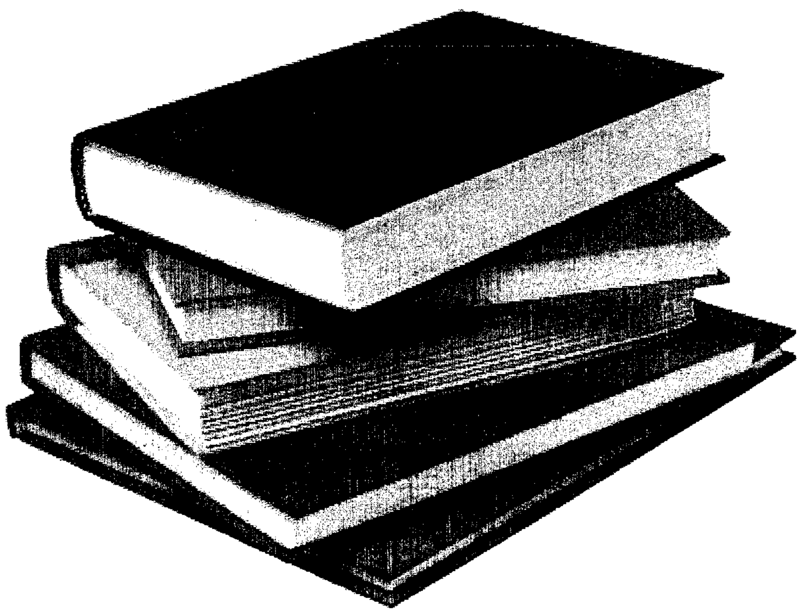
# Super Cheap Auto Pty Ltd

Financial Report

Year Ended 30 June 2003

Grant Thornton



**SUPER CHEAP AUTO PTY LTD**
**ACN 085 395 124**

**2003 FINANCIAL REPORT**

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**SUPER CHEAP AUTO PTY LTD**
**ACN 085 395 124**

# DIRECTORS' REPORT

The directors present their report on the company for the financial period ended 28 June 2003.

The names of directors in office at any time during or since the end of the period are Mr Reginald Rowe and Mr Robert Thorn

The directors have been in office since the start of the financial period to the date of this report.

The profit of the company for the financial period after providing for income tax amounted to $ 7,550,000. (2002: $7,496,000)

review of the operations of the trading business highlighted a 36% increase in sales to $275,651,000. The increase in sales has been supported by the opening of 48 new stores during the financial period. Since the end of the period, a further 4 stores have commenced trading.

The principal activity of the company during the financial period was the retail and distribution of motor vehicle spare parts and accessories.

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

During the year, the company acquired a business. As part of the integration of this into the company's core business operations, certain non-core components have been closed or are in the process of being disposed of.

'kely developments in the operations of the company and the expected results of those operations in future financial periods have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the company.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

During the year, 11,197,119 shares were issued to related parties. A further 4,387,430 shares were issued to related parties subsequent to the end of the year..

Directors indemnity insurance premiums paid during the period amounted to $11,000. No indemnities have been given as insurance premiums paid to any other officer or auditor of the company.

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

The company was not a party to any such proceeding during the period.

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**DIRECTORS' REPORT (cont'd)**

A fully franked dividend of $5,000,000 was declared on the 27th of June 2003, for payment for the year ended 28th June 2003.

The company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.

Director ______________________
Reginald Rowe

Director ______________________
Robert Thorn

Dated this 30th day of October 2003

**SUPER CHEAP AUTO PTY LTD**
**ACN 085 395 124**

## STATEMENT OF FINANCIAL PERFORMANCE
## FOR THE PERIOD ENDED 28 JUNE 2003

| | Note | 2003 $000 | 2002 $000 |
|---|---|---|---|
| Sales Revenue | 2 | 275,651 | 203,373 |
| Cost of Sales | 3 | (172,230) | (129,461) |
| Gross Profit | | 103,421 | 73,912 |
| Other revenues from ordinary activities | 2 | 2,497 | 787 |
| Selling, Distribution and Marketing expenses | | (42,298) | (33,879) |
| Occupancy expenses | | (18,133) | (13,348) |
| Administration expenses | | (31,087) | (13,360) |
| Borrowing costs expense | | (2,574) | (2,621) |
| Profit from ordinary activities before income tax expense | 3 | 11,826 | 11,491 |
| Income tax expense relating to ordinary activities | 4 | (4,276) | (3,995) |
| Profit from ordinary activities after income tax | | 7,550 | 7,496 |
| Total changes in equity other than those resulting from transactions with owners as owners | | $ 7,550 | $ 7,496 |

