

APPENDIX 4E
PRELIMINARY FINAL REPORT
SUPER CHEAP AUTO GROUP LIMITED (SUL)

ABN 81 108 676 204

Statutory Results

Current Reporting Period: From 29 June 2008 to 27 June 2009 (52 weeks)
 Previous Reporting Period: From 1 July 2007 to 28 June 2008 (52 weeks)

Results for Announcement to the Market

	Statutory Results \$'000	Comparison to 2008 Statutory Results \$'000		
Revenue from ordinary activities	829,306	Up	15.9%	to \$829,306
Profit from ordinary activities after tax attributable to members	32,135	Up	24.6%	to \$32,135
Net profit for the period attributable to members	32,135	Up	24.6%	to \$32,135

Dividends

	Amount Per Share	Franked Amount Per Share
Interim dividend – Current Period	6.5¢	6.5¢
Final dividend – Current Period Declared 26 August 2009 (payable 20 October 2009)	11.5¢	11.5¢
Record date for determining entitlements to the final dividend		25 September 2009

Dividend Reinvestment Plan

The Company has activated its Dividend Reinvestment Plan. This will be available to all shareholders at a 2.5% discount. The Plan will not be underwritten. The last date for participation in the Dividend Reinvestment Plan is 25 September 2009.

Brief explanation of figures reported above to enable the figures to be understood

Refer press release

Audit

This report is based on accounts which have been audited. The audit report, which was unqualified, will be made available with the Company's Financial Report.

Details of Annual General Meeting

Place Kedron Wavell Services Club, Long Tan Room, 375 Hamilton Road, Chermside South, Queensland
Date Wednesday, 28 October 2009
Time 11.00 am

Approximate date the annual report will be available: 28 September 2009

Super Cheap Auto Group Limited
Income statements
For the period ended 27 June 2009

	Notes	Consolidated		Parent entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue from continuing operations	3	829,306	715,657	28,260	24,019
Other income	4	477	320	11	4
Total revenues and other income		829,783	715,977	28,271	24,023
Cost of sales of goods		(481,468)	(426,299)	0	0
Other expenses from ordinary activities					
- selling and distribution		(97,441)	(83,697)	0	0
- marketing		(40,965)	(37,472)	0	0
- occupancy		(65,141)	(53,171)	0	0
- administration		(89,133)	(69,416)	(2,655)	(2,086)
Finance costs expense		(13,749)	(9,116)	(13,645)	(8,914)
Total expenses		(787,897)	(679,171)	(16,300)	(11,000)
Profit before income tax		41,886	36,806	11,971	13,023
Income tax (expense)/benefit	6	(9,751)	(11,006)	6,162	2,989
Profit attributable to Members of Super Cheap Auto Group Limited		32,135	25,800	18,133	16,012

	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per share	30.2	24.2
Diluted earnings per share	30.0	24.2

The above income statements should be read in conjunction with the accompanying notes.

Super Cheap Auto Group Limited

Balance sheets

As at 27 June 2009

	Notes	Consolidated		Parent entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	16,810	8,709	1,663	108
Trade and other receivables	8	25,113	19,282	145,230	133,990
Inventories	9	222,821	193,975	0	0
Total current assets		264,744	221,966	146,893	134,098
Non-current assets					
Other financial assets	10	0	0	93,206	95,319
Property, plant and equipment	11	87,948	79,552	0	0
Deferred tax assets	12	9,672	7,629	706	37
Intangible assets	13	75,407	76,009	0	0
Total non-current assets		173,027	163,190	93,912	95,356
Total assets		437,771	385,156	240,805	229,454
LIABILITIES					
Current liabilities					
Trade and other payables	14	116,623	91,205	2,947	250
Borrowings	15	39,496	56,692	38,689	54,782
Current tax liabilities	16	4,593	3,682	4,765	3,683
Provisions	17	10,152	7,696	1,008	224
Total current liabilities		170,864	159,275	47,409	58,939
Non-current liabilities					
Trade and other payables	18	12,320	10,469	0	0
Borrowings	19	92,000	71,016	92,000	70,000
Deferred tax liabilities	20	0	0	0	0
Provisions	21	6,233	8,635	177	2,866
Total non-current liabilities		110,553	90,120	92,177	72,866
Total liabilities		281,417	249,395	139,586	131,805
Net assets		156,354	135,761	101,219	97,649
EQUITY					
Contributed equity	22	84,627	84,627	84,627	84,627
Reserves	23	42	(3,344)	1,255	890
Retained profits	23	71,685	54,478	15,337	12,132
Capital and reserves attributable to equity holders of Super Cheap Auto Group Limited		156,354	135,761	101,219	97,649

The above balance sheets should be read in conjunction with the accompanying notes.

Super Cheap Auto Group Limited
Statements of changes in equity
For the period ended 27 June 2009

	Notes	Consolidated		Parent entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total equity at the beginning of the financial year		135,761	124,526	97,649	93,632
Changes in the fair value of cash flow hedges, net of tax	23	3,027	465	43	76
Exchange differences on translation of foreign operations		37	(2,959)	0	0
Net income recognised directly in equity		3,064	(2,494)	43	76
Profit for the year		32,135	25,800	18,133	16,012
Total recognised income and expense for the year		35,199	23,306	18,176	16,088
Transactions with equity holders in their capacity as equity holders:					
Dividends provided for or paid	24	(14,928)	(12,783)	(14,928)	(12,783)
Employee share options		322	318	322	318
		(14,606)	(12,465)	(14,606)	(12,465)
Issue of shares		0	394	0	394
Total equity at the end of the financial year		156,354	135,761	101,219	97,649
Total recognised income and expense for the year is attributable to:					
Members of Super Cheap Auto Group Limited		35,199	23,306	18,176	16,088

