Super Cheap Auto Group Limited

ANNUAL REPORT 2010

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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) 3482 7500
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SHARE REGISTRY
Link Market Services
Level 12, 680 George Street
SYDNEY NSW 2000

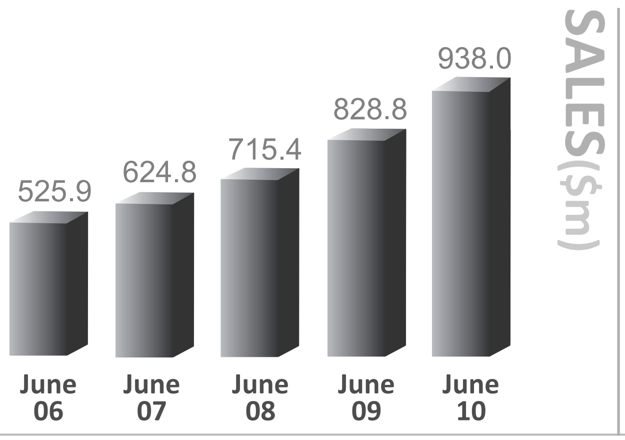
BANKERS
Australia and New Zealand Banking Group Limited
HSBC
Commonwealth Bank of Australia

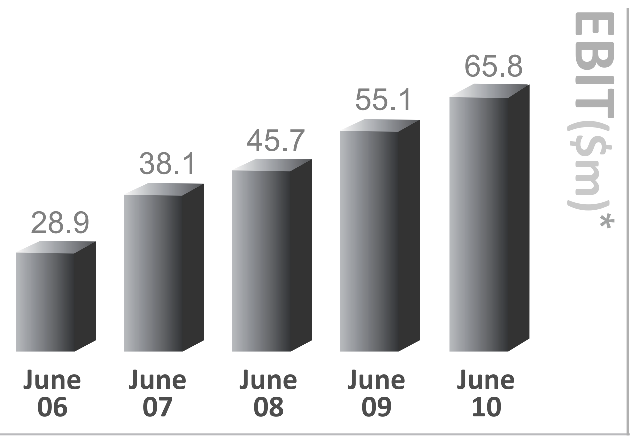
AUDITORS
PricewaterhouseCoopers

SOLICITORS
Redmond Van De Graaff
Mallesons Stephen Jaques

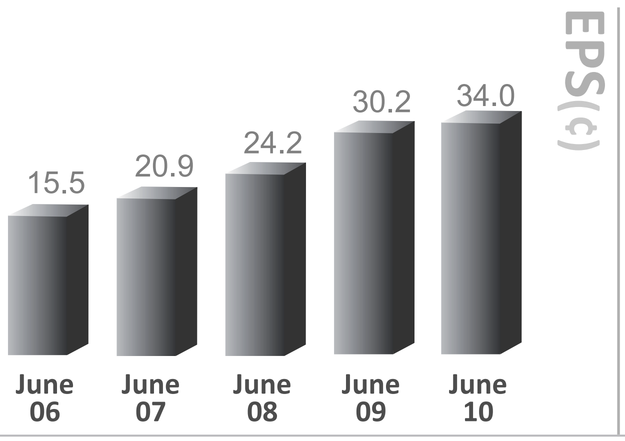
STOCK EXCHANGE LISTING
Super Cheap Auto Group Limited shares are quoted on the Australian Stock Exchange.

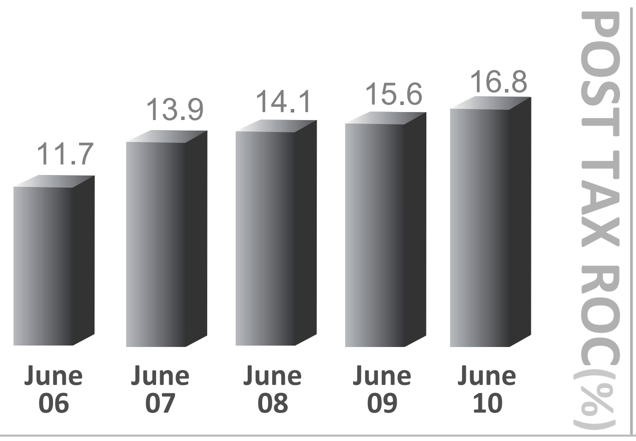
THE ANNUAL GENERAL MEETING
The Annual General Meeting of the Shareholders of Super Cheap Auto Group Limited will be held at the Kedron Wavell Services Club, Long Tan Room, 375 Hamilton Road, Chermside South, Queensland on Wednesday 27 October 2010 at 11.30 am.

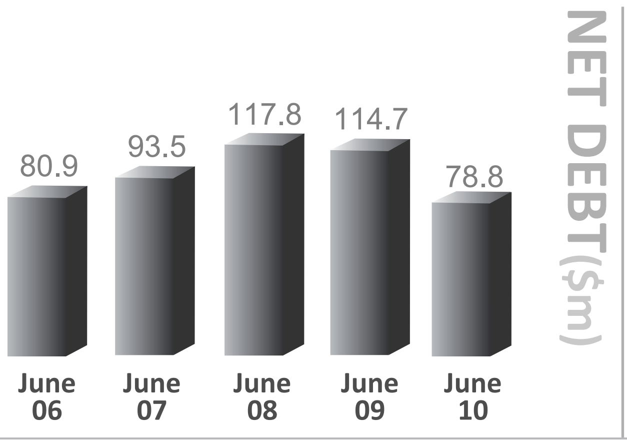


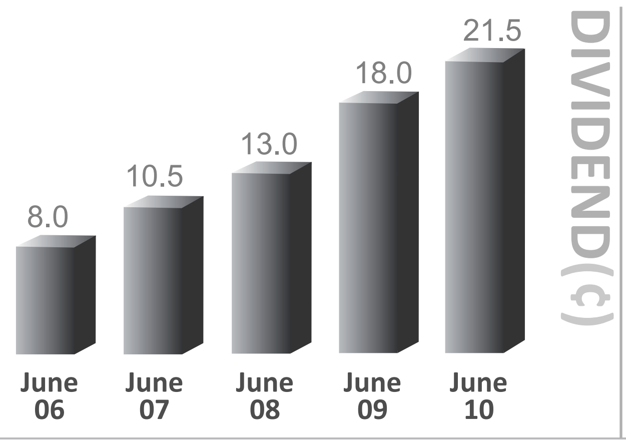


*excludes goodwill impairment charge









CHAIRMAN'S REPORT

The 2010 financial year has been another successful one for our Company. Net profit has increased by 18.4% from a revenue increase of 13.2% whilst net debt has reduced by $35.9 million. At the same time, the Company has continued to invest in both long term growth opportunities across the Group and in building its organisational capabilities to support this growth and to deliver improved financial returns.

Supercheap Auto and BCF Boating Camping Fishing have both performed extremely well. Both businesses have been able to deliver solid like for like sales growth which is extremely creditable given the benefit of the government stimulus in the comparative period. Importantly, the sales growth has been augmented by significant improvement in gross margin which reflect a combination of initiatives that the management team have implemented over the last few years.

Goldcross Cycles has not performed to our expectations and we have completed a full review of the business strategy and have developed a revised business model to generate improved returns. The revised plan requires a number of store relocations which it is envisaged will take a couple of years to complete. As a result, Goldcross Cycles is not expected to generate profits in the next two financial years. We remain confident of the long term potential for this business.

The acquisition of Ray's Outdoors broadens our participation in the Outdoor Leisure retail market and creates a market leading retail business with two distinct brands, operating 108 stores with combined annualised sales of approximately $400 million. The Company has the expertise and the systems to grow this business over the coming years towards a potential combined network of 160 stores with approximately $600 million of sales.

The equity capital raising to finance the acquisition was strongly supported by existing shareholders and attracted a number of new shareholders to the Company. The raising has also generated the capital to fund the planned rollout of Ray's Outdoors stores over the next five years. I would like to thank our shareholders for their support.

The Company has undergone significant change over the last five years. At the beginning of 2005, we had one retail business, Supercheap Auto with 200 stores and sales of close to $500 million. Today, we have four retail brands with close to 400 stores, whose combined sales are projected to be over $1.1 billion in the 2010/11 year. The Company's role has evolved into operating as the manager and provider of shared services to its retail businesses. In recognition of this change of role, the Directors are recommending a proposal to change the name of the Company from Super Cheap Auto Group Limited to Super Retail Group Limited at the 2010 Annual General Meeting.

The Board has declared a fully franked final dividend of 13 cents per share. This brings the dividend for the full year to 21.5 cents per share which is an increase of 3.5 cents on the prior year. The current dividend policy will enable the Group to fully fund planned store development across each business and deliver a gradual pay-down of debt whilst generating ongoing growth in dividends for shareholders.

There have been two recent changes to membership of the Board of Directors. Darryl McDonough has decided to retire from the Board and steps down at the end of August 2010. Darryl has been a member of the Board since the Company was formed prior to listing in April 2004 and has also served as a member of the Audit & Risk and the Nomination & Remuneration committees. I would like to thank Darryl for his valuable contribution to the Company and its shareholders during that time. Sally Pitkin has joined the Board from the beginning of July 2010. Sally has extensive board and corporate governance experience and her presence on the Board will add a strong complementary skill set to the existing Directors. We look forward to her contribution to the future of the Company.

On behalf of the Board I would like to thank Peter, his management team and all team members for their contribution to our record result.

Robert Wright
Chairman

MANAGING DIRECTOR'S REPORT

We can look back on our achievements during the 2009/10 year with pride. During a tough period for Australasian retail businesses, Super Cheap Auto Group has delivered another record sales and profit result with net earnings growing by 18.4%. At the same time, the Group has continued to make pleasing progress in our growth and business improvement strategic initiatives.

Highlights for the year included:

- Earnings per share increasing by 13.7%
- Continued growth in EBIT margins at Supercheap Auto and BCF Boating Camping Fishing
- Further improvements in working capital management across the Group
- Continued improvement in customer research brand tracking survey results
- Continued improvement in team member retention across the Group
- $32.9 million invested in new and refurbished Supercheap Auto and BCF Boating Camping Fishing stores
- Acquisition of Ray's Outdoors on 31 May 2010

2009/10 was a 53 week trading period for the Group and the extra week's trading generated an additional $800,000 in net earnings.

The results reflect the strong focus on delivering the right offer (centred on the right range at great value) for our target customers across the Group. At the same time, we continue to improve our business operations and the progress that we have made in category and supply chain management over the last few years has been the major driver of like for like sales growth, gross margin improvement and a reduction in working capital per store.

The results are also testament to the passion, commitment and contribution of our team members. We are a people business - it is our team that select, buy, move, display and sell our product. I am very proud of our team and on behalf of all shareholders; I would like to thank the team for their achievements throughout the year.

Auto and Cycle Retailing

At the start of the 2009/10 period we established the Auto and Cycle Retailing division consisting of our Supercheap Auto and Goldcross Cycles businesses.

Sales at $684.8 million grew by 9.9% whilst EBIT at $48.2 million was 13.5% higher than the prior comparative period.

The performance at Supercheap Auto was particularly pleasing with like for like sales growth of 5.0% building on the very strong growth achieved in the prior comparative period. Like for like transaction numbers, average items per transaction and average item values all improved on the prior comparative period.

New products introduction, the further development of the SCA and Calibre own brand product range, effective marketing and promotion, in store execution and improved in stock presence have been major drivers of this result.

Growth was particularly strong in the Electrical, Interior, Tools & Storage, Carcare and Lubricants categories whilst a market wide decline in demand and retail prices impacted the performance of the Car Audio/Visual, Navigation and Performance categories.

Gross margin grew by a further 80 basis points over the prior comparative period, driven by improvements to trading terms, overseas sourcing benefits, own brand development, supply chain efficiencies and the higher Australian dollar through the second half of the period.