**SUPER CHEAP AUTO PTY LTD**
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**STATEMENT OF FINANCIAL POSITION**
**AS AT 28 JUNE 2003**

| | Note | 2003 $000 | 2002 $000 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash Assets | 5 | 5,046 | 475 |
| Receivables | 6 | 3,848 | 1,238 |
| Inventories | 7 | 67,149 | 46,441 |
| **TOTAL CURRENT ASSETS** | | **$ 76,043** | **$48,154** |
| **NON CURRENT ASSETS** | | | |
| Other Financial Assets | 9 | - | - |
| Receivables | 6 | - | 1,770 |
| operty, plant and equipment | 10 | 32,284 | 16,980 |
| Intangible Assets | 11 | 48,941 | 32,539 |
| Deferred Tax Assets | 8 | 2,162 | 1,117 |
| **TOTAL NON CURRENT ASSETS** | | **$ 83,387** | **$52,406** |
| **TOTAL ASSETS** | | **$ 159,430** | **$100,560** |
| **CURRENT LIABILITIES** | | | |
| Payables | 12 | 23,334 | 12,219 |
| Interest Bearing Liabilities | 13 | 22,233 | 6,315 |
| Provisions | 14 | 8,975 | 1,700 |
| Tax Liabilities | 15 | 234 | 2,526 |
| **TOTAL CURRENT LIABILITIES** | | **$ 54,776** | **$22,760** |
| **ON CURRENT LIABILITIES** | | | |
| Interest bearing liabilities | 13 | 24,600 | 29,550 |
| Provisions | 14 | 928 | 187 |
| **TOTAL NON CURRENT LIABILITIES** | | **$ 25,528** | **$29,737** |
| **TOTAL LIABILITIES** | | **$80,304** | **$52,497** |
| **NET ASSETS** | | **$79,126** | **$48,063** |
| **EQUITY** | | | |
| Contributed Equity | 22 | 62,626 | 34,113 |
| Retained Profits | 16 | 16,500 | 13,950 |
| **TOTAL EQUITY** | | **$ 79,126** | **$48,063** |

The accompanying notes form part of these financial statements

**SUPER CHEAP AUTO PTY LTD**
**ACN 085 395 124**

**STATEMENT OF CASH FLOWS**
**FOR THE PERIOD ENDED 28 JUNE 2003**

| | Note | 2003 $000 | 2002 $000 |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Receipts from customer | | 277,846 | 203,645 |
| Payments to suppliers and employees | | (247,862) | (187,394) |
| Rental Payments | | (16,079) | (11,968) |
| Income Tax Paid | | (7,614) | (6,743) |
| Net cash provided by / (used in) operating activities | 17b | 6,291 | (2,460) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| External Interest Received | | 180 | 190 |
| Payment for property, plant and equipment | | (14,444) | (9,488) |
| Payment for business acquired | | (25,300) | - |
| Proceeds from Disposal of Property, Plant and Equipment | | 47 | 138 |
| Net cash provided by / (used in) investing activities | | (39,517) | (9,160) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Related Party Interest Paid | | (1,442) | (2,347) |
| Related Party Interest Received | | 122 | 234 |
| External Interest Paid | | (1,073) | (176) |
| Finance Lease Payments | | (245) | (900) |
| Loans to related entities | | (661) | 2,081 |
| Proceeds from external borrowings | | 36,600 | 4,000 |
| Net cash provided by / (used in) financing activities | | 33,301 | 2,892 |
| Net increase/(decrease) in cash held | | 75 | (8,728) |
| Cash at beginning of period | | (837) | 7,806 |
| Petty cash acquired during the period | | - | 85 |
| Cash at end of period | 17a | **$ (762)** | **$ (837)** |

The accompanying notes form part of these financial statements

**SUPER CHEAP AUTO PTY LTD**
**ACN 085 395 124**

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED 28 JUNE 2003**

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting -**
This financial report is a special purpose financial report that has been prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity.

