Super Cheap Auto Group Limited

Annual Report 2007

Contents *

THE ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders of Super Cheap Auto Group Limited will be held at the Kedron Wavell Services Club, Long Tan Room, 375 Hamilton Road, Chermside South, Queensland on Wednesday 24 October 2007 at 11.00 am.

* *Pages not included in this report only contain photographic images. Refer to the colour publication on the Company's website.*

Company Information

NAME OF ENTITY

SUPER CHEAP AUTO GROUP LIMITED

ABN OR EQUIVALENT COMPANY REFERENCE

ABN 81 108 676 204

REGISTERED OFFICE

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

SHARE REGISTRY

Link Market Services
Level 12, 680 George Street
SYDNEY NSW 2000

BANKERS

Australia and New Zealand Banking Group Limited

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Redmond Van De Graaff
Mallesons Stephen Jaques

STOCK EXCHANGE LISTING

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

CHAIRMAN’S REPORT

Super Cheap Auto has successfully moved into its fourth year as a listed company. The initial share offer 2004 was priced at $1.97 on the promise of earnings per share of 13.4 cents. Sales were forecast at $378.9 million from 176 stores offering a single retail format servicing the auto aftermarket.

The results achieved in the 2007 financial year capture the changes made to the business since 2004. These changes have delivered greater returns for investors who have been willing to be part of a fast growing company. Super Cheap Auto is now much much more than what it was when investors took up shares in the initial public offering.

The results achieved in the 2007 financial year have seen sales lift 19% to $625 million from 246 Supercheap Auto and 31 BCF stores. The earnings before interest tax depreciation and amortisation were up 30% to $51 million, and earnings per share grew 35% to 21.0 cents. These significant improvements in the financial outcomes have produced the earnings required to support the further development of the company and increase the dividends paid to shareholders.

The parallel strategies of investment and profit growth have combined to produce a number of significant outcomes in FY 2007. The investment in new locations, new retail formats, and store refurbishments for Supercheap Auto, and the expansion of BCF to 31 stores spread across Queensland, NSW, NT and WA are the most obvious examples of the initiatives taken by the company during the past 12 months. Remarkably, BCF has generated almost $100 million in annual sales after only two years since the company entered the camping, boating and fishing market with the acquisition of a small group of stores which were producing annual sales of $14 million.

These initiatives have been supported with the ongoing development of the logistics capability of the company, including the establishment of the direct sourcing facility in China. Refinancing and team member development activities add to the attention given to the many moving parts of Super Cheap Auto’s operations by Peter Birtles and his highly competent and professional management team.

The many moving parts in a retail business offer different opportunities for a variety of people to contribute to the success of Super Cheap Auto. Team members occupying merchandise, warehouse, administrative, finance, property, IT, human resources and many other corporate roles provide the invisible support that sits behind those who service our customers. The Directors value the commitment, energy and creativity of the whole team.

The company’s results in FY 2007 have been delivered through a clear focus on shareholder wealth. Building on the gains made over the last three years will remain an important part of the company’s business strategies.

We recognise that shareholders’ patience should also be rewarded by more than an increased share price. Consequently, the Board has decided to increase the dividend payout ratio to between 45% and 55% of net earnings and declare a final fully franked dividend of 6.5 cents. The full year dividend of 10.5 cents compares with 8.0 cents last financial year. The record date for the final dividend will be 18 September 2007. It will be paid on 10 October 2007.

We look forward to continuing the company’s growth and delivering shareholder value.

MANAGING DIRECTOR'S REPORT

I am very pleased to report that all areas of the Group performed strongly during the 2006/07 year and as a result the Group has generated record sales and profit. The highlights included:

- Earnings Per Share increasing by 35% over the prior year
- Both Supercheap Auto and BCF delivering strong growth in EBIT to contribute to an overall increase of 32% in Group EBIT compared to the prior year
- Group Sales increasing by 19% over the prior year as a result of stronger than expected like for like sales growth and a solid contribution from new stores
- Group Operating Cash Flow (before new store set up costs) increasing by $15 million compared to the prior year. As a result, the $45 million investment in new and refurbished stores was largely funded out of operating cash flows.

These results are a direct reflection of the passion and commitment demonstrated by our team members in successfully implementing initiatives under our 5 core strategic themes:

- expanding the Supercheap Auto network
- driving like for like sales growth in Supercheap Auto
- expanding the BCF network
- developing our procurement and supply chain capabilities
- developing our people.

The improvement in Supercheap Auto's performance has gained momentum during the year with 2nd half like for like sales growing at their highest rate for 4 years. BCF has continued to deliver sales and profit results ahead of launch targets whilst controlling capital investment below expectations. Our Group Logistics and Shared Services functions have successfully supported the growth plans of the two Business Units whilst significantly reducing the overall cost of doing business.

SUPERCHEAP AUTO

Sales at $525.7 million were 9.1% higher than the prior year with like for like sales growth of 4.1%. Like for like sales growth during the 2nd half of the year was 5.0% with a strong contribution from the 38 stores in New Zealand. The Auto Aftermarket remains relatively subdued so the business' sales performance was primarily achieved from market share gains driven by a range of store format, merchandising and marketing initiatives implemented during the year.

EBIT at $37.9 million was 14.7% higher than the prior year with the growth in sales supported by a 0.5% points reduction in operating costs as a % of sales primarily as a result of savings in marketing and support office costs. Gross Margins were 0.2% points lower than the prior year, with a reduction in retail margins arising from higher relative sales of lower gross margin categories being partly offset by a further saving of 0.2% points in logistics costs. Operating margins increased by 0.3% points to 7.2%.

14 new stores were opened during the year to take total store numbers to 246 at the end of June. In addition, 4 stores were relocated to stronger retail sites and 2 smaller under-performing stores were closed.

Four of the new stores were developed in the new '400' format, a 400m^2 store with a reduced investment in space and inventory. This enables the business to open stores in smaller regional towns and higher rental cost metro locations and still achieve its return on capital target. One existing store was also converted to a '400' format. The performance of these stores has continued to support confidence in plans to grow a small network of '400' format stores to supplement the larger network of '700' format stores.

In December, we opened a trial store under the sub brand of Supercheap Auto – Pitstop, a 200m^2 store aimed at shopping centre locations. A second Pitstop store has commenced trading since the end of the financial year and a decision will be taken on the potential of the Pitstop opportunity after the Christmas trading period.

At the start of the year, the Retail Operations team commenced a program of refurbishing the higher trading stores utilising many of the enhancements successfully trialled at the Chermside concept store. 16 stores have now been refurbished whilst nine of the new stores and the four relocated stores have also been built using the updated store livery, layout and fixtures. The refurbishment program has been a key factor behind the improvement in the like for like performance of the business.

Promotional events continue to be important opportunities to drive sales in a subdued market and the Merchandising and Marketing teams have developed a sequence of successful themed promotional activities during the year. These events have been supported by the launch of a set of well received new TV commercials highlighting the broad range available in stores as well as the 'fun and friendly' culture of the business. The Bathurst 1000 event was particularly successful as the business leveraged its sponsorship of the event to drive sales as well as a brand building opportunity.

Positive like for like growth was achieved in all merchandise categories across the year. Lubricants, batteries and car-care maintained the strong growth, reported at the half year, throughout the balance of the year, whilst the electrical and leisure and outdoor categories rebounded in the 2nd half. The increased investment in car audio, navigation and performance products continued to deliver strong growth.

The higher sales growth of higher unit value and lower gross margin categories which feature national brands, such as lubricants and car audio and navigation, had a slightly negative impact on overall retail gross margins but this was partly offset by further reductions in stock loss and product returns.

Towards the end of the year, products carrying the new mid market own brand 'SCA' began to appear in store. Customer reaction and sales response to these new products has been very positive. We are planning to introduce an extended range of products carrying the 'SCA' brand in the new financial year which should benefit both sales and gross margin.

Total stock investment ended the year at $499,000 per store which represented a small decrease of $2,000 compared to the prior year. On a like for like basis, stock levels were $14,000 per store lower than the prior year as the business is now holding $3 million of battery stock that was previously held on consignment.

David Ajala and the whole team at Supercheap Auto deserve enormous credit for the progress that has been made in re-invigorating the business over the past year. The team have worked tirelessly to successfully implement initiatives across a broad range of the company's operations and it is very pleasing to see all the hard work rewarded with such a positive set of results. Many of the initiatives are still work in progress and we are confident that the business will continue to further enhance its position as the leading retailer of auto parts and accessories across Australia and New Zealand in the coming years.

BCF – BOATING CAMPING FISHING

Sales at $99.1 million were 124% higher than the prior year with the growth driven by opening new stores and through the delivery of 13.5% like for like sales growth from existing stores.

EBIT at $1.8 million was $5.3 million higher than the prior year whilst EBIT pre new store set up costs, at $6.6 million, was $5.3 million higher than the prior year.

BCF opened 18 stores during the year to take total store numbers to 31, including 19 throughout Queensland, six in Western Australia, five in New South Wales and one in Darwin.

During the year, we developed a second store format model of around 1,200m^2 to supplement the existing 2,000m^2 model. The smaller model has been designed to operate successfully in smaller regional towns and achieve target return on capital. Following a successful trial at Noosa, a further two new smaller format stores were opened in Bundaberg and Gladstone. It is anticipated that future stores will include a higher representation of the smaller format stores.

BCF is a more seasonal business than Supercheap Auto with the Christmas/New Year holiday period being particularly important. The sales results were boosted by the efforts of the team in opening 10 new stores in the period from mid November to mid December with a number of these stores ahead of schedule.

All three Categories have performed well during the year with sales ahead of target. The offer continues to be refined in line with sales experience and there remain further opportunities to tailor the offer for local market demand. There are also opportunities for the business to extend its range offering into new products.

Gross Margin was 40.6%, an increase of 4.9% points over the prior year. This significant step up reflected the benefit of a year's experience, the larger scale of the business, the development of partnerships with key suppliers to deliver product exclusives and improvements to trading terms and a focus on enhancing inventory management processes.

Operating costs (pre set up costs) at 33.9% of sales were 1.1% higher than the prior year partly as a result of higher rental costs and partly as a result of the timing of new store openings.

Total inventory investment per store at $1.2 million is $0.1 million lower than the prior year reflecting the improvements made in inventory management processes and the three smaller stores.

The performance of BCF has continued to exceed the targets that we set at the launch of the business in October 2005. Steve Doyle and the team have done an outstanding job in building such a sizeable business in such a short time period. We continue to refine the business through experience and we remain confident in the opportunity to develop a national network of BCF stores that will generate a significant contribution to Group Earnings in the coming years.

GROUP LOGISTICS AND SHARED SERVICES

The Group Logistics and Shared Services functions have not only supported the growth of the two retail businesses but also implemented important strategic initiatives at the same time as reducing the cost of doing business. Group Logistics costs reduced as a % of sales by 0.2% points for the 2nd successive year whilst Shared Services costs reduced by 0.5% points. These costs are recharged to the Business Units.

The establishment of larger Distribution Centre facilities in Melbourne and Auckland has proved to be a major contributor to the improvement in Group Logistics operations through relieving pressure on the Brisbane Distribution Centre and facilitating a more efficient distribution network. The Group intends to convert the outsourced operation in Melbourne to an in-house managed operation during the 2007/08 year and further increase the product volume processed through this facility.

The Group established its overseas sourcing office in Hangzhou to the west of Shanghai in October 2006. The sourcing team have a focus not only on sourcing new and lower cost product but also on improving quality, packaging and supply chain operations.

In June 2007, the Group completed a successful upgrade of its core IT system – SAP. This was a major project, led by the Information Services Team, delivered on time and under budget and which provides the Group with additional functionality to enhance merchandise and supply chain management operations.

Group costs of $1.6 million represent the costs associated with operating as a public company, the cost of share options and costs incurred on corporate development opportunities. Costs increased by $1.0 million over the prior year primarily as a result of $0.4 million of non recurring advisory costs incurred on a corporate development opportunity, as well as the one-off positive impact in the prior year relating to the cancellation of share options.

REVIEW OF FINANCIAL CONDITION

The Group has continued to fund its investment through its debt facilities. Effective management of working capital has enabled the Group to minimise the drawdown of new debt and there remains significant capacity in the Group's debt facilities to fund further growth initiatives over the coming years.

Net external debt for the Group has increased from $80.5 million to $93.5 million. Under AIFRS a further $1.6 million (2006 - $2.1 million) of net debt relating to a team member share scheme special purpose vehicle has been consolidated into the Group's balance sheet.

Cash flow from operations was $34.0 million, an increase of $7.2 million compared to the prior year. Overall investment in working capital was $12.5 million with $26.9 million invested in new stores opened during the year.

