M Pugsley	57	43

Service agreements

Remuneration and other terms of employment for the Managing Director and Chief Financial Officer 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

31 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

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 Nomination and Remuneration Committee.
- * Payment of a termination benefit on early termination by the Company, other than for cause, equal to 33 months base salary if the termination is effective more than 12 months before the expiry date or 9 months base salary if the termination is effective within 12 months before the expiry date.

P A Birtles, Chief Financial Officer and Company Secretary

- * Term of agreement - 3 years commencing 1 July 2004
- * Base salary, inclusive of superannuation for the year ended 30 June 2005 of \$300,000 to be reviewed annually by the Nomination and Remuneration Committee.
- * Payment of a termination benefit on early termination by the Company, other than for cause, equal to the lesser of 6 months base salary or the base salary in respect of the remainder of the contract.

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 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

31 DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

Option holdings

The number of options over ordinary shares in the Company held during the period by the directors of Super Cheap Auto Group Limited and the five specified executives of the consolidated entity, including their personally-related entities are set out below:

Name	Balance at and fees the year	Granted during the year as remuneration	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Super Cheap Auto Group Limited					
R E Thorn	1,000,000	-	-	1,000,000	-
Specified executives of the consolidated entity					
P A Birtles	200,000	-	-	200,000	-
			Exercise date	Issue price of shares	Number under option
Date options granted					
			1 July 2007	\$1.97	700,000
			1 July 2008	\$1.97	250,000
			1 July 2009	\$1.97	250,000
					1,200,000

Shareholdings

The number of ordinary shares in the Company held during the financial year by each director of Super Cheap Auto Group Limited and each of the five specified executives of the consolidated entity, including their personally related entities are set out below:

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Super Cheap Auto Group Limited				
R D McIlwain	-	-	158,882	158,882
R E Thorn	4,835,120	-	63,958	4,899,078
R A Rowe	93,909,727	-	(41,507,568)	52,402,159
D D McDonough	-	-	50,000	50,000
R J Wright	-	-	40,609	40,609
Specified executives of the consolidated entity				
P A Birtles	1,192,089	-	507	1,192,596
S J Doyle	536,441	-	507	536,948
N J Binns	238,418	-	-	238,418
P M Pugsley	-	-	-	-
S R Tewkesbury	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

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, R J Wright and D D McDonough.

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	
	2005 '000	2004 \$'000	2005 \$'000	2004 \$'000
Amount due from:				
Director - R E Thorn				
- expenses to be reimbursed	18	8	0	0
Director related entities of R A Rowe				
- costs of IPO to be reimbursed	0	798	0	0
- Store lease costs to be reimbursed by landlord (see below)	26	154	0	0
	44	960	0	0

The amounts due above have been repaid subsequent to the end of the period

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	6,960	1,157	0	0
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33 RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Profit from ordinary activities after related income tax	20,563	2,767	7,871	0
Cash flows excluded from profit on ordinary activities attributed to operating activities				
Depreciation and amortisation	11,023	1,554	8	0
Net (gain)/loss on sale of non-current assets	147	20	0	0
(Gain)/loss on disposal of service entity	0	(96)	0	0
Cash flow attributed to investing and financing activities				
Interest paid - net	3,751	616	2,021	0
IPO costs to be reimbursed	0	798	0	0
GST credit claims for fixed asset purchases	1,615	162	0	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	(4,732)	(673)	(15,467)	0
- (increase) in inventories	(28,669)	(103)	0	0
- increase/(decrease) in payables	(48)	2,484	589	0
- (decrease)/increase in provisions	531	(650)	0	0
- (decrease) in deferred tax	(133)	(285)	4,484	0
Net cash inflow from operating activities	4,048	6,594	(234)	0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

34 EARNINGS PER SHARE

	Consolidated Entity	Parent entity
	2005 Cents	2004 Cents
Basic earnings per share	19.3	4.1
Diluted earnings per share	19.3	4.1

Weighted average number of shares used as the denominator

	Consolidated entity	
	2005 Number	2004 Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	106,429,622	67,550,020
Weighted average potential ordinary shares used as the denominator in calculating diluted earnings per share	106,429,622	67,550,020

	Consolidated entity	
	2005 \$'000	2004 \$'000
Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
- earnings used in calculating basic earnings per share net profit after tax	20,563	2,767
Diluted earnings per share		
- earnings used in calculating diluted earnings per share net profit after tax	20,563	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.

