



27 August 2008

ASX/Media Announcement

Super Cheap Auto Group (SUL) Announces 2008 Full Year Results

Super Cheap Auto Group Limited (SUL) today released its 2008 full year results announcing a 20% increase in Group EBIT over the prior comparative period.

Highlights of the results included:

- Earnings per share increasing by 15.5% over the prior comparative period
- Supercheap Auto and BCF growing profits at a faster rate than sales through improvement in retail margins and control of support costs
- Strong like for like sales growth across both businesses
- \$44.1 million invested in new and refurbished stores
- The relocation and set up of three distribution centres across Australia
- The acquisition of the Goldcross Cycles business

In commenting on the results, SUL Managing Director, Peter Birtles, said he was pleased to be able to report another year of significant progress for the Super Cheap Auto Group.

“We have delivered record sales and profits at the same time as investing in growth opportunities and in building capability and infrastructure across the Group.

“The Supercheap Auto and BCF businesses are not only performing well but are set for further growth through new stores, merchandising and marketing initiatives and procurement opportunities. The acquisition of Goldcross provides the opportunity to develop the largest chain of bicycle retail stores across Australia and New Zealand.”

SUPERCHEAP AUTO

Sales increased by 6.3% to \$558.8 million with like for like sales growth in existing stores of 4.8%.

EBIT at \$41.5 million was 9.8% higher than the prior comparative period. EBIT margins increased from 7.2% of sales to 7.4% through continued reduction in the cost of doing business.

Operating costs as a % of sales have fallen by 0.7% points over the last two years. Despite increased sales in lower gross margin categories such as in car navigation and lubricants, gross margins held steady at 39.3% largely due to cost benefits derived from sourcing initiatives.

Five new stores were opened during the year, one store was closed and two stores were relocated. 30 stores were refurbished during the year and the Caboolture store was refurbished and reformatted as a Superstore. At the end of June, there were 250 stores trading across Australia and New Zealand.

Mr. Birtles said “The business recorded the highest level of like for like growth for five years which was particularly pleasing, given the robust like for like growth of 4.1% in the prior comparative period. The refurbished stores continue to trade well delivering a lift in sales compared to trend prior to refurbishment. We intend to refurbish another 30 stores in the next financial year.

“We have continued to focus our product range selection around national brand leaders such as Castrol, Bosch, Amorall and Ferodo along with our three tier own brand strategy under our Best Buy, SCA and Calibre own brands. The strengthening performance of Supercheap Auto has attracted leading brands such as Ryco filters and Bendix brake pads which will in turn cement our position as the leading retailer of auto parts and accessories.”

BCF - BOATING CAMPING FISHING

Sales at \$156.4 million were 58% higher than the prior comparative period. Like for like growth from stores trading for more than 12 months was 5.7%.

EBIT at \$7.9 million was \$6.1 million higher than the prior comparative period with EBIT pre new store set up costs at \$11.9 million was \$5.3 million higher. Underlying EBIT margins pre new store set up costs have increased from 6.7% to 7.6%.

17 new BCF stores were opened during the year including two stores acquired from JV Marine in Melbourne. A smaller specialist Fishing and Tackle store trading as Campbells Pro Tackle in Perth was acquired in December and continues to trade under the Campbells name.

At the end of June, BCF had 49 stores trading across Queensland, New South Wales, Victoria, Western Australia and the Northern Territory.

Mr. Birtles said “The like for like growth achieved by the business was particularly strong given that sales at a number of existing stores were cannibalised by the opening of new stores.

“A major driver of the improvement in profitability was an increase in gross margins which increased by 100 basis points to 41.6%. We are confident that we can continue to enhance

margins through working with our supply partners on exclusive product opportunities and new product development.

“BCF is still a very young business and although the business has performed very well we recognise that there remains an opportunity to better tailor the offer to local market demand. We are looking to build our business in Victoria and to launch the business in South Australia in the next 12 months.”

GOLDCROSS

The Group completed the acquisition of Goldcross Cycles, an 11 store network of bicycle stores all based in suburban Melbourne, on 23 June 2008. The Group also acquired a 50 per cent interest in Oceania Bicycles, an importer and distributor of bicycles and bicycle parts and accessories.

Mr Birtles said. “The bicycle retail market is highly fragmented and we see an opportunity to develop a market leading category killer business. Over the next few years, we plan to grow Goldcross to a chain of around 50 stores across Australia.”

The Group incurred \$500,000 of due diligence and market research costs associated with the acquisition of Goldcross during the year.

GROUP LOGISTICS AND SHARED SERVICES

During the year, the Group established new distribution centres in Melbourne and Brisbane and relocated the Perth distribution centre. As a result, the Group has exited all third party facilities.

Mr. Birtles said “We invested around \$5 million in establishing the new network of which \$2 million was expensed as part of operating costs and \$3 million of distribution centre fit-out was capitalised. The disruption to the supply chain through the relocation project has had a short term impact on the efficiency of our Group Logistics operations and led to a short term increase in working capital. These impacts will reverse in 2008/09.”