Group Capital Expenditure was $30.6 million with $13.5 million in new store fit-out, $4.6 million in the store refurbishment program, $8.1 million in supply chain and IT projects and $4.4 million in general maintenance and enhancement projects.

TEAM MEMBERS

Our September 2006 Annual Management Conference was titled ‘Pride and Passion – It’s Our Business’ and I strongly believe that it is that sense of pride and passion shared by so many team members across our business that has been at the heart of all the Group has achieved over the last 12 months.

We now have over 4,000 team members working in the business and I would like to thank and acknowledge them all for their contribution during the year.

During the year, the Human Resources Team established the Group’s Business Leadership Academy, which will provide a series of learning and development opportunities for team members at all levels of the business whether they are new inductees to the business, high potential store managers or team members who are aspiring to join the Group’s Leadership Team. We believe that investing in providing our team members with an opportunity for self development will be critical in an ever more competitive employment market.

LOOKING AHEAD

The Group will maintain its focus on its five key strategic initiatives during the upcoming year.

Supercheap Auto will be targeting 10 new stores in the year and is planning to refurbish around 30 existing stores. The overall Auto Aftermarket is expected to remain relatively subdued during the year but we remain confident that Supercheap Auto will continue to grow market share and improve underlying profit margins.

BCF will be targeting 10 to 15 new stores with further stores in its existing markets and the potential of stores in the southern States of Australia. The increased scale and another year’s experience will lead to further improvements in profit margins.

The development of the Group Overseas sourcing operation and the domestic Logistics operations will lead to further underlying improvement in supply chain costs. The Group will be investing circa $5 million in establishing its Melbourne Distribution Centre Operation, of which around $1 million of one-off costs will be expensed in the 2007/08 year.

The 2007/08 year is shaping up to be another enjoyable and exciting year as the Group continues to grow and develop its operations and I look forward to reporting our progress to you during the year.

BOARD OF DIRECTORS

Dick McIlwain, BA, FAICD
Independent Non-Executive Chairman

Dick McIlwain, aged 60, was appointed a Director of the Company on 19 May 2004. Dick is also the Managing Director and Chief Executive of Tattersall's Limited, Non-Executive Chairman of Wotif.com Limited and a Fellow of the Australian Institute of Company Directors.

Peter Birtles, BSc, ACA
Managing Director

Peter Birtles, aged 43, was appointed a Director of the Company on 5 January 2006. Peter joined Super Cheap Auto Pty Ltd in 2001 as Chief Financial Officer and in 2006 was appointed Managing Director.

Peter is a chartered accountant with over 20 years' experience. Prior to joining Super Cheap Auto, Peter spent 12 years working with The Boots Company in the United Kingdom and Australia in a variety of senior finance, operational and information technology roles where he ultimately held the position of Head of Finance and Planning. Prior to joining The Boots Company, Peter worked for Coopers & Lybrand.

Reg Rowe
Non-Executive Director

Reg Rowe, aged 63, was appointed a Director of the Company on 8 April 2004. Reg and Hazel Rowe founded an automotive accessories mail order business in 1972 which they ran from their Queensland home. In 1974 they commenced retail operations of the business which evolved into Super Cheap Auto. Reg served as Managing Director of Super Cheap Auto Pty Ltd until 1996 and then Chairman from 1996 to 2004.

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

Darryl McDonough, BBus (Acty), LLB (Hons), SJD, FCPA, FAICD
Independent Non-Executive Director

Darryl McDonough, aged 56, was appointed a Director of the Company on 19 May 2004. Darryl is a practicing solicitor with over 20 years of corporate experience. He has served as a director of a number of public companies in the past including Cellnet Group Limited of which he was chairman and Bank of Queensland Limited. Darryl is a Past-President of the Australian Institute of Company Directors, Queensland Division.

Robert Wright, BCom, FCPA, MAICD
Independent Non-Executive Director

Mr Robert Wright, aged 58, was appointed a Director of the Company on 19 May 2004. Robert has 30 years' financial management experience, having held a number of chief financial officer positions, including finance director of David Jones Limited. He is currently the Chairman of Dexion Limited and a director of Australian Pipeline Limited, SAI Global Limited and both Babcock & Brown Residential Land Partners Limited and Babcock & Brown Residential Land Partners Services Limited (jointly Babcock & Brown Residential Land Partners Group)

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

SENIOR MANAGEMENT TEAM

Peter Birtles – Managing Director

Peter joined Super Cheap Auto in 2001 as Chief Financial Officer and was appointed Managing Director in January 2006.

Peter is a chartered accountant with over 20 years experience. Prior to joining Super Cheap Auto, Peter spent 12 years working with The Boots Company in the United Kingdom and Australia in a variety of senior finance, operations and information technology roles where he ultimately held the position of Head of Finance and Planning. Prior to joining The Boots Company, Peter worked for Coopers & Lybrand.

David Ajala – Chief Operating Officer – Supercheap Auto

David joined the Super Cheap Auto Group in July 2005 as the General Manager of Merchandise before taking on his current role as COO in January 2006. David is responsible for Merchandise, Marketing and Retail Operations of the Supercheap Auto business.

David has an extensive background in store operations and merchandise in the retail sector. Prior to joining the Super Cheap Auto Group, David held a number of senior management positions with Coles Myer across several states in a career spanning over 20 years. Roles included Regional Store Operations, National Category, National Promotions and National Business Manager.

Steve Doyle – Chief Operating Officer - BCF

Steve joined Super Cheap Auto in 2002 as Marketing Manager. He subsequently held the positions of General Manager – Retail and General Manager – Merchandising.

In January 2005, following the acquisition of CampMart, Steve was appointed General Manager – CampMart. CampMart was relaunched as BCF in July 2005. Steve was appointed Chief Operating Officer – BCF in January 2006. He is responsible for the merchandising, marketing and retail operations of the BCF business.

Gary Carroll – Chief Financial Officer

Gary joined Super Cheap Auto Group in April 2006. He has over 15 years experience in accounting, treasury and banking areas across a number of industry sectors. He holds an honours degree in Commerce and Law from the University of Queensland, and is a CPA.

After commencing his career with Ernst & Young, Gary held senior management positions with companies such as Citibank, Duke Energy and Flight Centre.

Gary is responsible for the finance, information services, risk management and compliance functions for the Group.

Robert Dawkins – Group Property Manager

Robert has 15 years experience in property management. Prior to joining the Super Cheap Auto Group in 2001, Robert was the Property Manager for the Bank of Queensland Limited. He holds a degree qualification in Accountancy from Queensland University of Techonology.

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

Graham Chad – General Manager – Group Logistics

Prior to joining Super Cheap Auto in 2005, Graham spent 19 years with the Masterfoods (Mars) Group in Australia and New Zealand in various senior management roles followed by 5 years in retail general merchandise. He was Chief Logistics Officer for The Warehouse Group, Auckland and spent several years at Woolworths in the Supply Chain Operations Group for grocery distribution.

Graham is responsible for the logistics functions that support the Group's business units incorporating the management of distribution centres, freight and imports.

Steve Tewkesbury – General Manager - Overseas Sourcing

Steve joined the Super Cheap Auto Group in 2004 as Supply Chain Manager and in 2006 was appointed as General Manager – Overseas Sourcing. He has in excess of 24 years' experience in sales, marketing and logistics. Prior to joining Super Cheap Auto, Steve worked in Global Supply Chain and E-Commerce Strategy for Reckitt & Colman, then as a Supply Chain Consultant within the Australian FMCG sector. He holds a degree qualification in E-Commerce from Monash University.

Steve is responsible for our overseas sourcing operations based in Hangzhou and Shanghai, China, international shipping negotiations and coordinating our China logistics partner services at origin.

Sonia La Penna – Group Human Resources Manager

Sonia joined Super Cheap Auto Group in December 2005 as the Group Human Resources Manager. Together with her tertiary qualifications, Sonia has over 10 years of Human Resources experience both in Australia and internationally.

Prior to joining Super Cheap Auto Group, Sonia commenced her HR career with Franklins Limited and since then has held senior management positions for companies including Brazin Limited, Royal Caribbean Cruise Lines and Sunglass Hut Australasia.

Sonia is responsible for Human Resources Management across the Group.

David Kelley – Company Secretary

David joined Super Cheap Auto Group in 2005. Prior to this, David held various management and Internal Audit positions at Adelaide Casino, Woolworths Limited and General Motors – Asia/Pacific. David has a Bachelors Degree in Economics from the University of Adelaide and an M.B.A. from the Australian Graduate School of Management.

In addition to serving as Company Secretary, David leads the Group's loss prevention, internal audit, stocktake, risk management and compliance functions.

Pam Pugsley – General Manager Retail Operations

Pam joined Super Cheap Auto in November 2004. Pam has 23 years of retail experience in Coles Myer Limited. Prior to joining Super Cheap Auto, Pam was a Regional Manager for Coles Supermarkets and Pick'n'Pay and previously held positions in Merchandising, Store Development and State Services Management in a variety of locations across Australia.

In 2002, Pam completed a Post Graduate qualification through Deakin University in Melbourne. Pam has the responsibility for the day-to-day operations of our stores as well as the Store Improvements Department.

Wayne McMahon – Chief Information Officer

Wayne joined Super Cheap Auto Group in 2006. A graduate of Wollongong University, he has over 22 years experience in all areas of Information Technology.

Wayne was previously based in Hong Kong as CIO for Esquel Enterprises Limited and in Singapore as Director Information Technology, Asia Pacific for ModusLink. In total he has over 13 years experience living and working across Asia, with 11 of those years in the eCommerce enabled Supply Chain industry.

Wayne is responsible for process development and information technology across the group.

CORPORATE GOVERNANCE STATEMENT

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

A description of the Company's main corporate governance practices is set out below. All these practices unless otherwise stated were in place for the reported period.

The Board of Directors

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

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

Composition of the Board

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

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

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the Board's relationship with the Company's senior executives.

The Managing Director is responsible for implementing Group strategies and policies. The Board Charter specifies that these are separate roles to be undertaken by separate people.

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

Details of the members of the Board, their experience, expertise, qualifications and independent status are profiled in the Directors' Report on pages 19 to 28.

Responsibilities

The responsibilities of the Board include:

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

Directors' Independence

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

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

Independent Professional Advice

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

Performance Assessment

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

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

This assessment was undertaken during April 2007.

Financial Reporting

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

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

Board Committees

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

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

Minutes of committee meetings are tabled at the subsequent Board meeting. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees.

Board Nomination and Remuneration Committee

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

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

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

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

The Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description.

Audit and Risk Committee

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

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

R J Wright (Chairman)
R D McIlwain
D D McDonough

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

The Audit and Risk Committee operates in accordance with a charter which is available on the Company's website.

Details of these Directors' qualifications and attendance at Audit and Risk Committee meetings are set out in the Director's Report on pages 19 to 28.

The Audit and Risk Committee supports the full Board and essentially acts in a review and advisory capacity. The Committee is considered to be a more efficient forum than the full Board for focusing on particular issues relevant to:

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

This committee provides ongoing assurance in the areas of:

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

External Auditors

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

The Audit and Risk Committee:

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

The performance of the External Auditor is reviewed annually.

An analysis of fees paid to the External Auditors, including a break-down of fees for non-audit services is provided in Note 29 to the financial statements. It is the policy of the External Auditors to provide an annual declaration of their independence to the Audit and Risk Committee.

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

Code of Conduct

The Company has developed a statement of values and a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and team members. The Code is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

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

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

Dealing in Shares

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

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

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

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

Continuous Disclosure and Shareholder Communication

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

The Company Secretary is the person responsible for communications with the Australian Stock Exchange (ASX).

FINANCIAL STATEMENTS

SUPER CHEAP AUTO GROUP LIMITED

FOR THE PERIOD ENDED
30 JUNE 2007

Directors' Report

Your Directors present their report on the consolidated entity consisting of Super Cheap Auto Group Limited and the entities it controlled at the end of, or during, the period ended 30 June 2007.

Directors

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

R D McIlwain
R A Rowe
D D McDonough
R J Wright
P A Birtles

Information on qualifications and experience of Directors is included on pages 20 to 21.

Principal activities

During the period, the principal continuing activities of the consolidated entity consisted of the retailing of:

- auto parts and accessories, tools and equipment
- boating, camping and fishing equipment

Dividends – Super Cheap Auto Group Limited

The Directors recommended a fully franked dividend of 6.5 cents per share be paid on 10 October 2007 (total dividend, fully franked - $6,917,925). The following fully franked dividends of the parent entity have also been paid, declared or recommended since the end of the preceding financial year:

Dividend	Payment Date	$
2006 final fully franked dividend (5¢ per share)	11 October 2006	5,321,481
2007 interim fully franked dividend (4¢ per share)	4 April 2007	4,257,185
		9,578,666

Review of operations

Revenue from trading operations for the year was $625,187,000 (2006: $526,236,000). During the period, the consolidated entity opened 14 new Supercheap Auto stores of which 12 were in Australia and 2 in New Zealand. This resulted in Supercheap Auto trading with 246 stores at the end of the period. 18 new BCF stores were opened during the period taking total trading stores to 31. At the end of the financial year, the consolidated entity was trading from 277 stores.