35 INVESTMENTS IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2005 %
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
BCF Australia Pty Ltd (a)	Australia	Ordinary	100
SCA Equity Plan 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

35 INVESTMENTS IN CONTROLLED ENTITIES CONTINUED

Acquisition by controlled entity

On 17 January 2005, BCF Australia Pty Ltd acquired certain assets and assumed certain liabilities of the CampMart business from an entity external to the group.

Details of the acquisition are as follows:

	\$'000
Fair value of identifiable net assets acquired	
Inventory	2,000
Plant and equipment	203
Trade creditors	(914)
Employee entitlements	(46)
	1,243
Goodwill	6,776
Consideration	8,019

36 NET TANGIBLE ASSET BANKING

	Consolidated entity	
	2005 Cents	2004 Number
Net tangible asset per ordinary share	53¢	39¢

37 DEED OF CROSS GUARANTEE

Super Cheap Auto Group Limited, Super Cheap Auto Pty Ltd and BCF Australia 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

38 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to International Accounting Standards Board (IASB) interpretations. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 1 July 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings at 26 June 2004.

The consolidated entity has established a project team to manage the transition to AIFRS. The project team is chaired by the Chief Financial Officer and reports to the Audit and Risk Committee.

The project team has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases, choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards. These choices have been analysed to determine the most appropriate accounting policy for the consolidated entity.

The known or reliably estimable impacts on the financial report for the period ended 2 July 2005 had it been prepared using AIFRS are set out below. No material impacts are expected in relation to the Statements of Cash Flows.

Although the adjustments discussed below are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the consolidated entity prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

Notes explaining the impacts on the Statements of Financial Performance and Statements of Financial Position:

(a) Intangible assets - goodwill/impairment

Under AASB 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.

If the policy required by AASB 3 had been applied during the period ended 2 July 2005, consolidated goodwill at 2 July 2005 would have been \$2.8 million higher and consolidated amortisation expense for the period would have been \$2.8 million lower. There would have been no impact on the parent entity's financial statements.

(b) Share based payments

Under AASB 2 Share Based Payment, from 1 July 2004, the group is required to recognise an expense for those options that were issued to employees under the Share Option Plan but that had not vested by 1 January 2005.

If the policy required by AASB 2 had been applied during the period ended 2 July 2005, consolidated and parent entity share based payment reserve at 2 July 2005 would have been \$0.3 million higher, with a corresponding decrease in the opening retained earnings of \$0.1 million and a decrease in 2005 earnings of \$0.2 million.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

38 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS CONTINUED

(c) Financial instruments

The group will be taking advantage of the exemption available under AASB 1 to apply AASB 1 to AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement only from 1 July 2005. This allows the group to apply previous Australian generally accepted accounting principles (Australian GAAP) to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

(d) Provision for 'make good' requirements in relation to leased premises

Under AASB 137 Provisions, Contingent Liabilities and Contingent Assets, estimates of the costs of make-good provisions that are contractually required as part of lease agreements should be appropriately estimated and provided for, with a corresponding asset created for the deferred expenditure being amortised over the term of the lease. If the policy required by AASB 137 had been applied during the period ended 2 July 2005 the net impact would be to increase property, plant and equipment by \$2.6 million and increase provision liabilities by \$3.8 million with a corresponding decrease in opening retained earnings of \$0.8 million and 2005 earnings of \$0.4 million. There would have been no impact on the parent entity's financial statements.

(e) Deferred revenue

Under AASB 118 Revenue, revenue from the sale of goods shall be recognised if an entity retains only an insignificant risk of ownership, when a refund is offered to a customer if they are not satisfied, then revenue is recognised at the time of sale provided the seller can reliably estimate future returns and recognises a liability for returns based on previous experience and other relevant factors. If the policy required by AASB 118 had been applied during the period ended 2 July 2005, returns liability would have been \$0.2 million higher, with a corresponding decrease in opening returned earnings of \$0.2 million. There would have been no impact on the parent entity's financial statements.

(f) Impairment of assets

Under AASB 136 Impairment of Assets, discounted cash flows are used to calculate the recoverable amount of assets. The assessment is required on a Cash Generating Unit basis. Assessments to date have not resulted in changes to the carrying value of applicable assets.

(g) Leases

Under AASB 117 Leases, there is a requirement to account for fixed rate increases in operating leases on a straight line basis.