Super Cheap Auto Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The report has been prepared in accordance with the Corporations Act 2001, and the following Australian Accounting Standards, and Urgent Issues Group Consensus Views:

| | |
|---|---|
| AASB 1002: | Events Occurring After Reporting Date |
| AASB 1018: | Statement of Financial Performance |
| AASB 1020: | Accounting for Income Tax (Tax Effect Accounting) |
| AASB 1025: | Application of the Reporting Entity Concept and Other Amendments |
| AASB 1031: | Materiality |
| AASB 1034: | Financial Report Presentation and Disclosures |
| AASB 1040: | Statement of Financial Position |
| AASB 1033: | Presentation and Disclosure of Financial Instruments |
| UIG Abstract 35: | Disclosure of Contingent Liabilities |

No other Australian Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

**Inventories -**
Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a weighted average basis.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

**Property, Plant & Equipment -**
Each class of property, plant and equipment is carried at cost or at independent or directors' valuation, less, where applicable, any accumulated depreciation or amortisation.

Plant and Equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on e basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

**Depreciation –**
The depreciable amount of all fixed assets are depreciated on a straight line basis or diminishing value over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

| | Depreciation Rate |
|---|---|
| Plant and Equipment | 10% - 37.5% |
| Capitalised Leased Plant & Equipment | 10% – 37.5% |
| Motor Vehicles | 15% |
| Computer Equipment | 25% – 37.5% |

**Intangibles -**

**(i) Goodwill**

Goodwill is recorded at the amount by which the purchase price of the business exceeded the fair value attributed to the net tangible assets at the date of acquisition. Goodwill is amortised on a straight line basis over a period of 20 years. The balances are reviewed annually and any balance representing future benefits the realisation of which is considered to be no longer probable are written off.

**(ii) Brand Names**

Expenditure incurred in developing, maintaining or enhancing the brand name is written off against operating profit in the year in which it is incurred. The directors believe that the useful life of the brand name is of such duration that any amortisation charge on the brand name would be immaterial. The carrying value of the brand name is reviewed by the directors each year to ensure that it is not in excess of recoverable amount.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JUNE 2003

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

**Income Tax –**

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the operating profit adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included is the determination of accounting profit and taxable income, are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**Employee Benefits -**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

**Cash -**

For the purposes of the Statement of Cash flows, cash includes cash on hand, cash at bank and at call deposits with banks or financial institutions.

**Revenue -**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JUNE 2003

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

### Revenue (cont'd)

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of Goods and Services Tax (GST).

### Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

### Financial Year

As allowed under section 323D(2) of the Corporations Act 2001, the directors have determined the financial year to be shorter than 12 months. The company reports on a 52 week period. For the 2003 financial year, the company is reporting on the period begining 29 June 2002 and ending on 28 June 2003.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JUNE 2003

| | 2003<br>$ 000 | 2002<br>$ 000 |
|---|---|---|
| **2. REVENUE** | | |
| Operating activities | | |
| - Sale of Goods | 275,651 | 203,373 |
| Non-Operating activities | | |
| - Other Revenue | 2,195 | 362 |
| - Interest Revenue (a) | 302 | 425 |
| | 2,497 | 787 |
| **TOTAL REVENUE** | $ 278,148 | $ 204,160 |

| | 2003<br>$ 000 | 2002<br>$ 000 |
|---|---|---|
| (a) Interest from: | | |
| - Related Entities | 122 | 234 |
| - Other Persons | 180 | 191 |
| | $ 302 | $ 425 |

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NOTES TO THE FINANCIAL STATEMENTS
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## 3. PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax has been determined after:

### (a) Expenses:

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| Borrowing Costs: | | |
| - Related Parties | 1,442 | 2,347 |
| - Other Persons | 1,073 | 176 |
| - Finance Lease Charges | 59 | 98 |
| Total Borrowing Costs | $ 2,574 | $ 2,621 |
| Depreciation of non current assets | | |
| - Leased Assets | 278 | 364 |
| - Plant & Equipment | 1,872 | 1,220 |
| - Motor Vehicles | 124 | 110 |
| - Computer | 2,026 | 874 |
| Total Depreciation: | $ 4,300 | $ 2,568 |
| Amortisation of non-current assets: | | |
| - Goodwill | 1,953 | 1,804 |
| - Borrowing Expenses | 41 | 13 |
| Total Amortisation | $ 1,994 | $ 1,817 |
| Cost of Sales | | |
| - Cost of sales | 172,230 | 129,461 |
| | $ 172,230 | $ 129,461 |

