

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

ABN 81 108 676 204

Statutory Results

Current Reporting Period: From 3 July 2005 to 1 July 2006 (52 weeks)
 Previous Reporting Period: From 27 June 2004 to 2 July 2005 (53 weeks)

Results for Announcement to the Market

	Statutory Results \$'000	Comparison to 2005 Statutory Results \$'000		
Revenue from ordinary activities	526,217	Up	11.8%	to \$526,217
Profit from ordinary activities after tax attributable to members	16,510	Down	24%	to \$16,510
Net profit for the period attributable to members	16,510	Down	24%	to \$16,510

Dividends

	Amount Per Share	Franked Amount Per Share
Interim dividend – Current Period	3.0¢	3.0¢
Final dividend – Current Period Declared 24 August 2006 (payable 11 October 2006)	5.0¢	5.0¢
Record date for determining entitlements to the final dividend		19 September 2006

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 Pine Rivers Memorial Bowls Club, Cnr Sparkes and Francis Roads, Bray Park, Queensland

Date Thursday, 26 October 2006

Time 12.00pm

**Approximate date the annual report will
be available:** 28 September 2006

Super Cheap Auto Group Limited
Income statements
For the period 3 July 2005 to 1 July 2006

	Notes	Consolidated		Parent entity	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Revenue from continuing operations	3	526,236	470,363	13,000	9,509
Other income	4	268	214	0	0
Total revenues and other income		526,504	470,577	13,000	9,509
Cost of sales of goods		(316,860)	(281,185)	0	0
Other expenses from ordinary activities					
- selling and distribution		(58,959)	(52,091)	0	0
- marketing		(32,586)	(25,965)	0	0
- occupancy		(36,881)	(31,083)	0	0
- administration		(52,017)	(44,938)	(618)	(1,024)
Borrowing costs expense		(5,836)	(4,399)	(4,237)	(1,180)
Total expenses		(503,139)	(439,661)	(4,855)	(2,204)
Profit before income tax		23,365	30,916	8,145	7,305
Income tax expense	5	(6,855)	(9,192)	1,456	327
Profit attributable to Members of Super Cheap Auto Group Limited		16,510	21,724	9,601	7,632

	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per share	15.5	20.4
Diluted earnings per share	15.5	20.4

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

Super Cheap Auto Group Limited
Balance sheets
As at 1 July 2006

	Notes	Consolidated		Parent entity	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	6,372	6,902	132	45
Trade and other receivables	7	14,158	14,156	96,085	65,909
Inventories	8	135,021	123,183	0	0
Total current assets		155,551	144,241	96,217	65,954
Non-current assets					
Other financial assets	9	0	0	84,234	84,234
Property, plant and equipment	10	49,797	41,511	0	0
Deferred tax assets	11	5,355	4,708	0	0
Intangible assets	12	58,794	58,350	0	0
Total non-current assets		113,946	104,569	84,234	84,234
Total assets		269,497	248,810	180,451	150,188
LIABILITIES					
Current liabilities					
Trade and other payables	13	54,925	50,036	213	200
Borrowings	14	19,041	84,528	16,977	59,583
Current tax liabilities	15	1,725	696	1,725	467
Provisions	16	4,681	4,032	0	0
Total current liabilities		80,372	139,292	18,915	60,250
Non-current liabilities					
Borrowings	17	70,000	0	70,000	0
Deferred tax liabilities	18	45	42	45	42
Provisions	19	6,150	4,879	0	0
Total non-current liabilities		76,195	4,921	70,045	42
Total liabilities		156,567	144,213	88,960	60,292
Net assets		112,930	104,597	91,491	89,896
EQUITY					
Contributed equity	20	84,233	84,233	84,233	84,233
Reserves	21	(11)	184	160	184
Retained profits	21	28,708	20,180	7,098	5,479
Total equity		112,930	104,597	91,491	89,896

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 1 July 2006

	Notes	Consolidated		Parent entity	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Total equity at the beginning of the financial year		104,597	84,835	89,896	84,226
Adjustment on adoption of AASB 132 and AASB 139, net of tax, to:					
Retained profits	21	0	0	0	0
Reserves	21	0	0	0	0
Restated total equity at the beginning of the financial year		104,597	84,835	89,896	84,226
Changes in the fair value of cash flow hedges, net of tax	21	28	0	70	0
Exchange differences on translation of foreign operations		(129)	0	0	0
Net income recognised directly in equity Profit for the year		(101)	0	70	0
Total recognised income and expense for the year		16,510	21,724	9,601	7,632
Total recognised income and expense for the year		16,409	21,724	9,671	7,632
Transactions with equity holders in their capacity as equity holders:					
Dividends provided for or paid	22	(7,982)	(2,129)	(7,982)	(2,129)
Employee share options		(94)	167	(94)	167
		(8,076)	(1,962)	(8,076)	(1,962)
Total equity at the end of the financial year		112,930	104,597	91,491	89,896
Total recognised income and expense for the year is attributable to:					
Members of Super Cheap Auto Group Limited		16,409	21,724	9,671	7,632