CASH FLOW AND NET DEBT

During the year, the Group increased its debt facilities to an overall limit of \$200 million with only a minor increase in costs. \$80 million of the facilities are in the form of a working capital funding facility which is reviewed on an annual basis. \$120 million is in the form of a term debt facility which matures in April 2010.

Net external debt for the Group has increased from \$93.5 million to \$117.8 million.

Cash flow from operations was \$49.6 million, an increase of \$15.6 million compared to the prior year. Overall investment in working capital was \$7 million of which \$20.7 million related to new stores, \$10 million related to extra stock carried by the business through the supply chain reconfiguration, offset by a \$30 million benefit arising from the earlier period end balance date of 28 June.

Group capital expenditure was \$43.5 million with \$15.2 million invested in acquisitions, \$8.5 million in new store fit-out, \$7.9 million in the store refurbishment program, \$7.5 million in supply chain and IT projects and \$4.4 million in general maintenance projects.

LOOKING AHEAD

Mr. Birtles said, “We anticipate that the trading environment will be challenging for the next few months reflecting the more general slowing of growth in retail spending. However, we believe that the medium term outlook for retail spending remains strong. Consequently, we will continue to invest in growth opportunities for the Group.

“In the first eight weeks of the new financial year we have generated solid sales growth across both of our businesses with like for like sales growth at Supercheap Auto of 2.7% and at BCF of 5.9%.

“Supercheap Auto is planning to open up to eight stores in the next year depending on property opportunities and will refurbish another 30 existing stores. It also is planning to reconfigure two existing stores as Superstores. Leveraging the reconfigured logistics network provides an opportunity to further improve profit margins.

“BCF will be targeting around 10 new stores including the first BCF stores in the ACT and South Australia. The increased scale and sourcing opportunities plus a reduced investment in store opening costs will further improve profit margins.

“The development of the Goldcross business will be dependent on property opportunities but the business has the capacity to open around eight stores in the next year. The business will also be refurbishing most of the existing 11 stores. The revenue investment in developing the Goldcross business will result in a negative EBIT contribution of around \$2 million in the 2008/09 year.”

Peter Birtles and Gary Carroll will be presenting the results by teleconference at 10.30 am AEST Thursday 28 August 2008. To listen to this presentation simply go to the Company’s website

<http://www.supercheapauto.com.au/corporate/investor-centre/boardroom-radio-audio-broadcasts>

ENDS

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APPENDIX 4E

PRELIMINARY FINAL REPORT

SUPER CHEAP AUTO GROUP LIMITED (SUL)

ABN 81 108 676 204

Statutory Results

Current Reporting Period: From 1 July 2007 to 28 June 2008 (52 weeks)
 Previous Reporting Period: From 2 July 2006 to 30 June 2007 (52 weeks)

Results for Announcement to the Market

	Statutory Results \$'000	Comparison to 2007 Statutory Results \$'000			
Revenue from ordinary activities	715,657	Up	14.5%	to	\$715,657
Profit from ordinary activities after tax attributable to members	25,800	Up	15.5%	to	\$25,800
Net profit for the period attributable to members	25,800	Up	15.5%	to	\$25,800

Dividends

	Amount Per Share	Franked Amount Per Share
Interim dividend – Current Period	5.5¢	5.5¢
Final dividend – Current Period Declared 27 August 2008 (payable 14 October 2008)	7.5¢	7.5¢

Record date for determining entitlements to the final dividend	22 September 2008
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Brief explanation of figures reported above to enable the figures to be understood

Refer press release

Audit

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

Details of Annual General Meeting

Place Kedron Wavell Services Club, Long Tan Room, 375 Hamilton Road, Chermside South, Queensland

Date Wednesday, 29 October 2008

Time 11.00 am

**Approximate date the annual report will
be available:** 29 September 2008

Super Cheap Auto Group Limited
Income statements
For the period ended 28 June 2008

	Notes	Consolidated		Parent entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue from continuing operations	3	715,657	625,187	24,019	17,013
Other income	4	320	129	4	2
Total revenues and other income		715,977	625,316	24,023	17,015
Cost of sales of goods		(426,299)	(376,733)	0	0
Other expenses from ordinary activities					
- selling and distribution		(83,697)	(70,633)	0	0
- marketing		(37,472)	(35,906)	0	0
- occupancy		(53,171)	(44,979)	0	0
- administration		(69,416)	(58,614)	(2,086)	(1,602)
Finance costs expense		(9,116)	(7,191)	(8,914)	(6,662)
Total expenses		(679,171)	(594,056)	(11,000)	(8,264)
Profit before income tax		36,806	31,260	13,023	8,751
Income tax (expense)/benefit	6	(11,006)	(8,928)	2,989	2,633
Profit attributable to Members of Super Cheap Auto Group Limited		25,800	22,332	16,012	11,384

	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per share	24.2	21.0
Diluted earnings per share	24.2	20.9