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

Super Cheap Auto Group Limited

Cash Flow statements

For the period ended 27 June 2009

	Notes	Consolidated		Parent entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		907,255	784,645	0	0
Payments to suppliers and employees (inclusive of goods and services tax)		(766,759)	(671,250)	(1,292)	(2,238)
Rental payments					
- external		(57,144)	(42,589)	0	0
- related parties		(8,351)	(7,626)	0	0
Income taxes paid		(12,332)	(13,527)	(12,332)	(12,769)
Net cash (outflow) inflow from operating activities		62,669	49,653	(13,624)	(15,007)
Cash flows from investing activities					
Payments for property, plant and equipment		(31,762)	(28,277)	0	0
Proceeds from sale of property, plant and equipment		3,237	502	0	0
Payments for purchase of subsidiary, net of cash acquired		(4,621)	(15,744)	0	(8,221)
Net cash (outflow) inflow from investing activities		(33,146)	(43,519)	0	(8,221)
Cash flows from financing activities					
Proceeds from borrowings		410,909	434,365	410,317	434,365
Payments for borrowings		(405,517)	(415,451)	(404,106)	(414,998)
Interest paid		(11,891)	(10,011)	(11,921)	(10,141)
Dividends paid to company's shareholders	24	(14,928)	(12,783)	(14,928)	(12,783)
Proceeds from issue of shares		0	394	0	394
Repayment of loans re shares		0	0	0	0
Advances to related parties		0	0	(415,498)	(430,503)
Repayments of advances to related parties		0	0	451,315	456,985
Net cash inflow (outflow) from financing activities		(21,427)	(3,486)	15,179	23,319
Net increase (decrease) in cash and cash equivalents					
		8,096	2,648	1,555	91
Cash and cash equivalents at the beginning of the financial year		8,709	6,271	108	17
Effects of exchange rate changes on cash and cash equivalents		5	(210)	0	0
Cash and cash equivalents at end of year	7	16,810	8,709	1,663	108

The above cash flow statements should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

1 Basis of preparation

This Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

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.

2 Segment information

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

Supercheap 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.

Goldcross Cycles: Wholesale, retail and distribution of bicycles and bicycle accessories.

Primary reporting segment – business segment

2009	Supercheap Auto \$'000	BCF \$'000	Goldcross Cycles \$'000	Total continuing operations \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Segment Revenue						
Sales to external customers	604,217	205,492	19,103	828,812	0	828,812
Inter segment sales	0	0	0	0	0	0
Total sales revenue	604,217	205,492	19,103	828,812	0	828,812
Other revenue/income	367	95	15	477	494	971
Total revenue and other income	604,584	205,587	19,118	829,289	494	829,783
Segment result (pre-borrowing costs)	46,422	16,362	(3,972)	58,812	(3,177)	55,635
Borrowing costs					(13,749)	(13,749)
Profit before income tax						41,886
Income tax expense						(9,751)
Profit for the period						32,135
Segment Assets & Liabilities						
Segment assets	284,322	103,690	23,667	411,679	26,092	437,771
Unallocated assets					0	0
Total assets						437,771
Segment liabilities	(114,355)	(79,278)	(27,514)	(221,147)	100,578	(120,569)
Unallocated liabilities					(160,848)	(160,848)
Total liabilities						(281,417)
Acquisitions of property, plant and equipment and other non- current segment assets	13,535	7,455	3,097	24,087	7,632	31,719
Depreciation and amortisation expense	(13,710)	(3,854)	(602)	(18,166)	(117)	(18,283)
Other non-cash expenses						322

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

2 Segment information (continued)

2008	Supercheap Auto \$'000	BCF \$'000	Goldcross Cycles \$'000	Total continuing operations \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Segment Revenue						
Sales to external customers	558,802	156,420	217	715,439	0	715,439
Inter segment sales	0	0	0	0	0	0
Total sales revenue	558,802	156,420	217	715,439	0	715,439
Other revenue/income	311	5	0	316	222	538
Total revenue and other income	559,113	156,425	217	715,755	222	715,977
Segment result (pre-borrowing costs)	41,550	7,893	13	49,456	(3,534)	45,922
Borrowing costs					(9,116)	(9,116)
Profit before income tax						36,806
Income tax expense						(11,006)
Profit for the period						25,800
Segment Assets & Liabilities						
Segment assets	279,537	98,442	6,520	384,499	(493)	384,006
Unallocated assets					1,150	1,150
Total assets						385,156
Segment liabilities	(169,897)	(85,781)	(6,535)	(262,213)	138,738	(123,475)
Unallocated liabilities					(125,920)	(125,920)
Total liabilities						(249,395)
Acquisitions of property, plant and equipment and other non-current segment assets	20,047	12,924	1,890	34,861	13,073	47,934
Depreciation and amortisation expense	(12,990)	(2,934)	0	(15,924)	0	(15,924)
Other non-cash expenses					318	318

Geographical segments

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

Australia

The home country of the parent entity. The three areas of operation are (i) automotive, (ii) boating, camping and fishing, and (iii) bicycles and bicycle accessories.