The net profit of the consolidated entity for the period ended 30 June 2007, after providing for income tax, amounted to $22,332,000 (2006: $16,510,000).

A review of the operations for the 52 weeks to 30 June 2007 is set out in pages 4 to 8 of this report.

Matters subsequent to the end of the financial period

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

Environmental regulation

The consolidated entity's environmental obligations are regulated under State, Territory and Federal Law. The consolidated entity has a policy of at least complying with its environmental performance obligations. All environmental performance obligations are monitored by the Board. No environmental breaches have been notified to the consolidated entity during the period ended 30 June 2007.

Directors and Directors' interests

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

R D McIlwain, BA, FAICD. *Independent Chairman – non-executive.* Age 60.
Experience and expertise
Independent non-executive Chairman for 3 years 3 months. Chief Executive Officer of UNiTAB for 10 years to 1999 and then Managing Director and Chief Executive Officer of UNiTAB Limited for 7 years. Currently Managing Director and Chief Executive Officer of Tattersall's Limited. Fellow of the Australian Institute of Company Directors.

Other current directorships
Director of Tattersall's Limited
Non-Executive Chairman of Wotif.com Limited since 2006

Former directorships in the last 3 years
None.

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

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

P A Birtles. BSc, ACA *Managing Director.* Age 43.
Experience and expertise
Managing Director for 1 year and 8 months. Previously Chief Financial Officer for 4 years 8 months and Company Secretary for 1 year 5 months.

Other current directorships
None.

Former directorships in the last 3 years
None.

Special responsibilities
Managing Director.
Member of the Nomination and Remuneration Committee.

Interests in shares and options
1,192,089 ordinary shares held on trust and 507 ordinary shares in Super Cheap Auto Group Limited.
700,000 options over ordinary shares in Super Cheap Auto Group Limited.

R A Rowe. *Non-Executive Director*. Age 63.
Experience and expertise
Founder of the business in 1972. Non-executive director for 3 years 4 months. Previously 8 years as Chairman and 24 years as Managing Director.

Other current directorships
Director of a number of private family companies.

Former directorships in the last 3 years
None.

Special responsibilities
Member of the Nomination and Remuneration Committee.

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

D D McDonough, BBus (Acty), LLB (Hons), SJD, FCPA, FAICD. *Independent Non-Executive Director.* Age 56.
Experience and expertise.
Independent Non-Executive Director for 3 years 3 months. Partner of a major legal firm. Past President of the Australian Institute of Company Directors (Queensland Division).

Other current directorships
None

Former directorships in the last 3 years
Chairman and non-executive director of Queensland Competition Authority (director 1998-2005).
Chairman and non-executive director of Cellnet Group Limited (director 2002-2005).

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

Interests in shares and options
60,000 ordinary shares in Super Cheap Auto Group Limited

R J Wright, BCom, FCPA, MAICD. *Independent Non-Executive Director.* Age 58.
Experience and expertise
Independent Non-Executive Director for 3 years 3 months. Director of a number of major Retail companies over the last 20 years.

Other current directorships
Non-executive director of both Babcock & Brown Residential Land Partners Limited and Babcock & Brown Residential Land Partners Services Limited (jointly Babcock & Brown Residential Land Partners Group) (director since 2006). Chairman and non-executive director of Dexion Limited (director since 2005). Non-executive director of Australian Pipeline Limited (director since 2000) and SAI Global Limited (director since 2003).

Former directorships in the last 3 years
None.

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

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

Company Secretary

The Company Secretary is Mr D J Kelley, B.Ec., MBA, MIIA. Mr Kelley commenced with Super Cheap Auto Group Limited as the Business Audit & Compliance Manager in February 2005 and was appointed Company Secretary in January 2006.

Meetings of directors

The number of meetings of the Company's Board of Directors and each Board Committee held during the period ended 30 June 2007 is set out below:

			Meetings of Committees			
	Full meetings directors		Audit & Risk		Nomination & Remuneration	
	A	B	A	B	A	B
R D McIlwain	13	13	3	3	2	2
P A Birtles	13	13	n/a	n/a	2	2
R A Rowe	11	13	n/a	n/a	1	2
D D McDonough	13	13	3	3	2	2
R J Wright	13	13	3	3	2	2

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

Remuneration report

The remuneration report is set out under the following main headings:-

- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements;
- Share-based compensation; and
- Additional information.

The information provided includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited. The disclosures on pages 26 and 27 are additional disclosures required by the Corporations Act 2001 and the Corporations Regulation 2001 which have not been audited.

Principles used to determine the nature and amount of remuneration (audited)

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

The Board believes that the best way to achieve this objective is to provide Senior Executives with a remuneration package consisting of fixed components (salary and superannuation) which reflect the individual's responsibilities, duties and personal performance and a blend of short and long term incentives which reward both individual and company performance each year. The framework provides a mix of fixed and variable pay. As executives gain seniority within the group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

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

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

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

Executive pay
The executive pay and reward framework has four components:

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

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

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

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

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

Benefits
Executives receive benefits including car allowances and salary continuance insurance.

Short-term incentives
Should the Company achieve a pre-determined profit target set by the Nomination and Remuneration Committee then a short-term incentive (STI) pool is available for allocation to executives during the annual review. Cash incentives (bonuses) are payable in September each year. Using a profit target ensures variable reward is only available when value has been

created for shareholders and when profit is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for executive out-performance.

Remuneration report (continued)
Principles used to determine the nature and amount of remuneration (audited) (continued)

Each executive has a target STI opportunity depending on the accountabilities of the role and impact on organisation of business unit performance. The maximum target bonus opportunity is between 40% and 50% of total base salary dependent on the seniority of the executive.

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

For the period ended 30 June 2007, the KPIs linked to short term incentive plans were based on group, individual business and personal objectives. Depending on the responsibilities of the executive, these KPIs required performance in sales growth, gross profit improvement, reduction of operating costs and improvement in operating procedures. The targets are set to ensure that reward is only available when value has been created for shareholders and when profit is consistent with the business plan.

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

The STI target annual payment is reviewed annually.

Key management personnel of the Group

Amounts of remuneration
Details of the remuneration of the directors and key management personnel (as defined in AASB 124 Related Party Disclosures) of Super Cheap Auto Group Limited are set out in the following tables.

The key management personnel of the Group includes the directors and the following executive officers, (being those who have responsibility for directing strategy for the Group):

- P A Birtles, Managing Director
- D F Ajala, Chief Operating Officer, Super Cheap Auto
- S J Doyle, Chief Operating officer, BCF
- G G Carroll, Chief Financial Officer
- G L Chad, General Manager, Group Logistics

The highest paid executives for the period ended 30 June 2007 were as follows:

- P A Birtles
- D F Ajala
- S J Doyle
- G G Carroll
- G L Chad

Remuneration report (continued)
Details of remuneration (audited)

Key management personnel of the Group

The following directors are key management personnel of the Group and Super Cheap Auto Group Limited.

2007	Short-term benefits			Post-employment benefits		Share-based payment	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Options $	Total $
Non-executive directors							
R D McIlwain *Chairman*	0			100,000	0		100,000
R A Rowe	55,046			4,954	0		60,000
D D McDonough	0			60,000	0		60,000
R J Wright	36,697			23,303	0		60,000
Sub-total non-executive directors	**91,743**			**188,257**	**0**		**280,000**
Executive directors							
P A Birtles	597,502	306,875	2,414	12,686	0	119,533	1,039,010
Other key management personnel							
D F Ajala	235,564	157,500	42,064	37,224	0	36,137	508,489
S J Doyle	251,534	144,375	22,254	12,686	0	36,137	466,986
G G Carroll	249,676	100,397	0	12,686	0	29,732	392,491
G L Chad	250,891	126,000	17,656	43,017	0	7,809	445,373
Totals	**1,676,910**	**835,147**	**84,388**	**306,556**	**0**	**229,348**	**3,132,349**

2006	Short-term benefits			Post-employment benefits		Share-based payment	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Options $	Total $
Non-executive directors							
R D McIlwain *Chairman*	25,000	0	0	75,000	0	0	100,000
R A Rowe	55,046	0	0	4,954	0	0	60,000
D D McDonough	20,000	0	0	40,000	0	0	60,000
R J Wright	55,046	0	0	4,954	0	0	60,000
Sub-total non-executive directors	**155,092**	**0**	**0**	**124,908**	**0**	**0**	**280,000**
Executive directors							
P A Birtles (a)	216,698	0	0	5,121	0	43,626	265,445
R E Thorn *(From 3 July 2005 – 27 January 2006)* (b)	617,073	0	17,583	13,200	0	(270,326)	377,530
Other key management personnel							
P A Birtles (a)	171,939	0	0	7,019	0	0	178,958
D F Ajala (appointed 18 July 2005)	217,454	0	16,590	13,869	0	15,346	263,259
S J Doyle	234,075	110,000	14,380	12,139	0	15,346	385,940
G G Carroll (appointed 17 April 2006)	47,572	0	0	3,034	0	6,110	56,716
G L Chad (appointed 5 September 2005)	179,979	0	22,138	32,615	0	0	234,732
Totals	**1,839,882**	**110,000**	**70,691**	**211,905**	**0**	**(189,898)**	**2,042,580**

(a) Mr P A Birtles was appointed a director on 5 January 2006. Before this appointment he was the company's Chief Financial Officer and Company Secretary. Amounts shown above include all remuneration during the reporting period, whether as a director or as Chief Financial Officer and Company Secretary.

(b) Mr R E Thorn resigned as an executive officer of the Company on 27 January 2006. Upon resignation he was paid unused leave entitlements of $259,140. This is included in the table above in cash salary and fees. All allocated options lapsed upon resignation.

Remuneration Report (continued)

Service Agreements (audited)
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Each of these agreements provide for the provision of performance related cash bonuses, other benefits and when eligible, participation in the Executive Option Plan.

All contracts with executives may be terminated early by either party with three months notice, subject to termination payments as detailed below:-

P A Birtles, Managing Director

Term of Agreement - 5 years commencing 27 January 2006

Base salary, inclusive of superannuation, for the period ended 30 June 2007 of $613,750 to be reviewed annually by the Nomination and Remuneration Committee.

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

D F Ajala, Chief Operating Officer, Supercheap Auto

Term of Agreement - 5 years commencing 27 January 2006

Base salary, inclusive of superannuation, for the period ended 30 June 2007 of $315,000 to be reviewed annually by the Nomination and Remuneration Committee.

Payment of a termination benefit on early termination by the Company, other than for cause, equal to 6 months base salary if the termination is effective more than 12 months before the expiry date or 3 months base salary if the termination is effective within 12 months before the expiry date.

S J Doyle, Chief Operating Officer, BCF

Term of Agreement - 5 years commencing 27 January 2006

Base salary, inclusive of superannuation, for the period ended 30 June 2007 of $288,750 to be reviewed annually by the Nomination and Remuneration Committee.

Payment of a termination benefit on early termination by the Company, other than for cause, equal to 6 months base salary if the termination is effective more than 12 months before the expiry date or 3 months base salary if the termination is effective within 12 months before the expiry date.

G G Carroll, Chief Financial Officer

Term of Agreement - 5 1/4 years commencing 17 April 2006

Base salary, inclusive of superannuation, for the period ended 30 June 2007 of $262,500 to be reviewed annually by the Nomination and Remuneration Committee.

Payment of a termination benefit on early termination by the Company, other than for cause, equal to 6 months base salary if the termination is effective more than 12 months before the expiry date or 3 months base salary if the termination is effective within 12 months before the expiry date.

Remuneration Report (continued)

Share based compensation (audited)
Shares under option
Unissued ordinary shares of Super Cheap Auto Group Limited under option at the date of this report are as follows:

Grant date	Exercise date	Exercise Price	Value per option at grant date	Number under option
19 May 2004	1 July 2007	$1.97	$0.68	200,000
27 January 2006	5 January 2009	$2.44	$0.29	400,000
27 January 2006	5 January 2010	$2.44	$0.34	200,000
27 January 2006	5 January 2011	$2.44	$0.38	200,000
17 April 2006	17 April 2009	$2.25	$0.43	75,000
17 April 2006	17 April 2010	$2.25	$0.47	75,000
17 April 2006	17 April 2011	$2.25	$0.51	100,000
1 July 2006	1 July 2009	$2.25	$0.19	262,500
1 July 2006	1 July 2010	$2.25	$0.25	262,500
1 July 2006	1 July 2011	$2.25	$0.30	350,000
26 October 2006	1 February 2009	$2.44	$0.63	150,000
26 October 2006	1 February 2010	$2.44	$0.72	150,000
26 October 2006	1 February 2011	$2.44	$0.79	200,000
				2,625,000

The exercise of the options is subject to the satisfaction of a qualifying hurdle. The qualifying hurdle requires cumulative annual growth of 10% in Earnings Per Share (pre amortisation) from the IPO Prospectus forecast Earnings Per Share (pre amortisation) for the year ending 30 June 2005 (being 17.2 cents) through to each of the years prior to the options being exercised. The options do not have an expiry date.