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

Super Cheap Auto Group Limited

Balance sheets

As at 28 June 2008

	Notes	Consolidated		Parent entity	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	8,709	6,271	108	17
Trade and other receivables	8	19,282	14,591	133,990	116,290
Inventories	9	193,975	159,880	0	0
Total current assets		221,966	180,742	134,098	116,307
Non-current assets					
Other financial assets	10	0	0	95,319	84,234
Property, plant and equipment	11	79,552	67,262	0	0
Deferred tax assets	12	7,629	7,991	37	32
Intangible assets	13	76,009	58,613	0	0
Total non-current assets		163,190	133,866	95,356	84,266
Total assets		385,156	314,608	229,454	200,573
LIABILITIES					
Current liabilities					
Trade and other payables	14	91,205	62,243	250	1,601
Borrowings	15	57,393	31,410	54,782	29,729
Current tax liabilities	16	3,682	5,611	3,683	5,611
Provisions	17	7,696	5,800	224	0
Total current liabilities		159,976	105,064	58,939	36,941
Non-current liabilities					
Trade and other payables	18	10,469	8,194	0	0
Borrowings	19	70,315	70,000	70,000	70,000
Deferred tax liabilities	20	0	0	0	0
Provisions	21	8,635	6,824	2,866	0
Total non-current liabilities		89,419	85,018	72,866	70,000
Total liabilities		249,395	190,082	131,805	106,941
Net assets		135,761	124,526	97,649	93,632
EQUITY					
Contributed equity	22	84,627	84,233	84,627	84,233
Reserves	23	(3,344)	(1,168)	890	496
Retained profits	23	54,478	41,461	12,132	8,903
Capital and reserves attributable to equity holders of Super Cheap Auto Group Limited		135,761	124,526	97,649	93,632

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

Super Cheap Auto Group Limited
Statements of changes in equity
For the period ended 28 June 2008

	Notes	Consolidated		Parent entity	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		124,526	112,930	93,632	91,491
Changes in the fair value of cash flow hedges, net of tax		465	(1,613)	76	(2)
Exchange differences on translation of foreign operations		(2,959)	118	0	0
Net income recognised directly in equity		(2,494)	(1,495)	76	(2)
Profit for the year		25,800	22,332	16,012	11,384
Total recognised income and expense for the year		23,306	20,837	16,088	11,382
Transactions with equity holders in their capacity as equity holders:					
Dividends provided for or paid	24	(12,783)	(9,579)	(12,783)	(9,579)
Employee share options		318	338	318	338
		(12,465)	(9,241)	(12,465)	(9,241)
Issue of shares		394	0	394	0
Total equity at the end of the financial year		135,761	124,526	97,649	93,632
Total recognised income and expense for the year is attributable to:					
Members of Super Cheap Auto Group Limited		23,306	20,837	16,088	11,382

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

Super Cheap Auto Group Limited
Cash Flow statements
For the period ended 28 June 2008

	Notes	Consolidated		Parent entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		784,645	689,172	0	0
Payments to suppliers and employees (inclusive of goods and services tax)		(671,250)	(602,820)	(2,238)	(5,888)
Rental payments					
- external		(42,589)	(36,597)	0	0
- related parties		(7,626)	(8,417)	0	0
Income taxes paid		(13,527)	(7,346)	(12,769)	(6,892)
Net cash (outflow) inflow from operating activities		49,653	33,992	(15,007)	(12,780)
Cash flows from investing activities					
Payments for property, plant and equipment		(28,277)	(30,605)	0	0
Proceeds from sale of property, plant and equipment		502	147	0	0
Payments for purchase of subsidiary, net of cash acquired		(15,744)	0	(8,221)	0
Proceeds from sale of service centres		0	75	0	0
Net cash (outflow) inflow from investing activities		(43,519)	(30,383)	(8,221)	0
Cash flows from financing activities					
Proceeds from borrowings		434,365	255,950	434,365	252,500
Payments for borrowings		(415,451)	(243,750)	(414,998)	(239,750)
Interest paid		(10,011)	(6,284)	(10,141)	(6,626)
Dividends paid to company's shareholders	24	(12,783)	(9,579)	(12,783)	(9,579)
Proceeds from issue of shares		394	0	394	0
Repayment of loans re shares		0	0	0	0
Advances to related parties		0	0	(430,501)	(254,710)
Repayments of advances to related parties		0	0	456,985	270,830
Net cash inflow (outflow) from financing activities		(3,486)	(3,663)	23,319	12,665
Net increase (decrease) in cash and cash equivalents		2,648	(54)	91	(115)
Cash and cash equivalents at the beginning of the financial year		6,271	6,372	17	132
Effects of exchange rate changes on cash and cash equivalents		(210)	(47)	0	0
Cash and cash equivalents at end of year	7	8,709	6,271	108	17

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JUNE 2008

1 Basis of preparation

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

This financial report covers the consolidated entity of Super Cheap Auto Group Limited and its controlled entities and Super Cheap Auto Group Limited as an individual parent entity.

2 Segment information

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

Supercheap Auto: Retail and distribution of motor vehicle spare parts and accessories, tools and equipment.

BCF Boating, Camping and Fishing: Retail and distribution of boating, camping and fishing equipment.

