

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

ABN 81 108 676 204

Statutory Results

Current Reporting Period: From 28 June 2009 to 3 July 2010 (53 weeks)
Previous Reporting Period: From 29 June 2008 to 27 June 2009 (52 weeks)

Results for Announcement to the Market

	Statutory Results \$'000	Comparison to 2009 Statutory Results \$'000		
Revenue from ordinary activities	938,602	Up	13.2%	to \$938,602
Profit from ordinary activities after tax attributable to members	38,053	Up	18.4%	to \$38,053
Net profit for the period attributable to members	38,053	Up	18.4%	to \$38,053

Dividends

	Amount Per Share	Franked Amount Per Share
Interim dividend – Current Period	8.5¢	8.5¢
Final dividend – Current Period Declared 24 August 2010 (payable 1 October 2010)	13.0¢	13.0¢
Record date for determining entitlements to the final dividend		3 September 2010

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, 27 October 2010
Time 11.00 am

Approximate date the annual report will be available: 29 September 2010

Super Cheap Auto Group Limited
Income statements
For the period ended 3 July 2010

	Notes	Consolidated 2010 \$'000	2009 \$'000
Revenue from continuing operations	3	938,602	829,306
Other income	4	163	477
Total revenues and other income		938,765	829,783
Cost of sales of goods		(535,825)	(481,468)
Other expenses from ordinary activities			
- selling and distribution		(112,502)	(97,441)
- marketing		(43,462)	(40,965)
- occupancy		(74,716)	(65,141)
- administration		(107,903)	(89,133)
Finance costs expense		(10,477)	(13,749)
Total expenses		(884,885)	(787,897)
Profit before income tax		53,880	41,886
Income tax (expense)/benefit	6	(15,827)	(9,751)
Profit attributable to Members of Super Cheap Auto Group Limited		38,053	32,135
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share		34.0	29.9
Diluted earnings per share		33.0	29.7

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

Super Cheap Auto Group Limited
Statement of Comprehensive Income
For the period ended 3 July 2010

		Consolidated	
		2010	2009
Notes		\$'000	\$'000
	Profit for the year	38,053	32,135
	Other comprehensive income		
	Cash flow hedges	22 (1,274)	3,027
	Exchange differences on translation of foreign operations	526	37
	Income tax relating to components of other comprehensive income	0	0
	Other comprehensive income for the year, net of tax	(748)	3,064
	Total comprehensive income for the year	37,305	35,199
	Total comprehensive income for the year is attributable to:		
	Members of Super Cheap Auto Group Limited	37,305	35,199

The above statement of comprehensive income must be read in conjunction with the accompanying notes.

Super Cheap Auto Group Limited
Statement of Financial Position
As at 3 July 2010

		Consolidated	
		2010	2009
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	30,200	16,810
Trade and other receivables	8	22,195	25,113
Inventories	9	253,101	222,821
Total current assets		305,496	264,744
Non-current assets			
Property, plant and equipment	10	105,309	87,948
Deferred tax assets	11	7,611	9,672
Intangible assets	12	103,830	75,407
Total non-current assets		216,750	173,027
Total assets		522,246	437,771
LIABILITIES			
Current liabilities			
Trade and other payables	13	99,563	116,623
Borrowings	14	9,008	39,496
Current tax liabilities	15	7,694	4,593
Provisions	16	11,781	10,152
Total current liabilities		128,046	170,864
Non-current liabilities			
Trade and other payables	17	13,217	12,320
Borrowings	18	100,000	92,000
Deferred tax liabilities	19	0	0
Provisions	20	10,426	6,233
Total non-current liabilities		123,643	110,553
Total liabilities		251,689	281,417
Net assets		270,557	156,354
EQUITY			
Contributed equity	21	182,158	84,627
Reserves	22	158	42
Retained profits	22	88,241	71,685
Capital and reserves attributable to equity holders of Super Cheap Auto Group Limited		270,557	156,354

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

Super Cheap Auto Group Limited
Statements of changes in equity
For the period ended 3 July 2010