New Zealand

Only Supercheap Auto operates in New Zealand.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

2 Segment information (continued)

Secondary Segment – Geographical Segments

	Segment Revenues from sales to external customers		Segment Assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Australia	766,738	654,161	408,076	358,848	29,918	46,532
New Zealand	62,074	61,278	29,695	26,308	1,801	1,402
	828,812	715,439	437,771	385,156	31,719	47,934

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

3 Revenue

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
From continuing operations				
<i>Sales revenue</i>				
Sale of goods	828,812	715,439	0	0
	828,812	715,439	0	0
<i>Other revenue</i>				
Interest	494	218	160	19
Dividends – related party	0	0	28,100	24,000
	494	218	28,260	24,019
	829,306	715,657	28,260	24,019

4 Other Income

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net gain on disposal of property, plant and equipment	0	0	0	0
Other income	477	320	11	4
	477	320	11	4

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

5 Expenses

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Profit before income tax includes the following specific gains and expenses:				
<i>Expenses</i>				
Net loss on disposal of property, plant and equipment	144	368	0	0
<i>Depreciation</i>				
Computer systems	5,347	4,929	0	0
Plant and equipment	10,253	7,862	0	0
Motor vehicles	88	383	0	0
Total depreciation	15,688	13,174	0	0
<i>Amortisation</i>				
Computer software	2,450	2,750	0	0
Brand name	125	0	0	0
Supplier agreement	20	0	0	0
	2,595	2,750	0	0
<i>Finance costs</i>				
Interest and finance charges	11,548	9,116	11,444	8,914
Other finance costs (a)	2,201	0	2,201	0
Accretion of put option	114	0	114	0
Finance costs expensed	13,863	9,116	13,759	8,914
<i>Employee benefits expense</i>				
Superannuation expense	9,931	7,314	30	33
Salaries and wages	139,349	112,655	1,772	1,409
	149,280	119,969	1,802	1,442
<i>Rental expense relating to operating leases</i>				
Lease expenses	62,177	51,801	0	0
Equipment hire	2,105	2,030	0	0
Total rental expense relating to operating leases	64,282	53,831	0	0
<i>Foreign exchange gains and losses</i>				
Net foreign exchange (gains)/losses	(1,452)	2,626	0	0

(a) Other finance costs

The market-to-market loss on the \$60,000,000 swap was \$2,201,000 as at 27 June 2009. This amount has been included as a finance cost expense in the 2009 year as the swap was deemed to be ineffective as a cash flow hedge for the period.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

6 Income tax expense

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Income tax expense				
Current tax	15,202	11,469	(4,092)	(3,001)
Deferred tax	(3,342)	(498)	(688)	(37)
Adjustments for current tax of prior period	(2,109)	35	(1,382)	49
	<u>9,751</u>	<u>11,006</u>	<u>(6,162)</u>	<u>(2,989)</u>
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 12)	(2,852)	(432)	(688)	(37)
(Decrease) increase in deferred tax liabilities (note 20)	(490)	(66)	0	0
	<u>(3,342)</u>	<u>(498)</u>	<u>(688)</u>	<u>(37)</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	41,886	36,806	11,971	13,023
Tax at the Australian tax rate of 30% (2008 - 30%)	12,566	11,042	3,591	3,907
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-taxable dividends	0	0	(8,430)	(7,200)
Tax consolidation adjustments re NZ branch	(253)	(127)	0	0
Investment allowance	(538)	0	0	0
Sundry items	85	32	59	254
	<u>11,860</u>	<u>10,947</u>	<u>(4,780)</u>	<u>(3,039)</u>
Difference in overseas tax rates	0	14	0	0
Previously unrecognised tax losses now recouped to reduce current tax expense	0	0	0	0
Adjustments for current tax of prior periods	(2,109)	48	(1,382)	50
Restatement of New Zealand deferred tax balances to 30%	0	(3)	0	0
Income tax expense	<u>9,751</u>	<u>11,006</u>	<u>(6,162)</u>	<u>(2,989)</u>
Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax – debited/(credited) directly to equity (notes 12 and 20)	1,296	200	(18)	(32)
	<u>1,296</u>	<u>200</u>	<u>(18)</u>	<u>(32)</u>

(c) Tax consolidation legislation

Super Cheap Auto Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Super Cheap Auto Group Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Super Cheap Auto Group Limited for any current tax payable assumed and are compensated by Super Cheap Auto Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Super Cheap Auto Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

7 Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and in hand	16,810	8,709	1,663	108

8 Current assets – Trade and other receivables

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade receivables	18,257	14,107	5,237	142
Provision for impairment of receivables (a)	(347)	(165)	0	0
	17,910	13,942	5,237	142
Loans to related parties (c)	0	0	139,329	133,228
Other receivables	4,597	3,221	349	620
Tax receivable	1,091	1,745	0	0
Prepayments	1,515	374	315	0
	25,113	19,282	145,230	133,990

(a) Impaired trade receivables

As at 27 June 2009 current trade receivables of the Group with a nominal value of \$347,000 (2008: \$165,000) were impaired. The amount of the provision was \$347,000 (2008: \$165,000). The individually impaired receivables mainly relate to sub-tenants and wholesalers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. There were no impaired trade receivables for the parent in 2009 or 2008.

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2009 \$'000	2008 \$'000
At 1 July	(165)	(74)
Provision for impairment recognised during the year	(546)	(100)
Receivables written off during the year as uncollectible	364	9
Unused amount reversed	0	0
	(347)	(165)

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As of 27 June 2009, trade receivables of \$3,905,000 (2008: \$5,176,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
0 to 3 months	2,233	2,917	0	0
3 to 6 months	616	708	0	0
Over 6 months	1,056	1,551	0	0
	3,905	5,176	0	0

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

8 Current assets – Trade and other receivables (continued)

(c) Loans to related parties

Super Cheap Auto Group Limited provides funding to its wholly owned subsidiaries in the form of cash loans. These are repaid by the subsidiaries as the funds become available.