### (b) Auditors Remuneration

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| - audit and review | 63 | 51 |
| - other services | 203 | 76 |
| | $266 | $ 127 |

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| **(c) Revenues and Net Gains** | | |
| - Net Gain on the disposal of Property, Plant and Equipment | 7 | 33 |
| **(d) Significant Revenues and Expenses** | | |
| The following revenue and expense items are relevant in explaining the financial performance: | | |
| - Write off of inventory included with cost of sales | 5,277 | 3,862 |
| - Costs incurred as a result of the integration of business acquired during the period | 5,743 | - |

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**NOTES TO THE FINANCIAL STATEMENTS**
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## 4. INCOME TAX EXPENSE

(a) The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| Prima facie tax payable on profit from ordinary activities before income tax at 30% | 3,548 | 3,447 |
| Add: | | |
| Tax effect of: | | |
| - Amortisation of Goodwill | 586 | 541 |
| - Other Non Allowable Items | 143 | 8 |
| - Adjustment to future income tax benefit and provision for deferred income tax for change in company tax rate to 30% | | - |
| Less: | | |
| - Overprovision in 2002 (2001:1) | (1) | (1) |
| Income tax expense attributable to profit from ordinary activities | $ 4,276 | $ 3,995 |

## 5. CASH ASSETS

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| Cash on Hand and Cash at Bank | 1,413 | 388 |
| Deposits at call | 3,633 | 87 |
| | $ 5,046 | $ 475 |

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NOTES TO THE FINANCIAL STATEMENTS
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| | 2003 | 2002 |
|---|---|---|
| | $ 000 | $ 000 |
| **6. RECEIVABLES** | | |
| CURRENT | | |
| Sundry Debtors | 1,798 | 908 |
| Trade Debtors | 1,451 | 8 |
| Security Deposits | 103 | 66 |
| Prepayments | 449 | 256 |
| Amounts receivable from: | | |
| - Related Entities | 47 | - |
| | $ 3,848 | $ 1,238 |
| NON - CURRENT | | |
| Amounts Receivable from: | | |
| - Related Entities | - | 1,770 |
| | $ - | $ 1,770 |

**7. INVENTORIES**

| | 2003 | 2002 |
|---|---|---|
| 'RRENT | | |
| Finished goods at cost | 67,149 | 46,441 |
| | $ 67,149 | $ 46,441 |

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| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| **8. DEFERRED TAX ASSETS** | | |
| Future Income Tax Benefits | $2,162 | $ 1,117 |
| (a) The future income tax benefit is made up of the following estimated tax benefits: | | |
| - timing differences | 2,162 | 1,117 |
| | $ 2,162 | $ 1,117 |
| **9. OTHER FINANCIAL ASSETS** | | |
| NON-CURRENT | | |
| Shares in Related Companies – at cost (a) | - | - |
| | $ - | $ - |
| (a) Super Cheap Auto Purchasing Pty Ltd | - | - |

Super Cheap Auto Pty Ltd has a 100% interest in Super Cheap Auto Purchasing Pty Ltd, a dormant company.

Investment is $10

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NOTES TO THE FINANCIAL STATEMENTS
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## 10. PROPERTY, PLANT AND EQUIPMENT

| | | 2003 $000 | 2002 $ 000 |
|---|---|---|---|
| Plant and Equipment at Cost | | 25,053 | 14,000 |
| Less: Accumulated Depreciation | | (3,508) | (2,132) |
| | | 21,545 | 11,868 |
| Capitalised Leased Plant and Equipment at cost | (Note 13) | 1,039 | 1,038 |
| Less: Accumulated Depreciation | | (797) | (518) |
| | | 242 | 520 |
| Motor Vehicles at Cost | | 700 | 335 |
| Less: Accumulated Depreciation | | (189) | (64) |
| | | 511 | 271 |
| Computer Equipment at Cost | | 13,576 | 5,395 |
| Less: Accumulated Depreciation | | (3,590) | (1,074) |
| | | 9,986 | 4,321 |
| **Total Property, Plant and Equipment** | | **$ 32,284** | **$ 16,980** |