The business continued to improve its inventory management capability and delivered a 2.5% reduction in inventory per store whilst improving in stock presence in store.

11 new Supercheap Auto stores were opened during the period bringing total store numbers to 267 at the end of June 2010. The business also refurbished 30 stores during the period including two as Superstores. The performance of more recently opened regional stores in the 400 format cements confidence that we can extend the Supercheap Auto network to over 300 stores.

The product fitment offer continues to grow and the business has also delivered another period of strong growth in its trade customer offer. This represents an opportunity for future growth.

Supercheap Auto also relaunched its Australian website during the period. The majority of the product range is now available online supported by an increase in product information and instructional videos. Although small, the growth in online sales has been significant and the website has been awarded the No 1 Hitwise site for the Retail Automotive Industry category.

Goldcross Cycles has experienced a challenging period with a market wide decline in sales of bicycles and parts and accessories. Sales in its 11 Melbourne stores were 10% lower than the prior comparative period although the seven Queensland stores grew by 37% on a like for like basis.

Price discounting was a regular feature of the bicycle retail market in 2009/10 as retailers strove to drive sales and clear aged stock. As a result, gross margins fell by nearly 11% of sales when compared to the prior comparative period.

As a result of the performance of the business, the Directors reviewed the carrying value of the $8.1 million of goodwill arising from the acquisition of Goldcross Cycles and recorded a write-down of $2.0 million.

No new stores were opened during the period as the business completed a full review of its strategy. This review resulted in a revised business model that will enable the business to achieve its targeted return on capital from a lower sales base. The model for future stores will be between 400m2 and 600m2 with a reduced investment in space and stock compared to existing stores. The business plans to relocate eight of its existing stores to smaller locations as opportunities arise and to open three to five new stores in the next year.

Goldcross Cycles has developed a range of own brand bicycles under the brands Nitro and Flight. Some of these bicycles started to arrive in store in the second half of the period with the balance arriving in the first half of the new financial period. This range of own brand bicycles will supplement Goldcross' range of international branded bicycles and allow the business to present bikes at a compelling price point for the customer whilst enabling it to achieve target gross margin.

I would like to acknowledge David Ajala, Pam Pugsley, Chris Wilesmith and their teams for their contribution to the Group. The results they have delivered with the Supercheap Auto business over the last four and a half periods have been outstanding and we look forward to the development of the Goldcross Cycles business over the coming periods.

Leisure Retailing

The acquisition of Ray's Outdoors on 31 May 2010 has led to the formation of the Leisure Retailing division consisting of our BCF Boating Camping Fishing and Ray's Outdoors businesses.

Sales at $253.2 million were 23.2% higher than the prior comparative period. EBIT at $21.3 million was 30.2% higher than the prior comparative period.

BCF Boating Camping Fishing performed strongly through the period achieving like for like sales growth of 4.8% which built on the 12.5% delivered in the prior comparative period. Like for like transaction numbers and average item value were higher but average items per transaction was lower than the prior comparative period.

Very strong sales growth was delivered in New South Wales, Victoria, South Australia and the Australian Capital Territory whereas sales performance in Northern and Central Queensland reflected the broader slow down in retail spending in those markets. Solid growth was delivered in all three of the business's major categories.

Localised ranging, targeted marketing, new product introduction, range extension and own brand development were key drivers of this result adding to the benefit of a maturing business.

Gross margin grew by 130 basis points to 43.7% benefitting from improvements in trading terms, overseas sourcing, own brand development, supply chain efficiencies and the stronger Australian dollar through the second half of the period.

BCF also focussed on improved inventory management and delivered a 5% reduction in inventory per store whilst maintaining in stock presence in store at better than target.

Ten new stores were opened during the period bringing total store numbers to 69 at the end of June 2010. The business has the potential for 85 to 90 stores across Australia.

Membership of the BCF Club continued to grow with over 450,000 active members at the end of June. BCF Boating Camping Fishing also relaunched its website towards the end of the period with an increase in online sales functionality and informational and video content. Early response from BCF customers has been very encouraging.

Ray's Outdoors was part of the Group for just one month during the 2009/10 period and so made only a small contribution to the Group's results. The acquisition was completed on 31 May 2010 at a total net investment of $53.2 million. The business is expected to contribute around $7.5 million to Group EBIT in 2010/11 and provide a platform for $2 million in annual synergies to be realised by 2011/12.

At the end of June 2010, Ray's Outdoors had 38 stores trading across Australia. The business has a potential for around 75 stores across Australia and New Zealand.

The integration of Ray's Outdoors is progressing well and we expect the business to be trading on the Group's POS and SAP ERP platforms before the end of October 2010.

Steve Doyle, Nat Cooper and Terry Pelzer and their teams have had a very busy period and I would like to congratulate them on the continuing strong performance of BCF Boating Camping Fishing and the initial success of the Ray's Outdoors integration.

Group Costs

Group Costs consist of $1.8 million of Ray's Outdoors acquisition costs and $1.9 million of ongoing public company and bad debt costs.

Group Logistics

We have continued to benefit from the investment made by the Group in establishing our network of five distribution centres in the 2007/08 period. We have had sufficient capacity to absorb the growth of the Group including the acquisition of Ray's Outdoors.

This has allowed the Group Logistics team to focus on operational improvements which have resulted in Group Logistics costs falling by a further 0.1% of sales compared to the prior comparative period. At the same time, the team have also delivered significant savings in international shipping costs.

This improvement in efficiency has been delivered in conjunction with improvements in service performance to the business in both the timeliness and accuracy of deliveries contributing to the improved stock position on shelf in store. Importantly the team have also reduced both the number of and time lost to injuries.

Review of Financial Condition

Cash flow from operations was $52.6 million which was $10.1 million below the prior period. However, the 2009/10 period included an extra month's payment of creditors, amounting to $35 million, which fell into the 53rd week. Underlying cash flow performance continued to be very strong reflecting the ongoing improvements in net inventory to sales ratios in both Supercheap Auto and BCF Boating Camping Fishing.

Group capital expenditure was $27.1 million which included $7.8 million in new store fit-out, $9.8 million in store refurbishment, $4.5 million in IT projects and $5.0 million in general capital projects.

The net investment in the acquisition of Ray's Outdoors was $53.2 million. This was fully funded by the issue of new equity through a combination of an institutional placement and a share purchase plan which together raised a total of $87 million. The additional capital raised is being held to fund the rollout of Ray's Outdoor's stores over the next five years.

At the end of the period, Group net debt was $78.8 million which was $35.9 million lower than the prior comparative period.

Towards the end of the period, the Group invited the CBA and HSBC to join the ANZ in providing a club debt facility to the Group. The overall facility is $190 million, with $90 million in the form of a working capital facility, which is reviewed on an annual basis, and $100 million in the form a term debt facility which matures in June 2012. The Group operated comfortably within our debt facility covenants during the period.

The Group's finance costs benefited from the reversal of an unrealised mark to market loss of $2.2 million relating to interest rate hedging arrangements which was recorded in 2008/09 in accordance with International Financial Accounting Standards.

Corporate Social Responsibility

The Group has continued to progress its social and environmental initiatives during the year.

On the social side, Supercheap Auto is a supporter of safe driving campaigns, BCF Boating Camping Fishing raises funds for the State Emergency Services, Goldcross Cycles supports the United Way Bikes for Kids program and across the Group funds are raised for Sids and Kids, Canteen and BrAshA-T.

Plastic bag usage across the Group's store network has been significantly reduced and eliminated from BCF Boating Camping Fishing stores. Supercheap Auto has established car battery recycling arrangements for its customers. The Group is a signatory to the Australian Packaging Covenant working towards reducing the volume of packaging used across the Group. The Group has also established a power consumption reduction initiative.

Further details on these initiatives can be found in the Corporate Review section of the Group's website.

Team Members

The acquisition of Ray's Outdoors takes the total number of team members in the Group to close to 6,000, operating from 400 locations across Australia, New Zealand and China. We are very pleased that we have continued to increase retention of our team as we believe that passionate and motivated team members are vital to our success.

Time lost to injuries, although below industry rates, increased during the year despite the reduction in time lost in the distribution centres. Work is underway to review and improve our safety procedures across our Retail network.

We continue to invest in learning and development initiatives across the Group as one of our strategic differentiators. We completed the rollout of terminals across the Group which provide the platform for the delivery of computer based training to all retail team members.

Looking Forward

We expect that the general outlook for retail trading will remain uncertain in the lead up to Christmas but we expect that increasing confidence will start to drive retail spending in the second half of the coming year. Over the last few years, our businesses have grown at a faster rate than the markets in which they operate and we expect this to continue in the coming years. Each of our businesses has a number of retail, product and marketing initiatives underway to drive sales and margin growth.

We continue to have a full store development agenda. We expect to open between 10 and 15 new stores in the Auto and Cycle Retailing division and around 20 stores in the Leisure Retailing division in the coming 12 months. We also expect to refurbish another 30 Supercheap Auto stores, including three as Superstores, close two Supercheap Auto stores and relocate a number of Goldcross Cycles stores.

We will also continue to progress our strategic initiatives in the areas of inventory and supply management, multi-channel marketing and sales, customer relationship management, store systems and people development.

Thank you for your ongoing support of the Company, I look forward to reporting on our progress during the coming year.

Peter Birtles
Managing Director

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. They comply with the August 2007 *ASX Principles of Good Governance and Best Practice Recommendations.*

Principle 1: Lay solid foundations for management and oversight

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.

Principle 2: Structure the Board to add value

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 six directors, five 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.supercheapautogroup.com.au.

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 14 to 24.

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 six Directors, five 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 four of the Company's Directors (namely Mr Robert Wright, Dr Darryl McDonough, Ms Sally Pitkin and Mr R John Skippen) 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 May 2010.

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.

Principle 3: Promote ethical and responsible decision making

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. This is supported by the Company's integrity policy and system of reporting activity suspected of breaching the code to the Company Secretary.

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 must notify the Chairman before they buy or sell Company securities and confirm once the transaction is complete.

In all instances, buying or selling Company 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.

Ethical Sourcing Policy

The Company has developed an Ethical Sourcing Policy that applies to all its businesses and brands.

The policy incorporates both environmental and socioeconomic criteria for all imported products sourced directly or through agents responsibly. The policy encourages trade partners and agents to improve their social and environmental practices, and protect our corporate reputation and that of our individual businesses and brands.

Principle 4: Safeguard integrity in financial reporting

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 Skippen (Chairman)
R J Wright
R D McIlwain (resigned 28 October 2009)
D D McDonough
S A Pitkin (appointed 1 July 2010)

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 14 to 24.

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; and
- accounting policies and standards;

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; and
- ensures 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 28 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.

Principle 5 and 6: Make timely and balanced disclosures and respects the rights of shareholders

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).

Principle 7: Recognise and manage risk

The Audit and Risk Committee provides oversight and direction to the Company's risk management, compliance and internal control systems, including:

- legal compliance;
- internal controls; and
- risk oversight and management.

Risk Management

The Managing Director and senior management team are instructed and empowered by the Board to implement risk management strategies co-operatively with the Audit and Risk Committee, report to the Board and the Audit and Risk Committee on developments related to risk, and suggest to the Board new and revised strategies for mitigating risk.

The General Manager – Risk Management is a senior role with responsibility for providing counsel and direction in risk management across the Group. This includes counsel on the refinement, implementation and monitoring of a comprehensive and integrated risk management framework based on unit manager ownership of risk with independent monitoring. The General Manager – Risk Management reports directly to the Group's Chief Financial Officer with an indirect reporting line to the Chairman of the Audit and Risk Committee.

Internal Audit

The role of Internal Audit as part of the Group's risk management framework is to understand the key risks of the organisation and to examine and evaluate the adequacy and effectiveness of the system of risk management and internal controls used by management. Internal Audit carries out regular systematic monitoring of control activities and reports to both relevant business unit management and the Audit and Risk Committee.