This will result in a change to current accounting policy under which lease payments are charged to the statement of Financial Performance in the period in which they are incurred. If the policy required by AASB 117 had been applied during the period ended 2 July 2005, lease liability would have been \$3.3 million higher with a corresponding decrease in opening retained earnings of \$1.2 million and a decrease in 2005 earnings of \$2.1 million. There would have been no impact on the parent entity's financial statements.

These numbers do not take into account discounting of future costs to present value. The project team, in conjunction with its advisors, is considering discounting to present value to ensure consistency with other AIFRS.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Notes to and forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

38 IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS CONTINUED

(h) Income Tax

Under AASB 112 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 basis. 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.

If the policy required by AASB 112 had been applied during the period ended 2 July 2005, deferred tax assets would have decreased by \$0.7 million, and deferred tax liabilities would have not changed materially.

(i) Summary of impacts

Adjustments required on first time adoption of AIFRS are generally recognised directly in retained earnings (with the exception of share based payments) of the date of transition. The effect of these adjustments for the consolidated entity will be a decrease in retained earnings (pre-tax) of \$2.3 million and an increase in pre-tax 2005 earnings of \$0.1 million (increase of \$0.8 million in earnings after tax).

DIRECTORS' DECLARATION

Forming part of the Consolidated Financial Statements
For the period from 27 June 2004 to 2 July 2005

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 2 July 2005 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 37 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 37.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



R D McILWAIN
Chairman



R E THORN
Director

Brisbane
25 August 2005

INDEPENDENT AUDIT REPORT TO MEMBERS OF SUPER CHEAP AUTO GROUP LIMITED

Scope

The financial report and directors' responsibility

The financial report 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 2 July 2005. 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 and Assurance 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, 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

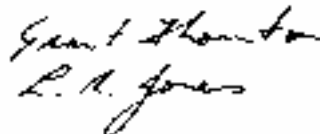
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

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 2 July 2005 and of its 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

25 August 2005

AUDITOR'S INDEPENDENCE DECLARATION

Chartered Accountants
Business Advisers and Consultants

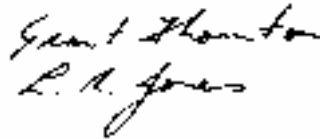
Grant Thornton 

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SUPER CHEAP AUTO GROUP LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Super Cheap Auto Group Limited for the period ended 2 July 2005, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
Chartered Accountants



L R JONES
Partner

Brisbane

Dated this 25th day of August 2005

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SHAREHOLDER INFORMATION

DISTRIBUTION OF SHAREHOLDINGS AS AT 25 AUGUST 2005

Size of Holding	Ordinary Shareholders
1-1,000	646,229
1,001 - 5,000	4,455,555
5,001 - 10,000	3,484,568
10,001 - 100,000	6,602,825
	91,240,445
	106,429,622
Number of Shareholders with less than a marketable parcel	22

Voting Rights

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

TWENTY LARGEST SHAREHOLDERS AS AT 25 AUGUST 2005

Number of Ordinary Shares	Shareholder
52,402,159	SCA FT Pty Ltd
4,835,120	Robert Edward Thorn
4,730,454	SCA Equity Plan Pty Ltd
4,057,375	Westpac Custodian Nominees Limited
3,880,984	Citicorp Nominees Pty Limited (CFS Future Leaders Fund A/C)
3,516,816	ANZ Nominees Limited <Cash Income A/C>
3,408,315	J P Morgan Nominees Australia Limited
2,884,370	Suncorp Custodian Services Pty Limited <AET>
1,441,497	Queensland Investment Corporation
752,000	GIO General Ltd
731,599	National Nominees Limited
678,301	Suncorp General Insurance Limited
620,000	Geomar Superannuation Pty Ltd
535,391	Bond Street Custodians Limited <SJM - 143800 A/C>
535,391	Bond Street Custodians Limited <SJM - 143796 A/C>
535,391	Bond Street Custodians Limited <SJM - 143825 A/C>
535,391	Bond Street Custodians Limited <SJM - 143812 A/C>
400,000	Seymour Group Pty Ltd
380,710	Geomar Superannuation Pty Ltd <The Chapman SF A/C>
371,910	Mr Rakesh Tulshyan & Mrs Seema Tulshyan <BTML A/C>
87,233,174	

Total held by twenty largest shareholders as a percentage 81.96%

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