### (a) Movement in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Plant & Equipment $000 | Leased Plant & Equip $000 | Motor Vehicles $000 | Computer Equipment $000 | Total $000 |
|---|---|---|---|---|---|
| Balance at beginning of the year | 11,868 | 520 | 271 | 4,321 | 16,980 |
| Additions/Transfers | 12,448 | - | 375 | 8,258 | 21,081 |
| Disposals | (899) | - | (11) | (567) | (1,477) |
| Depreciation Expense | (1,872) | (278) | (124) | (2,026) | (4,300) |
| **Carrying Amount at the end of the year** | **21,545** | **242** | **511** | **9,986** | **32,284** |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JUNE 2003

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| **11. INTANGIBLE ASSETS** | | |
| Goodwill and brand - at cost | 53,969 | 36,072 |
| Borrowing Costs | 519 | 75 |
| Trademarks | 13 | - |
| Less: Accumulated amortisation | (5,560) | (3,608) |
| | $ 48,941 | $ 32,539 |

## 12. PAYABLES

CURRENT

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| Unsecured Liabilities: | | |
| - Sundry Creditors | 5,044 | 448 |
| - Trade Creditors | 12,620 | 8,933 |
| - Other Creditors | 5,670 | 2,838 |
| | $ 23,334 | $ 12,219 |

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NOTES TO THE FINANCIAL STATEMENTS
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## 13. INTEREST BEARING LIABILITIES

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| CURRENT | | |
| Unsecured liabilities | | |
| - Amounts due to related entities | 105 | 522 |
| - Bank Overdraft | 5,808 | - |
| Secured liabilities | | |
| - Hire Purchase liability | 320 | 481 |
| - Bank Overdraft | - | 1,312 |
| - Commercial Bill | 16,000 | 4,000 |
| | $22,233 | $ 6,315 |
| NON CURRENT | | |
| Unsecured liabilities | | |
| - Amounts due to related entities | - | 29,467 |
| Secured liabilities | | |
| - Hire Purchase liabilities | - | 83 |
| - Commercial Bill | 24,600 | |
| | $ 24,600 | $ 29,550 |

(a) Total Current and Non Current Secured Liabilities

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| - Hire purchase liability | 320 | 564 |
| - Bank Overdraft | - | 1,312 |
| - Commercial Bill | 40,600 | 4,000 |
| | $40,920 | $ 5,876 |

(b) The carrying amount of non current assets pledged as security in relation to the Hire purchase liability is $242,000 (2002: $520,000). (note 10)

(c) The Commercial Bill and secured bank overdraft are secured over the assets of the Company as disclosed in the Statement of Financial Position. These facilities are subject to annual review by the 30th of September each year.

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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE PERIOD ENDED 28 JUNE 2003**

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| **14. PROVISIONS** | | |
| CURRENT | | |
| Employee Entitlements | 3,975 | 1,700 |
| Dividends | 5,000 | - |
| | $ 8,975 | $ 1,700 |
| NON-CURRENT | | |
| Employee Entitlements | 928 | 187 |
| | $ 928 | $ 187 |
| | No. | No. |
| Number of full time equivalent employees at year end | 1,628 | 932 |

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| **. TAX LIABILITIES** | | |
| NON CURRENT | | |
| Income Tax | 234 | 2,526 |
| | $ 234 | $ 2,526 |
| **16. RETAINED PROFITS** | | |
| Retained Profits at the beginning of the financial year | 13,950 | 6,454 |
| Net profit attributable to members of the company | 7,550 | 7,496 |
| Dividends provided for | (5,000) | - |
| Retained Profits at the end of the financial year | $ 16,500 | $ 13,950 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JUNE 2003

## 17. CASH FLOW INFORMATION

### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| Cash on hand and at bank | 1,413 | 388 |
| At call deposits with financial institutions | 3,633 | 87 |
| Bank Overdraft | (5,808) | (1,312) |
| | $ (762) | $ (837) |