Typically, the audit methodology includes performing risk assessments of the area under review, undertaking audit tests, including selecting and testing audit samples, reviewing progress made on previously reported audit findings and discussing internal control or compliance issues with line management, and reaching agreement on the actions to be taken.

Health and Safety

Super Cheap Auto Group aims to provide and maintain a safe and healthy work environment. The Company acts to meet this commitment by implementing work practices and procedures throughout the Group that comply with the relevant regulations governing the workplace. Team Members are expected to take all practical measures to ensure a safe and healthy working environment in keeping with their defined responsibilities and applicable law.

Principle 8: Remunerate fairly and responsibly

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; and
- 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.

FINANCIAL STATEMENTS

Super Cheap Auto Group Limited

FOR THE PERIOD ENDED
3 JULY 2010

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 3 July 2010.

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 (resigned 28 October 2009)
R A Rowe
D D McDonough
R J Wright
P A Birtles
R J Skippen
S A M Pitkin (appointed 1 July 2010)

Information on qualifications and experience of Directors is included on pages 15 to 17.

Principal activities

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

- retailing of auto parts and accessories, tools and equipment
- retailing of boating, camping, outdoor entertainment and fishing equipment and apparel
- wholesale, retail and distribution of bicycles and bicycle accessories

Dividends – Super Cheap Auto Group Limited

The Directors declared a fully franked dividend of 13.0 cents per share be paid on 1 October 2010 (total dividend, fully franked - $16,579,199). 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	$
2009 final fully franked dividend (11.5¢ per share)	20 October 2009	12,315,222
2010 interim fully franked dividend (8.5¢ per share)	31 March 2010	9,181,820
		21,497,042

Review of operations

Revenue from trading operations for the year was $938,602,000 (2009: $829,306,000). During the period, the consolidated entity opened 11 new Supercheap Auto stores of which nine were in Australia and two in New Zealand. This resulted in Supercheap Auto trading with 267 stores at the end of the period. BCF opened or acquired 10 stores during the period taking total trading stores to 69. The store network for Goldcross Cycles remained static at 18 stores. On 31 May 2010, the Group acquired Ray's Outdoors, a 38 store network focusing on camping and outdoor equipment and apparel. At the end of the financial year, the consolidated entity was trading from 392 stores.

The net profit of the consolidated entity for the period ended 3 July 2010, after providing for income tax, amounted to $38,053,000 (2009: $32,135,000).

A review of the operations for the 53 weeks to 3 July 2010 is set out in pages 3 to 7 of this report.

Significant changes in the state of affairs

Contributed equity increased by $86,500,000 as the result of a share placement and share purchase plan. Details of the changes in contributed equity are disclosed in note 24 to the financial statements.

The net cash received from these issues was used principally to undertake the acquisition of Ray's Outdoors.

Matters subsequent to the end of the financial year

Since 3 July 2010 Super Cheap Auto Group Limited does not have any matters subsequent to the end of the financial year to be disclosed.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

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 3 July 2010.

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 J Wright, BCom, FCPA, MAICD. *Independent Chairman Non-Executive.* Age 61
Experience and expertise
Appointed Chairman on 28 October 2009 and has been an Independent Non-Executive Director for 6 years 3 months. Director of a number of major Retail companies over the last 20 years.

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

Former directorships in the last 3 years
None

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

Interest in shares and options
44,274 ordinary shares in Super Cheap Auto Group Limited

P A Birtles. BSc, ACA *Managing Director and Chief Executive Officer.* Age 46
Experience and expertise
Managing Director and Chief Executive Officer for 4 years 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 and Chief Executive Officer
Member of the Nomination and Remuneration Committee

Interests in shares and options
1,542,596 ordinary shares in Super Cheap Auto Group Limited
350,000 options over ordinary shares in Super Cheap Auto Group Limited
100,000 performance rights over ordinary shares in Super Cheap Auto Group Limited

R A Rowe. *Non-Executive Director.* Age 66
Experience and expertise
Founder of the business in 1972. Non-executive director for 6 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
53,028,254 ordinary shares in Super Cheap Auto Group Limited.

D D McDonough, BBus (Acty), LLB (Hons), SJD, FCPA, FAICD. *Independent Non-Executive Director.* Age 59
Experience and expertise.
Independent Non-Executive Director for 6 years 3 months. Partner of a major legal firm

Other current directorships
Non-executive director of GWA International Limited.

Former directorships in the last 3 years
None.

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

Interests in shares and options
62,083 ordinary shares in Super Cheap Auto Group Limited

R J Skippen, ACA *Independent Non-Executive Director.* Age 62
Experience and expertise
Independent Non-Executive Director for 1 year 9 months. John is the former Finance Director of Harvey Norman Holdings Ltd and has over 30 years' experience as a chartered accountant.

Other current directorships
Non-Executive Director of Briscoe Group Limited (NZ), Flexigroup Limited and Slater & Gordon.

Former directorships in the last 3 years
Non-Executive Director of Courts (Singapore) Limited and Mint Wireless Limited.

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

Interest in shares and options
Nil.

S A Pitkin, LLM, LLB *Independent Non-Executive Director.* Age 51 (Appointed 1 July 2010)
Experience and expertise
Started as Independent Non-Executive Director on 1 July 2010. Sally is a former lawyer and partner of Clayton Utz.

Other current directorships
Non-Executive Director of Aristocrat Leisure Limited, UniQuest Pty Ltd, Export Finance and Insurance Corporation, ASC Pty Ltd and CEDA.

Former directorships in the last 3 years
Chandler Macleod Limited

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

Interest in shares and options
Nil.

Company Secretary

The Company Secretary is Mr D J Kelley, B.Ec., Grad. Dip. AppCorpGov, MBA, MIIA, ACIS. 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 3 July 2010 is set out below:

			Meetings of Committees			
	Full meetings directors		Audit & Risk		Nomination & Remuneration	
	A	B	A	B	A	B
R J Wright	12	12	3	3	2	2
R D McIlwain	4	4	1	1	1	1
P A Birtles	12	12	n/a	n/a	2	2
R A Rowe	12	12	n/a	n/a	2	2
D D McDonough	11	12	3	3	2	2
R J Skippen	10	12	2	3	2	2
S A Pitkin	0	0	0	0	0	0

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 in this report has been audited as required by s.308(3c) of the Corporations Act 2001.

Principles used to determine the nature and amount of remuneration

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

Remuneration report (continued)

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 21 July 2009. 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 Performrmance Rights Plan and 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 are entitled to package benefits including car allowances and voluntary superannuation contributions.

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.

Principles used to determine the nature and amount of remuneration

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 55% 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 3 July 2010, 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 financial, operational, strategic and human resource areas. 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.

Remuneration report (continued)

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 are involved with the Group's strategy):

- P A Birtles, Managing Director
- D F Ajala, Chief Operating Officer, Auto & Cycle Retailing
- S J Doyle, Chief Operating Officer, Leisure Retailing
- G G Carroll, Chief Financial Officer
- G L Chad, General Manager, Group Logistics

The highest paid executives for the period ended 3 July 2010 were as follows:

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

Key management personnel of the Group

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

2010	Short-term benefits			Post-employment benefits		Share-based payment		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Options $	Performance Rights $	Total $
Non-executive directors								
R J Wright *Chairman*	89,871	0	0	18,462	0	0	0	108,333
R D McIlwain *Chairman (resigned)*	30,051	0	0	3,282	0	0	0	33,333
R A Rowe	25,000	0	0	50,000	0	0	0	75,000
D D McDonough	40,479	0	0	31,521	0	0	0	72,000
R J Skippen	32,083	0	0	45,834	0	0	0	77,917
S A Pitkin	0	0	0	0	0	0	0	0
Sub-total non-executive directors	**217,484**	**0**	**0**	**149,099**	**0**	**0**	**0**	**366,583**
Executive directors								
P A Birtles	727,262	426,250	2,508	45,230	0	56,356	143,771	1,401,377
Other key management personnel								
D F Ajala	342,935	200,000	30,104	26,961	0	12,187	55,833	668,020
S J Doyle	334,416	182,500	16,123	14,461	0	12,187	50,948	610,635
G G Carroll	295,539	124,000	0	14,461	0	17,220	36,190	487,411
G L Chad	280,426	140,000	25,189	44,384	0	5,383	40,860	536,242
Totals	**2,198,062**	**1,072,750**	**73,924**	**294,597**	**0**	**103,333**	**327,602**	**4,070,268**

Remuneration report (continued)

2009	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*	86,871	0	0	13,129	0	0	100,000
R A Rowe	0	0	0	74,500	0	0	74,500
D D McDonough	0	0	0	72,000	0	0	72,000
R J Wright	42,250	0	0	42,250	0	0	84,500
R J Skippen	19,792	0	0	39,583	0	0	59,375
Sub-total non-executive directors	**148,913**	**0**	**0**	**241,462**	**0**	**0**	**390,375**
Executive directors							
P A Birtles	732,318	341,250	4,553	13,129	0	94,730	1,185,980
Other key management personnel							
D F Ajala	353,826	138,750	1,921	20,029	0	26,600	541,126
S J Doyle	321,517	129,500	16,723	13,129	0	26,600	507,469
G G Carroll	285,957	78,000	0	13,129	0	27,560	404,646
G L Chad	299,707	96,600	5,062	40,000	0	7,807	449,176
Totals	**2,142,238**	**784,100**	**28,259**	**340,878**	**0**	**183,297**	**3,478,772**

Service Agreements
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 3 July 2010 of $775,000 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 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, Auto & Cycle Retailing

Term of Agreement - 5 years commencing 27 January 2006

Base salary, inclusive of superannuation, for the period ended 3 July 2010 of $400,000 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, Leisure Retailing

Term of Agreement - 5 years commencing 27 January 2006

Base salary, inclusive of superannuation, for the period ended 3 July 2010 of $365,000 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.

Remuneration Report (continued)

G G Carroll, Chief Financial Officer

Term of Agreement - 5 years commencing 17 April 2006

Base salary, inclusive of superannuation, for the period ended 3 July 2010 of $310,000 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.

G L Chad, General Manager Group Logistics

Base salary, inclusive of superannuation, for the period ended 3 July 2010 of $350,000 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.

Share based compensation

Performance Rights

During the year the Group introduced a performance rights plan.

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

Grant date	Share Price	Number of Performance Rights
1 September 2009	$5.15	375,165

The above performance rights vest progressively from 3 to 5 years after the date of grant. The exercise of performance rights is subject to the achievement of qualifying hurdles. The first qualifying hurdle is a 10% cumulative growth in Earnings per Share (pre amortisation) over the 3 year period ending 30 June 2012. The second qualifying hurdle is a Return of Capital of greater than 15% over the 3 year period ending 30 June 2012.

The performance rights do not give the right to participate in any other share issue of the Company or any other entity.

The table below lists the performance rights provided as remuneration to each Director of Super Cheap Auto Group Limited and each of the key management personnel of the Group.

Name	Number of performance rights granted during the period	Number of performance rights vested during the period
	2010	2010
Directors of Super Cheap Auto Group		
R J Wright	0	0
R D McIlwain	0	0
R A Rowe	0	0
D D McDonough	0	0
R J Skippen	0	0
P A Birtles	100,000	0
Other Key Management Personnel		
D F Ajala	38,835	0
S J Doyle	35,437	0
G G Carroll	25,172	0
G L Chad	28,420	0

The above performance rights are valued using the share price at time of granting. The performance rights granted in the current reporting period were valued using a share price of $5.15. The performance rights are expensed over a 5-year period in-line with the vesting conditions of the rights.