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

Primary reporting segment – business segment

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

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 28 JUNE 2008 (continued)**

2 Segment information (continued)

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

Geographical segments

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

Australia

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

New Zealand

Only Supercheap Auto operates in New Zealand.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 28 JUNE 2008 (continued)**

Secondary Segment – Geographical Segments

	Segment Revenues from sales to external customers		Segment Assets		Acquisitions of property, plant and equipment, intangibles and other non- current segment assets	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Australia	654,161	565,632	358,848	288,292	46,532	29,225
New Zealand	61,278	59,183	26,308	26,316	1,402	1,109
	715,439	624,815	385,156	314,608	47,934	30,334

3 Revenue

	Consolidated		Parent entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
From continuing operations				
<i>Sales revenue</i>				
Sale of goods	715,439	624,815	0	0
	715,439	624,815	0	0
<i>Other revenue</i>				
Interest	218	372	19	13
Dividends – related party	0	0	24,000	17,000
	218	372	24,019	17,013
	715,657	625,187	24,019	17,013

4 Other Income

	Consolidated		Parent entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Net gain on disposal of property, plant and equipment	0	0	0	0
Other income	320	129	4	2
	320	129	4	2

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 28 JUNE 2008 (continued)**

5 Expenses

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Profit before income tax includes the following specific gains and expenses:				
<i>Expenses</i>				
Net loss on disposal of property, plant and equipment	368	260	0	0
<i>Depreciation</i>				
Computer systems	4,929	4,014	0	0
Plant and equipment	7,862	6,283	0	0
Motor vehicles	383	311	0	0
Total depreciation	13,174	10,608	0	0
<i>Amortisation</i>				
Computer software	2,750	2,652	0	0
<i>Finance costs</i>				
Interest and finance charges	9,116	7,191	8,914	6,662
Amount capitalised	0	0	0	0
Finance costs expensed	9,116	7,191	8,914	6,662
<i>Employee benefits expense</i>				
Superannuation expense	7,314	6,094	33	6
Salaries and wages	112,655	98,417	1,409	283
	119,969	104,511	1,442	289
<i>Rental expense relating to operating leases</i>				
Lease expenses	51,801	43,405	0	0
Equipment hire	2,030	1,274	0	0
Total rental expense relating to operating leases	53,831	44,679	0	0
<i>Foreign exchange gains and losses</i>				
Net foreign exchange (gains)/losses	2,626	509	0	0

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JUNE 2008 (continued)

6 Income tax expense

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(a) Income tax expense				
Current tax	11,469	11,037	(3,001)	(2,468)
Deferred tax	(498)	(1,922)	(37)	(37)
Adjustments for current tax of prior period	35	(187)	49	(128)
	11,006	8,928	(2,989)	(2,633)
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 12)	(432)	(2,217)	(37)	(37)
(Decrease) increase in deferred tax liabilities (note 20)	(66)	295	0	0
	(498)	(1,922)	(37)	(37)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	36,806	31,260	13,023	8,751
Tax at the Australian tax rate of 30% (2006 - 30%)	11,042	9,378	3,907	2,625
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-taxable dividends	0	0	(7,200)	(5,100)
Tax consolidation adjustments re NZ branch	(127)	(342)	0	0
Sundry items	32	50	254	2
	10,947	9,086	(3,039)	(2,473)
Difference in overseas tax rates	14	(6)	0	0
Adjustments for current tax of prior periods	49	6	50	13
Research and development tax credits	0	(173)	0	(173)
Restatement of New Zealand deferred tax balances to 30%	(3)	15	0	0
Income tax expense	11,006	8,928	(2,989)	(2,633)
Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax – debited/(credited) directly to equity (notes 12 and 20)	200	(731)	(32)	(40)
	200	(731)	(32)	(40)

(c) Tax consolidation legislation

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

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

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JUNE 2008 (continued)

7 Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	8,709	6,271	108	17

8 Current assets - Trade and other receivables

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Trade receivables	14,107	5,639	142	0
Provision for impairment of receivables (a) (b)	(165)	(74)	0	0
	13,942	5,565	142	0
Loans to related parties (c)	0	0	133,228	116,194
Other receivables	3,221	2,753	620	96
Tax receivable	1,745	1,176	0	0
Prepayments	374	5,097	0	0
	19,282	14,591	133,990	116,290

(a) Impaired trade receivables

As at 28 June 2008 current trade receivables of the Group with a nominal value of \$165,000 (2007: \$74,000) were impaired. The amount of the provision was \$165,000 (2007: \$74,000). The individually impaired receivables mainly relate to wholesalers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. There were no impaired trade receivables for the parent in 2008 or 2007.

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

	Consolidated	
	2008	2007
	\$'000	\$'000
At 1 July	(74)	(26)
Provision for impairment recognised during the year	(100)	(100)
Receivables written off during the year as uncollectible	9	52
Unused amount reversed	0	0
	(165)	(74)

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 28 June 2008, trade receivables of \$5,176,000 (2007: \$2,480,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
0 to 3 months	2,917	334	0	0
3 to 6 months	708	495	0	0
Over 6 months	1,551	1,651	0	0
	5,176	2,480	0	0

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 28 JUNE 2008 (continued)**

8 Current assets - Trade and other receivables (continued)

(c) Loans to related parties

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

9 Current assets – Inventories

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Finished goods				
- at lower of cost or net realisable value	193,975	159,880	0	0

(a) Inventory expense

Inventories recognised as expense during the year ended 28 June 2008 amounted to \$409,473,000 (2007: \$360,970,000).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2008 amounted to \$2,128,000 (2007: \$1,106,000). The expense has been included in 'costs of sales of goods' in the income statement.