### (b) Reconciliations of cash flow from operations with profit from ordinary activities after income tax:

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| Profit from ordinary activities after income tax | 7,550 | 7,496 |
| Non-cash flows in profit from ordinary activities | | |
| Amortisation | 1,953 | 1,804 |
| Depreciation | 4,300 | 2,568 |
| Loss on Disposal of Plant and Equipment | 1,437 | |
| Gain on Disposal of Plant and Equipment | (7) | |
| **Cash flow attributed to Investing and Financing Activities:** | | |
| Interest Received | (302) | (425) |
| Interest Paid | 2,515 | 2,523 |
| **Changes in assets and liabilities, net of the effects of the acquisition of business:** | | |
| (Increase)/Decrease in receivables | (1,713) | (1,295) |
| (Increase)/Decrease in inventories | (10,200) | (13,959) |
| Increase/(Decrease) in payables | 2,620 | 945 |
| (Increase)/Decrease in deferred taxes | (1,045) | (119) |
| Increase/(Decrease) in provisions | (817) | (1,998) |
| Cash flows from operations | $ 6,291 | $ (2,460) |

SUPER CHEAP AUTO PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JUNE 2003

## 17: CASH FLOW INFORMATION (CONT'D)

### (c) Acquisition of Business

During the year

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| Consideration | 26,557 | - |
| Cash consideration | 25,300 | - |
| Amount due under contract of sale | 1,257 | - |
| | $ 26,557 | - |

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| Assets and Liabilities acquired: | | |
| Inventories | 10,508 | - |
| Property, Plant and Equipment | 6,636 | - |
| Other Assets | 369 | - |
| Creditors and Accruals | (5,990) | - |
| Employee Entitlements | (1,540) | - |
| Lease Liabilities | (320) | - |
| Goodwill | 17,898 | - |
| Less Other Acquisition Costs | (1,004) | - |
| | $26,557 | - |

### (d) Significant non-cash transactions

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| Issue of Shares | 28,513 | - |
| Retirement of related party loan | 27,523 | - |
| Issue of related party loan | 990 | - |
| | $ 28,513 | - |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JUNE 2003

## 18. CAPITAL AND LEASING COMMITMENTS

### (a) Operating Lease Commitments

Future operating lease rentals not provided for In the financial statements and payable:

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| - not later than 1 year | 16,559 | 13,542 |
| - later than 1 year but not later than 5 years | 54,578 | 34,524 |
| - later than 5 years | 16,970 | 12,963 |
| | $88,107 | $ 61,010 |

### (b) Capital Expenditure Commitments contracted for is:

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| Plant and Equipment Purchases | 360 | 146 |
| Capital Expenditure Projects | 142 | 2,989 |
| | $ 502 | $ 3,135 |
| Payable: | | |
| - not later than 1 year | 502 | 3,135 |
| - later than 1 year but not later than 5 years | - | - |
| | $ 502 | $ 3,135 |

### (c) Finance Lease Commitments

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| - not later than 1 year | 320 | 481 |
| - later than 1 year but not later than 5 years | - | 83 |
| | $ 320 | $ 584 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JUNE 2003

## 19. FINANCIAL INSTRUMENTS

a. Interest rate risk

The entities exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rate, and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

| | Weighted Average Interest Rate % | Floating Interest Rate $ 000 | Fixed 1 year or less $ 000 | Fixed 1 to 5 Years $ 000 | Non Interest Bearing $ 000 | Total $ 000 |
|---|---|---|---|---|---|---|
| **2003** | | | | | | |
| Financial Assets | | | | | | |
| Cash Assets | 4.75 | 3,633 | | | 1,413 | 5,046 |
| Receivables. | 6.55 | 70 | | | 3,778 | 3,848 |
| | | 3,704 | | | 5,191 | 8,894 |
| Financial Liabilities | | | | | | |
| Interest bearing liabilities | 5.11 | 21,913 | 320 | 24,600 | | 46,833 |
| Payables | | | | | 23,334 | 23,334 |
| Employee Entitlements | | | | | 4,903 | 4,903 |
| | | 21,913 | 320 | 24,600 | 28,237 | 75,070 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JUNE 2003

## 19. FINANCIAL INSTRUMENTS (CONT'D)

| 2002 | Weighted Average Interest Rate % | Floating Interest Rate $ 000 | Fixed 1 year or less $ 000 | Fixed 1 to 5 Years $ 000 | Non Interest Bearing $ 000 | Total $ 000 |
|---|---|---|---|---|---|---|
| Financial Assets | | | | | | |
| Cash Assets | 4.65 | 87 | | | 388 | 475 |
| Receivables. | 6.05 | 1,770 | | | 1,238 | 3,008 |
| | | **$1,857** | | | **$1,626** | **$3,483** |
| Financial Liabilities | | | | | | |
| Interest bearing liabilities | 5.97 | 35,302 | 481 | 83 | | 35,866 |
| Payables | | | | | 12,218 | 12,218 |
| Employee Entitlements | | | | | 1,887 | 1,887 |
| | | **$35,302** | **$481** | **$83** | **$14,105** | **$49,971** |

b. Foreign Exchange Risk

The entities policy is to enter into hedging contacts (principally options) to hedge certain anticipated purchase commitments denominated in foreign currencies (principally US dollars) within approved limits. The terms of these commitments are rarely more than 3 months.