Remuneration Report (continued)
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
27 January 2006	5 January 2009	$2.44	$0.29	100,000
27 January 2006	5 January 2010	$2.44	$0.34	135,000
27 January 2006	5 January 2011	$2.44	$0.38	200,000
17 April 2006	17 April 2009	$2.25	$0.43	0
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	55,000
1 July 2006	1 July 2010	$2.25	$0.25	225,000
1 July 2006	1 July 2011	$2.25	$0.30	300,000
26 October 2006	1 February 2009	$2.44	$0.63	0
26 October 2006	1 February 2010	$2.44	$0.72	150,000
26 October 2006	1 February 2011	$2.44	$0.79	200,000
23 August 2007	24 July 2010	$4.37	$0.93	180,000
1 August 2008	1 August 2011	$2.49	$0.65	220,000
				1,940,000

The exercise of the options is subject to the satisfaction of a qualifying hurdle. For the options granted prior to 23 August 2007, 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. For the options granted in August 2007 and August 2008, the relevant start dates for measurement of the 10% cumulative annual growth in Earnings Per Share are 30 June 2007 and 28 June 2008 respectively. Exercise of options is subject to being employed by the Group.

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
	2010	2010
Directors of Super Cheap Auto Group		
R D McIlwain	0	0
R A Rowe	0	0
D D McDonough	0	0
R J Wright	0	0
R J Skippen	0	0
P A Birtles	0	150,000
Other Key Management Personnel		
D F Ajala	0	100,000
S J Doyle	0	100,000
G G Carroll	0	75,000
G L Chad	0	37,500

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.

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 288% and dividends to shareholders have grown by approximately 372%. Revenue and store numbers (including recently acquired Ray's Outdoors) have increased by 245% and 217% respectively. Total key management personnel remuneration has increased by 45% since listing, although notwithstanding certain managers have had their remuneration packages increased in line with performance and additional responsibilities.

Remuneration Report (continued)

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

Name	A Remuneration consisting of options and rights	B Value at grant date $	C Value at exercise date $	D Value at lapse date $
R J Wright	0%	0	0	0
R D McIlwain (Resigned 28 October 2009)	0%	0	0	0
R A Rowe	0%	0	0	0
D D McDonough	0%	0	0	0
R J Skippen	0%	0	0	0
S A Pitkin	0%	0	0	0
P A Birtles	14%	0	397,500	0
D F Ajala	10%	0	614,800	0
S J Doyle	10%	0	232,000	0
G G Carroll	11%	0	180,750	0
G L Chad	9%	0	59,625	0

A = The percentage of the value of remuneration consisting of options and performance rights, 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 and performance rights granted during the year as part of remuneration.
C = The value at exercise date of options and performance rights that were granted as part of remuneration and were exercised during the year.
D = The value at lapse date of options and performance rights 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	2007	60	-	2010 2011	Nil Nil	108,000 157,600
D F Ajala	100	0	2006	75		2010 2011	Nil Nil	11,935 38,100
S J Doyle	100	0	2006	75	-	- 2010 2011	Nil Nil Nil	29,100 34,100 38,100
G G Carroll	100	0	2006	60		2010 2011	Nil Nil	35,475 50,800
G L Chad	100	0	2007	60	-	2010 2011	Nil Nil	9,488 15,050

Insurance of officers
During the financial year, Super Cheap Auto Group Limited paid a premium of $58,500 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 2010 $	Entity 2009 $
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 firm		
Remuneration for audit services	**405,321**	423,084
Remuneration for other assurance services	**0**	0
Total remuneration for assurance services	**405,321**	423,084
Taxation Services		
Total remuneration for taxation services	**292,272**	126,808
Advisory Services		
Total remuneration for advisory services	**573,308**	0

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 25.

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 Wright
Chairman

P A Birtles
Director

Brisbane
24 August 2010

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Auditor's Independence Declaration

As lead auditor for the audit of Super Cheap Auto Group Limited for the year ended 03 July 2010, 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.

Brett Delaney
Partner
PricewaterhouseCoopers

Brisbane
24 August 2010

Liability limited by a scheme approved under Professional Standards Legislation

Super Cheap Auto Group Limited ABN 81 108 676 204
Annual financial report - 3 July 2010

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 14 to 24, which is not part of this financial report.

The financial report was authorised for issue by the directors on 24 August 2010. 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 3 July 2010

	Notes	Consolidated 2010 $'000	2009 $'000
Revenue from continuing operations	5	**938,602**	829,306
Other income	6	**163**	477
Total revenues and other income		**938,765**	829,783
Cost of sales of goods		**(535,825)**	(481,468)
Other expenses from ordinary activities			
- selling and distribution		**(112,502)**	(97,441)
- marketing		**(43,462)**	(40,965)
- occupancy		**(74,716)**	(65,141)
- administration		**(107,903)**	(89,133)
Finance costs expense		**(10,477)**	(13,749)
Total expenses		**(884,885)**	(787,897)
Profit before income tax		**53,880**	41,886
Income tax (expense)/benefit	8	**(15,827)**	(9,751)
Profit attributable to Members of Super Cheap Auto Group Limited		**38,053**	32,135

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	37	**34.0**	29.9
Diluted earnings per share	37	**33.0**	29.7

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

STATEMENT OF COMPREHENSIVE INCOME
Super Cheap Auto Group Limited
For the period ended 3 July 2010

		Consolidated	
		2010	2009
	Notes	**$'000**	$'000
Profit for the year		**38,053**	32,135
Other comprehensive income			
Cash flow hedges	25	**(1,274)**	3,027
Exchange differences on translation of foreign operations	25	**526**	37
Income tax relating to components of other comprehensive income		**0**	0
Other comprehensive income for the year, net of tax		**(748)**	3,064
Total comprehensive income for the year		**37,305**	35,199
Total comprehensive income for the year is attributable to:			
Members of Super Cheap Auto Group Limited		**37,305**	35,199

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

STATEMENT OF FINANCIAL POSITION
Super Cheap Auto Group Limited
As at 3 July 2010

	Notes	Consolidated 2010 $'000	2009 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**30,200**	16,810
Trade and other receivables	10	**22,195**	25,113
Inventories	11	**253,101**	222,821
Total current assets		**305,496**	264,744
Non-current assets			
Property, plant and equipment	12	**105,309**	87,948
Deferred tax assets	13	**7,611**	9,672
Intangible assets	14	**103,830**	75,407
Total non-current assets		**216,750**	173,027
Total assets		**522,246**	437,771
LIABILITIES			
Current liabilities			
Trade and other payables	15	**99,563**	116,623
Borrowings	16	**9,008**	39,496
Current tax liabilities	17	**7,694**	4,593
Provisions	18	**11,781**	10,152
Total current liabilities		**128,046**	170,864
Non-current liabilities			
Trade and other payables	19	**13,217**	12,320
Borrowings	20	**100,000**	92,000
Deferred tax liabilities	22	**0**	0
Provisions	23	**10,426**	6,233
Total non-current liabilities		**123,643**	110,553
Total liabilities		**251,689**	281,417
Net assets		**270,557**	156,354
EQUITY			
Contributed equity	24	**182,158**	84,627
Reserves	25	**158**	42
Retained profits	25	**88,241**	71,685
Capital and reserves attributable to equity holders of Super Cheap Auto Group Limited		**270,557**	156,354

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

STATEMENTS OF CHANGES IN EQUITY
Super Cheap Auto Group Limited
For the period ended 3 July 2010

	Notes	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 28 June 2008		**84,627**	**(3,344)**	**54,478**	**135,761**
Total comprehensive income for the year as reported in the 2009 financial statements		0	3,064	32,135	35,199
Transactions with owners in their capacity as owners					
Dividends provided for or paid	26	0	0	(14,928)	(14,928)
Employee share options	25	0	322	0	322
		0	322	(14,928)	(14,606)
Balance at 27 June 2009		**84,627**	**42**	**71,685**	**156,354**
Total comprehensive income for the year		0	(748)	38,053	37,305
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	24	97,531	0	0	97,531
Dividends provided for or paid	26	0	0	(21,497)	(21,497)
Employee share options and performance rights	25	0	864	0	864
		97,531	864	(21,497)	76,898
Balance at 3 July 2010		**182,158**	**158**	**88,241**	**270,557**

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

CASH FLOW STATEMENTS
Super Cheap Auto Group Limited
For the period ended 3 July 2010

	Notes	Consolidated 2010 $'000	2009 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,040,615**	907,255
Payments to suppliers and employees (inclusive of goods and services tax)		**(891,068)**	(766,759)
Rental payments			
- external		**(72,736)**	(57,144)
- related parties		**(10,346)**	(8,351)
Income taxes paid		**(13,905)**	(12,332)
Net cash (outflow) inflow from operating activities	36	**52,560**	62,669
Cash flows from investing activities			
Payments for property, plant and equipment		**(27,136)**	(31,762)
Proceeds from sale of property, plant and equipment		**86**	3,237
Payments for purchase of subsidiary, net of cash acquired		**(52,943)**	(4,621)
Net cash (outflow) inflow from investing activities		**(79,993)**	(33,146)
Cash flows from financing activities			
Proceeds from borrowings		**313,920**	410,909
Payments for borrowings		**(336,358)**	(405,517)
Interest paid		**(10,714)**	(11,891)
Dividends paid to company's shareholders	26	**(14,395)**	(14,928)
Proceeds from issue of shares		**88,390**	0
Net cash inflow (outflow) from financing activities		**40,843**	(21,427)
Net increase (decrease) in cash and cash equivalents		**13,410**	8,096
Cash and cash equivalents at the beginning of the financial year		**16,810**	8,709
Effects of exchange rate changes on cash and cash equivalents		**(20)**	5
Cash and cash equivalents at end of year	9	**30,200**	16,810

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

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NOTES TO THE FINANCIAL STATEMENTS

SUPER CHEAP AUTO GROUP LIMITED

FOR THE PERIOD ENDED
3 JULY 2010

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 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).

Historical cost convention

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

Financial statement presentation

The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standards.

(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 3 July 2010 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

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Officers, who are responsible for allocating resources and assessing performance of the operating segments. In the current financial year the operating segments were amended in line with changes in the Group's internal management structure. As a result, the previous three operating segments have been combined into two operating segments. These operating segments are Auto & Cycle Retailing, which encompass Super Cheap Auto and Goldcross Cycles, and Leisure Retailing, which encompass BCF and Ray's Outdoors.

The Group has adopted AASB 8 *Operating Segments* from 28 June 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. As outlined above, this is consistent with the Group's existing policy in relation to presentation of segment information.

(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.

A deferred tax liability is recognised in relation to a proportion of the Group's indefinite life intangibles. The tax base assumed in determining the magnitude of the deferred tax liability is the capital cost base of the assets. As the assets are indefinite life in nature it was determined the assets would not be recovered through use but rather through sale.

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.

Investment allowances

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- 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, service warranties and make good obligations 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 statement of financial position 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 financial assets 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 statement of financial position 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 statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(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 statement of financial position 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.

(v) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. 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.

When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

(vi) Subsequent measurement

Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available for sale are recognised in equity.

(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) Net investment hedges
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expenses.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

(iii) 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 statement of financial position 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 acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values as the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

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.

Change in accounting policy

A revised AASB 3 *Business Combinations* became operative on 28 June 2009. While the revised standard continues to apply to the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the Group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

(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 statement of financial position 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	25%
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 and intangibles acquired in business combinations are not amortised. Instead, they are 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. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

(ii) Identifiable intangibles
Separately identifiable assets such as brand names and supplier agreements that are acquired as part of a business combination are recognised separately from goodwill. These assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Brand names are valued using the relief from royalty method. Supplier agreements have been valued using the multi-period excess earnings method. Amortisation is calculated based on the timing of projected cash flows of the assets over their estimated useful lives.

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

(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 and Super Cheap Auto Performance Rights Plan.

The fair value of options and performance rights granted under these plans are 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.

For share 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 statement of financial position 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.

Performance rights are valued using the 3 month weighted average share price as at the grant date.

Upon exercise of the options and performance rights, the balance of the share-based payments reserve relating to those options remains in the share based reserve.

(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) Finance 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 statement of financial position 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;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 37).