9 Current assets – Inventories

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Finished goods - at lower of cost or net realisable value	222,821	193,975	0	0

(a) Inventory expense

Inventories recognised as expense during the year ended 27 June 2009 amounted to \$449,064,000 (2008: \$409,473,000).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 27 June 2009 amounted to \$1,989,000 (2008: \$2,128,000). The expense has been included in 'costs of sales of goods' in the income statement.

10 Non-current assets – Other financial assets

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Shares in subsidiaries at cost				
Name of entity				
Super Cheap Auto Pty Ltd	0	0	84,233	84,233
BCF Australia Pty Ltd	0	0	1	1
Super Retail Group Services Pty Ltd	0	0	0	0
Goldcross Cycles Pty Ltd	0	0	7,523	9,636
Oceania Bicycles Pty Ltd	0	0	1,449	1,449
Total non-current assets – shares in controlled entities	0	0	93,206	95,319

These financial assets are carried at cost.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

11 Non-current assets – Property, plant and equipment

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Plant and equipment, at cost	113,116	94,472	0	0
Less accumulated depreciation	(39,916)	(29,253)	0	0
Net plant and equipment	<u>73,200</u>	<u>65,219</u>	<u>0</u>	<u>0</u>
Motor vehicles, at cost	326	750	0	0
Less accumulated depreciation	(256)	(554)	0	0
Net motor vehicles	<u>70</u>	<u>196</u>	<u>0</u>	<u>0</u>
Computer systems, at cost	38,184	33,495	0	0
Less accumulated depreciation	(23,506)	(19,358)	0	0
Net computer equipment	<u>14,678</u>	<u>14,137</u>	<u>0</u>	<u>0</u>
Total net property, plant and equipment	<u>87,948</u>	<u>79,552</u>	<u>0</u>	<u>0</u>

Assets pledged as security are detailed in Note 19

	Plant and equipment \$'000	Motor vehicles \$'000	Computer systems \$'000	Total \$'000
Reconciliations - consolidated entity				
Carrying amounts at 29 June 2008	65,219	196	14,137	79,552
Additions	20,238	0	6,591	26,829
Disposals	(2,139)	(39)	(714)	(2,892)
Business acquisitions	110	0	0	110
Depreciation and amortisation	(10,253)	(88)	(5,347)	(15,688)
Foreign currency exchange differences	25	1	11	37
Carrying amounts at 27 June 2009	<u>73,200</u>	<u>70</u>	<u>14,678</u>	<u>87,948</u>
Reconciliations - consolidated entity				
Carrying amounts at 1 July 2007	55,088	631	11,543	67,262
Additions	17,041	661	7,742	25,444
Disposals	(491)	(717)	(59)	(1,267)
Business acquisitions	2,102	15	0	2,117
Depreciation and amortisation	(7,862)	(383)	(4,929)	(13,174)
Foreign currency exchange differences	(659)	(11)	(160)	(830)
Carrying amounts at 28 June 2008	<u>65,219</u>	<u>196</u>	<u>14,137</u>	<u>79,552</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

12 Non-current assets - Deferred tax assets

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss

Doubtful debts	104	32	0	0
Employee benefits	3,245	2,341	123	95
Accruals	781	589	2	3
Inventories	1,146	1,040	0	0
Cash flow hedges	660	0	660	0
Deferred make good provision	546	602	0	0
Straight line lease adjustment	3,696	3,140	0	0
Deferred income	104	94	0	0
Depreciation	923	516	0	0
Provision for warranties and legal costs	1	0	1	0
	11,206	8,354	786	98

Amounts recognised directly in equity

Cash flow hedges	0	480	0	(61)
	11,206	8,834	786	37

Set off with deferred tax liabilities (note 20)	(1,534)	(1,205)	(80)	0
Net deferred tax assets	9,672	7,629	706	37

Movements:

Opening balance	8,834	8,570	37	32
Credited/(charged) to the income statement	2,852	432	688	37
Credited/(charged) to equity	(480)	(200)	61	(32)
Foreign exchange on translation of NZ subsidiary	0	(62)	0	0
Acquired in acquisition	0	94	0	0
Closing balance	11,206	8,834	786	37

Deferred tax assets to be recovered after more than 12 months	9,175	1,334	783	0
Deferred tax assets to be recovered within 12 months	2,031	7,500	3	37
	11,206	8,834	786	37

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

13 Non-current assets – Intangible assets

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Goodwill at cost	67,280	66,581	0	0
Less impairment charge	0	0	0	0
Net goodwill	67,280	66,581	0	0
Trademarks, at cost	14	14	0	0
Less accumulated depreciation	0	0	0	0
Net trademarks	14	14	0	0
Computer software	19,347	17,977	0	0
Less accumulated amortisation	(13,989)	(11,463)	0	0
Net computer software	5,358	6,514	0	0
Brand names at cost	2,500	2,500	0	0
Less amortisation	(125)	0	0	0
Net brand names	2,375	2,500	0	0
Supplier agreement	400	400	0	0
Less amortisation	(20)	0	0	0
Net supplier agreement	380	400	0	0
Total net intangibles	75,407	76,009	0	0