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

Details of options over ordinary shares in the Company provided as remuneration to each Director of Super Cheap Auto Group Limited and each of the key management personnel of the Group are set out below.

Name	Number of options granted during the period		Number of options vested during the period	
	2007	2006	2007	2006
Directors of Super Cheap Auto Group				
R D McIlwain	-	-	-	-
R A Rowe	-	-	-	-
D D McDonough	-	-	-	-
R J Wright	-	-	-	-
P A Birtles	500,000	-	-	-
Other Key Management Personnel				
D F Ajala	-	400,000	-	-
S J Doyle	-	400,000	-	-
G G Carroll	-	250,000	-	-
G L Chad	125,000	-	-	-

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

Additional Information (unaudited)

The level of executive rewards takes into account the performance of the Group with greater emphasis given to the current and future years. Since listing in July 2004 profits have increased by 69% and dividends to shareholders have grown by approximately 62%. Revenue and store numbers have increased by 63% and 51% respectively. On a total basis, executive management remuneration has increased by 29% over the last 3 years, although notwithstanding certain managers have had their remuneration packages increased in line with performance and additional responsibilities.

Remuneration Report (continued)
Additional Information (unaudited) (continued)

Share-based compensation: Options
Further details relating to options are set out below.

Name	A Remuneration consisting of options	B Value at grant date $	C Value at exercise date $	D Value at lapse date $	E Total of columns B-D $
R D McIlwain	0%	0	0	0	0
R A Rowe	0%	0	0	0	0
D D McDonough	0%	0	0	0	0
R J Wright	0%	0	0	0	0
P A Birtles	11.5%	360,550	0	0	360,550
D F Ajala	7.1%	0	0	0	0
S J Doyle	7.8%	0	0	0	0
G G Carroll	7.6%	0	0	0	0
G L Chad	1.8%	31,813	0	0	31,813

A = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.
B = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.
C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.
D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

Details of remuneration: Cash bonuses and options

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

	Cash Bonus		Options					
Name	**Paid %**	**Forfeited %**	**Year granted**	**Vested %**	**Forfeited %**	**Financial years in which options may vest**	**Minimum total value of grant yet to vest**	**Maximum total value of grant yet to vest ($)**
P A Birtles	100	0	2004	-	-	2008	Nil	135,400
			2007	-	-	2009	Nil	94,950
						2010	Nil	108,000
						2011	Nil	157,600
D F Ajala	100	0	2006	-	-	2009	Nil	58,200
						2010	Nil	34,100
						2011	Nil	38,100
S J Doyle	100	0	2006	-	-	2009	Nil	58,200
						2010	Nil	34,100
						2011	Nil	38,100
G G Carroll	100	0	2006	-	-	2009	Nil	32,175
						2010	Nil	35,475
						2011	Nil	50,800
G L Chad	100	0	2007	-	-	2010	Nil	7,275
						2011	Nil	9,488
						2012	Nil	15,050

Insurance of officers
During the financial year, Super Cheap Auto Group Limited paid a premium of $27,000 to insure the directors and secretaries of the Company and its controlled entities, and the general managers of each of the divisions of the Group.

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

Non-Audit Services
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

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

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

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

	Consolidated Entity	
	2007	**2006**
	$'000	**$'000**
During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.		
Assurance Services		
PricewaterhouseCoopers Australian arm		
Remuneration for audit services	**290**	211
Remuneration for other assurance services	**0**	85
Total remuneration for assurance services	**290**	296
Taxation Services		
Total remuneration for taxation services	**93**	125
Advisory Services		
Total remuneration for advisory services	**0**	159

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 29.

Rounding of amounts
The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

R D McIlwain
Chairman

P A Birtles
Director

Brisbane
23 August 2007

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the audit of Super Cheap Auto Group Ltd for the period ended 30 June 2007 I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Super Cheap Auto Group Limited and the entities it controlled during the period.

B. S. Delaney

B S Delaney
Partner
PricewaterhouseCoopers

Brisbane
23 August 2007

Super Cheap Auto Group Limited ABN 81 108 676 204
Annual financial report - 30 June 2007

Contents

This financial report covers both Super Cheap Auto Group Limited as an individual entity and the consolidated entity consisting of Super Cheap Auto Group Limited and its subsidiaries. The financial report is presented in the Australian currency.

Super Cheap Auto Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

751 Gympie Road, Lawnton, Queensland, 4501

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 4 to 8, which is not part of this financial report.

The financial report was authorised for issue by the directors on 23 August 2007. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.supercheapauto.com.au.

INCOME STATEMENTS
Super Cheap Auto Group Limited
for the period ended 30 June 2007

	Notes	Consolidated		Parent entity	
		2007	2006	**2006**	2006
		$'000	$'000	**$'000**	$'000
Revenue from continuing operations	5	**625,187**	526,236	**17,013**	13,008
Other income	6	**129**	268	**2**	0
Total revenues and other income		**625,316**	526,504	**17,015**	13,008
Cost of sales of goods		**(376,733)**	(316,860)	**0**	0
Other expenses from ordinary activities					
- selling and distribution		**(70,633)**	(58,959)	**0**	0
- marketing		**(35,906)**	(32,586)	**0**	0
- occupancy		**(44,979)**	(36,881)	**0**	0
- administration		**(58,614)**	(52,017)	**(1,602)**	(618)
Borrowing costs expense		**(7,191)**	(5,836)	**(6,662)**	(4,245)
Total expenses		**(594,056)**	(503,139)	**(8,264)**	(4,863)
Profit before income tax		**31,260**	23,365	**8,751**	8,145
Income tax (expense)/benefit	8	**(8,928)**	(6,855)	**2,633**	1,456
Profit attributable to Members of Super Cheap Auto Group Limited		**22,332**	16,510	**11,384**	9,601

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	37	**21.0**	15.5
Diluted earnings per share	37	**20.9**	15.5

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

BALANCE SHEETS
Super Cheap Auto Group Limited
As at 30 June 2007

		Consolidated		Parent entity	
		2007	2006	**2006**	2006
	Notes	**$'000**	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	9	**6,271**	6,372	**17**	132
Trade and other receivables	10	**14,591**	14,137	**116,290**	96,064
Inventories	11	**159,880**	135,021	**0**	0
Total current assets		**180,742**	155,530	**116,307**	96,196
Non-current assets					
Other financial assets	12	**0**	0	**84,234**	84,234
Property, plant and equipment	13	**67,262**	49,797	**0**	0
Deferred tax assets	14	**7,991**	5,355	**32**	0
Intangible assets	15	**58,613**	58,794	**0**	0
Total non-current assets		**133,866**	113,946	**84,266**	84,234
Total assets		**314,608**	269,476	**200,573**	180,430
LIABILITIES					
Current liabilities					
Trade and other payables	16	**62,243**	49,443	**1,601**	213
Borrowings	17	**31,410**	19,020	**29,729**	16,956
Current tax liabilities	18	**5,611**	1,725	**5,611**	1,725
Provisions	19	**5,800**	4,941	**0**	0
Total current liabilities		**105,064**	75,129	**36,941**	18,894
Non-current liabilities					
Trade and other payables	20	**8,194**	5,482	**0**	0
Borrowings	21	**70,000**	70,000	**70,000**	70,000
Deferred tax liabilities	23	**0**	45	**0**	45
Provisions	24	**6,824**	5,890	**0**	0
Total non-current liabilities		**85,018**	81,417	**70,000**	70,045
Total liabilities		**190,082**	156,546	**106,941**	88,939
Net assets		**124,526**	112,930	**93,632**	91,491
EQUITY					
Contributed equity	25	**84,233**	84,233	**84,233**	84,233
Reserves	26	**(1,168)**	(11)	**496**	160
Retained profits	26	**41,461**	28,708	**8,903**	7,098
Total equity		**124,526**	112,930	**93,632**	91,491

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

STATEMENTS OF CHANGES IN EQUITY
Super Cheap Auto Group Limited
for the period ended 30 June 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Total equity at the beginning of the financial year		**112,930**	104,597	**91,491**	89,896
Changes in the fair value of cash flow hedges, net of tax	26	**(1,613)**	28	**(2)**	70
Exchange differences on translation of foreign operations		**118**	(129)	**0**	0
Net income recognised directly in equity		**(1,495)**	(101)	**(2)**	70
Profit for the year		**22,332**	16,510	**11,384**	9,601
Total recognised income and expense for the year		**20,837**	16,409	**11,382**	9,671
Transactions with equity holders in their capacity as equity holders:					
Dividends provided for or paid	26	**(9,579)**	(7,982)	**(9,579)**	(7,982)
Employee share options		**338**	(94)	**338**	(94)
		(9,241)	(8,076)	**(9,241)**	(8,076)
Total equity at the end of the financial year		**124,526**	112,930	**93,632**	91,491
Total recognised income and expense for the year is attributable to:					
Members of Super Cheap Auto Group Limited		**20,837**	16,409	**11,382**	9,671

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

CASH FLOW STATEMENTS
Super Cheap Auto Group Limited
for the period ended 30 June 2007

	Notes	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**689,172**	581,016	**0**	0
Payments to suppliers and employees (inclusive of goods and services tax)		**(602,820)**	(510,000)	**(5,888)**	(1,273)
Rental payments					
- external		**(36,597)**	(29,253)	**0**	0
- related parties		**(8,417)**	(8,103)	**0**	0
Income taxes paid		**(7,346)**	(6,889)	**(6,892)**	(6,549)
Net cash (outflow) inflow from operating activities	36	**33,992**	26,771	**(12,780)**	(7,822)
Cash flows from investing activities					
Payments for property, plant and equipment		**(30,605)**	(20,994)	**0**	0
Proceeds from sale of property, plant and equipment		**147**	158	**0**	0
Proceeds from sale of service centres		**75**	50	**0**	0
Net cash (outflow) inflow from investing activities		**(30,383)**	(20,786)	**0**	0
Cash flows from financing activities					
Proceeds from borrowings		**255,950**	264,266	**252,500**	259,638
Payments for borrowings		**(243,750)**	(259,000)	**(239,750)**	(231,950)
Interest paid		**(6,284)**	(3,927)	**(6,626)**	(3,604)
Dividends paid to company's shareholders	26	**(9,579)**	(7,982)	**(9,579)**	(7,982)
Repayment of loans re shares		**0**	0	**0**	0
Advances to related parties		**0**	0	**(254,710)**	(197,402)
Repayments of advances to related parties		**0**	55	**270,830**	189,209
Net cash inflow (outflow) from financing activities		**(3,663)**	(6,588)	**12,665**	7,909
Net increase (decrease) in cash and cash equivalents		**(54)**	(603)	**(115)**	87
Cash and cash equivalents at the beginning of the financial year		**6,372**	6,902	**132**	45
Effects of exchange rate changes on cash and cash equivalents		**(47)**	73	**0**	0
Cash and cash equivalents at end of year	9	**6,271**	6,372	**17**	132

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

NOTES TO THE FINANCIAL STATEMENTS

SUPER CHEAP AUTO GROUP LIMITED

FOR THE PERIOD ENDED
30 JUNE 2007

Contents of the notes to the financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Super Cheap Auto Group Limited as an individual entity and the consolidated entity consisting of Super Cheap Auto Group Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Compliance with IFRS

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Super Cheap Auto Group Limited comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure.*

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Super Cheap Auto Group Limited (the “Company” or “parent entity”) as at 30 June 2007 and the results of its controlled entities for the period then ended. Super Cheap Auto Group Limited and its controlled entities comprise the “consolidated entity”. The effects of all transactions between entities in the consolidated entity are fully eliminated.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arise in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The New Zealand tax rate changes to 30% with effect from 1 July 2008. All current deferred tax balances have been assessed for expected realisation timeframes for either the current rate of 33% or future rate of 30% to be applied.

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.