(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) Financial year

As allowed under Section 323D(2) of the *Corporations Act 2001*, the Directors have determined the financial year to be a fixed period of 52 calendar or 53 calendar weeks. For the period to 3 July 2010, the Group is reporting on the 53 week period that began 28 June 2009 and ended 3 July 2010. For the period to 27 June 2009, the Group is reporting on the period commencing 29 June 2008 and ended 27 June 2009.

(ae) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 3 July 2010 reporting period. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2]* (effective from 1 January 2010)
The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a Group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the Group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the Group share-based payment arrangement should be measured, that is, whether it is measured as an equity or a cash-settled transaction. The Group will apply these amendments retrospectively for the financial reporting period commencing on 4 July 2010.

AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]* (effective from 1 February 2010)
In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group will apply the amended standard from 4 July 2010. As the Group has not made any rights issues in a currency other than the functional currency, the amendment will not have any effect on the Group's financial statements.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)
AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact.

Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011)
In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the amended standard from 4 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

AASB Interpretation 19 *Extinguishing financial liabilities with equity instruments* and AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19* (effective from 1 July 2010)
AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Group will apply the interpretation from 4 July 2010. It is not expected to have any impact on the Group financial statements since it is only retrospectively applied from the beginning of the earliest period presented (28 June 2009) and the Group has not entered into any debt for equity swaps since that date.

AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective from 4 July 2010)
In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Group will apply the amendments from 4 July 2010. The Group does not expect that any adjustments will be necessary as the result of applying the revised rules.

AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising fro Reduced Disclosure Requirements* (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under the framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. The Group has public accountability as defined in AASB 1053 and is listed on the ASX and therefore not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. As a consequence, the two standards will have no impact on the financial statements of the entity.

(af) Parent entity financial information

The financial information for the parent entity, Super Cheap Auto Group Limited, disclosed in note 40 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Super Cheap Auto Group Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation
Super Cheap Auto Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Super Cheap Auto Group Limited, and the controlled entities in the tax consolidated group 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.

In addition to its own current and deferred tax amounts, Super Cheap Auto Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

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 has approved written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

2 Financial risk management cont.

(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.

	3 July 2010 USD $'000	27 June 2009 USD $'000
Trade receivables	**508**	517
Trade payables	**5,541**	3,135
Forward exchange contracts		
- buy foreign currency (cash flow hedges)	**8,000**	17,300

Group sensitivity

Based on the financial instruments held at 3 July 2010, had the Australian dollar weakened/strengthened by 10% against other currencies with all other variables held constant, the impact on the Group's post-tax profit would have been nil, on the basis that the financial instruments would have been designated as cash flow hedges and the impact upon the foreign exchange movements of other financial assets and liabilities is negligible.

Equity would have been $676,000 lower/$826,000 higher (2009: $391,000 lower/$320,000 higher) had the Australian dollar weakened/strengthened by 10% against other currencies, arising mainly from forward foreign exchange contracts designated as cash flow hedges. The impact on other Group assets and liabilities as a result of movements in exchange rates are not material.

A sensitivity of 10% was selected following review of historic trends.

(ii) Cash flow and fair value interest rate risk

Group sensitivity

The Group's main 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. During 2010 and 2009, the Group's borrowings were at variable rates and were denominated in Australian dollars.

As at the reporting date, the Group had the following variable rate borrowings:

	3 July 2010 Balance $'000	27 June 2009 Balance $'000
Bank overdrafts and bank loans	**110,000**	131,700

An analysis by maturities is provided in (c) below.

The Group utilises interest rate swaps and swaptions to hedge its interest rate exposure on borrowings.

At 3 July 2010, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit and equity for the year would have been $211,000 lower/higher (2009: $362,000 lower/higher), mainly as a result of higher/lower interest expense on bank loans.

2 Financial risk management cont.

(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.

Financing arrangements

The Group entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated	
	2010 **$'000**	2009 $'000
Floating rate		
- Cash advances	**80,000**	51,797

Maturities of financial liabilities

The tables below analyse the Group's and the parent entity's financial liabilities and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been calculated using spot rates applicable at the reporting date.

Group – at 3 July 2010	Less than 6 months $'000	6-12 months	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years	Total contractual cash flows $'000	Carrying amount (assets) / liabilities
Non-derivatives							
Non-interest bearing	99,563	0	0	0	0	99,563	99,563
Variable rate	3,315	3,302	110,995	85	0	117,697	110,096
Total non-derivatives	102,878	3,302	110,995	85	0	217,260	209,659
Derivatives							
Net settled (IRS)	(623)	(623)	313	0	0	(933)	(282)
Gross settled							
- (inflow)	(9,470)	0	0	0	0	(9,470)	(622)
- outflow	8,867	0	0	0	0	8,867	0
Total derivatives	(1,226)	(623)	313	0	0	(1,536)	(904)

Group – at 27 June 2009	Less than 6 months $'000	6-12 months	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years	Total contractual cash flows $'000	Carrying amount (assets) / liabilities
Non-derivatives							
Non-interest bearing	116,623	0	0	0	0	116,623	116,623
Variable rate	41,721	1,999	95,348	364	0	139,432	132,550
Total non-derivatives	158,344	1,999	95,348	364	0	256,055	249,173
Derivatives							
Net settled (IRS)	(1,212)	(1,212)	0	0	0	(2,424)	1,934
Gross settled							
- (inflow)	(21,558)	0	0	0	0	(21,558)	(2,457)
- outflow	24,101	0	0	0	0	24,101	0
Total derivatives	1,331	(1,212)	0	0	0	119	(523)

2 Financial risk management cont.

(d) Fair value measurements

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

The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. 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.

As of 28 June 2009, the Group has adopted the amendments to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following tables present the Group's entity's assets and liabilities measured and recognised at fair value at 3 July 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

Group – at 3 July 2010	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Derivatives used for hedging	0	904	0	904
Total assets	0	904	0	904
Liabilities				
Derivatives used for hedging	0	0	0	0
Total liabilities	0	0	0	0

The fair value of financial instruments traded in active markets such as publicly traded derivatives and trading and available-for-sale securities is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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 Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise debt investments and derivative financial instruments. In the circumstances where a valuation technique for these instruments is based on significant unobservance inputs, such instruments are included in level 3.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. 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. The fair value of the current borrowings approximates the carrying amount, as the impact of discount is not significant.

2 Financial risk management cont.

(e) 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 14 for details of these assumptions.

(ii) Estimated value of intangible assets relating to acquisitions
The Group has allocated portions of the cost of acquisition to various intangible assets, such as brand names and supply agreements. Brand names have been valued using the relief from royalty method. Supplier agreements have been valued using the multi-period excess earnings method. The calculations require the use of assumptions. In addition, the value of liability of put options granted as part of acquisitions has been estimated.

4 Segment information

(a) Description of segments

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

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

Auto & Cycle Retailing: Retail and distribution of motor vehicle spare parts and bicycle accessories, tools and equipment.
Leisure Retailing: Retail and distribution of boating, camping, fishing, outdoor equipment and apparel.

(b) Segment information provided to the Chief Operating Officers

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

2010	Auto & Cycle Retailing $'000	Leisure Retailing $'000	Total continuing operations $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Segment Revenue					
Sales to external customers	687,856	254,005	941,861	0	941,861
Inter segment sales	(3,061)	(792)	(3,853)		(3,853)
Total sales revenue					938,008
Other revenue/income	284	130	414	343	757
Total revenue and other income					938,765
Segment result (pre-borrowing costs and impairment)	48,180	21,290	69,470	(3,113)	66,357
Borrowing costs				(10,477)	(10,477)
Impairment of goodwill	(2,000)				(2,000)
Profit before income tax					53,880
Income tax expense					(15,827)
Profit for the period					38,053
Segment Assets & Liabilities					
Segment assets	319,796	154,766	474,562	47,684	522,246
Unallocated assets				0	0
Total assets					522,246
Segment liabilities	(161,422)	(96,563)	(257,985)	115,208	(142,777)
Unallocated liabilities				(108,912)	(108,912)
Total liabilities					(251,689)
Acquisitions of property, plant and equipment and other non-current segment assets	16,605	47,241	63,846	5,420	69,266
Depreciation and amortisation expense	(15,609)	(4,976)	(20,585)	(145)	(20,730)
Goodwill impairment	(2,000)				(2,000)
Other non-cash expenses					784

4 Segment information (continued)

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

2009	Auto & Cycle Retailing $'000	Leisure Retailing $'000	Total continuing operations $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Segment Revenue					
Sales to external customers	623,320	205,492	828,812	0	828,812
Inter segment sales	0	0	0	0	0
Total sales revenue	623,320	205,492	828,812	0	828,812
Other revenue/income	382	95	477	494	971
Total revenue and other income	623,702	205,587	829,289	494	829,783
Segment result (pre-borrowing costs)	42,450	16,362	58,812	(3,177)	55,635
Borrowing costs				(13,749)	(13,749)
Profit before income tax					41,886
Income tax expense					(9,751)
Profit for the period					32,135
Segment Assets & Liabilities					
Segment assets	307,989	103,690	411,679	26,092	437,771
Unallocated assets				0	0
Total assets					437,771
Segment liabilities	(141,869)	(79,278)	(221,147)	100,578	(120,569)
Unallocated liabilities				(160,848)	(160,848)
Total liabilities					(281,417)
Acquisitions of property, plant and equipment and other non-current segment assets	16,632	7,455	24,087	7,632	31,719
Depreciation and amortisation expense	(14,312)	(3,854)	(18,166)	(117)	(18,283)
Other non-cash expenses					322

(c) Other information

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

Australia

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

4 Segment information (continued)

New Zealand

Only Supercheap Auto operates in New Zealand.

Geographical information

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

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

5 Revenue

	Consolidated	
	2010 $'000	2009 $'000
From continuing operations		
Sales revenue		
Sale of goods	**938,008**	828,812
	938,008	828,812
Other revenue		
Interest	**594**	494
	594	494
	938,602	829,306

6 Other Income

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

7 Expenses

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

(a) Other finance costs

The market-to-market loss on the $60,000,000 swap was $2,201,000 as at 27 June 2009. This amount has been included as a finance cost expense in the 2009 year as the swap was deemed to be ineffective as a cash flow hedge for the period. The loss has been reversed in the 2010 year due to the expiry of the swap, reducing finance cost expense by $2,201,000 in 2010.

8 Income tax expense

	Consolidated	
	2010	2009
	$'000	$'000
(a) Income tax expense		
Current tax	**17,867**	15,202
Deferred tax	**(1,652)**	(3,342)
Adjustments for current tax of prior period	**(388)**	(2,109)
	15,827	9,751
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 13)	**(1,614)**	(2,852)
(Decrease) increase in deferred tax liabilities (note 22)	**(38)**	(490)
	(1,652)	(3,342)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	**53,880**	41,886
Tax at the Australian tax rate of 30% (2009 - 30%)	**16,164**	12,566
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax consolidation adjustments re NZ branch	**(39)**	(253)
Investment allowance	**(199)**	(538)
Goodwill impairment	**600**	0
Sundry items	**123**	85
	16,649	11,860
Adjustments for current tax of prior periods	**(388)**	(2,109)
R & D credits	**(434)**	0
Income tax expense	**15,827**	9,751
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 13 and 22)	**(1,137)**	1,296
	(1,137)	1,296
Tax expense (income) relating to items of other comprehensive income		
Cash flow hedges	**(548)**	1,296
	(548)	1,296

(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.