	Goodwill \$'000	Trademarks \$'000	Computer Software \$'000	Brand Name \$'000	Supplier Agreement \$'000	Totals \$'000
Reconciliations – consolidated entity - 2009						
Carrying amounts at 29 June 2008	66,581	14	6,514	2,500	400	76,009
Acquisitions	2,746	0	0	0	0	2,746
Additions	727	0	1,307	0	0	2,034
Disposals/Revision in provisional accounting	(2,774)	0	(13)	0	0	(2,787)
Amortisation charge	0	0	(2,450)	(125)	(20)	(2,595)
Foreign currency exchange differences	0	0	0	0	0	0
Carrying amounts at 27 June 2009	67,280	14	5,358	2,375	380	75,407

	Goodwill \$'000	Trademarks \$'000	Computer Software \$'000	Brand Name \$'000	Supplier Agreement \$'000	Totals \$'000
Reconciliations – consolidated entity - 2008						
Carrying amounts at 1 July 2007	52,112	14	6,487	0	0	58,613
Acquisitions	14,469	0	0	2,500	400	17,369
Additions	0	0	3,004	0	0	3,004
Disposals	0	0	(226)	0	0	(226)
Amortisation charge	0	0	(2,750)	0	0	(2,750)
Foreign currency exchange differences	0	0	(1)	0	0	(1)
Carrying amounts at 28 June 2008	66,581	14	6,514	2,500	400	76,009

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the group of assets based on acquisition.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

13 Non-current assets – Intangible assets (continued)

A segment level summary of the goodwill allocation is presented below:-

	Supercheap Auto \$'000	BCF \$'000	Goldcross Cycles \$'000	Total \$'000
2009				
Goodwill	45,336	11,990	9,954*	67,280
	Supercheap Auto \$'000	BCF \$'000	Goldcross Cycles \$'000	Total \$'000
2008				
Goodwill	45,336	11,072	10,173	66,581

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

* Goodwill allocation presented for Goldcross Cycles includes goodwill for Victor Cycles and Riders Cycles.

(b) Key assumptions used for value-in-use calculations

No impairment loss was recognised in the 2009 financial year.

The following assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used are pre-tax. The factors used by each business segment is shown below.

	Growth rate		Discount rate	
	2009	2008	2009	2008
	%	%	%	%
Supercheap Auto	3.0	3.0	15	15
BCF	5.0	5.0	15	15
Goldcross Cycles	10.0	-	15	-

In the initial two year's of a store operating growth rate is assumed to be 10% for Supercheap Auto, BCF and Goldcross Cycles.

14 Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Trade payables	90,572	75,327	3	0
Other payables	26,026	15,853	2,944	250
Loans from related parties	25	25	0	0
	116,623	91,205	2,947	250

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

15 Current liabilities – Borrowings

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Secured				
Finance leases	850	390	0	0
Commercial bill	39,700	56,501	39,700	55,351
Less borrowing costs capitalised, net	(1,054)	(581)	(1,011)	(569)
Total current liabilities – secured interest bearing liabilities	39,496	56,310	38,689	54,782
Unsecured				
Related parties	0	1	0	0
Unsecured bank financing	0	381	0	0
Total current liabilities – unsecured interest bearing liabilities	0	382	0	0
Total current liabilities – interest bearing liabilities	39,496	56,692	38,689	54,782

(a) Bills payable

Bills have been drawn as a source of short-term financing on a needs basis.

(b) Interest rate risk exposures

Details of the Group's exposure to interest rate changes on borrowings are set out in the Annual Report.

(c) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in the Annual Report.

(d) Security

Details of the security relating to each of the secured liabilities and further information on the bank overdrafts and bank loans are set out in note 19.

Overdraft and equipment financing facilities are secured by a fixed and floating charge over the assets and undertakings of Goldcross Cycles Pty Ltd.

16 Current liabilities – Current tax liabilities

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Income tax payable	4,593	3,682	4,765	3,683

17 Current liabilities – Provisions

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Put option provision	644	531	644	0
Provision for warranties	44	0	0	0
Make good provision	117	165	0	0
Employee benefits	9,347	7,000	364	224
	10,152	7,696	1,008	224

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

17 Current liabilities – Provisions (continued)

(a) Put Option Provision

The put option relates to the acquisition of Oceania Bicycles Pty Ltd. As part of this acquisition, Super Cheap Auto Group Limited has granted the vendor an option to sell the remaining 50% to the Group at an agreed EBITA multiple. This option can be exercised at any time up to 10 years from acquisition.

(b) Provision for Warranties

Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at balance date. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends.

18 Non-current liabilities – Trade and Other Payables

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Straight line lease adjustment	12,320	10,469	0	0

19 Non-current liabilities – Borrowings

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Secured				
Finance lease	0	701	0	0
Cash advance	92,000	70,315	92,000	70,000
	92,000	71,016	92,000	70,000

The facilities are secured by first registered floating 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, Goldcross Cycles Pty Ltd, Super Retail Group Services 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, Goldcross Cycles Pty Ltd, Super Retail Group Services Pty Ltd and BCF Australia Pty Ltd in favour of ANZ Banking Group Limited. Financial covenants are provided by Super Cheap Auto Group Limited with respect to leverage, gearing and fixed charges coverage.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

19 Non-current liabilities – Borrowings (continued)

The carrying amount of assets pledged as security are equal to those shown in the consolidated balance sheet.