The head entity, Super Cheap Auto Group Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Australian dollars, which is Super Cheap Auto Group Limited’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

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

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement 30 days from the end of the month after sale. Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs comprise direct purchase costs and an appropriate proportion of supply chain variable and fixed overhead expenditure. Costs are assigned to individual items of stock on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(i) Provisions

Provisions for legal claims and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(j) Financial assets

Classification
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available for sale investments revaluation reserve. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(k) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

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

(i) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the income periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

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

(ii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(l) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(m) Property, plant & equipment

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

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(n) Business combinations

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification or measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(o) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

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

Depreciation and amortisation are calculated on a straight line or diminishing value basis to allocate the cost of an item of property, plant and equipment net of residual values over the expected useful life of each asset to the consolidated entity. Estimates of remaining useful lives and residual values are reviewed and adjusted, if appropriate, at each balance sheet date. The depreciation rates used for each class of assets are:

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(q) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease term.

(r) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or business at the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicated that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each primary reporting segment.

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

(s) Trade and other payables

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

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

(u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(v) Dividends

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

(w) Employee benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred.

(iv) Share-based payments
Share-based compensation benefits are provided to certain employees via the Super Cheap Auto Executive Option Plan.

Shares options granted before 7 November 2002 and/or vested before 1 January 2005
No options were granted before 7 November 2002 nor were any vested before 1 January 2005.

Shares options granted after 7 November 2002 and vested after 1 January 2005
The fair value of options granted under the Super Cheap Auto Group Limited Executive Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon exercise of the options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(v) Profit-sharing and bonus plans
The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(x) Borrowing costs

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

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance lease charges;

(y) Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand, cash at bank and at call deposits with banks or financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(z) Goods and Services Tax

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flow.

(aa) Make good requirements in relation to leased premises.

Make good costs arising from contractual obligations in lease agreements are recognised as provisions at the inception of the agreement. A corresponding asset is taken up in property, plant and equipment at that time. Expected future payments are discounted using appropriate market yields at reporting date.

(ab) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(ac) Rounding of amounts

The economic entity is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

(ad) New accounting standard and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

UIG 9 *Reassessment of Embedded Derivatives*
UIG 9 is effective for annual reporting periods beginning on or after 1 June 2006. It requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. This is currently not relevant to the Group, but may transpire with future transactions.

AASB-I 10 *Interim Financial Reporting and Impairment*
AASB-I 10 applies to annual reporting periods beginning on or after 1 November 2006. It prohibits impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply AASB-I 10 from 1 July 2007 but it is not expected to have any impact on the Group's financial statements.

AASB 7 *Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]*
AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. AASB 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces AASB 130 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and the disclosure requirements in IAS 32 *Financial Instruments: Disclosure and Presentation.* It is applicable to all reporting entities. The amendment to AASB 101 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of AASB 7 and the amendment to AASB 101 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of AASB 101. The Group will apply the standards from annual reporting periods beginning 1 July 2007.

Revised AASB 101 *Presentation of Financial Statements*
A revised AASB 101 was issued in October 2006 and is applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standard early. Application of the revised standard will not have any impact on the Group's financial statements.

AASB-I 11 *AASB 2 - Group and Treasury Share Transactions* and AASB 2007-1 *Amendments to Australian Accounting Standards arising from AASB Interpretation 11*
AASB-I 11 and AASB 2007-1 are effective for annual reporting periods commencing on or after 1 March 2007. AASB-I 11 addresses whether certain types of share-based payment transactions should be accounted for as equity-settled or as cash settled transactions and specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent. The Group will apply AASB-I 11 from 1 July 2007, but it is not expected to have any impact on the Group's financial statements.

AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*
AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in the financial statements.

AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments* and AASB 2007-7 *Amendments to Australian Accounting Standards* [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]
AASB 2007-4 and AASB 2007-7 are applicable to annual reporting periods beginning on or after 1 July 2007. The amendments introduce a number of options that existed under IFRS but had not been included in the original Australian equivalents to IFRS and remove many of the additional Australian disclosure requirements.

Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]
The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

2 Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the United States dollar and New Zealand dollar.

Forward contracts and currency options are used to manage foreign exchange risk.

The Group's risk management policy is to hedge up to 75% of anticipated transactions (purchases) in US dollars for at least the subsequent 4 months.

(ii) Fair value interest rate risk
Refer to (d) below.

(b) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest-rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(o). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 15 for details of these assumptions and the potential impact of changes to the assumptions.

4 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.

Primary reporting segment – business segment

2007	Supercheap Auto $'000	BCF $'000	Total continuing operations $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Sales to external customers	525,745	99,070	624,815	0	624,815
Inter segment sales	0	0	0	0	0
Total sales revenue	525,745	99,070	624,815	0	624,815
Other revenue/income	119	8	127	374	501
Total revenue and other income	525,864	99,078	624,942	374	625,316
Segment result (pre-borrowing costs)	37,851	1,827	39,678	(1,227)	38,451
Borrowing costs				(7,191)	(7,191)
Profit before income tax					31,260
Income tax expense					(8,928)
Profit for the period					22,332
Segment assets	250,283	63,779	314,062	(1,054)	313,008
Unallocated assets				1,600	1,600
Total assets					314,608
Segment liabilities	(136,939)	(62,021)	(198,960)	110,147	(88,813)
Unallocated liabilities				(101,269)	(101,269)
Total liabilities					(190,082)
Acquisitions of property, plant and equipment and other non-current segment assets	19,633	10,701	30,334	0	30,334
Depreciation and amortisation expense	11,870	1,390	13,260	0	13,260
Other non-cash expenses	0	0	0	299	299

4 Segment information (continued)

2006	Supercheap Auto $'000	BCF $'000	Total continuing operations $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Sales to external customers	481,781	44,168	525,949	0	525,949
Inter segment sales	0	0	0	0	0
Total sales revenue	481,781	44,168	525,949	0	525,949
Other revenue/income	268	0	268	287	555
Total revenue and other income	482,049	44,168	526,217	287	526,504
Segment result (pre-borrowing costs)	33,012	(3,472)	29,540	(339)	29,201
Borrowing costs				(5,836)	(5,836)
Profit before income tax					23,365
Income tax expense					(6,855)
Profit for the period					16,510
Segment assets	235,322	32,292	267,614	(288)	267,326
Unallocated assets				2,150	2,150
Total assets					269,476
Segment liabilities	(126,936)	(35,031)	(161,967)	94,331	(67,636)
Unallocated liabilities				(88,910)	(88,910)
Total liabilities					(156,546)
Acquisitions of property, plant and equipment and other non-current segment assets	13,806	6,341	20,147	0	20,147
Depreciation and amortisation expense	10,096	609	10,705	0	10,705
Other non-cash expenses	0	0	0	(134)	(134)

Geographical segments

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

Australia

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

New Zealand

Only Supercheap Auto operates in New Zealand.

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	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**	**2007 $'000**	**2006 $'000**
Australia	565,632	472,851	288,292	245,545	29,225	18,482
New Zealand	59,183	53,098	26,316	23,931	1,109	1,665
	624,815	525,949	314,608	269,476	30,334	20,147

5 Revenue

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
From continuing operations				
Sales revenue				
Sale of goods	**624,815**	525,949	**0**	0
	624,815	525,949	**0**	0
Other revenue				
Interest	**372**	287	**13**	8
Dividends – related party	**0**	0	**17,000**	13,000
	372	287	**17,013**	13,008
	625,187	526,236	**17,013**	13,008

6 Other Income

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Net gain on disposal of property, plant and equipment	**0**	**84**	**0**	0
Other income	**129**	**184**	**2**	0
	129	**268**	**2**	0

7 Expenses

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Profit before income tax includes the following specific gains and expenses:				
Expenses				
Net loss on disposal of property, plant and equipment	**260**	0	**0**	0
Depreciation				
Computer systems	**4,014**	3,434	**0**	0
Plant and equipment	**6,283**	4,814	**0**	0
Motor vehicles	**311**	317	**0**	0
Total depreciation	**10,608**	8,565	**0**	0
Amortisation				
Computer software	**2,652**	2,140	**0**	0
Finance costs				
Interest and finance charges	**7,191**	5,933	**6,662**	4,320
Amount capitalised	**0**	(97)	**0**	(75)
Finance costs expensed	**7,191**	5,836	**6,662**	4,245
Employee benefits expense				
Superannuation expense	**6,094**	5,416	**6**	12
Salaries and wages	**98,417**	85,419	**283**	280
	104,511	90,835	**289**	292
Rental expense relating to operating leases				
Lease expenses	**43,405**	35,590	**0**	0
Equipment hire	**1,274**	991	**0**	0
Total rental expense relating to operating leases	**44,679**	36,581	**0**	0
Foreign exchange gains and losses				
Net foreign exchange (gains)/losses	**509**	745	**0**	9

8 Income tax expense

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
(a) Income tax expense				
Current tax	**11,037**	7,538	**(2,468)**	(1,469)
Deferred tax	**(1,922)**	(666)	**(37)**	13
Adjustments for current tax of prior period	**(187)**	(17)	**(128)**	0
	8,928	6,855	**(2,633)**	(1,456)
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 14)	**(2,217)**	(624)	**(37)**	13
(Decrease) increase in deferred tax liabilities (note 23)	**295**	(42)	**0**	0
	(1,922)	(666)	**(37)**	13
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	**31,260**	23,365	**8,751**	8,145
Tax at the Australian tax rate of 30% (2006 - 30%)	**9,378**	7,010	**2,625**	2,444
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-taxable dividends	**0**	0	**(5,100)**	(3,900)
Tax consolidation adjustments re NZ branch	**(342)**	(177)	**0**	0
Sundry items	**50**	22	**2**	0
	9,086	6,855	**(2,473)**	(1,456)
Difference in overseas tax rates	**(6)**	17	**0**	0
Adjustments for current tax of prior periods	**6**	(17)	**13**	0
Research and development tax credits	**(173)**	0	**(173)**	0
Restatement of New Zealand deferred tax balances to 30%	**15**	0	**0**	0
Income tax expense	**8,928**	6,855	**(2,633)**	(1,456)
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 14 and 23)	**(731)**	28	**(40)**	10
	(731)	28	**(40)**	10

(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. The accounting policy in relation to this legislation is set out in note 1(d).

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 (see note 32).

9 Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Cash at bank and in hand	**6,271**	6,372	**17**	132

10 Current assets - Trade and other receivables

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Trade receivables	**5,639**	6,653	**0**	0
Provision for impairment of receivables (a)	**(74)**	(26)	**0**	0
	5,565	6,627	**0**	0
Loans to related parties (b)	**0**	0	**116,194**	95,554
Other receivables	**2,753**	2,188	**96**	102
Tax receivable	**1,176**	564	**0**	0
Prepayments	**5,097**	4,758	**0**	408
	14,591	14,137	**116,290**	96,064

Further information relating to loans to key management personnel is set out in note 28.

(a) Impaired trade receivables

The Group has recognised a loss of $52,000 (2006: $27,000) in respect of bad and doubtful trade receivables during the period ended 30 June 2007. The loss has been included in 'other expenses' in the income statement.

(b) Loan's 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.