	Notes	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 28 June 2008		84,627	(3,344)	54,478	135,761
Total comprehensive income for the year as reported in the 2009 financial statements		0	3,064	32,135	35,199
Transactions with owners in their capacity as owners					
Dividends provided for or paid	23	0	0	(14,928)	(14,928)
Employee share options	22	0	322	0	322
		0	322	(14,928)	(14,606)
Balance at 27 June 2009		84,627	42	71,685	156,354
Total comprehensive income for the year		0	(748)	38,053	37,305
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	21	97,531	0	0	97,531
Dividends provided for or paid	23	0	0	(21,497)	(21,497)
Employee share options and performance rights	22	0	864	0	864
		97,531	864	(21,497)	76,898
Balance at 3 July 2010		182,158	158	88,241	270,557

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 3 July 2010

	Consolidated	
Notes	2010	2009
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,040,615	907,255
Payments to suppliers and employees (inclusive of goods and services tax)	(891,068)	(766,759)
Rental payments		
- external	(72,736)	(57,144)
- related parties	(10,346)	(8,351)
Income taxes paid	(13,905)	(12,332)
Net cash (outflow) inflow from operating activities	52,560	62,669
Cash flows from investing activities		
Payments for property, plant and equipment	(27,136)	(31,762)
Proceeds from sale of property, plant and equipment	86	3,237
Payments for purchase of subsidiary, net of cash acquired	(52,943)	(4,621)
Net cash (outflow) inflow from investing activities	(79,993)	(33,146)
Cash flows from financing activities		
Proceeds from borrowings	313,920	410,909
Payments for borrowings	(336,358)	(405,517)
Interest paid	(10,714)	(11,891)
Dividends paid to company's shareholders	(14,395)	(14,928)
Proceeds from issue of shares	88,390	0
Net cash inflow (outflow) from financing activities	40,843	(21,427)
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the financial year	16,810	8,096
Effects of exchange rate changes on cash and cash equivalents	(20)	5
Cash and cash equivalents at end of year	30,200	16,810

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 3 JULY 2010

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

(a) Description of segments

Consistent with changes in the internal management structure, the operating segments have been updated in the current year. Management has determined the operating segments based on the reports reviewed by the Chief Operating Officers that are used to make strategic decisions.

The Chief Operating Officers consider the business from the following business segments:

Auto & Cycle Retailing: Retail and distribution of motor vehicle spare parts and bicycle accessories, tools and equipment.

Leisure Retailing: Retail and distribution of boating, camping, fishing, outdoor equipment and apparel.

(b) Segment information provided to the Chief Operating Officers

The segment information provided to the Chief Operating Officers for the reportable segments for the year ended 3 July 2010 is as follows:

2010	Auto & Cycle Retailing \$'000	Leisure Retailing \$'000	Total continuing operations \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Segment Revenue					
Sales to external customers	687,856	254,005	941,861	0	941,861
Inter segment sales	(3,061)	(792)	(3,853)		(3,853)
Total sales revenue					938,008
Other revenue/income	284	130	414	343	757
Total revenue and other income					938,765
Segment result (pre-borrowing costs and impairment)	48,180	21,290	69,470	(3,113)	66,357
Borrowing costs				(10,477)	(10,477)
Impairment of goodwill	(2,000)				(2,000)
Profit before income tax					53,880
Income tax expense					(15,827)
Profit for the period					38,053
Segment Assets & Liabilities					
Segment assets	319,796	154,766	474,562	47,684	522,246
Unallocated assets				0	0
Total assets					522,246
Segment liabilities	(161,422)	(96,563)	(257,985)	115,208	(142,777)
Unallocated liabilities				(108,912)	(108,912)
Total liabilities					(251,689)
Acquisitions of property, plant and equipment and other non-current segment assets	16,605	47,241	63,846	5,420	69,266
Depreciation and amortisation expense	(14,256)	(4,659)	(18,915)	(1,815)	(20,730)
Goodwill impairment	(2,000)				(2,000)
Other non-cash expenses					784

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010

2 Segment information (continued)

The segment information provided to the Chief Operating Officers for the reportable segments for the year ended 27 June 2009 is as follows:

2009	Auto & Cycle Retailing \$'000	Leisure Retailing \$'000	Total continuing operations \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Segment Revenue					
Sales to external customers	623,320	205,492	828,812	0	828,812
Inter segment sales	0	0	0	0	0
Total sales revenue	623,320	205,492	828,812	0	828,812
Other revenue/income	382	95	477	494	971
Total revenue and other income	623,702	205,587	829,289	494	829,783
Segment result (pre-borrowing costs)	42,450	16,362	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	307,989	103,690	411,679	26,092	437,771
Unallocated assets				0	0
Total assets					437,771
Segment liabilities	(141,869)	(79,278)	(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	16,632	7,455	24,087	7,632	31,719
Depreciation and amortisation expense	(14,312)	(3,854)	(18,166)	(117)	(18,283)
Other non-cash expenses					322

Geographical segments

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

Australia

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

New Zealand

Only Supercheap Auto operates in New Zealand.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010

2 Segment information (continued)

Geographical Segments

	Revenues from sales to external customers		Assets		Acquisitions of property, plant and equipment, intangibles and other non-current assets	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Australia	871,176	766,738	490,421	408,076	67,722	29,918
New Zealand	66,832	62,074	31,825	29,695	1,544	1,801
	938,008	828,812	522,246	437,771	69,266	31,719

Revenues are allocated based on the country in which the customer is located. Assets and capital expenditure are allocated based on where the assets are located. The amounts provided to the Chief Operating Officer with respect to revenue, total assets and liabilities are measured in a manner consistent with the income statement and statement of financial position.

3 Revenue

	Consolidated	
	2010 \$'000	2009 \$'000
From continuing operations		
<i>Sales revenue</i>		
Sale of goods	938,008	828,812
	938,008	828,812
<i>Other revenue</i>		
Interest	594	494
Dividends – related party	0	0
	594	494
	938,602	829,306

4 Other Income

	Consolidated	
	2010 \$'000	2009 \$'000
Other income	163	477
	163	477

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010

5 Expenses

	Consolidated	
	2010	2009
	\$'000	\$'000
Profit before income tax includes the following specific gains and expenses:		
<i>Expenses</i>		
Net loss on disposal of property, plant and equipment	516	144
<i>Depreciation</i>		
Computer systems	5,402	5,347
Plant and equipment	12,275	10,253
Motor vehicles	35	88
Total depreciation	17,712	15,688
<i>Amortisation and Impairment</i>		
Computer software	2,873	2,450
Brand name	125	125
Goodwill	2,000	0
Supplier agreement	20	20
	5,018	2,595
<i>Finance costs</i>		
Interest and finance charges	12,564	11,434
Other finance costs (a)	(2,201)	2,201
Accretion of put option	114	114
Finance costs expensed	10,477	13,749
<i>Employee benefits expense</i>		
Superannuation expense	10,749	9,931
Salaries and wages	158,895	139,349
	169,644	149,280
<i>Rental expense relating to operating leases</i>		
Lease expenses	71,832	62,177
Equipment hire	4,174	2,105
Total rental expense relating to operating leases	76,006	64,282
<i>Foreign exchange gains and losses</i>		
Net foreign exchange (gains)/losses	2,323	(1,452)

(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. The loss has been reversed in the 2010 year due to the expiry of the swap, reducing finance cost expense by \$2,201,000 in 2010.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010

6 Income tax expense

	Consolidated	
	2010	2009
	\$'000	\$'000
(a) Income tax expense		
Current tax	17,867	15,202
Deferred tax	(1,652)	(3,342)
Adjustments for current tax of prior period	(388)	(2,109)
	<u>15,827</u>	<u>9,751</u>
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 11)	(1,614)	(2,852)
(Decrease) increase in deferred tax liabilities (note 19)	(38)	(490)
	<u>(1,652)</u>	<u>(3,342)</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	53,880	41,886
Tax at the Australian tax rate of 30% (2009 - 30%)	16,164	12,566
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax consolidation adjustments re NZ branch	(39)	(253)
Investment allowance	(199)	(538)
Goodwill impairment	600	0
Sundry items	123	85
	<u>16,649</u>	<u>11,860</u>
Adjustments for current tax of prior periods	(388)	(2,109)
R & D credits	(434)	0
Income tax expense	<u>15,827</u>	<u>9,751</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 11 and 19)	(1,137)	1,296
	<u>(1,137)</u>	<u>1,296</u>
Tax expense (income) relating to items of other comprehensive income		
Cash flow hedges	(548)	1,296
	<u>(548)</u>	<u>1,296</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 3 JULY 2010