At year end, the entity had entered various contracts for the purchase and sale of US dollars. At year end unrealised losses of $252,118 (2002: NIL) had been recognised.

SUPER CHEAP AUTO PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JUNE 2003

c. 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 of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

d. Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

## SUPER CHEAP AUTO PTY LTD
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## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE PERIOD ENDED 28 JUNE 2003

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|

### 20. COMPANY DETAILS

The registered office and principal place of business of the company is:
Super Cheap Auto Pty Ltd
751 Gympie Road
LAWNTON, QLD 4501

### 21. CONTINGENT LIABILITIES

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| Estimates of the maximum amount of contingent liabilities that may become payable: | | |
| - secured: guarantee to the companies bankers supported by a charge over a related companies assets | 1,126 | 93 |

### 22. CONTRIBUTED EQUITY

| | 2003 $ 000 | 2002 $ 000 |
|---|---|---|
| 45,310,119 (2002: 34,113,000) fully paid ordinary shares | 62,626 | 34,113 |
| Opening Balance at beginning of year | 34,113 | 34,113 |
| hares issued during the year | 28,513 | - |
| Closing Balance at year end | $ 62,626 | $ 34,113 |

During the year 11,197,119 fully paid ordinary shares were issued to related parties.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote of a show of hands.

### 23. SEGMENT REPORTING

The company operates in the retail sector where it distributes motor vehicle spare parts throughout Australia.

## SUPER CHEAP AUTO PTY LTD
## ACN 085 395 124

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE PERIOD ENDED 28 JUNE 2003

| | 2003 $000 | 2002 $ 000 |
|---|---|---|
| **24. DIVIDENDS PAID OR PROPOSED** | | |
| Final fully franked dividend of 14.66 (2002: NIL) cents per share franked at a tax rate of 30%. | 5,000 | - |
| The balance of the franking account at year end has been adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivable, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial year. | 14,357 | 6,743 |

From 1 July 2002 the Australian Tax Office has required that franking credits be stated on a tax paid basis. The prior year figure has been restated to reflect this presentation

### 25. SUBSEQUENT EVENT

Subsequent to the end of the year 4,387,430 shares were issued to related parties.

**SUPER CHEAP AUTO PTY LTD**
**ACN 085 395 124**

## DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial report and notes as set out on pages 4 to 28;

   (a) comply with Accounting Policies described in Note 1 and the Corporations Act 2001; and
   (b) give a true and fair view of the financial position as at 28 June 2003 and performance for the year ended on that date of the company

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director ______________________
Reginald Rowe

Director ______________________
Robert Thorn

Dated this 30th day of October 2003

Chartered Accountants
Business Advisers and Consultants

Grant Thornton

# INDEPENDENT AUDIT REPORT
# TO THE MEMBERS OF SUPER CHEAP AUTO PTY LTD

## Scope

*The financial report and directors' responsibility*

The financial report, being a special purpose financial report, comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Super Cheap Auto Pty Ltd (the company), for the period ended 28 June 2003.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The company's directors have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting requirements under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

*Audit approach*

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including Accounting Standards and other mandatory financial reporting requirements in Australia to the extent of the accounting policies described in Note 1, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to meet the needs of the members.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and

- assessing the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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Grant Thornton

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF SUPER CHEAP AUTO PTY LTD (cont)

## Independence

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

## Audit opinion

In our opinion, the financial report of Super Cheap Auto Pty Ltd is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 28 June 2003 and of its performance for the period ended on that date in accordance with the accounting policies described in Note 1; and

(ii) complying with Accounting Standards in Australia to the extent described in Note 1 and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements to the extent described in Note 1.

GRANT THORNTON
Chartered Accountants

Grant Thornton
L. R. Jones

L R JONES
Partner

Brisbane

31 October 2003