11 Current assets – Inventories

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Finished goods - at lower of cost or net realisable value	**159,880**	135,021	**0**	0

12 Non-current assets – Other financial assets

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'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
Total non-current assets – shares in controlled entities (refer Note 33)	**0**	0	**84,234**	84,234

13 Non-current assets – Property, plant and equipment

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Plant and equipment, at cost	**77,346**	55,498	**0**	0
Less accumulated depreciation	**(22,258)**	(16,363)	**0**	0
Net plant and equipment	**55,088**	39,135	**0**	0
Motor vehicles, at cost	**1,423**	1,342	**0**	0
Less accumulated depreciation	**(792)**	(645)	**0**	0
Net motor vehicles	**631**	697	**0**	0
Computer systems, at cost	**26,104**	20,468	**0**	0
Less accumulated depreciation	**(14,561)**	(10,503)	**0**	0
Net computer equipment	**11,543**	9,965	**0**	0
Total net property, plant and equipment	**67,262**	49,797	**0**	0

Assets pledged as security are detailed in Note 21

	Plant and equipment $'000	**Motor vehicles $'000**	**Computer systems $'000**	**Total $'000**
Reconciliations - consolidated entity				
Carrying amounts at 2 July 2006	39,135	697	9,965	49,797
Additions	22,039	298	5,527	27,864
Disposals	(346)	(61)	0	(407)
Depreciation and amortisation	(6,283)	(311)	(4,014)	(10,608)
Foreign currency exchange differences	543	8	65	616
Carrying amounts at 30 June 2007	55,088	631	11,543	67,262

	Plant and equipment $'000	**Motor vehicles $'000**	**Computer systems $'000**	**Total $'000**
Reconciliations - consolidated entity				
Carrying amounts at 3 July 2005	31,500	652	9,359	41,511
Additions	13,024	412	4,127	17,563
Disposals	(17)	(40)	(15)	(72)
Depreciation and amortisation	(4,814)	(317)	(3,434)	(8,565)
Foreign currency exchange differences	(558)	(10)	(72)	(640)
Carrying amounts at 1 July 2006	39,135	697	9,965	49,797

14 Non-current assets - Deferred tax assets

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Doubtful debts	**129**	214	**0**	0
Employee benefits	**2,191**	1,785	**2**	0
Accruals	**774**	419	**59**	24
Inventories	**1,146**	889	**0**	0
Deferred borrowing/consulting costs	**0**	2	**0**	0
Deferred make good provision	**686**	550	**0**	0
Straight line lease adjustment	**2,458**	1,658	**0**	0
Deferred income	**90**	78	**0**	0
Depreciation	**386**	0	**0**	0
Provision for warranties and legal costs	**30**	20	**0**	0
	7,890	5,615	**61**	24
Amounts recognised directly in equity				
Cash flow hedges	**680**	18	**(29)**	0
	8,570	5,633	**32**	24
Set off with deferred tax liabilities (note 22)	**(579)**	(278)	**0**	(24)
Net deferred tax assets	**7,991**	5,355	**32**	0
Movements:				
Opening balance	**5,633**	5,086	**24**	37
Credited/(charged) to the income statement	**2,217**	624	**37**	(13)
Credited/(charged) to equity	**662**	18	**(29)**	0
Foreign exchange on translation of NZ subsidiary	**58**	(95)	**0**	0
Closing balance	**8,570**	5,633	**32**	24
Deferred tax assets to be recovered after more than 12 months	**1,368**	2,560	**0**	0
Deferred tax assets to be recovered within 12 months	**7,202**	3,073	**32**	24
	8,570	5,633	**32**	24

15 Non-current assets – Intangible assets

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Goodwill at cost	**52,112**	52,112	**0**	0
Less impairment charge	**0**	0	**0**	0
Net goodwill	**52,112**	52,112	**0**	0
Trademarks, at cost	**14**	14	**0**	0
Less accumulated depreciation	**0**	0	**0**	0
Net trademarks	**14**	14	**0**	0
Computer software	**15,203**	12,732	**0**	0
Less accumulated amortisation	**(8,716)**	(6,064)	**0**	0
	6,487	6,668	**0**	0
Total net intangibles	**58,613**	58,794	**0**	0

	Goodwill $'000	**Trademarks $'000**	**Computer Software $'000**	**Totals $'000**
Reconciliations – consolidated entity - 2007				
Carrying amounts at 2 July 2006	52,112	14	6,668	58,794
Additions	0	0	2,470	2,470
Impairment/amortisation charge	0	0	(2,652)	(2,652)
Foreign currency exchange differences	0	0	1	1
Carrying amounts at 30 June 2007	52,112	14	6,487	58,613

	Goodwill $'000	**Trademarks $'000**	**Computer Software $'000**	**Totals $'000**
Reconciliations – consolidated entity - 2006				
Carrying amounts at 3 July 2005	52,112	14	6,224	58,350
Additions	0	0	2,584	2,584
Impairment/amortisation charge	0	0	(2,140)	(2,140)
Carrying amounts at 1 July 2006	52,112	14	6,668	58,794

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment and country of operation.

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 management 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.

15 Non-current assets – Intangible assets (continued)

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

No impairment loss was recognised in the 2007 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**	
	2007	2006	**2007**	2006
	%	%	**%**	%
Supercheap Auto	**3**	3	**15**	15
BCF	**5**	5	**15**	15

In the initial two year's of a store operating growth rate is assumed to be 10%.

16 Current liabilities - Trade and other payables

	Consolidated		**Parent entity**	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Trade payables	**43,138**	36,412	**25**	8
Other payables	**19,105**	13,031	**1,576**	205
	62,243	49,443	**1,601**	213

17 Current liabilities – Borrowings

	Consolidated		**Parent entity**	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Secured				
Commercial bill	**31,540**	19,379	**29,940**	17,229
Less borrowing costs capitalised, net	**(271)**	(469)	**(211)**	(273)
Total current liabilities – secured interest bearing liabilities	**31,269**	18,910	**29,729**	16,956
Unsecured				
Related parties	**2**	1	**0**	0
Unsecured bank financing	**139**	109	**0**	0
Total current liabilities – unsecured interest bearing liabilities	**141**	110	**0**	0
Total current liabilities – interest bearing liabilities	**31,410**	19,020	**29,729**	16,956

(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 note 22.

(c) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 22.

(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 21.

18 Current liabilities – Current tax liabilities

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Income tax payable	**5,611**	1,725	**5,611**	1,725

19 Current liabilities – Provisions

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Make good provision	**284**	260	**0**	0
Employee benefits	**5,516**	4,681	**0**	0
	5,800	4,941	**0**	0

20 Non-current liabilities – Trade and Other Payables

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Straight line lease adjustment	**8,194**	5,482	**0**	0

21 Non-current liabilities – Borrowings

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Secured				
Cash advance	**70,000**	70,000	**70,000**	70,000
	70,000	70,000	**70,000**	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, 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, SCA Equity Plan, 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.

21 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	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'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)	**128,720**	128,720	**125,000**	125,000
- Indemnity/Guarantee Facility	**1,342**	1,338	**1,342**	1,338
Totals	**130,062**	130,058	**126,342**	126,338
Facilities used at balance date				
- Multi-Option Facility (including commercial bill, overdraft and cash advance)	**101,600**	89,400	**100,000**	87,250
- Indemnity/Guarantee Facility	**1,251**	1,287	**0**	0
Totals	**102,851**	90,687	**100,000**	87,250
Unused balance of facilities at balance date				
- Multi-Option Facility (including commercial bill, overdraft and cash advance)	**27,120**	39,320	**25,000**	37,750
- Indemnity/Guarantee Facility	**91**	51	**1,342**	1,338
Totals	**27,211**	39,371	**26,342**	39,088

In addition, the Company has access to a $112 million (2006: $37.5 million) transactional facility for clean credit and foreign currency dealings.

Super Cheap Auto Pty Ltd has commercial bills of $Nil (2006: $17.25 million) outstanding at year end which are drawn as part of the group facility. The bank facilities may be drawn at any time.

Included in the facility above is an amount of $3.72 million for SCA Equity Plan Pty Ltd. This amount was drawn to $1.6 million (2006: $2.15 million) at 30 June 2007.

The current interest rates on the financing arrangements are:
- Multi Option Facility (including commercial bills, overdraft and cash advance) — 7.50%-7.59% (2006: 6.93%-7.13%)

22 Derivative Financial instruments

Derivative financial instruments
The parent entity and its controlled entity are parties to derivative financial instruments in the normal course of business in order to hedge exposures to foreign exchange and interest rate changes.

Foreign exchange contracts
The economic entity retails products including some that have been imported from South East Asia. In order to protect against exchange rate movements, the economic entity has entered into forward exchange rate contracts to purchase United States Dollars. The contracts are timed to mature in line with forecasted payments for imports and cover forecast purchases for the coming four months on a rolling basis.

22 Derivative Financial instruments (continued)

At balance date the following amounts were committed on foreign currency forward exchange contracts:

	Consolidated entity		Parent entity	
	2007 $000	2006 $000	**2007 $000**	2006 $000
Buy United States dollars and sell Australian dollars with maturity				
- 0 to 6 months	**18,500**	3,000	**0**	0
- 7 to 12 months	**15,000**	0	**0**	0
Weighted average rate of contracts	**82 cents**	70 cents	**0 cents**	0 cents
Buy Australian dollars and sell New Zealand dollars with maturity				
- 0 to 6 months	**9,000**	0	**0**	0
Weighted average rate of contracts	**115 cents**	0 cents	**0 cents**	**0 cents**

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by the related amount deferred in equity.

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

The following gains, losses and costs have been deferred as at the balance date:				
- realised gains	**0**	0	**0**	0
- unrealised gains	**2,362**	60	**0**	0
- total gains (a)	**2,362**	60	**0**	0
- realised losses and costs		0		0
- unrealised losses and costs	**(97)**	(101)	**(97)**	(101)
- total losses and costs (b)	**(97)**	(101)	**(97)**	(101)
Net gains/(losses and costs)	**2,265**	(41)	**(97)**	(101)

(a) Included in other payables under note 16
(b) Included in other receivables under note 10

Interest rate swap contracts
Bank loans of the economic entity currently bear an average variable interest rate of 7.5% (2006: 6.97%). It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the economic entity has entered into interest rate swap contracts, under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in other debtors or other creditors.

The Group has entered an interest rate swap for nominal value of $15,000,000 which expires on 18 January 2008.

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. Swaps currently in place cover approximately 15% (2006: 17%) of the loan principal outstanding. The average fixed interest rate is 5.66% (2006: 5.66%).

22 Derivative Financial instruments (continued)

Interest rate risk exposures

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

			Fixed interest maturing in				
	Notes	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $000**	**Non-interest bearing $'000**	**Total $'000**
2007							
Financial assets							
Cash and deposits	9	5,237	0	0	0	1,034	6,271
Receivables	10					14,591	14,591
Total financial assets		5,237	0	0	0	15,625	20,862
Weighted average rate of interest		*6.2%*					
Financial liabilities							
Trade and other payables	16, 18	0	0	0	0	67,854	67,854
Related parties	17	0	0	0	0	2	2
Unsecured financing	17	0	139	0	0	0	139
Commercial bill/cash advance	17, 21	86,269	15,000	0	0	0	101,269
Employee entitlements	19, 24	0	0	0	0	6,782	6,782
Total financial liabilities		86,269	15,139	0	0	74,638	176,046
Weighted average rate of interest		*7.5%*	*6.56%*				
Net financial assets/ (liabilities)		(81,032)	(15,139)	0	0	(59,013)	(155,184)

			Fixed interest maturing in				
	Notes	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $000**	**Non-interest bearing $'000**	**Total $'000**
2006							
Financial assets							
Cash and deposits	9	5,438	0	0	0	934	6,372
Receivables	10	0	0	0	0	14,137	14,137
Total financial assets		5,438	0	0	0	15,071	20,509
Weighted average rate of interest		*5.00%*					
Financial liabilities							
Trade and other payables	16, 18	0	0	0	0	51,168	51,168
Related parties	17	0	0	0	0	1	1
Unsecured financing	17	0	109	0	0	0	109
Commercial bill/cash advance	17, 21	73,910	0	15,000	0	0	88,910
Employee entitlements	19, 24	0	0	0	0	5,902	5,902
Total financial liabilities		73,910	109	15,000	0	57,071	146,090
Weighted average rate of interest		*6.97%*		*6.56%*			
Net financial assets/ (liabilities)		(68,472)	(109)	(15,000)	0	(42,000)	(125,581)

22 Derivative Financial instruments (continued)

Net fair value of financial assets and liabilities

On-balance sheet items
The net fair values of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximate the carrying amounts.
The net fair values of other monetary financial assets and financial liabilities of the consolidated entity are based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

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

	Consolidated entity			
	Carrying amount		Net fair value	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
Carrying amounts and net fair values of financial assets and financial liabilities at balance sheet date:				
On-balance sheet financial instruments				
Financial assets				
Cash and deposits	**6,271**	6,372	**6,271**	6,372
Receivables	**14,591**	14,137	**14,591**	14,137
Non-traded financial assets	**20,862**	20,509	**20,862**	20,509
Financial liabilities				
Trade and other payables	**(67,854)**	(51,168)	**(67,854)**	(51,168)
Commercial bill and other financing	**(101,410)**	(89,020)	**(101,410)**	(89,020)
Non-traded financial liabilities	**(169,264)**	(140,188)	**(169,264)**	(140,188)
Off-balance sheet financial instruments				
Financial assets				
Forward exchange contracts *	**2,362**	60	**0**	0
Financial liabilities				
Forward exchange contracts *	**(97)**	(101)	**0**	0

*These amounts are unrealised gains and losses which have been included in the net carrying amount and net fair value of the on-balance sheet financial assets and liabilities.
None of the financial assets and liabilities are readily traded on organised markets in the standardised form.
Where assets are carried at amounts above the net fair value these amounts have not been written down as it is intended to hold these assets to maturity.
Net fair value is exclusive of costs that would be incurred on realisation of an asset and inclusive of costs that would be incurred on settlement of a liability.