7 Current assets - Cash and cash equivalents

	Consolidated	
	2010	2009
	\$'000	\$'000
Cash at bank and in hand	<u>30,200</u>	<u>16,810</u>

8 Current assets – Trade and other receivables

	Consolidated	
	2010	2009
	\$'000	\$'000
Trade receivables	10,969	18,257
Provision for impairment of receivables (a)	<u>(210)</u>	<u>(347)</u>
	10,759	17,910
Other receivables	2,030	4,597
Tax receivable	548	1,091
Prepayments	<u>8,858</u>	<u>1,515</u>
	22,195	25,113

(a) Impaired trade receivables

As at 3 July 2010 current trade receivables of the Group with a nominal value of \$210,000 (2009: \$347,000) were impaired. The amount of the provision was \$210,000 (2009: \$347,000). 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.

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

	Consolidated	
	2010	2009
	\$'000	\$'000
At 28 June 2009	(347)	(165)
Provision for impairment recognised during the year	(947)	(546)
Receivables written off during the year as uncollectible	1,084	364
Unused amount reversed	0	0
	<u>(210)</u>	<u>(347)</u>

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 3 July 2010, trade receivables of \$3,009,000 (2009: \$3,905,000) 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	
	2010	2009
	\$'000	\$'000
0 to 3 months	1,588	2,233
3 to 6 months	333	616
Over 6 months	<u>1,088</u>	<u>1,056</u>
	3,009	3,905

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010

9 Current assets – Inventories

	Consolidated	
	2010	2009
	\$'000	\$'000
Finished goods - at lower of cost or net realisable value	253,101	222,821

(a) Inventory expense

Inventories recognised as expense during the year ended 3 July 2010 amounted to \$518,626,000 (2009: \$449,064,000).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 3 July 2010 amounted to (\$1,323,000) (2009: \$1,989,000). The expense has been included in 'costs of sales of goods' in the income statement.

10 Non-current assets – Property, plant and equipment

	Consolidated	
	2010	2009
	\$'000	\$'000
Plant and equipment, at cost	141,546	113,116
Less accumulated depreciation	(51,581)	(39,916)
Net plant and equipment	89,965	73,200
Motor vehicles, at cost	912	326
Less accumulated depreciation	(251)	(256)
Net motor vehicles	661	70
Computer systems, at cost	42,377	38,184
Less accumulated depreciation	(27,694)	(23,506)
Net computer equipment	14,683	14,678
Total net property, plant and equipment	105,309	87,948

Assets pledged as security are detailed in Note 18

	Plant and equipment \$'000	Motor vehicles \$'000	Computer systems \$'000	Total \$'000
Reconciliations - consolidated entity				
Carrying amounts at 28 June 2009	73,200	70	14,678	87,948
Additions	18,643	0	4,467	23,110
Disposals	(439)	(32)	(118)	(589)
Business acquisitions	10,965	658	1,079	12,702
Depreciation and amortisation	(12,275)	(35)	(5,402)	(17,712)
Foreign currency exchange differences	(129)	0	(21)	(150)
Carrying amounts at 3 July 2010	89,965	661	14,683	105,309
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	73,200	70	14,678	87,948

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010

11 Non-current assets - Deferred tax assets

	Consolidated	
	2010	2009
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Doubtful debts	63	104
Employee benefits	4,569	3,245
Accruals	103	781
Inventories	2,100	1,146
Cash flow hedges	0	660
Deferred make good provision	1,175	546
Straight line lease adjustment	3,965	3,696
Deferred income	107	104
Depreciation	1,875	923
Provision for warranties and legal costs	13	1
	13,970	11,206
<i>Amounts recognised directly in equity</i>		
Share placement costs	589	0
	14,559	11,206
Set off with deferred tax liabilities (note 19)	(6,948)	(1,534)
Net deferred tax assets	7,611	9,672
Movements:		
Opening balance	11,206	8,834
Credited/(charged) to the income statement	1,614	2,852
Credited/(charged) to equity	589	(480)
Foreign exchange on translation of NZ subsidiary	0	0
Acquired in acquisition	1,150	0
Closing balance	14,559	11,206
Deferred tax assets to be recovered after more than 12 months	12,013	9,175
Deferred tax assets to be recovered within 12 months	2,546	2,031
	14,559	11,206