10 Non-current assets – Other financial assets

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Shares in subsidiaries at cost				
Name of entity				
Super Cheap Auto Pty Ltd	0	0	84,233	84,233
BCF Australia Pty Ltd	0	0	1	1
Super Retail Group Services Pty Ltd	0	0	0	0
Goldcross Cycles Pty Ltd	0	0	9,636	0
Oceania Bicycles Pty Ltd	0	0	1,449	0
Total non-current assets – shares in controlled entities (refer Note 33)	0	0	95,319	84,234

These financial assets are carried at cost.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 28 JUNE 2008 (continued)**

11 Non-current assets – Property, plant and equipment

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Plant and equipment, at cost	94,472	77,346	0	0
Less accumulated depreciation	(29,253)	(22,258)	0	0
Net plant and equipment	65,219	55,088	0	0
Motor vehicles, at cost	750	1,423	0	0
Less accumulated depreciation	(554)	(792)	0	0
Net motor vehicles	196	631	0	0
Computer systems, at cost	33,495	26,104	0	0
Less accumulated depreciation	(19,358)	(14,561)	0	0
Net computer equipment	14,137	11,543	0	0
Total net property, plant and equipment	79,552	67,262	0	0

Assets pledged as security are detailed in Note 19

	Plant and equipment \$'000	Motor vehicles \$'000	Computer systems \$'000	Total \$'000
Reconciliations - consolidated entity				
Carrying amounts at 1 July 2007	55,088	631	11,543	67,262
Additions	17,041	661	7,742	25,444
Disposals	(491)	(717)	(59)	(1,267)
Business acquisitions	2,102	15	0	2,117
Depreciation and amortisation	(7,862)	(383)	(4,929)	(13,174)
Foreign currency exchange differences	(659)	(11)	(160)	(830)
Carrying amounts at 28 June 2008	65,219	196	14,137	79,552
	Plant and equipment \$'000	Motor vehicles \$'000	Computer systems \$'000	Total \$'000
Reconciliations - consolidated entity				
Carrying amounts at 2 July 2006	39,135	697	9,965	49,797
Additions	22,039	298	5,527	27,864
Disposals	(346)	(61)	0	(407)
Depreciation and amortisation	(6,283)	(311)	(4,014)	(10,608)
Foreign currency exchange differences	543	8	65	616
Carrying amounts at 30 June 2007	55,088	631	11,543	67,262

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 28 JUNE 2008 (continued)**

12 Non-current assets - Deferred tax assets

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
The balance comprises temporary differences attributable to:				
<i>Amounts recognised in profit or loss</i>				
Doubtful debts	32	129	0	0
Employee benefits	2,341	2,191	95	2
Accruals	589	774	3	59
Inventories	1,040	1,146	0	0
Deferred borrowing/consulting costs	0	0	0	0
Deferred make good provision	602	686	0	0
Straight line lease adjustment	3,140	2,458	0	0
Deferred income	94	90	0	0
Depreciation	516	386	0	0
Provision for warranties and legal costs	0	30	0	0
	8,354	7,890	98	61
<i>Amounts recognised directly in equity</i>				
Cash flow hedges	480	680	(61)	(29)
	8,834	8,570	37	32
Set off with deferred tax liabilities (note 20)	(1,205)	(579)	0	0
Net deferred tax assets	7,629	7,991	37	32
Movements:				
Opening balance	8,570	5,633	32	24
Credited/(charged) to the income statement	432	2,217	37	37
Credited/(charged) to equity	(200)	662	(32)	(29)
Foreign exchange on translation of NZ subsidiary	(62)	58	0	0
Acquired in acquisition	94	0	0	0
Closing balance	8,834	8,570	37	32
Deferred tax assets to be recovered after more than 12 months	1,334	1,368	0	0
Deferred tax assets to be recovered within 12 months	7,500	7,202	37	32
	8,834	8,570	37	32

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JUNE 2008 (continued)

13 Non-current assets – Intangible assets

	Consolidated		Parent entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Goodwill at cost	66,581	52,112	0	0
Less impairment charge	0	0	0	0
Net goodwill	66,581	52,112	0	0
Trademarks, at cost	14	14	0	0
Less accumulated depreciation	0	0	0	0
Net trademarks	14	14	0	0
Computer software	17,977	15,203	0	0
Less accumulated amortisation	(11,463)	(8,716)	0	0
Net computer software	6,514	6,487	0	0
Brand names at cost	2,500	0	0	0
Less impairment	0	0	0	0
Net brand names	2,500	0	0	0
Supplier agreement	400	0	0	0
Less impairment	0	0	0	0
Net supplier agreement	400	0	0	0
Total net intangibles	76,009	58,613	0	0

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

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

(a) Impairment tests for goodwill

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JUNE 2008 (continued)

13 Non-current assets – Intangible assets (continued)

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

No impairment loss was recognised in the 2008 financial year.