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
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)	184,347	205,397	180,000	200,000
- Indemnity/Guarantee Facility	3,694	3,206	2,498	2,788
Totals	188,041	208,603	182,498	202,788
Facilities used at balance date				
- Multi-Option Facility (including commercial bill, overdraft and cash advance)	132,550	127,638	131,700	125,500
- Indemnity/Guarantee Facility	3,322	2,671	2,131	1,450
Totals	135,872	130,309	133,831	126,950
Unused balance of facilities at balance date				
- Multi-Option Facility (including commercial bill, overdraft and cash advance)	51,797	77,759	48,300	74,500
- Indemnity/Guarantee Facility	372	535	367	1,338
Totals	52,169	78,294	48,667	75,838

In addition, the Company has access to a \$122 million (2008: \$116 million) transactional facility for clean credit and foreign currency dealings.

The current interest rates on the financing arrangements are:

- Multi Option Facility (including commercial bills, overdraft and cash advance) 3.90%-7.685% (2008: 7.58%-8.43%)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

20 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
The balance comprises temporary differences attributable to:				
<i>Amounts recognised in profit or loss</i>				
Prepayments	2	25	0	0
Unrealised foreign exchange on inter company balances	0	0	0	0
Depreciation	0	430	0	0
Brand values	713	750	0	0
	715	1,205	0	0
<i>Amounts recognised directly in equity</i>				
Foreign exchange revaluation reserve	0	0	0	0
Cash flow hedges	819	0	80	0
	1,534	1,205	80	0
Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions	(1,534)	(1,205)	(80)	0
Net deferred tax liabilities	0	0	0	0
Movements:				
Opening balance	1,205	579	0	0
Charged/(credited) to the income statement	(490)	(66)	0	0
Charged/(credited) to equity	819	0	80	0
Foreign exchange on translation of NZ subsidiary	0	(58)	0	0
Acquired in acquisition	0	750	0	0
Closing balance	1,534	1,205	80	0
Deferred tax liabilities to be settled after more than 12 months	1,532	1,165	80	0
Deferred tax liabilities to be settled within 12 months	2	40	0	0
	1,534	1,205	80	0

21 Non-current liabilities – Provisions

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Make good provision (a)	5,171	4,954	0	0
Employee benefits	930	907	45	92
Provision for Goldcross Cycles performance incentive (b)	0	2,774	0	2,774
Provision for Oceania future dividend (c)	132	0	132	0
	6,233	8,635	177	2,866

(a) Make good provision

Provision is made for costs arising from contractual obligations in lease agreements at the inception of the agreement.

A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of the leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

(b) Provision for Goldcross Cycles performance incentive

A provision was recognised on acquisition of Goldcross Cycles for the present value of the estimated obligation to pay if specified performance targets were met after acquisition. These targets were not achieved, therefore the provision was reallocated back to goodwill and goodwill reduced for the year ended 27 June 2009.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009

21 Non-current liabilities – Provisions (continued)

(c) Provision for Oceania future dividend

A provision has been recognised for the present value of the estimated cost of the future dividend required to be paid with respect to Oceania.

(d) Movements in provisions (consolidated entity) (notes 17 & 21)

	Put option \$'000	Warranties \$'000	Make good \$'000	Goldcross Cycles performance incentive \$'000	Oceania future dividend \$'000	Total \$'000
Opening balance as at 29 June 2008	531	0	5,119	2,774	0	8,424
Additional provisions recognised	0	44	678	0	132	854
Indexing of provisions	113	0	(443)	0	0	(330)
Provision released	0	0	(66)	(2,774)	0	(2,840)
Acquisitions	0	0	0	0	0	0
Closing balance as at 27 June 2009	644	44	5,288	0	132	6,108

22 Contributed equity

(a) Share Capital

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Ordinary shares fully paid	84,627	84,627	84,627	84,627
	Number of Shares	Issue Price	\$'000	
(b) 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
Issue of shares on 8 March 2008	200,000	1.97		394
Closing balance 27 June 2009	106,629,622			84,627

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

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

Options over 220,000 (2008: 180,000) ordinary shares were issued during the period, with nil options being exercised during the period. Information relating to options outstanding at the end of the financial period are set out in Note 39.

(c) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and the parent entity monitor overall capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet (including minority interest) plus net debt.

During 2009 the Group's strategy, which was unchanged from 2008, was to maintain a gearing ratio within 40% to 50%. This target ratio range excludes the short-term impact of acquisitions. The gearing ratios at 27 June 2009 and 28 June 2008 were as follows:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009 (continued)

22 Contributed equity (continued)

	Consolidated	
	2009	2008
	\$'000	\$'000
Total borrowings	131,496	127,708
Less: Cash & cash equivalents	(16,810)	(8,709)
Net Debt	114,686	118,999
Total Equity	156,354	135,761
Total Capital	271,040	254,760
Gearing Ratio	42.3%	46.8%

The decrease in the gearing ratio in 2009 was primarily due to the Group's profitability (and consequent increase in Retained Earnings) as well as a slight reduction in net debt from 2008 levels.

The Group and the parent entity monitor ongoing capital on the basis of the fixed charge cover ratio. The ratio is calculated as earnings before finance costs, tax, depreciation, amortisation and store and DC rental expense divided by fixed charge obligations (being finance costs and store and DC rental expenses). Rental expenses are calculated net of straight line lease adjustments, while the finance costs exclude non-cash mark-to-market losses or gains on interest rate swaps.