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010

12 Non-current assets – Intangible assets

	Consolidated	
	2010 \$'000	2009 \$'000
Goodwill at cost	76,701	67,280
Less impairment charge	(2,000)	0
Net goodwill	74,701	67,280
Trademarks, at cost	14	14
Less accumulated depreciation	0	0
Net trademarks	14	14
Computer software	23,356	19,347
Less accumulated amortisation	(16,851)	(13,989)
Net computer software	6,505	5,358
Brand names at cost	22,500	2,500
Less amortisation	(250)	(125)
Net brand names	22,250	2,375
Supplier agreement	400	400
Less amortisation	(40)	(20)
Net supplier agreement	360	380
Total net intangibles	103,830	75,407

	Goodwill \$'000	Trademarks \$'000	Computer Software \$'000	Brand Name \$'000	Supplier Agreement \$'000	Totals \$'000
Reconciliations – consolidated entity - 2010						
Carrying amounts at 28 June 2009	67,280	14	5,358	2,375	380	75,407
Acquisitions	9,421	0	0	20,000	0	29,421
Additions	0	0	4,033	0	0	4,033
Disposals/Revision in provisional accounting	0	0	(24)	0	0	(24)
Amortisation/Impairment charge	(2,000)	0	(2,873)	(125)	(20)	(5,018)
Foreign currency exchange differences	0	0	11	0	0	11
Carrying amounts at 3 July 2010	74,701	14	6,505	22,250	360	103,830

	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/Impairment 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

(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 3 JULY 2010

12 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	Ray's Outdoors \$'000	Total \$'000
2010					
Goodwill	45,336	12,950	7,954	8,461	74,701
	Supercheap Auto \$'000	BCF \$'000	Goldcross Cycles \$'000	Ray's Outdoors \$'000	Total \$'000
2009					
Goodwill	45,336	11,990	9,954*	0	67,280

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.

As the Ray's Outdoors acquisition occurred on 31 May 2010 we believe the intangibles acquired in this transaction reflect recoverable amounts as they reflect fair value.

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

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	
	2010	2009	2010	2009
	%	%	%	%
Supercheap Auto	3.0	3.0	15	15
BCF	5.0	5.0	15	15
Goldcross Cycles	7.5	10.0	15	15

The initial two year's of a store operating growth rate is assumed to be 10% for Supercheap Auto and BCF. For Goldcross Cycles, store operating growth is assumed to be essentially flat for the first two years.

(c) Impairment charge

An impairment charge of \$2,000,000 arose in the Goldcross CGU following a review of sales and gross margin performance against business plan expectations in December 2009. No class of asset other than goodwill was impaired. This has been included in the Auto & Cycle Retailing segment in note 4.

(d) Useful life for brand

The Goldcross brand has been determined to have a 20 year life and is amortised over this period.

No amortisation is provided against the carrying value of the purchased Ray's Outdoors brand on the basis that it is considered to have an indefinite useful life.

Key factors taken into account in assessing the useful life of brands were:

- the strong recognition of the Ray's Outdoors brand; and
- there are currently no legal, technical or commercial factors indicating that the life should be considered limited.

13 Current liabilities - Trade and other payables

	Consolidated	
	2010 \$'000	2009 \$'000
Trade payables	70,459	90,572
Other payables	29,084	26,026
Loans from related parties	20	25
	99,563	116,623

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010

14 Current liabilities – Borrowings

	Consolidated	
	2010	2009
	\$'000	\$'000
Secured		
Finance leases	96	850
Commercial bill	10,000	39,700
Less borrowing costs capitalised, net	(1,088)	(1,054)
Total current liabilities – secured interest bearing liabilities	9,088	39,496
Unsecured		
Related parties	0	0
Unsecured bank financing	0	0
Total current liabilities – unsecured interest bearing liabilities	0	0
Total current liabilities – interest bearing liabilities	9,008	56,692

(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 18.