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

	Growth rate		Discount rate	
	2008	2007	2008	2007
	%	%	%	%
Supercheap Auto	3	3	15	15
BCF	5	5	15	15

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

14 Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Trade payables	75,327	43,138	0	25
Other payables	15,853	19,105	250	1,576
Loans from related parties	25		0	
	91,205	62,243	250	1,601

15 Current liabilities – Borrowings

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Secured				
Finance leases	1,091	0	0	0
Commercial bill	56,501	31,540	55,351	29,940
Less borrowing costs capitalised, net	(581)	(271)	(569)	(211)
Total current liabilities – secured interest bearing liabilities	57,011	31,269	54,782	29,729
Unsecured				
Related parties	1	2	0	0
Unsecured bank financing	381	139	0	0
Total current liabilities – unsecured interest bearing liabilities	382	141	0	0
Total current liabilities – interest bearing liabilities	57,393	31,410	54,782	29,729

(a) Bills payable

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

(b) Security

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

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

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 28 JUNE 2008 (continued)**

16 Current liabilities – Current tax liabilities

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Income tax payable	3,682	5,611	3,683	5,611

17 Current liabilities – Provisions

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Put option provision	531	0	0	
Make good provision	165	284	0	0
Employee benefits	7,000	5,516	224	0
	7,696	5,800	224	0

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.

18 Non-current liabilities – Trade and Other Payables

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Straight line lease adjustment	10,469	8,194	0	0

19 Non-current liabilities – Borrowings

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Secured				
Cash advance	70,315	70,000	70,000	70,000
	70,315	70,000	70,000	70,000

The facilities are secured by first registered floating company charges over all the assets and undertakings of Super Cheap Auto Group Limited, Super Cheap Auto Pty Ltd, Super Cheap Auto (New Zealand) Pty Ltd, Super Retail Group Services Pty Ltd and BCF Australia Pty Ltd in favour of ANZ Banking Group Limited and by cross guarantees and indemnities between Super Cheap Auto Pty Ltd and Super Cheap Auto (New Zealand) Pty Ltd and between Super Cheap Auto Group Limited, Super Cheap Auto Pty Ltd, Super Retail Group Services Pty Ltd and BCF Australia Pty Ltd in favour of ANZ Banking Group Limited. Financial covenants are provided by Super Cheap Auto Group Limited with respect to leverage, gearing and fixed charges coverage.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 28 JUNE 2008 (continued)**

20 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss

Prepayments	25	10	0	0
Unrealised foreign exchange on inter company balances	0	224	0	0
Depreciation	430	345	0	0
Brand values	750	0	0	0
	1,205	579	0	0

Amounts recognised directly in equity

Foreign exchange revaluation reserve	0	0	0	0
Cash flow hedges	0	0	0	0
	1,205	579	0	0

Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions	(1,205)	(579)	0	0
Net deferred tax liabilities	0	0	0	0

Movements:

Opening balance	579	323	0	69
Charged/(credited) to the income statement	(66)	295	0	0
Charged/(credited) to equity	0	(69)	0	(69)
Foreign exchange on translation of NZ subsidiary	(58)	30	0	0
Acquired in acquisition	750	0	0	0
Closing balance	1,205	579	0	0

Deferred tax liabilities to be settled after more than 12 months

1,165 569 0 0

Deferred tax liabilities to be settled within 12 months

40 10 0 0

1,205 579 0 0

21 Non-current liabilities – Provisions

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000

Make good provision	4,954	5,558	0	0
Employee benefits	907	1,266	92	0
Provision for Goldcross performance incentive	2,774	0	2,774	0
	8,635	6,824	2,866	0

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JUNE 2008 (continued)

21 Non-current liabilities – Provisions (continued)

(a) Make good provision

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

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

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

	Make good \$'000
Opening balance as at 1 July 2007	5,842
Additional provisions recognised	917
Indexing of provisions	54
Provision released	(1,846)
Acquisitions	152
Closing balance as at 28 June 2008	<u>5,119</u>

(c) Provision for Goldcross performance incentive

In the event the stores comprising Goldcross Cycles Pty Ltd at settlement date achieve a certain EBIT result additional consideration of \$3,000,000 may be payable in cash. As this payment is considered probable it has been recorded, at present value, in the total purchase consideration of Goldcross Cycles Pty Ltd.

22 Contributed equity

(a) Share Capital

	Consolidated		Parent entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Ordinary shares fully paid	<u>84,627</u>	84,233	<u>84,627</u>	84,233

	Number of Shares	Issue Price	\$'000
(b) Movement in ordinary share capital			
Issue of shares on incorporation (8 April 2004)	1	1.00	0
Issue of shares on 23 April 2004	49,697,150	1.69	84,233
Share split on 19 May 2004	56,732,471	-	0
Issue of shares on 8 March 2008	200,000	1.97	394
Closing balance 28 June 2008	<u>106,629,622</u>		<u>84,627</u>

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 180,000 (2007: 1,375,000) ordinary shares were issued during the period, with 200,000 options being exercised during the period.