Credit risk

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

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

23 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Prepayments	**10**	6	**0**	0
Unrealised foreign exchange on inter company balances	**224**	0	**0**	0
Depreciation	**345**	248	**0**	0
	579	254	**0**	0
Amounts recognised directly in equity				
Share based payments	**0**	39	**0**	39
Cash flow hedges	**0**	30	**0**	30
	579	323	**0**	69
Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions	**(579)**	(278)	**0**	(24)
Net deferred tax liabilities	**0**	45	**0**	45
Movements:				
Opening balance	**323**	420	**69**	79
Charged/(credited) to the income statement	**295**	(42)	**0**	0
Charged/(credited) to equity	**(69)**	(10)	**(69)**	(10)
Foreign exchange on translation of NZ subsidiary	**30**	(45)	**0**	0
Closing balance	**579**	323	**0**	69
Deferred tax liabilities to be settled after more than 12 months	**569**	317	**0**	69
Deferred tax liabilities to be settled within 12 months	**10**	6	**0**	0
	579	323	**0**	69

24 Non-current liabilities – Provisions

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Make good provision	**5,558**	4,669	**0**	0
Employee benefits	**1,266**	1,221	**0**	0
	6,824	5,890	**0**	0

(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) Movements in provisions (consolidated entity) (notes 19 & 24)

	Make good $'000
Opening balance as at 2 July 2006	**4,929**
Additional provisions recognised	**923**
Indexing of provisions	**376**
Provision released	**(387)**
Closing balance as at 30 June 2007	**5,841**

25 Contributed equity

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Ordinary shares fully paid	**84,233**	84,233	**84,233**	84,233

	Number of Shares	Issue Price	$'000
Movement in ordinary share capital			
Issue of shares on incorporation (8 April 2004)	1	1.00	0
Issue of shares on 23 April 2004	49,697,150	1.69	84,233
Share split on 19 May 2004	56,732,471	-	0
Closing balance 30 June 2007	106,429,622		84,233

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

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

Options over 1,375,000 ordinary shares were issued during the period, with no options being exercised during the period. Information relating to options outstanding at the end of the financial period are set out in Note 38.

26 Reserves and retained profits

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Reserves				
Foreign currency translation reserve	**(11)**	(129)	**0**	0
Share based payments reserve	**428**	90	**428**	90
Hedging reserve	**(1,585)**	28	**68**	70
	(1,168)	(11)	**496**	160
Movements				
Foreign currency translation reserve				
Balance at the beginning of the financial period	**(129)**	0	**0**	0
Net exchange difference on translation of foreign controlled Entity	**118**	(129)	**0**	0
Balance at the end of the financial period	**(11)**	(129)	**0**	0
Share based payments reserve				
Balance at beginning of the financial period	**90**	184	**90**	184
Options lapsed	**0**	(270)	**0**	(270)
Option expense	**338**	176	**338**	176
Balance at the end of the financial period	**428**	90	**428**	90
Hedging reserve				
Balance of beginning of the financial period	**28**	0	**70**	0
Revaluation – gross	**(2,304)**	40	**(3)**	100
Deferred tax	**691**	(12)	**1**	(30)
Balance at the end of the financial period	**(1,585)**	28	**68**	70
Retained earnings				
Balance at the beginning of the financial period	**28,708**	20,180	**7,098**	5,479
Net profit/(loss) for the financial period attributable to shareholders of Super Cheap Auto Group Limited	**22,332**	16,510	**11,384**	9,601
Dividends provided for or paid	**(9,579)**	(7,982)	**(9,579)**	(7,982)
Retained profits/(losses) at the end of the financial period	**41,461**	28,708	**8,903**	7,098

26 Reserves and retained profits (continued)

(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, as described in note 1(k). 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, as described in note 1(e). The reserve is recognised in profit and loss when the net investment is disposed of.

27 Dividends

	Parent Entity	
	2007 $'000	2006 $'000
Ordinary shares		
Dividends paid by Super Cheap Auto Group Limited during the reporting period were as follows:		
Interim dividend for the period ended 30 June 2007 of 4 cents (2006: 3 cents per share) paid on 4 April 2007. Fully franked based on tax paid @ 30%	**4,257**	3,193
Final dividend for the period ended 1 July 2006 of 5 cents per share (2005: 4.5 cents per share) paid on 11 October 2006. Fully franked based on tax paid @ 30%	**5,322**	4,789
Total dividends provided and paid	**9,579**	7,982
Dividends not recognised at year end		
Subsequent to year end, the Directors have recommended the payment of a final dividend of 6.5 cents per ordinary share (2006: 5 cents per ordinary share), fully franked based on tax paid at 30%.		
The aggregate amount of the dividend expected to be paid on 10 October 2007, out of retained profits at 30 June 2007, but not recognised as a liability at year end, is	**6,918**	5,322
Franking credits		
The franked portions of dividends paid after 30 June 2007 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 30 June 2007.		
Franking credits remaining at balance date available for dividends declared after the current balance date based on a tax rate of 30%	**25,781**	22,805

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 $2,964,825 (2006: $2,280,635).

28 Key management personnel disclosures

(a) Directors

The following persons were directors of Super Cheap Auto Group Limited during the financial year:

(i) Chairman - non-executive
Richard Douglas McIlwain

(ii) Executive directors
Peter Alan Birtles, Managing Director

(iii) Non-executive directors
Reginald Rowe
Robert Wright
Darryl McDonough

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	*Position*	*Employer*
David Ajala	Chief Operating Officer – Super Cheap Auto	Super Cheap Auto Group Limited
Steven Doyle	Chief Operating Officer – BCF	Super Cheap Auto Group Limited
Gary Carroll	Chief Financial Officer	Super Cheap Auto Group Limited
Graham Chad	General Manager – Group Logistics	Super Cheap Auto Group Limited

(c) Key management personnel compensation

	Consolidated		**Parent entity**	
	2007	2006	**2007**	2006
	$	$	**$**	$
Short-term employee benefits	**2,596,445**	2,020,573	**91,743**	155,092
Post-employment benefits	**306,556**	211,905	**188,257**	124,908
Share-based payments	**229,348**	(189,898)	**215,519**	(189,898)
	3,132,349	2,042,580	**495,519**	90,102

The key management personnel remuneration in some instances has been paid by a subsidiary.

The company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the remuneration report on pages 22 to 27.

28 Key management personnel disclosures (continued)

(d) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options
Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on pages 22 to 27.

(ii) Option holdings
The numbers of options over ordinary shares in the company held during the financial year by each director of Super Cheap Auto Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2007 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Super Cheap Auto Group Limited						
R D McIlwain	0	0	0	0	0	0
R A Rowe	0	0	0	0	0	0
D D McDonough	0	0	0	0	0	0
R J Wright	0	0	0	0	0	0
P A Birtles	200,000	500,000	0	0	700,000	0
Other key management personnel of the Group						
D F Ajala	400,000	0	0	0	400,000	0
S J Doyle	400,000	0	0	0	400,000	0
G G Carroll	250,000	0	0	0	250,000	0
G L Chad	0	125,000	0	0	125,000	0

No options are vested and unexercisable at the end of the year.

2006 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Super Cheap Auto Group Limited						
R D McIlwain	0	0	0	0	0	0
R A Rowe	0	0	0	0	0	0
D D McDonough	0	0	0	0	0	0
R E Thorn	1,000,000	0	0	(1,000,000)	0	0
R J Wright	0	0	0	0	0	0
P A Birtles	200,000	0	0	0	200,000	0
Other key management personnel of the Group						
D F Ajala	0	400,000	0	0	400,000	0
S J Doyle	0	400,000	0	0	400,000	0
G G Carroll	0	250,000	0	0	250,000	0
G L Chad	0	0	0	0	0	0

No options are vested and unexercisable at the end of the year.

28 Key management personnel disclosures (continued)

(iii) Share holdings
The numbers of shares in the company held during the financial year by each director of Super Cheap Auto Group Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2007 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Super Cheap Auto Group Limited **Ordinary shares**				
R D McIlwain	158,882	0	0	158,882
R A Rowe	52,402,159	0	0	52,402,159
D D McDonough	50,000	0	10,000	60,000
R J Wright	40,609	0	0	40,609
P A Birtles	1,192,596	0	0	1,192,596
Other key management personnel of the Group **Ordinary shares**				
D F Ajala	0	0	281	281
S J Doyle	493,411	0	(350,000)	143,411
G G Carroll	0	0	0	0
G L Chad	0	0	0	0

2006 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Super Cheap Auto Group Limited **Ordinary shares**				
R D McIlwain	158,882	0	0	158,882
R A Rowe	52,402,159	0	0	52,402,159
D D McDonough	50,000	0	0	50,000
R J Wright	40,609	0	0	40,609
R E Thorn (resigned 27 January 2006)	4,899,078	0	(835,120)	4,063,958
P A Birtles	1,192,596	0	0	1,192,596
Other key management personnel of the Group **Ordinary shares**				
D F Ajala	0	0	0	0
S J Doyle	536,948	0	(43,537)	493,411
G G Carroll	0	0	0	0
G L Chad	0	0	0	0

Aggregate amounts of each of the above types of other transactions with key management personnel of Super Cheap Auto Group Limited:

	2007 **$000**	2006 $000
Amounts paid to key management personnel as shareholders		
Dividends	**4,877**	4,382

29 Remuneration of auditors

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

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$	$	**$**	$
(a) Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**289,700**	211,437	**171,700**	211,437
Total remuneration for audit services	**289,700**	211,437	**171,700**	211,437
Other assurance services				
PricewaterhouseCoopers Australian firm				
IFRS accounting services	**0**	85,230	**0**	85,230
Total remuneration for other assurance services	**0**	85,230	**0**	85,230
Total remuneration for assurance services	**289,700**	296,667	**171,700**	296,667
(b) Taxation services				
PricewaterhouseCoopers Australian firm				
Tax compliance services, including review of company income tax returns	**92,864**	125,012	**0**	125,012
Total remuneration for taxation services	**92,864**	125,012	**0**	125,012
(c) Advisory services				
PricewaterhouseCoopers Australian firm				
Due diligence	**0**	159,000	**0**	159,000
Total remuneration for advisory services	**0**	159,000	**0**	159,000

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

30 Contingencies

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$000	$000	**$000**	$000
Guarantees				
Guarantees issued by the bankers of Super Cheap Auto Pty Ltd in support of various rental arrangements for certain retail outlets.				
The maximum future rental payments guaranteed amount to:	**1,251**	1,287	**0**	0

31 Commitments

	Consolidated		Parent entity	
	2007 $000	2006 $000	**2007 $000**	2006 $000
Capital commitments				
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:				
Within one year	**1,736**	895	**0**	0
Later than one year but not later than five years	**0**	0	**0**	0
Later than five years	**0**	0	**0**	0
Total capital commitments	**1,736**	895	**0**	0
Lease commitments				
Commitments in relation to operating lease payments under non-cancellable operating leases are payable as follows:				
Within one year	**42,157**	35,222	**0**	0
Later than one year but not later than five years	**131,691**	108,548	**0**	0
Later than five years	**53,928**	44,136	**0**	0
Less lease straight lining adjustment (note 20)	**(8,194)**	(5,482)	**0**	0
Total lease commitments	**219,582**	182,424	**0**	0
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	**2,976**	3,641	**0**	0
Remuneration commitments				
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:				
Within one year	**1,480**	1,375	**1,480**	1,375
Later than one year and not later than five years	**4,440**	5,500	**4,440**	5,500
Later than five years	**0**	0	**0**	0
	5,920	6,875	**5,920**	6,875

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in the remuneration report on pages 22 to 27 that are not recognised as liabilities and are not included in the key management personnel compensation.

32 Related party transactions

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

(a) Parent entities

The parent entity within the Group is Super Cheap Auto Group Limited, which is the ultimate Australian parent.

(b) Subsidiaries

Interests in subsidiaries are set out in note 33.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in note 28.

(d) Directors

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

32 Related party transactions (continued)

(e) Amounts due from related parties

Amounts due from Directors of the consolidated entity and their director-related entities are as follows:

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Director related entities of R A Rowe				
– store lease costs to be reimbursed by landlord (see below)	**0**	0	**0**	0
	0	0	**0**	0

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
(f) Transactions with related parties				
Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with related parties:				
Other Transactions				
- store lease payments – R A Rowe related property entities	**7,393**	7,324	**0**	0
- remuneration paid to directors of the ultimate Australian parent entity	**0**	883	**0**	883
Dividend Revenue				
- dividends from subsidiaries	**0**	0	**17,000**	13,000
Tax Consolidation Legislation				
- current tax payable assumed from wholly owned tax consolidated entities	**0**	0	**13,420**	8,558
(g) Loans to/from Related Parties				
Loans to Subsidiaries				
- beginning of the period	**0**	0	**95,555**	62,116
- loans advanced	**0**	0	**291,469**	235,834
- loan repayments received	**0**	0	**(270,830)**	(202,395)
End of year	**0**	0	**116,194**	95,555

33 Investments in controlled entities

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2007 %	Equity Holding 2006 %
Super Cheap Auto Pty Ltd[(a)]	Australia	Ordinary	100	100
Super Cheap Auto (New Zealand) Pty Ltd[(b)]	New Zealand	Ordinary	100	100
Super Retail Group Services Pty Ltd[(a),(c)]	Australia	Ordinary	100	100
BCF Australia Pty Ltd[(a)]	Australia	Ordinary	100	100
SCA Equity Plan Pty Ltd[(b)]	Australia	Ordinary	100	100

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

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

(c) During the period Super Cheap Auto Group Limited acquired the share capital from Super Cheap Auto Pty Ltd.