15 Current liabilities – Current tax liabilities

	Consolidated	
	2010	2009
	\$'000	\$'000
Income tax payable	7,694	4,593

16 Current liabilities – Provisions

	Consolidated	
	2010	2009
	\$'000	\$'000
Put option provision	758	644
Provision for warranties	44	44
Make good provision	346	117
Employee benefits	10,633	9,347
	11,781	10,152

(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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010

17 Non-current liabilities – Trade and Other Payables

	Consolidated	
	2010	2009
	\$'000	\$'000
Straight line lease adjustment	13,217	12,320

18 Non-current liabilities – Borrowings

	Consolidated	
	2010	2009
	\$'000	\$'000
Secured		
Finance lease	0	0
Cash advance	100,000	92,000
	100,000	92,000

The facilities are secured by first registered floating company charges over all the assets and undertakings of Super Cheap Auto Group Limited and all its wholly-owned subsidiaries in favour of ANZ Banking Group Limited, HSBC and Commonwealth Bank of Australia and by cross guarantees and indemnities between Super Cheap Auto Group Limited and all its wholly-owned subsidiaries in favour of ANZ Banking Group Limited, HSBC and Commonwealth Bank of Australia. Financial covenants are provided by Super Cheap Auto Group Limited with respect to leverage, gearing, fixed charges coverage and tangible net worth.

The carrying amount of assets pledged as security are equal to those shown in the consolidated statement of financial position.

	Consolidated	
	2010	2009
	\$'000	\$'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)	190,000	184,347
- Indemnity/Guarantee Facility	7,000	3,694
Totals	197,000	188,041
Facilities used at balance date		
- Multi-Option Facility (including commercial bill, overdraft and cash advance)	110,096	132,550
- Indemnity/Guarantee Facility	2,689	3,322
Totals	112,785	135,872
Unused balance of facilities at balance date		
- Multi-Option Facility (including commercial bill, overdraft and cash advance)	79,904	51,797
- Indemnity/Guarantee Facility	4,311	372
Totals	84,215	52,169

In addition, the Company has access to a \$122 million (2009: \$122 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) 3.97%-7.09% (2009: 3.90%-7.69%)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010

19 Non-current liabilities - Deferred tax liabilities

	Consolidated	
	2010 \$'000	2009 \$'000
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Prepayments	2	2
Unrealised foreign exchange on inter company balances	0	0
Depreciation	0	0
Brand values	6,675	713
	6,677	715
<i>Amounts recognised directly in equity</i>		
Foreign exchange revaluation reserve	0	0
Cash flow hedges	271	819
	6,948	1,534
Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions	(6,948)	(1,534)
Net deferred tax liabilities	0	0
Movements:		
Opening balance	1,534	1,205
Charged/(credited) to the income statement	(38)	(490)
Charged/(credited) to equity	(548)	819
Foreign exchange on translation of NZ subsidiary	0	0
Acquired in acquisition	6,000	0
Closing balance	6,948	1,534
Deferred tax liabilities to be settled after more than 12 months	6,946	1,532
Deferred tax liabilities to be settled within 12 months	2	2
	6,948	1,534

20 Non-current liabilities – Provisions

	Consolidated	
	2010 \$'000	2009 \$'000
Make good provision (a)	8,087	5,171
Employee benefits	2,207	930
Provision for Oceania future dividend (c)	132	132
	10,426	6,233

(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 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.

(c) Movements in provisions (consolidated entity) (notes 16 & 20)

	Put option \$'000	Warranties \$'000	Make good \$'000	Oceania future dividend \$'000	Total \$'000
Opening balance as at 28 June 2009	644	44	5,288	132	6,108
Additional provisions recognised	0	0	413	0	413
Indexing of provisions	114	0	1,354	0	1,468
Provision released	0	0	(21)	0	(21)
Acquisitions	0	0	1,399	0	1,399
Closing balance as at 3 July 2010	758	44	8,433	132	9,367

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010

21 Contributed equity

(a) Share Capital

	Consolidated	
	2010 \$'000	2009 \$'000
Ordinary shares fully paid	182,158	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
Issue of shares on 23 April 2004	49,697,150	1.69
Share split on 19 May 2004	56,732,471	0
Issue of shares on 8 March 2008	200,000	1.97
Dividend reinvestment plan issue on 14 October 2009	714,234	5.35
Dividend reinvestment plan issue on 17 March 2010	661,137	4.96
Issue of shares (net of placement costs) on 27 April 2010	15,900,000	4.80
Shares issue under share option	612,500	2.36
Share placement plan (net of placement costs) on 27 April 2010	2,529,809	4.80
Shares issue under share option	185,000	2.42
Shares issued on 31 May 2010 as consideration for Ray's Outdoors Pty Ltd	300,000	5.16
		1,548
		183,532
Less transaction costs on share issue		(1,963)
Deferred tax credit recognised directly in equity		589
Closing balance 3 July 2010	127,532,302	182,158

The purpose of the issue on 27 April 2010 was to finance the acquisition of Ray's Outdoors and provide additional funds to meet capital expenditure and working capital requirements associated with growing the Ray's Outdoors store network.