(c) Capital risk management

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

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

During 2008 the Group's strategy, which was unchanged from 2007, was to maintain a gearing ratio within 40% to 50%. This target ratio range excludes the short-term impact of acquisitions. The gearing ratios at 28 June 2008 and 30 June 2007 were as follows:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JUNE 2008 (continued)

22 Contributed equity (continued)

	Consolidated	
	2008	2007
	\$'000	\$'000
Total borrowings	127,708	101,410
Less: Cash & cash equivalents	(8,709)	(6,271)
Net Debt	118,999	95,139
Total Equity	135,761	124,526
Total Capital	254,760	219,665
Gearing Ratio	46.8%	43.3%

The increase in the gearing ratio in 2008 was primarily due to the acquisition of the Goldcross bicycle business, continued expansion of the store network and the establishment of a new distribution centre in Melbourne.

The Group and the parent entity monitor ongoing capital on the basis of the fixed charge cover ratio. The ratio is calculated as earnings before finance costs, tax, depreciation, amortisation and store rental expense divided by fixed charge obligations (being finance costs and rental expenses). Rental expenses are calculated net of straight line lease adjustments.

During 2008 the Group's strategy, which was unchanged from 2007, was to maintain a fixed charge cover ratio of around 2.0 times. The fixed charge cover ratios at 28 June 2008 and 30 June 2007 were as follows:

	Consolidated Entity	
	2008	2007
Earnings	25,800	22,332
Add: Taxation expense	11,006	8,928
Finance costs	9,116	7,191
Depreciation and amortisation	15,924	13,260
Rental expense	49,532	40,693
EBITDAR	111,378	92,404
Finance costs	9,116	7,191
Rental expense	49,532	40,693
Fixed charges	58,648	47,884
Fixed charge cover ratio	1.90	1.93

The slight reduction in the fixed charge cover ratio in 2008 is due to costs associated with the establishment of a new distribution centre in Melbourne and continued expansion of the store network, with store sales building over time.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 28 JUNE 2008 (continued)**

23 Reserves and retained profits

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Reserves				
Foreign currency translation reserve	(2,970)	(11)	0	0
Share based payments reserve	746	428	746	428
Hedging reserve	(1,120)	(1,585)	144	68
	(3,344)	(1,168)	890	496
Movements				
Foreign currency translation reserve				
Balance at the beginning of the financial period	(11)	(129)	0	0
Net exchange difference on translation of foreign controlled Entity	(2,959)	118	0	0
Balance at the end of the financial period	(2,970)	(11)	0	0
Share based payments reserve				
Balance at beginning of the financial period	428	90	428	90
Options lapsed	0	0	0	0
Option expense	318	338	318	338
Balance at the end of the financial period	746	428	746	428
Hedging reserve				
Balance at the beginning of the financial period	(1,585)	28	68	70
Revaluation – gross	665	(2,304)	107	(3)
Deferred tax	(200)	691	(31)	1
Balance at the end of the financial period	(1,120)	(1,585)	144	68
Retained earnings				
Balance at the beginning of the financial period	41,461	28,708	8,903	7,098
Net profit/(loss) for the financial period attributable to shareholders of Super Cheap Auto Group Limited	25,800	22,332	16,012	11,384
Dividends provided for or paid	(12,783)	(9,579)	(12,783)	(9,579)
Retained profits/(losses) at the end of the financial period	54,478	41,461	12,132	8,903

(c) Nature and purpose of reserves

(i) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(k). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(ii) Share-based payments reserve

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

(iii) Foreign currency translation reserve

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JUNE 2008 (continued)

24 Dividends

	Parent Entity	
	2008	2007
	\$'000	\$'000
Ordinary shares		
Dividends paid by Super Cheap Auto Group Limited during the reporting period were as follows:		
Interim dividend for the period ended 28 June 2008 of 5.5 cents (2007: 4 cents per share) paid on 2 April 2008. Fully franked based on tax paid @ 30%	5,865	4,257
Final dividend for the period ended 30 June 2007 of 6.5 cents per share (2007: 5 cents per share) paid on 10 October 2007. Fully franked based on tax paid @ 30%	6,918	5,322
Total dividends provided and paid	12,783	9,579

Dividends not recognised at year end

Subsequent to year end, the Directors have recommended the payment of a final dividend of 7.5 cents per ordinary share (2007: 6.5 cents per ordinary share), fully franked based on tax paid at 30%.

The aggregate amount of the dividend expected to be paid on 14 October 2008, out of retained profits at 28 June 2008, but not recognised as a liability at year end, is	8,530	6,918
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Franking credits

The franked portions of dividends paid after 28 June 2008 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 28 June 2008.

Franking credits remaining at balance date available for dividends declared after the current balance date based on a tax rate of 30%	33,619	25,781
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The above amounts represent the balance of the franking account as at the end of the financial period, adjusted for:

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

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

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$3,427,381 (2007: \$2,964,825).