34 Net tangible asset backing

	Consolidated Entity	
	2007 Cents	2006 Cents
Net tangible asset per ordinary share	60¢	51¢

35 Deed of cross guarantee

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

(a) Consolidated Income Statement and a summary of movements in consolidated retained profits

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

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the period ended 30 June 2007 of the Closed Group consisting of Super Cheap Auto Group Limited, Super Cheap Auto Pty Ltd, BCF Australia Pty Ltd, Super Retail Group Services Pty Ltd and SCA Equity Plan Pty Ltd.

	Consolidated	
	2007 $'000	2006 $'000
Revenue from continuing operations	**582,105**	490,689
Other income	**129**	268
Total revenues and other income	**582,234**	490,957
Cost of sales of goods		
Other expenses from ordinary activities	**(351,484)**	(298,502)
- selling and distribution	**(63,886)**	(52,563)
- marketing	**(34,618)**	(31,352)
- occupancy	**(39,733)**	(32,346)
- administration	**(54,773)**	(47,354)
Borrowing costs expense	**(7,253)**	(5,781)
Total expenses	**(551,747)**	(467,898)
Profit before income tax	**30,487**	23,059
Income tax (expense)/benefit	**(8,810)**	(6,692)
Profit for the period	**21,677**	16,367
Summary of movements in consolidated retained profits		
Retained profits at the beginning of the financial year	**28,063**	19,678
Profit for the period	**21,677**	16,367
Dividends provided for or paid	**(9,579)**	(7,982)
Retained profits at the end of the financial year	**40,161**	28,063

35 Deed of cross guarantee (continued)

(b) Balance Sheet

Set out below is a consolidated balance sheet as at 30 June 2007 of the Closed Group consisting of Super Cheap Auto Group Limited, Super Cheap Auto Pty Ltd, BCF Australia Pty Ltd, Super Retail Group Services Pty Ltd and SCA Equity Plan Pty Ltd.

	Consolidated	
	2007	2006
	$'000	$'000
ASSETS		
Current assets		
Cash and cash equivalents	**5,780**	5,888
Trade and other receivables	**33,758**	32,153
Inventories	**142,677**	119,639
Total current assets	**182,215**	157,680
Non-current assets		
Other financial assets	**1**	1
Property, plant and equipment	**60,777**	44,015
Deferred tax assets	**7,837**	5,018
Intangible assets	**58,605**	58,790
Total non-current assets	**127,220**	107,824
Total assets	**309,435**	265,504
LIABILITIES		
Current liabilities		
Trade and other payables	**58,367**	46,739
Borrowings	**31,410**	19,020
Current tax liabilities	**6,786**	2,289
Provisions	**4,617**	3,625
Total current liabilities	**101,180**	71,673
Non-current liabilities		
Trade and other payables	**8,194**	5,482
Borrowings	**70,000**	70,000
Deferred tax liabilities	**0**	45
Provisions	**6,824**	5,890
Total non-current liabilities	**85,018**	81,417
Total liabilities	**186,198**	153,090
Net assets	**123,237**	112,414
EQUITY		
Contributed equity	**84,233**	84,233
Reserves	**(1,157)**	118
Retained profits	**40,161**	28,063
Total equity	**123,237**	112,414

36 Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2007 **$000**	2006 $000	**2007** **$000**	2006 $000
Profit from ordinary activities after related income tax	**22,332**	16,510	**11,384**	9,601
Depreciation and amortisation	**13,260**	10,705	**0**	0
Net (gain)/loss on sale of non-current assets	**260**	(84)	**0**	0
Non-cash employee benefits expense/share based payments	**299**	(134)	**299**	(134)
Net Interest Expense	**6,819**	5,549	**6,649**	4,237
Change in operating assets and liabilities, net of effects from the purchase of controlled entities and the sale of the service entity				
- (increase)/decrease in receivables	**(441)**	52	**(36,350)**	(22,800)
- (increase) in inventories	**(24,859)**	(11,838)	**0**	0
- increase in payables	**16,243**	4,735	**5,275**	1,271
- increase/ in provisions	**1,792**	1,920	**0**	0
- (decrease)/increase in deferred tax	**(1,713)**	(644)	**(37)**	3
Net cash inflow from operating activities	**33,992**	26,771	**(12,780)**	(7,822)

37 Earnings per share

	Consolidated Entity	
	2007 **Cents**	2006 Cents
Basic earnings per share	**21.0**	15.5
Diluted earnings per share	**20.9**	15.5

Weighted average number of shares used as the denominator

	Consolidated Entity	
	2007 **Number**	2006 Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	**106,429,622**	106,429,622
Adjustments for calculation of diluted earnings per share options	**641,363**	49,188
Weighted average potential ordinary shares used as the denominator in calculating diluted earnings per share	**107,070,985**	106,478,810

	2007 **$000**	2006 $000
Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
- earnings used in calculating basic earnings per share – net profit after tax	**22,332**	16,510
Diluted earnings per share		
- earnings used in calculating diluted earnings per share – net profit after tax	**22,332**	16,510

(a) Information concerning the classification of securities

(i) Options

Options granted are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

38 Share-based payments

(a) Executive Option Plan

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

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

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

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

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

Set out below are summaries of options granted under the plan:

Grant Date	Exercise date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
Consolidated and parent entity - 2007								
19 May 2004	1 July 2007	$1.97	200,000	0	0	0	200,000	200,000
27 Jan 2006	5 Jan 2009	$2.44	400,000	0	0	0	400,000	400,000
27 Jan 2006	5 Jan 2010	$2.44	200,000	0	0	0	200,000	200,000
27 Jan 2006	5 Jan 2011	$2.44	200,000	0	0	0	200,000	200,000
17 April 2006	17 April 2009	$2.25	75,000	0	0	0	75,000	75,000
17 April 2006	17 April 2010	$2.25	75,000	0	0	0	75,000	75,000
17 April 2006	17 April 2011	$2.25	100,000	0	0	0	100,000	100,000
1 July 2006	1 July 2009	$2.25	0	262,500	0	0	262,500	262,500
1 July 2006	1 July 2010	$2.25	0	262,500	0	0	262,500	262,500
1 July 2006	1 July 2011	$2.25	0	350,000	0	0	350,000	350,000
26 Oct 2006	1 Feb 2009	$2.44	0	150,000	0	0	150,000	150,000
26 Oct 2006	1 Feb 2010	$2.44	0	150,000	0	0	150,000	150,000
26 Oct 2006	1 Feb 2011	$2.44	0	200,000	0	0	200,000	200,000
Total			1,250,000	1,375,000	0	0	2,625,000	2,625,000
Weighted average exercise price			$2.25	$2.32	0	0	$2.32	$2.32
Consolidated and parent entity - 2006								
19 May 2004	1 July 2007	$1.97	700,000	0	0	500,000	200,000	200,000
19 May 2004	1 July 2008	$1.97	250,000	0	0	250,000	0	0
19 May 2004	1 July 2009	$1.97	250,000	0	0	250,000	0	0
27 Jan 2006	5 Jan 2009	$2.44	0	400,000	0	0	400,000	400,000
27 Jan 2006	5 Jan 2010	$2.44	0	200,000	0	0	200,000	200,000
27 Jan 2006	5 Jan 2011	$2.44	0	200,000	0	0	200,000	200,000
17 April 2006	17 April 2009	$2.25	0	75,000	0	0	75,000	75,000
17 April 2006	17 April 2010	$2.25	0	75,000	0	0	75,000	75,000
17 April 2006	17 April 2011	$2.25	0	100,000	0	0	100,000	100,000
Total			1,200,000	1,050,000	0	1,000,000	1,250,000	1,250,000
Weighted average exercise price			$1.97	$2.39	0	$1.97	$2.25	$2.25

There were no options exercised during the period.

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.52 years.

38 Share-based payments (continued)

Fair value of options granted
The assessed fair value at grant date of options granted during the period ended 30 June 2007 was 38 to 57 cents per option. The fair value at grant date is independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period ended 30 June 2007 included:

(a) options are granted for no consideration

(b) exercise price: $2.25, $2.44 (2006: $2.25, $2.44)

(c) grant date: 1 July 2006 and 26 October 2006 (2006: 27 January 2006 and 17 April 2006)

(d) expiry date: 1 February 2009, 1 July 2009, 1 February 2010, 1 July 2010, 1 February 2011 and 1 July 2011 (2006: 5 January 2009, 17 April 2009, 5 January 2010, 17 April 2010, 5 January 2011, 17 April 2011)

(e) share price at grant date: $1.59, $2.65 (2006: $2.41, $2.32)

(f) expected price volatility of the company’s shares: 33% (2006: 20%)

(g) expected dividend yield: 3.5% (2006: 3.5%)

(h) risk-free interest rate: 6.0% (2006: 5.6%).

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

In the directors' opinion:

(a) the financial statements and notes set out on pages 30 to 74 are in accordance with the *Corporations Act 2001,* including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial period ended on that date; and

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

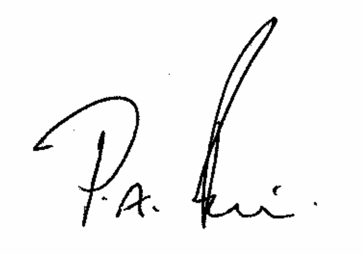
(c) the audited remuneration disclosures set out on pages 22 to 27 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 35 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 35.

The directors have been given the declarations by the managing director and chief financial officer required by section 295A of the *Corporations Act 2001.*

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

R D McIlwain
Director



P A Birtles
Director

Brisbane
23 August 2007

PRICEWATERHOUSECOOPERS

Independent auditor's report

to the members of Super Cheap Auto Group Limited

PricewaterhouseCoopers
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Report on the financial report and the AASB 124 Remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Super Cheap Auto Group Limited (the company), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Super Cheap Auto Group Limited and the Super Cheap Auto Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the period's end or from time to time during the financial period.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in pages 22 to 27 of the directors' report and not in the financial report.

Directors' responsibility for the financial report and the AASB 124 Remunerations disclosures contained in the directors' report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of Super Cheap Auto Group Limited is in accordance with the *Corporation Act 2001*, including:

    (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the period ended on that date; and

    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's opinion on the AASB 124 Remuneration disclosures contained in the directors' report

In our opinion, the remuneration disclosures that are contained in pages 22 to 27 of the directors' report comply with Accounting Standard AASB 124.

PricewaterhouseCoopers

B. S. Delaney

B S Delaney
Partner

Brisbane
23 August 2007

SHAREHOLDER INFORMATION
Super Cheap Auto Group Limited
for the period ended 30 June 2007

The shareholder information set out below was applicable as at 23 August 2007.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary Shareholders	Optionholders
1-1000	955	
1,001-5,000	1,128	
5,001-10,000	231	
10,001-1000,000	210	
100,001 and over	40	11

There were 24 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares Number held	Ordinary shares Percentage of issued shares
SCA FT Pty Ltd	52,402,159	49.24%
J P Morgan Nominees Australia Limited	9,196,214	8.64%
ANZ Nominees Limited <Cash Income A/C)	3,768,979	3.54%
Suncorp Custodian Services Pty Limited <AET>	3,056,133	2.87%
National Nominees Limited	2,986,695	2.81%
Cogent Nominees Pty Limited <SMT Accounts>	2,972,501	2.79%
Cogent Nominees Pty Limited	2,817,222	2.65%
UBS Wealth Management Australian Nominees Pty Ltd	2,522,000	2.37%
SCA Equity Plan Pty Ltd	1,964,774	1.85%
Citicorp Nominees Pty Limited <CFSIL CFS WS Small Comp A/C>	1,829,408	1.72%
HSBC Custody Nominees (Australia) Limited	1,481,491	1.39%
Geomar Superannuation Pty Ltd	1,470,000	1.38%
Citicorp Nominees Pty Limited <CFS Developng Companies A/C>	1,374,009	1.29%
AMP Life Limited	828,283	0.78%
Citicorp Nominees Pty Limited	740,553	0.70%
Equitas Nominees Pty Limited <PB-600241 A/C>	535,391	0.50%
Equitas Nominees Pty Limited <PB-600242 A/C>	535,391	0.50%
Equitas Nominees Pty Limited <PB-600243 A/C>	535,391	0.50%
Equitas Nominees Pty Limited <PB-600244 A/C>	535,391	0.50%
Suncorp General Insurance Limited	516,401	0.49%
	92,068,386	**86.51%**