Dividend reinvestment plan

The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares issued under the plan at a 2.5% discount to the market price.

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 nil (2009: 220,000) ordinary shares were issued during the period, with 797,500 options being exercised during the period. Performance rights over 375,165 (2009: nil) ordinary shares were issued during the period. Nil performance rights were exercised during the period.

(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 monitors 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 statement of financial position (including minority interest) plus net debt.

During 2010 the Group's strategy, which was unchanged from 2009, was to ensure that the gearing ratio remained below 50%. This target ratio range excludes the short-term impact of acquisitions. The gearing ratios at 3 July 2010 and 27 June 2009 were as follows:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010 (continued)

21 Contributed equity (continued)

	Consolidated	
	2010	2009
	\$'000	\$'000
Total borrowings	109,008	131,496
Less: Cash & cash equivalents	(30,200)	(16,810)
Net Debt	78,808	114,686
Total Equity	270,557	156,354
Total Capital	349,365	271,040
Gearing Ratio	22.6%	42.3%

The decrease in the gearing ratio was due to the equity issuance that was undertaken to complete the acquisition of the Ray's Outdoors business. The Group now has significant capacity to fund its growth plans, including continued expansion of the store network.

The Group monitors 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 finance costs exclude non-cash mark-to-market losses or gains on interest rate swaps.

During 2010 the Group's strategy, which was unchanged from 2009, was to maintain a fixed charge cover ratio of around 2.0 times. The fixed charge cover ratios at 3 July 2010 and 27 June 2009 were as follows:

	Consolidated	
	2010	2009
	\$'000	\$'000
Earnings	38,053	32,135
Add: Taxation expense	15,827	9,751
Finance costs	10,477	13,749
Depreciation and amortisation	22,730	18,283
Rental expense	69,833	60,289
EBITDAR	156,920	134,207
Finance costs (excluding MTM adjustment)	12,678	11,548
Rental expense	69,833	60,289
Fixed charges	82,511	71,837
Fixed charge cover ratio	1.90	1.87

The improvement in the fixed charge cover ratio was due to the increased profitability of the Group.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010 (continued)

22 Reserves and retained profits

	Consolidated	
	2010	2009
	\$'000	\$'000
Reserves		
Foreign currency translation reserve	(2,407)	(2,933)
Share based payments reserve	1,932	1,068
Hedging reserve	633	1,907
	<u>158</u>	<u>42</u>
Movements		
Foreign currency translation reserve		
Balance at the beginning of the financial period	(2,933)	(2,970)
Net exchange difference on translation of foreign controlled Entity	526	37
Balance at the end of the financial period	<u>(2,407)</u>	<u>(2,933)</u>
Share based payments reserve		
Balance at beginning of the financial period	1,068	746
Options lapsed	0	0
Options and performance rights expense	864	322
Balance at the end of the financial period	<u>1,932</u>	<u>1,068</u>
Hedging reserve		
Balance of beginning of the financial period	1,907	(1,120)
Revaluation – gross	(1,822)	4,323
Deferred tax	548	(1,296)
Balance at the end of the financial period	<u>633</u>	<u>1,907</u>
Retained earnings		
Balance at the beginning of the financial period	71,685	54,478
Net profit/(loss) for the financial period attributable to shareholders of Super Cheap Auto Group Limited	38,053	32,135
Dividends provided for or paid	(21,497)	(14,928)
Retained profits/(losses) at the end of the financial period	<u>88,241</u>	<u>71,685</u>

(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 and performance rights 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 3 JULY 2010 (continued)

23 Dividends

	Parent Entity	
	2010	2009
	\$'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 3 July 2010 of 8.5 cents (2009: 6.5 cents per share) paid on 31 March 2010. Fully franked based on tax paid @ 30%	9,182	6,931
Final dividend for the period ended 27 June 2009 of 11.5 cents per share (2009: 7.5 cents per share) paid on 20 October 2009. Fully franked based on tax paid @ 30%	12,315	7,997
Total dividends provided and paid	21,497	14,928
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
Paid in cash	14,395	14,928
Satisfied by issue of shares	7,102	0
	21,497	14,928

Dividends not recognised at year end

Subsequent to year end, the Directors have declared the payment of a final dividend of 13.0 cents per ordinary share (2009: 11.5 cents per ordinary share), fully franked based on tax paid at 30%.