During 2009 the Group's strategy, which was unchanged from 2008, was to maintain a fixed charge cover ratio of around 2.0 times. The fixed charge cover ratios at 27 June 2009 and 28 June 2008 were as follows:

	Consolidated Entity	
	2009	2008
Earnings	32,135	25,800
Add: Taxation expense	9,751	11,006
Finance costs	13,749	9,116
Depreciation and amortisation	18,283	15,924
Rental expense	60,289	49,532
EBITDAR	134,207	111,378
Finance costs (excluding MTM adjustment)	11,548	9,116
Rental expense	60,289	49,532
Fixed charges	71,837	58,648
Fixed charge cover ratio	1.87	1.90

The slight reduction in the fixed charge cover ratio in 2009 is due to costs associated with establishment of the Goldcross Cycles business and continued expansion of the store network, with store sales building over time.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009 (continued)

23 Reserves and retained profits

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Reserves				
Foreign currency translation reserve	(2,933)	(2,970)	0	0
Share based payments reserve	1,068	746	1,068	746
Hedging reserve	1,907	(1,120)	187	144
	42	(3,344)	1,255	890
Movements				
Foreign currency translation reserve				
Balance at the beginning of the financial period	(2,970)	(11)	0	0
Net exchange difference on translation of foreign controlled Entity	37	(2,959)	0	0
Balance at the end of the financial period	(2,933)	(2,970)	0	0
Share based payments reserve				
Balance at beginning of the financial period	746	428	746	428
Options lapsed	0	0	0	0
Option expense	322	318	322	318
Balance at the end of the financial period	1,068	746	1,068	746
Hedging reserve				
Balance of beginning of the financial period	(1,120)	(1,585)	144	68
Revaluation – gross	4,323	665	61	107
Deferred tax	(1,296)	(200)	(18)	(31)
Balance at the end of the financial period	1,907	(1,120)	187	144
Retained earnings				
Balance at the beginning of the financial period	54,478	41,461	12,132	8,903
Net profit/(loss) for the financial period attributable to shareholders of Super Cheap Auto Group Limited	32,135	25,800	18,133	16,012
Dividends provided for or paid	(14,928)	(12,783)	(14,928)	(12,783)
Retained profits/(losses) at the end of the financial period	71,685	54,478	15,337	12,132

(c) Nature and purpose of reserves

(i) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

(iii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009 (continued)

24 Dividends

Parent Entity

2009	2008
\$'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 27 June 2009 of 6.5 cents (2008: 5.5 cents per share) paid on 31 March 2009. Fully franked based on tax paid @ 30%	6,931	5,865
Final dividend for the period ended 28 June 2008 of 7.5 cents per share (2008: 6.5 cents per share) paid on 14 October 2008. Fully franked based on tax paid @ 30%	7,997	6,918
Total dividends provided and paid	14,928	12,783

Dividends not recognised at year end

Subsequent to year end, the Directors have recommended the payment of a final dividend of 11.5 cents per ordinary share (2008: 7.5 cents per ordinary share), fully franked based on tax paid at 30%.

The aggregate amount of the dividend expected to be paid on 20 October 2009, out of retained profits at 27 June 2009, but not recognised as a liability at year end, is	12,262	8,530
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Franking credits

The franked portions of dividends paid after 27 June 2009 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 27 June 2009.

Franking credits remaining at balance date available for dividends declared after the current balance date based on a tax rate of 30%	34,769	33,619
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The above amounts represent the balance of the franking account as at the end of the financial period, adjusted for:

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

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

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$5,255,317 (2008: \$3,427,381).

25 Net tangible asset backing

Consolidated Entity

2009	2008
Cents	Cents

Net tangible asset per ordinary share	69¢	50¢
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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009 (continued)

26 Business Combinations

During the period, BCF Australia Pty Ltd acquired certain assets and liabilities of the business, Jurkiewicz Adventure Store as detailed below at (a). In addition, Goldcross Cycles Pty Ltd acquired certain assets and liabilities of two businesses during the period, Victor Cycles (see (b) below) and Riders Cycles (see (c) below).

These acquisitions resulted in the recognition of the following goodwill:

	\$'000
Jurkiewicz Adventure Store	919
Victor Cycles	77
Riders Cycles	1,750
	<u>2,746</u>

(a) Jurkiewicz Adventure Store (including Canberra Ski and Board Centre) (current period)

2009
\$'000

Acquisition by controlled entity

On 30 July 2008, BCF Australia Pty Ltd acquired certain assets and assumed certain liabilities of the Jurkiewicz Adventure Store business from an entity external to the Group.

Net assets acquired and goodwill are as follows:

Purchase consideration	
Cash Paid	1,700
Total purchase consideration/outflow of cash	<u>1,700</u>
Less: Provisional allocation of Fair value of net identifiable assets acquired (refer below)	<u>(781)</u>
Goodwill	919

The goodwill is attributable to Jurkiewicz Adventure Store position and profitability in the leisure market and synergies expected to arise after the company's acquisition

Fair value of identifiable net assets acquired

Inventory	811
Employee entitlements	(21)
Other creditors	(9)
Net identifiable assets acquired	<u>781</u>

The amounts recognised by the vendor immediately before acquisition for each class of asset and liability are not significantly different from the fair values included in the table above.

The acquired business contributed revenues of \$3.093 million to the Group for the period 30 July 2008 to 27 June 2009. If the acquisition had occurred on 29 June 2008, the contribution to group revenue would have been \$3.374 million. The contribution to Group net profit after tax is \$332,000.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009 (continued)

26 Business Combinations (continued)

(b) Victor Cycles (current period)

2009
\$'000

Acquisition by controlled entity

On 17 November 2008, Goldcross Pty Ltd acquired certain assets and assumed certain liabilities of the Victor Cycles business from an entity external to the Group.