9 Current assets - Cash and cash equivalents

	Consolidated	
	2010	2009
	$'000	$'000
Cash at bank and in hand	**30,200**	16,810

10 Current assets - Trade and other receivables

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

(a) Impaired trade receivables

As at 3 July 2010 current trade receivables of the Group with a nominal value of $210,000 (2009: $347,000) were impaired. The amount of the provision was $210,000 (2009: $347,000). The individually impaired receivables mainly relate to sub-tenants and wholesalers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

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

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

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

(b) Past due but not impaired

As of 3 July 2010, trade receivables of $3,009,000 (2009: $3,905,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2010	2009
	$'000	$'000
0 to 3 months	**1,588**	2,233
3 to 6 months	**333**	616
Over 6 months	**1,088**	1,056
	3,009	3,905

11 Current assets – Inventories

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

(a) Inventory expense

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

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

12 Non-current assets – Property, plant and equipment

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

Assets pledged as security are detailed in Note 20

	Plant and equipment $'000	**Motor vehicles $'000**	**Computer systems $'000**	**Total $'000**
Reconciliations - consolidated entity				
Carrying amounts at 28 June 2009	73,200	70	14,678	87,948
Additions	18,643	0	4,467	23,110
Disposals	(439)	(32)	(118)	(589)
Business acquisitions	10,965	658	1,079	12,702
Depreciation and amortisation	(12,275)	(35)	(5,402)	(17,712)
Foreign currency exchange differences	(129)	0	(21)	(150)
Carrying amounts at 3 July 2010	89,965	661	14,683	105,309
Reconciliations - consolidated entity				
Carrying amounts at 29 June 2008	65,219	196	14,137	79,552
Additions	20,238	0	6,591	26,829
Disposals	(2,139)	(39)	(714)	(2,892)
Business acquisitions	110	0	0	110
Depreciation and amortisation	(10,253)	(88)	(5,347)	(15,688)
Foreign currency exchange differences	25	1	11	37
Carrying amounts at 27 June 2009	73,200	70	14,678	87,948

13 Non-current assets - Deferred tax assets

	Consolidated	
	2010	2009
	$'000	$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Doubtful debts	**63**	104
Employee benefits	**4,569**	3,245
Accruals	**103**	781
Inventories	**2,100**	1,146
Cash flow hedges	**0**	660
Deferred make good provision	**1,175**	546
Straight line lease adjustment	**3,965**	3,696
Deferred income	**107**	104
Depreciation	**1,875**	923
Provision for warranties and legal costs	**13**	1
	13,970	11,206
Amounts recognised directly in equity		
Share placement costs	**589**	0
	14,559	11,206
Set off with deferred tax liabilities (note 22)	**(6,948)**	(1,534)
Net deferred tax assets	**7,611**	9,672
Movements:		
Opening balance	**11,206**	8,834
Credited/(charged) to the income statement	**1,614**	2,852
Credited/(charged) to equity	**589**	(480)
Foreign exchange on translation of NZ subsidiary	**0**	0
Acquired in acquisition	**1,150**	0
Closing balance	**14,559**	11,206
Deferred tax assets to be recovered after more than 12 months	**12,013**	9,175
Deferred tax assets to be recovered within 12 months	**2,546**	2,031
	14,559	11,206

14 Non-current assets – Intangible assets

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

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

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

(a) Impairment tests for goodwill

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

14 Non-current assets – Intangible assets (continued)

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

2010	Supercheap Auto $'000	BCF $'000	Goldcross Cycles $'000	Ray's Outdoors $'000	Total $'000
Goodwill	45,336	12,950	7,954	8,461	74,701

2009	Supercheap Auto $'000	BCF $'000	Goldcross Cycles $'000	Ray's Outdoors $'000	Total $'000
Goodwill	45,336	11,990	9,954*	0	67,280

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

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

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

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

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

	Growth rate		Discount rate	
	2010	2009	**2010**	2009
	%	%	**%**	%
Supercheap Auto	**3.0**	3	**15**	15
BCF	**5.0**	5	**15**	15
Goldcross Cycles	**7.5**	10	**15**	15

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

(c) Impairment charge

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

(d) Useful life for brands

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

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

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

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

15 Current liabilities - Trade and other payables

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

16 Current liabilities – Borrowings

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

(a) Cash Advances

Cash advances 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 21.

(c) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 21.

(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 20.

17 Current liabilities – Current tax liabilities

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

18 Current liabilities – Provisions

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

(a) Put Option Provision

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

(b) Provision for Warranties

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

19 Non-current liabilities – Trade and Other Payables

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

20 Non-current liabilities – Borrowings

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

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

20 Non-current liabilities – Borrowings (continued)

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

	Consolidated	
	2010 $'000	2009 $'000
Financing arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
Total facilities		
- Bank debt funding facility	**190,000**	184,347
- Multi-option facility (including indemnity/guarantee)	**7,000**	3,694
Totals	**197,000**	188,041
Facilities used at balance date		
- Bank debt funding facility	**110,096**	132,550
- Multi-option facility (including indemnity/guarantee)	**2,689**	3,322
Totals	**112,785**	135,872
Unused balance of facilities at balance date		
- Bank debt funding facility	**79,904**	51,797
- Multi-option facility (including indemnity/guarantee)	**4,311**	372
Totals	**84,215**	52,169

In addition, the Company has access to a $122 million (2009: $122 million) transactional facility for clean credit and foreign currency dealings.

The current interest rates on the financing arrangements are:

- Bank debt funding facility 3.97%- 7.09% (2009: 3.90%-7.69%)

21 Derivative Financial instruments

Derivative financial instruments
The Group is party 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.

21 Derivative Financial instruments (continued)

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

	Consolidated entity	
	2010 **$000**	2009 $000
Buy United States dollars and sell Australian dollars with maturity		
- 0 to 6 months	**8,000**	17,300
- 7 to 12 months	**0**	0

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 statement of financial position by the related amount deferred in equity. In the year ended 3 July 2010, no hedges were designated as ineffective (2009: nil).

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:		
- unrealised gains on foreign exchange contracts	**622**	2,457
- unrealised gains on interest rate swaps	**282**	0
- total gains (b)	**904**	2,457
- realised losses and costs		
- unrealised losses and costs on interest rate swaps	**0**	(1,934)
- total losses and costs (a)	**0**	(1,934)
Net gains/(losses and costs)	**904**	523

(a) Included in other payables under note 15
(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 7.28% (2009: 3.9%). 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 market-to-market loss on the $60,000,000 swap has not been taken to account in the 2010 year as it is considered immaterial.

The Group has entered two interest rate swaps for a total nominal value of $80,000,000 (2009: $80,000,000) with $60,000,000 expiring on 30 May 2011 and $20,000,000 expiring on 16 January 2012.

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 73% (2009: 61%) of the loan principal outstanding. The average fixed interest rate is 6.31% (2009: 6.91%).

21 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:

	Notes	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	More than 5 years $000	Non-interest bearing $'000	Total $'000
2010							
Financial assets							
Cash and deposits	9	21,360	0	0	0	8,840	30,200
Receivables	10	0	0	0	0	22,195	22,195
Total financial assets		21,360	0	0	0	31,035	52,395
Weighted average rate of interest		*2.7%*					
Financial liabilities							
Trade and other payables	15, 17	0	0	0	0	107,257	107,257
Commercial bill/cash advance	16, 20	29,008	60,000	20,000	0	0	109,008
Employee entitlements	18, 23	0	0	0	0	12,840	12,840
Total financial liabilities		29,008	60,000	20,000	0	120,097	229,105
Weighted average rate of interest		*7.3%*	*7.09%*	*3.97%*			
Net financial assets/ (liabilities)		(7,648)	(60,000)	(20,000)	0	(89,062)	(176,710)

	Notes	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	More than 5 years $000	Non-interest bearing $'000	Total $'000
2009							
Financial assets							
Cash and deposits	9	16,087	0	0	0	723	16,810
Receivables	10	0	0	0	0	25,113	25,113
Total financial assets		16,087	0	0	0	25,836	41,923
Weighted average rate of interest		*2.2%*					
Financial liabilities							
Trade and other payables	15, 17	0	0	0	0	121,216	121,216
Commercial bill/cash advance	16, 20	51,496	0	80,000	0	0	131,496
Employee entitlements	18, 23	0	0	0	0	10,277	10,277
Total financial liabilities		51,496	0	80,000	0	131,493	262,989
Weighted average rate of interest		*3.9%*		*6.9%*			
Net financial assets/ (liabilities)		(35,409)	0	(80,000)	0	(105,657)	(221,066)

21 Derivative Financial instruments (continued)

	Consolidated entity			
	Carrying amount		Net fair value	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Carrying amounts and net fair values of financial assets and financial liabilities at statement of financial position date:				
Financial assets				
Cash and deposits	**30,200**	16,810	**30,200**	16,810
Receivables	**22,195**	25,113	**22,195**	25,113
Forward exchange contracts *	**622**	2,457	**622**	2,457
Interest rate swaps *	**282**	267	**282**	267
Non-traded financial assets	**53,299**	44,647	**53,299**	44,647
Financial liabilities				
Trade and other payables	**(107,257)**	(121,216)	**(107,257)**	(121,216)
Commercial bill and other financing	**(109,008)**	(131,496)	**(109,008)**	(131,496)
Interest rate swaps *	**0**	(2,201)	**0**	(2,201)
Non-traded financial liabilities	**(216,265)**	(254,913)	**(216,265)**	(254,913)

*These amounts are unrealised gains and losses which have been included in the net carrying amount and net fair value of the on-statement of financial position financial assets and liabilities.
With the exception of the forward exchange contracts and interest rate swaps, 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.

22 Non-current liabilities - Deferred tax liabilities

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

23 Non-current liabilities – Provisions

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

(a) Make good provision
Provision is made for costs arising from contractual obligations in lease agreements at the inception of the agreement.

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

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

23 Non-current liabilities – Provisions (continued)

(c) Movements in provisions (consolidated entity) (notes 18 & 23)

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

24 Contributed equity

(a) Share Capital

	Consolidated 2010 $'000	2009 $'000
Ordinary shares fully paid	**182,158**	84,627

	Number of Shares	Issue Price	$'000
(b) Movement in ordinary share capital			
Issue of shares on incorporation (8 April 2004)	1	1.00	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	0
Issue of shares on 8 March 2008	200,000	1.97	394
Dividend reinvestment plan issue on 14 October 2009	714,234	5.35	3,821
Dividend reinvestment plan issue on 17 March 2010	661,137	4.96	3,279
Issue of shares on 4 May 2010	15,900,000	4.80	76,320
Shares issue under share option	612,500	2.36	1,346
Share placement plan on 27 May 2010	2,529,809	4.80	12,143
Shares issue under share option	185,000	2.42	448
Shares issued on 31 May 2010 as consideration for Ray's Outdoors Pty Ltd	300,000	5.16	1,548
			183,532
Less transaction costs on share issue			(1,963)
Deferred tax credit recognised directly in equity			589
Closing balance 3 July 2010	127,532,302		182,158

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

Dividend reinvestment plan

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

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

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

Options over nil (2009: 220,000) ordinary shares were issued during the period, with 797,500 options being exercised during the period. Performance rights over 375,165 (2009: nil) ordinary shares were issued during the period. Nil performance rights were exercised during the period. Information relating to options outstanding at the end of the financial period are set out in Note 38.

24 Contributed equity (continued)

(c) Capital risk management

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

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

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

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

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

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

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

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

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

25 Reserves and retained profits

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

(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 and performance rights issued but not exercised.

(iii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(e). The reserve is recognised in profit and loss when the net investment is disposed of.