The aggregate amount of the dividend expected to be paid on 1 October 2010, out of retained profits at 3 July 2010, but not recognised as a liability at year end, is	16,579	12,315
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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.

Franking credits

The franked portions of dividends paid after 3 July 2010 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 3 July 2010.

Franking credits remaining at balance date available for dividends declared after the current balance date based on a tax rate of 30%	47,147	34,769
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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 \$7,105,371 (2009: \$5,255,317).

24 Net tangible asset backing

	Consolidated Entity	
	2010	2009
	Cents	Cents
Net tangible asset per ordinary share	\$1.28	69¢

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010 (continued)

25 Business Combinations

During the period, the parent entity acquired the Ray's Outdoors business as detailed below at (a). In addition, BCF Australia Pty Ltd acquired certain assets and liabilities of Explore Outdoors during the period (see (b) below).

These acquisitions resulted in the recognition of the following goodwill:

	\$'000
Ray's Outdoors	8,461
Explore Outdoors	960
	<u>9,421</u>

(a) Ray's Outdoors

(i) Summary of acquisition

On 31 May 2010, the parent entity acquired 100% of the issued share capital of Ray's Outdoors 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 28 June 2009, the contribution to the Group revenue would have been \$116.2 million. The contribution to Group net profit after tax is not material. 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 28 June 2009, 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	
Cash paid	51,685
Consideration in shares	<u>1,548</u>
Total purchase consideration (referred to (ii) below)	53,233
Less: Fair value of net identifiable assets	<u>(44,772)</u>
Goodwill recognised on acquisition	8,461

(ii) Purchase considerations

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value
	\$'000
Cash	71
Other Receivables	345
Inventory (net of provisions)	27,139
Plant & Equipment	12,000
Brand name	20,000
Deferred make good	702
Tax Assets	1,361
Trade Payables	(7,500)
Provision for Employee Entitlements	(1,647)
Make-good provision	(1,389)
Other Payables	(99)
Deferred tax liability	(6,211)
Net Identifiable Assets Acquired	<u>44,772</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JULY 2010 (continued)

25 Business Combinations (continued)

The goodwill is attributable to Ray's Outdoors strong position and profitability in the outdoor and leisure market and the synergies expected to arise from the acquisition.

	Consolidated
	2010
	\$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Total purchase consideration	53,233
Less: Consideration in shares	(1,548)
Less: Balances acquired	
Cash	(70)
	<u>(1,618)</u>
Outflow of cash	<u>51,615</u>

(b) Explore Outdoors

Acquisition by controlled entity

On 27 October 2009, BCF Australia Pty Ltd acquired certain assets and assumed certain liabilities of the Explore Outdoors Dubbo business from an entity external to the Group.

Net assets acquired are as follows:	\$'000
Purchase consideration	
Cash Paid	1,331
Total purchase consideration	<u>1,331</u>
Less: Provisional allocation of Fair value of net identifiable assets acquired (refer below)	<u>371</u>
Goodwill recognised on acquisition	960

The goodwill is attributable to Explore Outdoors Dubbo strong position and profitability in the leisure market and synergies expected to arise after the company's acquisition

Fair value of identifiable net assets acquired	\$'000
Inventory (net of provisions)	387
Gift voucher liability	(6)
Employee entitlements	(8)
Other creditors	(2)
Net identifiable assets acquired	<u>371</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 \$2.03 million to the Group for the period 27 October 2009 to 3 July 2010. If the acquisition had occurred on 28 June 2009, the contribution to Group revenue would have been \$2.78 million. The contribution to Group net profit after tax is not material.

26 Events occurring after balance date

No matter or circumstance has arisen since 3 July 2010 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.