25 Net tangible asset backing

	Consolidated Entity	
	2008	2007
	Cents	Cents
Net tangible asset per ordinary share	50¢	56¢

26 Business Combinations

During the period, the parent entity acquired the Goldcross Cycles business as detailed below at (a). In addition, BCF Australia Pty Ltd acquired certain assets and liabilities of two businesses during the period, Campbells Protackle (see (b) below) and JV Marine (see (c) below).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JUNE 2008 (continued)

26 Business Combinations (continued)

These acquisitions resulted in the recognition of the following goodwill:

	\$'000
Goldcross Cycles	10,174
Campbells Protackle	836
JV Marine	3,459
	<u>14,469</u>

(a) Goldcross Cycles

(i) Summary of acquisition

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

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

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

	\$'000
Purchase consideration	8,041
Additional consideration accrued	2,774
Put option (current value)	531
Direct costs relating to acquisition	267
Total Purchase consideration (refer to (ii) below)	<u>11,613</u>
Less: Fair value of net identifiable assets	<u>1,439</u>
Goodwill recognised on acquisition	<u>10,174</u>

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

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

In the event the stores comprising Goldcross at settlement date achieve a certain EBIT result additional consideration of \$3,000,000 may be payable in cash. As this payment is considered probable it has been recorded, at present value, in the total purchase consideration of Goldcross Cycles Pty Ltd.

(ii) Purchase considerations

	Consolidated	Parent entity
	2008 \$'000	2008 \$'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Total purchase consideration	<u>11,613</u>	<u>11,613</u>
Less: Consideration payable	<u>(3,380)</u>	<u>(3,380)</u>
Less: Balances acquired		
Cash	<u>12</u>	<u>12</u>
	<u>12</u>	<u>12</u>
Outflow of cash	<u>8,221</u>	<u>8,221</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JUNE 2008 (continued)

26 Business Combinations (continued)

In the event that certain pre-determined EBIT targets are achieved by the subsidiary in 2008/09, additional consideration of up to \$3 million may be payable in cash. If it becomes probable that additional consideration will be payable, it will be brought to account as a component of the goodwill arising on the acquisition when the amount can be reliably measured.

	Fair Value \$'000
Cash	12
Other Receivables	516
Inventory	5,739
Plant & Equipment	1,768
Brand name	2,500
Supplier agreement	400
Deferred make goods	123
Tax Assets	633
Bank Overdraft	(1,209)
Trade Payables	(1,820)
Provision for Employee Entitlements	(247)
Make-good provision	(154)
Other Payables	(326)
Deferred tax liability	(750)
Non-Current Borrowings	(5,746)
Net Identifiable Assets Acquired	<u>1,439</u>

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

(b) Campbells Protackle

Acquisition by controlled entity

On 15 November 2007, BCF Australia Pty Ltd acquired certain assets and assumed certain liabilities of the Campbells Pro Tackle business from an entity external to the Group.

Net assets acquired and goodwill are as follows:	2008 \$'000
Purchase consideration	
Cash Paid	1,500
Direct costs relating to the acquisition	<u>49</u>
Total purchase consideration	1,549
Provisional allocation of Fair value of net identifiable assets acquired (refer below)	<u>713</u>
Goodwill	836

The goodwill is attributable to Campbells Pro Tackle strong position and profitability in the fishing market and synergies expected to arise after the company's acquisition

Fair value of identifiable net assets acquired	
Inventory	700
Plant and equipment	16
Employee entitlements	(4)
Other creditors	(6)
Net deferred tax assets	<u>7</u>
Net identifiable assets acquired	<u>713</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 JUNE 2008 (continued)

26 Business Combinations (continued)

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

The acquired business contributed revenues of \$1.2 million to the Group for the period 15 November 2007 to 28 June 2008. If the acquisition had occurred on 1 July 2007, the contribution to group revenue would have been \$1.9 million. The contribution to group net profit after tax is not significant.

(c) JV Marine

Acquisition by controlled entity

On 1 February 2008, BCF Australia Pty Ltd acquired certain assets and assumed certain liabilities of the JV Marine business from an entity external to the Group.

	2008 \$'000
Net assets acquired and goodwill are as follows:	
Purchase consideration	
Cash Paid	5,908
Direct costs relating to the acquisition	69
Total purchase consideration	5,977
Fair value of net identifiable assets acquired (refer below)	2,518
Goodwill	3,459

The goodwill is attributable to JV Marine's strong position and profitability in the fishing and boating accessories market and synergies expected to arise after the company's acquisition.

Fair value of identifiable net assets acquired	
Inventory	2,140
Other receivables	214
Plant and equipment	210
Employee entitlements	(61)
Other creditors	(3)
Net deferred tax assets	18
Net identifiable assets acquired	2,518

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 \$2.4 million to the Group for the period 1 February 2008 to 28 June 2008. If the acquisition had occurred on 1 July 2007, the contribution to group revenue would have been \$10.0 million. The contribution to group net profit after tax is not significant.

27 Events occurring after the balance sheet date

Subsequent to the end of the period, BCF Australia Pty Ltd completed the acquisition of Jurkiewicz Adventure Store (including Canberra Ski and Board Centre) for \$1.70 million, buying certain assets and assuming certain liabilities.

The financial effects of the above transaction have not been brought to account at 28 June 2008. The operating results and assets and liabilities of the company will be brought to account from 31 July 2008.