26 Dividends

	Parent Entity	
	2010 **$'000**	2009 $'000
Ordinary shares Dividends paid by Super Cheap Auto Group Limited during the reporting period were as follows:		
Interim dividend for the period ended 3 July 2010 of 8.5 cents (2009: 6.5 cents per share) paid on 31 March 2010. Fully franked based on tax paid @ 30%	**9,182**	6,931
Final dividend for the period ended 27 June 2009 of 11.5 cents per share (2009: 7.5 cents per share) paid on 20 October 2009. Fully franked based on tax paid @ 30%	**12,315**	7,997
Total dividends provided and paid	**21,497**	14,928
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
Paid in cash	**14,395**	**14,928**
Satisfied by issue of shares	**7,102**	**0**
	21,497	**14,928**
Dividends not recognised at year end Subsequent to year end, the Directors have declared the payment of a final dividend of 13.0 cents per ordinary share (2009: 11.5 cents per ordinary share), fully franked based on tax paid at 30%.		
The aggregate amount of the dividend expected to be paid on 1 October 2010, out of retained profits at 3 July 2010, but not recognised as a liability at year end, is	**16,579**	12,315
Franking credits The franked portions of dividends paid after 3 July 2010 will be franked out of existing franking credits and out of franking credits arising from the payments of income tax in the years ending after 3 July 2010. Franking credits remaining at balance date available for dividends declared after the current balance date based on a tax rate of 30%	**47,147**	34,769

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

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

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

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $7,105,371 (2009: $5,255,317).

27 Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated 2010 $	2009 $
Short-term employee benefits	**3,344,736**	2,954,597
Post-employment benefits	**294,597**	340,878
Share-based payments	**430,935**	183,297
	4,070,268	3,478,772

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 17 to 23.

(b) 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 17 to 23.

(ii) Performance Rights
The performance rights plan commenced in the current reporting period. Details of performance rights provided as remuneration and shares issued on the exercise of such performance rights, together with terms and conditions of the performance rights, can be found in the remuneration report on pages 17 to 23.

The number of performance rights 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.

2010 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	Vested and unexercisable at the end of the year
Directors of Super Cheap Auto Group Limited							
R J Wright	0	0	0	0	0	0	0
R D McIlwain (resigned 28 October 2010)	0	0	0	0	0	0	0
R A Rowe	0	0	0	0	0	0	0
D D McDonough	0	0	0	0	0	0	0
R J Skippen	0	0	0	0	0	0	0
P A Birtles	0	100,000	0	0	100,000	0	0
Other key management personnel of the Group							
D F Ajala	0	38,835	0	0	38,835	0	0
S J Doyle	0	35,437	0	0	35,437	0	0
G G Carroll	0	25,172	0	0	25,172	0	0
G L Chad	0	28,420	0	0	28,420	0	0

27 Key management personnel disclosures (continued)

(iii) 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.

2010 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	Vested and unexercisable at the end of the year
Directors of Super Cheap Auto Group Limited							
R J Wright	0	0	0	0	0	0	0
R D McIlwain (resigned 28 October 2009)	0	0	0	0	0	0	0
R A Rowe	0	0	0	0	0	0	0
D D McDonough	0	0	0	0	0	0	0
R J Skippen	0	0	0	0	0	0	0
P A Birtles	500,000	0	150,000	0	350,000	150,000	0
Other key management personnel of the Group							
D F Ajala	400,000	0	265,000	0	135,000	35,000	0
S J Doyle	400,000	0	100,000	0	300,000	200,000	0
G G Carroll	250,000	0	75,000	0	175,000	75,000	0
G L Chad	125,000	0	37,500	0	87,500	37,500	0

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

2009 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	Vested and unexercisable at the end of the year
Directors of Super Cheap Auto Group Limited							
R D McIlwain (resigned 28 October 2009)	0	0	0	0	0	0	0
R A Rowe	0	0	0	0	0	0	0
D D McDonough	0	0	0	0	0	0	0
R J Wright	0	0	0	0	0	0	0
R J Skippen	0	0	0	0	0	0	0
P A Birtles	500,000	0	0	0	500,000	150,000	0
Other key management personnel of the Group							
D F Ajala	400,000	0	0	0	400,000	200,000	0
S J Doyle	400,000	0	0	0	400,000	200,000	0
G G Carroll	250,000	0	0	0	250,000	75,000	0
G L Chad	125,000	0	0	0	125,000	0	0

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

(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.

27 Key management personnel disclosures (continued)

2010 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 J Wright	40,609	0	3,665	44,274
R D McIlwain (resigned 28 October 2009)	158,882	0	(158,882)	0
R A Rowe	52,402,159	0	626,095	53,028,254
D D McDonough	60,000	0	2,083	62,083
R J Skippen	0	0	0	0
P A Birtles	1,392,596	150,000	0	1,542,596
Other key management personnel of the Group **Ordinary shares**				
D F Ajala	281	265,000	(100,145)	165,136
S J Doyle	143,411	100,000	(220,000)	23,411
G G Carroll	0	75,000	(75,000)	0
G L Chad	50,000	37,500	(50,000)	37,500

2009 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	60,000	0	0	60,000
R J Wright	40,609	0	0	40,609
R J Skippen	0	0	0	0
P A Birtles	1,392,596	0	0	1,392,596
Other key management personnel of the Group **Ordinary shares**				
D F Ajala	281	0	0	281
S J Doyle	143,411	0	0	143,411
G G Carroll	0	0	0	0
G L Chad	50,000	0	0	50,000

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

	2010 **$000**	2009 $000
Amounts paid to key management personnel as shareholders		
Dividends	**10,891**	7,593

28 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	
	2010	2009
	$	$
(a) Assurance services		
Audit services		
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**405,321**	423,084
Total remuneration for audit services	**405,321**	423,084
Total remuneration for assurance services	**405,321**	423,084
(b) Taxation services		
PricewaterhouseCoopers Australian firm		
Tax compliance services, including review of company income tax returns	**213,272**	126,808
Customs Advice	**79,000**	0
Total remuneration for taxation services	**292,272**	126,808
(c) Advisory services		
PricewaterhouseCoopers Australian firm		
Business Consulting	**573,308**	0
Total remuneration for advisory services	**573,308**	0

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.

29 Contingencies

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$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:	**2,689**	3,322	**1,392**	2,131

30 Commitments

	Consolidated		Parent entity	
	2010 $000	2009 $000	**2010 $000**	2009 $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	**487**	9,230	**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	**487**	9,230	**0**	0
Lease commitments				
Commitments in relation to operating lease payments under non-cancellable operating leases are payable as follows:				
Within one year	**76,045**	61,487	**0**	0
Later than one year but not later than five years	**211,782**	179,970	**0**	0
Later than five years	**76,250**	56,960	**0**	0
Less lease straight lining adjustment (note 19)	**(13,217)**	(12,068)	**0**	0
Total lease commitments	**350,860**	286,349	**0**	0
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	**1,194**	2,151	**0**	0
The Group leases various offices, warehouses and retail stores under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated.				
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	**2,120**	2,120	**2,120**	2,120
Later than one year and not later than five years	**1,374**	1,374	**1,374**	1,374
Later than five years	**0**	0	**0**	0
	3,494	3,494	**3,494**	3,494

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in the remuneration report on pages 17 to 23 that are not recognised as liabilities and are not included in the key management personnel compensation.

Finance leases

The Group leases various plant and equipment with a carrying amount of $605,000 (2009: $1,230,000) under finance leases expiring within three to five years.

	Consolidated	
	2010 $000	2009 $000
Commitments in relation to finance leases are payable as follows:		
Within one year	**104**	934
Later than one year but not later than five years	**0**	0
Minimum lease payments	**104**	934
Future finance charges	**(8)**	(84)
Total lease liabilities	**96**	850
Representing lease liabilities:		
Current (note 16)	**96**	850
Non-current	**0**	0
	96	850

31 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 32.

(c) Key Management Personnel
Disclosures relating to key management personnel are set out in note 27.

(d) Directors
The names of the persons who were Directors of Super Cheap Auto Group Limited during the financial period are R J Wright, R D McIlwain (resigned 28 October 2009), R A Rowe, D D McDonough, R J Skippen, S A M Pitkin and P A Birtles.

(e) Amounts due from related parties
Amounts due from Directors of the consolidated entity and their director-related entities are nil (2009 : Nil)

(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:

	Consolidated	
	2010	2009
	$	$
Other Transactions		
- store lease payments – R A Rowe related property entities	**9,405,863**	8,350,895
- remuneration paid to directors of the ultimate Australian parent entity	**1,767,960**	1,576,355

(g) Loans to/(from) Related Parties

Loans to/(from) Directors		
- beginning of the period	**(25,236)**	0
- loans advanced	**0**	(25,236)
- loan repayments received	**5,619**	0
End of year	**(19,617)**	(25,236)

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

32 Investments in controlled entities

			Equity Holding	
	Country of Incorporation	**Class of Shares**	**2010 %**	**2009 %**
Name of Entity				
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)]	Australia	Ordinary	100	100
BCF Australia Pty Ltd[(a)]	Australia	Ordinary	100	100
SCA Equity Plan Pty Ltd[(b)]	Australia	Ordinary	100	100
Goldcross Cycles Pty Ltd	Australia	Ordinary	100	100
Oceania Bicycles Pty Ltd	Australia	Ordinary	50	50
Ray's Outdoors Pty Ltd	Australia	Ordinary	100	-

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

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

33 Business Combinations

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

These acquisitions resulted in the recognition of the following goodwill:

	$'000
Ray's Outdoors	8,461
Explore Outdoors	960
	9,421

(a) Ray's Outdoors

(i) Summary of acquisition

On 31 May 2010, the parent entity acquired 100% of the issued share capital of Ray's Outdoors Pty Ltd.

Due to the timing of the acquisition, the contribution to revenues and net profit was not material. If the acquisition had occurred on 28 June 2009, the contribution to the Group revenue would have been $116.2 million. The contribution to Group net profit after tax is not material. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 28 June 2009, together with the consequential tax effects.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:	**$'000**
Purchase consideration	
Cash paid	51,685
Consideration in shares	1,548
Total purchase consideration (referred to (ii) below)	53,233
Less: Provisional allocation of fair value of net identifiable assets acquired (see below)	(44,772)
Goodwill recognised on acquisition	8,461

(ii) Purchase considerations

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

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

33 Business Combinations (continued)

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

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

(b) Explore Outdoors

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

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

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

33 Business Combinations (continued)

Fair value of identifiable net assets acquired	**$'000**
Inventory (net of provisions)	387
Gift voucher liability	(6)
Employee entitlements	(8)
Other creditors	(2)
Net identifiable assets acquired	371

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

The acquired business contributed revenues of $2.03 million to the Group for the period 27 October 2009 to 3 July 2010. If the acquisition had occurred on 28 June 2009, the contribution to Group revenue would have been $2.78 million. The contribution to Group net profit after tax is not material.

34 Net tangible asset backing

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

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, Goldcross Cycles Pty Ltd, Ray's Outdoors 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. This Deed of Cross Guarantee was amended on 8 June 2010 to include Ray's Outdoors Pty Ltd. 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, Statement of Comprehensive Income and a summary of movements in consolidated retained earnings

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 3 July 2010 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, Goldcross Cycles Pty Ltd, Ray's Outdoors Pty Ltd and SCA Equity Plan Pty Ltd.

35 Deed of cross guarantee (continued)

	Consolidated	
	2010	2009
	$'000	$'000
Income Statement		
Revenue from continuing operations	**862,697**	760,646
Other income	**149**	336
Total revenues and other income	**862,846**	760,982
Cost of sales of goods	**(484,194)**	(438,514)
Other expenses from ordinary activities		
- selling and distribution	**(104,255)**	(88,485)
- marketing	**(41,402)**	(38,784)
- occupancy	**(68,241)**	(59,475)
- administration	**(103,231)**	(83,303)
Borrowing costs expense	**(8,689)**	(11,976)
Total expenses	**(810,012)**	(720,537)
Profit before income tax	**52,834**	40,445
Income tax (expense)/benefit	**(15,531)**	(9,357)
Profit for the period	**37,303**	31,088
Statement of comprehensive income		
Profit for the year	**37,303**	31,088
Other comprehensive income		
Cash flow hedgings	**(1,274)**	3,027
Income tax relating to components of other comprehensive income	**0**	0
Other comprehensive income for the year, net of tax	**(1,274)**	3,027
Total comprehensive income for the year	**36,029**	34,115
Summary of movements in consolidated retained earnings		
Retained profits at the beginning of the financial year	**67,084**	50,939
Retained profits at the beginning of the financial year for new entities in the closed Group	**0**	(15)
Profit for the period	**37,303**	31,088
Dividends provided for or paid	**(21,497)**	(14,928)
Retained profits at the end of the financial year	**82,890**	67,084

35 Deed of cross guarantee (continued)

(b) Statement of Financial Position

Set out below is a consolidated statement of financial position as at 3 July 2010 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, Goldcross Cycles Pty Ltd, Ray's Outdoors Pty Ltd and SCA Equity Plan Pty Ltd.