Net assets acquired are as follows:

Purchase consideration	
Cash Paid	405
Direct costs relating to the acquisition	13
Total purchase consideration/outflow of cash	418
Less: Provisional allocation of Fair value of net identifiable assets acquired (refer below)	(341)
Goodwill	77

The goodwill is attributable to Victor Cycles strong position and profitability in the cycling market and synergies expected to arise after the company's acquisition

Fair value of identifiable net assets acquired	
Inventory	278
Plant and equipment	60
Other assets	4
Employee entitlements	(1)
Net identifiable assets acquired	341

The amounts recognised by the vendor immediately before acquisition for each class of asset and liability are not significantly different from the fair values included in the table above.

The acquired business contributed revenues of \$0.479 million to the Group for the period 17 November 2008 to 27 June 2009. If the acquisition had occurred on 29 June 2008, the contribution to group revenue would have been \$0.767 million. The contribution to group net profit after tax is not significant.

(c) Riders Cycles (current period)

2009
\$'000

Acquisition by controlled entity

On 11 December 2008, Goldcross Pty Ltd acquired certain assets and assumed certain liabilities of the Riders Cycles business from an entity external to the Group.

Net assets acquired and goodwill are as follows:

Purchase consideration	
Cash Paid	2,503
Less cash acquired	(1)
Total purchase consideration/outflow of cash	2,502
Less: Provisional allocation of Fair value of net identifiable assets acquired (refer below)	(752)
Goodwill	1,750

The goodwill is attributable to Riders Cycles strong position and profitability in the cycling market and synergies expected to arise after the company's acquisition

Fair value of identifiable net assets acquired	
Inventory	695
Plant and equipment	50
Other assets	17
Employee entitlements	(10)
Net identifiable assets acquired	752

The amounts recognised by the vendor immediately before acquisition for each class of asset and liability are not significantly different from the fair values included in the table above.

The acquired business contributed revenues of \$1.319 million to the Group for the period 11 December 2008 to 27 June 2009. If the acquisition had occurred on 29 June 2008, the contribution to group revenue would have been \$2.261 million. The contribution to group net profit after tax is not significant.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009 (continued)

26 Business Combinations (continued)

(d) Goldcross Cycles

(i) Summary of acquisition

On 23 June 2008, the parent entity acquired 100% of the issued share capital of Goldcross Cycles Pty Ltd and 50% of the issued share capital of Oceania Bicycles Pty Ltd.

Due to the timing of the acquisition, the contribution to revenues and net profit was not material. If the acquisition had occurred on 1 July 2007, consolidated revenue and consolidated profit for the period ended 28 June 2008 would have been \$734,706,000 and \$23,786,000 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2007, together with the consequential tax effects.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$'000
Purchase consideration	8,041
Provision for future dividend	132
Put option (current value)	531
Direct costs relating to acquisition	267
Total Purchase consideration (refer to (ii) below)	<u>8,971</u>
Less: Fair value of net identifiable assets	<u>(844)</u>
Goodwill recognised on acquisition	<u>8,127</u>

Super Cheap Auto Group Limited has not recognized a minority interest on acquisition of Oceania Bicycles Pty Ltd, on the basis that Super Cheap Auto Group Limited has elected to deem that control has passed on acquisition due to a put agreement on the remaining 50% of shares. Control is achieved via Supply Agreements as well as the ability of Super Cheap Auto Group Limited to acquire the remaining shares of Oceania Bicycles Pty Ltd in the event of a dispute.

As part of the acquisition of a 50% shareholding in Oceania Bicycles Pty Ltd, Super Cheap Auto Group Limited has granted the vendor an option to sell the remaining 50% to the group at an agreed EBITA multiple. This option can be exercised at any time up to 10 years from acquisition.

(ii) Purchase considerations

	Consolidated	Parent entity
	2008	2008
	\$'000	\$'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Total purchase consideration	<u>8,971</u>	<u>8,971</u>
Less: Consideration payable	<u>(738)</u>	<u>(738)</u>
Less: Balances acquired		
Cash	<u>(12)</u>	<u>(12)</u>
	<u>(12)</u>	<u>(12)</u>
Outflow of cash	<u>8,221</u>	<u>8,221</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 JUNE 2009 (continued)

26. Business combinations (continued)

	Fair Value \$'000
Cash	12
Other Receivables	516
Inventory	5,144
Plant & Equipment	1,768
Brand name	2,500
Supplier agreement	400
Deferred make goods	123
Tax Assets	633
Bank Overdraft	(1,209)
Trade Payables	(1,820)
Provision for Employee Entitlements	(247)
Make-good provision	(154)
Other Payables	(326)
Deferred tax liability	(750)
Non-Current Borrowings	(5,746)
Net Identifiable Assets Acquired	<u>844</u>

The Goldcross Cycles acquisition was disclosed provisionally in the financial report for the year ended 28 June 2008. As part of the finalisation of the acquisition, the completion statement has been reviewed and the following adjustments were made.

- (i) a downward adjustment of \$595,000 was made to inventory bringing the fair value of inventory at acquisition date to \$5,144,000; and
- (ii) recognition of the dividend liability with a fair value at acquisition date of \$132,000.

These were the only adjustments to the provisional values disclosed in the year end financial report.

The deferred payment in relation to Goldcross Cycles was restated during the year ended 27 June 2009 to \$nil as it was not probable that the profit target established at the date of acquisition would be met. This resulted in a decrease of \$2,774,000 to the provision and a corresponding decrease to goodwill of \$2,774,000.

The goodwill is attributable to Goldcross Cycles' strong position and profitability in the bicycling market and the synergies expected to arise from the acquisition.

27 Events occurring after the balance sheet date

No matter or circumstance has arisen since 27 June 2009 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the Group's state of affairs in future financial years.