	Consolidated	
	2010	2009
	$'000	$'000
ASSETS		
Current assets		
Cash and cash equivalents	**29,106**	14,372
Trade and other receivables	**17,075**	46,773
Inventories	**227,910**	196,171
Total current assets	**274,091**	257,316
Non-current assets		
Other financial assets	**401**	401
Property, plant and equipment	**98,043**	81,390
Deferred tax assets	**7,293**	8,557
Intangible assets	**103,781**	75,401
Total non-current assets	**209,518**	165,749
Total assets	**483,609**	423,065
LIABILITIES		
Current liabilities		
Trade and other payables	**66,335**	107,355
Borrowings	**8,912**	39,536
Current tax liabilities	**7,989**	4,395
Provisions	**9,979**	9,089
Total current liabilities	**93,215**	160,375
Non-current liabilities		
Trade and other payables	**13,217**	12,235
Borrowings	**100,000**	92,000
Deferred tax liabilities	**0**	0
Provisions	**10,426**	6,233
Total non-current liabilities	**123,643**	110,468
Total liabilities	**216,858**	270,843
Net assets	**266,751**	152,222
EQUITY		
Contributed equity	**182,158**	84,627
Reserves	**1,703**	511
Retained profits	**82,890**	67,084
Total equity	**266,751**	152,222

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

	Consolidated	
	2010 $000	2009 $000
Profit from ordinary activities after related income tax	**38,053**	32,135
Depreciation and amortisation	**22,730**	18,283
Net (gain)/loss on sale of non-current assets	**516**	144
Non-cash employee benefits expense/share based payments	**784**	322
Net Interest Expense	**10,477**	13,749
Other non cash items	**96**	(85)
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	**1,128**	(5,701)
- (increase) in inventories	**(2,756)**	(27,617)
- (decrease)/increase in payables	**(18,226)**	32,132
- increase in provisions	**2,664**	2,649
- (decrease) in deferred tax	**(2,906)**	(3,342)
Net cash inflow from operating activities	**52,560**	62,669

37 Earnings per share

The 2009 basic and diluted earnings per share have been restated to reflect the impact of the current year issue of shares and the share placement plan (refer Note 24(a)) in order to achieve a comparable calculation to the 2010 basic and diluted earnings per share. This change takes into account the bonus element included in these issues for ordinary shares as they were made at a discount to market price.

	Consolidated Entity	
	2010 Cents	2009 Cents
Basic earnings per share	**34.0**	29.9
Diluted earnings per share	**33.0**	29.7

Weighted average number of shares used as the denominator

	Consolidated Entity	
	2010 Number	2009 Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	**111,859,967**	107,493,918
Adjustments for calculation of diluted earnings per share options	**2,303,494**	711,244
Weighted average potential ordinary shares used as the denominator in calculating diluted earnings per share	**114,163,461**	108,205,162

	2010 $'000	2009 $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	**38,053**	32,135
Diluted earnings per share		
- earnings used in calculating diluted earnings per share – net profit after tax	**38,053**	32,135

(a) Information concerning the classification of securities

(i) Options and Performance Rights

Options and performance rights 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 Performance Rights

The Company has established the Super Cheap Auto Executive Performance Rights Plan ("Performance Rights") to assist in the retention and motivation of executives of Super Cheap Auto ("Participants").

It is intended that the Performance Rights 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 Performance Rights, rights may be offered to Participants selected by the Board. Unless otherwise determined by the Board, no payment is required for the grant of rights under the Rights Plan.

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

Performance Rights issued under the plan may not be transferred unless approved by the Board. The table below summarises rights granted under the plan.

Fair Value of Rights Issued

Grant Date	Balance at start of the year (Number)	Granted during the year (Number)	Exercised during the year (Number)	Expired during the year (Number)	Balance at the end of the year (Number)	Unvested at the end of the year (Number)
Consolidated - 2010						
1 September 2009	-	375,165	-	-	375,165	375,165
	-	375,165	-	-	375,165	375,165

(b) Executive Option Plan

The Company has established the Super Cheap Auto Executive Share Option Plan ("Option Plan"). The Company had established the 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.

38 Share-based payments (continued)

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	Unvested at end of the year Number
Consolidated – 2010								
27 Jan 2006	5 Jan 2009	$2.44	400,000	0	300,000	0	100,000	0
27 Jan 2006	5 Jan 2010	$2.44	200,000	0	65,000	0	135,000	0
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	75,000	0	0	0
17 April 2006	17 April 2010	$2.25	75,000	0	0	0	75,000	0
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	262,500	0	207,500	0	55,000	0
1 July 2006	1 July 2010	$2.25	262,500	0	0	37,500	225,000	0
1 July 2006	1 July 2011	$2.25	350,000	0	0	50,000	300,000	300,000
26 Oct 2006	1 Feb 2009	$2.44	150,000	0	150,000	0	0	0
26 Oct 2006	1 Feb 2010	$2.44	150,000	0	0	0	150,000	0
26 Oct 2006	1 Feb 2011	$2.44	200,000	0	0	0	200,000	200,000
23 Aug 2007	24 Jul 2010	$4.37	180,000	0	0	0	180,000	180,000
1 August 2008	1 August 2011	$2.49	220,000	0	0	0	220,000	220,000
Total			2,825,000	0	797,500	87,500	1,940,000	1,200,000
Weighted average exercise price			$2.32	Nil	$2.38		$2.55	$2.66
Consolidated – 2009								
27 Jan 2006	5 Jan 2009	$2.44	400,000	0	0	0	400,000	0
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	0
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	262,500	0	0	0	262,500	262,500
1 July 2006	1 July 2010	$2.25	262,500	0	0	0	262,500	262,500
1 July 2006	1 July 2011	$2.25	350,000	0	0	0	350,000	350,000
26 Oct 2006	1 Feb 2009	$2.44	150,000	0	0	0	150,000	0
26 Oct 2006	1 Feb 2010	$2.44	150,000	0	0	0	150,000	150,000
26 Oct 2006	1 Feb 2011	$2.44	200,000	0	0	0	200,000	200,000
23 Aug 2007	24 Jul 2010	$4.37	180,000	0	0	0	180,000	180,000
1 August 2008	1 August 2011	$2.49	0	220,000	0	0	220,000	220,000
Total			2,605,000	220,000	0	0	2,825,000	2,200,000
Weighted average exercise price			$2.32	$2.49	$1.97		$2.49	$2.49

38 Share-based payments (continued)

Fair value of options granted
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 3 July 2010 included:

(a) options are granted for no consideration

(b) exercise price: n/a (2009: $2.49)

(c) grant date: n/a (2009: 1 August 2008)

(d) expiry date: n/a (2009:1 August 2011)

(e) share price at grant date: n/a (2009: $2.85)

(f) expected price volatility of the company's shares: n/a (2009: 33%)

(g) expected dividend yield: n/a (2009: 5.0%)

(h) risk-free interest rate: n/a (2009: 4.25%)

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.

39 Events occurring after balance date

No matter or circumstance has arisen since 3 July 2010 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years; or

(b) the results of those operations in future financial years; or

(c) the Group's state of affairs in future financial years.

40 Parent entity financial information

Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Consolidated	
	2010	2009
	$'000	$'000
Statement of Financial Position		
Current assets	**178,818**	146,893
Total assets	**326,295**	240,805
Current liabilities	**28,060**	47,409
Total liabilities	**128,215**	139,586
Shareholders' equity		
Issued capital	**182,158**	84,627
Reserves		
Share-based payments	**1,932**	1,068
Cash flow hedges	**198**	187
Retained earnings	**13,792**	15,337
	198,080	101,219
Profit or loss for the year	**19,952**	18,133
Total comprehensive income	**19,963**	18,176

In the directors' opinion:

(a) the financial statements and notes set out on pages 26 to 84 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 consolidated entity's financial position as at 3 July 2010 and of its performance 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) 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.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 Wright
Director

P A Birtles
Director

Brisbane
24 August 2010

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Independent auditor's report to the members of Super Cheap Auto Group Limited

Report on the financial report

We have audited the accompanying financial report of Super Cheap Auto Group Limited (the company), which comprises the statement of financial position as at 03 July 2010, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Super Cheap Auto Group Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the period end or from time to time during the financial period.

Directors' responsibility for the financial 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 controls 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 the financial statements comply with International Financial Reporting Standards.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial 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 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.

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

Independent auditor's report to the members of Super Cheap Auto Group Limited (continued)

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

In our opinion:

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

    (i) giving a true and fair view of the consolidated entity's financial position as at 03 July 2010 and of its 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 financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 17 to 23 of the directors' report for the year ended 03 July 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Super Cheap Auto Group Limited for the year ended 03 July 2010, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Brett Delaney
Partner

Brisbane
24 August 2010

The shareholder information set out below was applicable as at 24 August 2010.

A. Distribution of equity securities

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

	Ordinary Shareholders	Option holders
1-1000	1,406	
1,001-5,000	1,491	
5,001-10,000	324	
10,001-100,000	223	
100,001 and over	44	21

There were 164 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	Percentage of issued shares
SCA FT PTY LTD	53,028,254	41.53%
J P MORGAN NOMINEES AUSTRALIA LIMITED	13,105,096	10.26%
NATIONAL NOMINEES LIMITED	12,681,918	9.93%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,203,071	7.21%
COGENT NOMINEES PTY LIMITED	5,791,364	4.54%
CITICORP NOMINEES PTY LIMITED	5,458,613	4.27%
GEOMAR SUPERANNUATION PTY LTD	1,370,000	1.07%
SUNCORP CUSTODIAN SERVICES PTYLIMITED & SUNCORP CUSTODIAN SERVICES PTY LIMITED	1,317,640	1.03%
ANZ NOMINEES LIMITED	1,264,011	0.99%
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	911,161	0.71%
AMP LIFE LIMITED	736,523	0.58%
MR PETER ALAN BIRTLES	650,000	0.51%
MR ROBERT EDWARD THORN	648,368	0.51%
CITICORP NOMINEES PTY LIMITED	646,114	0.51%
EQUITAS NOMINEES PTY LIMITED	541,654	0.42%
EQUITAS NOMINEES PTY LIMITED	539,566	0.42%
EQUITAS NOMINEES PTY LIMITED	539,566	0.42%
EQUITAS NOMINEES PTY LIMITED	535,391	0.42%
MR PETER ALAN BIRTLES	500,000	0.39%
GRAHGER CAPITAL SECURITIES PTY LTD	500,000	0.39%
GRAHGER CAPITAL SECURITIES PTY LTD	500,000	0.39%
AUSTRALIAN REWARD INVESTMENT ALLIANCE	476,078	0.37%
CITICORP NOMINEES PTY LIMITED	404,010	0.32%
	111,348,398	**87.20%**

Super Cheap Auto Group Limited wishes to confirm that, in accordance with ASX Listing Rule 4.10.4, the substantial holders in the company as at 24 August 2010 were:-

Name	Ordinary shares Number held	Percentage of issued shares
SCA FT PTY LTD	53,028,254	41.53%
J P MORGAN NOMINEES AUSTRALIA LIMITED	13,105,096	10.26%
NATIONAL NOMINEES LIMITED	12,681,918	9.93%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,203,071	7.21%

C. Voting rights

The voting rights relating to each class of equity securities is as follows:

a) Ordinary Shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

b) Options and Performance Rights
No voting rights.