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 1 July 2006

	Notes	Consolidated		Parent entity	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		581,016	517,279	0	0
Payments to suppliers and employees (inclusive of goods and services tax)		(510,000)	(470,187)	(1,273)	(588)
Rental payments					
- external		(29,253)	(29,024)	0	0
- related parties		(8,103)	(8,002)	0	0
Income taxes paid		(6,889)	(6,018)	(6,549)	354
Net cash (outflow) inflow from operating activities		26,771	4,048	(7,822)	(234)
Cash flows from investing activities					
Payment for purchase of subsidiary, net of cash acquired		0	(8,019)	0	(6,699)
Payments for property, plant and equipment		(20,994)	(17,812)	0	0
Proceeds from sale of property, plant and equipment		158	45	0	0
Proceeds from sale of service centres		50	1,084	0	0
Net cash (outflow) inflow from investing activities		(20,786)	(24,702)	0	(6,699)
Cash flows from financing activities					
Proceeds from borrowings		264,266	207,724	259,638	134,825
Payments for borrowings		(259,000)	(176,598)	(231,950)	(75,250)
Interest paid		(3,927)	(3,751)	(3,604)	(2,021)
Dividends paid to company's shareholders	22	(7,982)	(7,129)	(7,982)	(2,129)
Repayment of loans re shares		0	(7,183)	0	0
Advances to related parties		0	0	(197,402)	(48,447)
Repayments of advances to related parties		55	856	189,209	0
Net cash inflow (outflow) from financing activities		(6,588)	13,919	7,909	6,978
Net increase (decrease) in cash and cash equivalents					
		(603)	(6,735)	87	45
Cash and cash equivalents at the beginning of the financial year		6,902	13,640	45	0
Effects of exchange rate changes on cash and cash equivalents		73	(3)	0	0
Cash and cash equivalents at end of year	6	6,372	6,902	132	45

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 1 JULY 2006

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.

Primary reporting segment – business segment

2006	Supercheap Auto \$'000	BCF \$'000	Total continuing operations \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Sales to external customer	481,781	44,168	525,949	0	525,949
Inter segment sales	0	0	0	0	0
Total sales revenue/income	481,781	44,168	525,949	0	525,949
Other income	519	36	555	0	555
Total revenue and other income	482,300	44,204	526,504	0	526,504
Segment result (pre-borrowing costs)	32,637	(3,436)	29,201	0	29,201
Net borrowing costs				(5,836)	(5,836)
Profit before income tax					23,365
Income tax expense					(6,855)
Profit for the period					16,510
Segment assets	263,465	32,292	295,757	(28,410)	267,347
Unallocated assets				2,150	2,150
Total assets					269,497
Segment liabilities	(61,015)	(35,031)	(96,046)	28,410	(67,636)
Unallocated liabilities				(88,931)	(88,931)
Total liabilities					(156,567)
Acquisitions of property, plant and equipment and other non-current segment assets	13,806	6,341	20,147	0	20,147
Depreciation and amortisation expense	10,096	609	10,705	0	10,705
Other non-cash expenses	(134)	0	(134)	0	(134)

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 1 JULY 2006 (continued)**

2 Segment information (continued)

2005	Supercheap Auto \$'000	BCF \$'000	Total continuing operations \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Sales to external customers	465,048	5,097	470,145	0	470,145
Inter segment sales	0	0	0	0	0
Total sales revenue	465,048	5,097	470,145	0	470,145
Other income	432	0	432	0	432
Total revenue and other income	465,480	5,097	470,577	0	470,577
Segment result (pre-borrowing costs)	35,758	(443)	35,315	0	35,315
Net borrowing costs				(4,399)	(4,399)
Profit before income tax					30,916
Income tax expense					(9,192)
Profit for the period					21,724
Segment assets	243,943	10,942	254,885	(9,375)	245,510
Unallocated assets				3,300	3,300
Total assets					248,810
Segment liabilities	(58,172)	(11,261)	(69,433)	9,375	(60,058)
Unallocated liabilities				(84,155)	(84,155)
Total liabilities					(144,213)
Acquisitions of property, plant and equipment and other non-current segment assets	17,098	7,529	24,627	0	24,627
Depreciation and amortisation expense	8,317	27	8,344	0	8,344
Other non-cash expenses	239	0	239	0	239

Geographical segments

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

Australia

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

New Zealand

Only Supercheap Auto operates in New Zealand.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (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	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Australia	472,851	422,799	245,566	221,598	18,482	21,773
New Zealand	53,098	47,346	23,931	27,212	1,665	2,854
	525,949	470,145	269,497	248,810	20,147	24,627

3 Revenue

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
From continuing operations				
<i>Sales revenue</i>				
Sale of goods	525,949	470,145	0	0
	525,949	470,145	0	0
<i>Other revenue</i>				
Interest	287	218	0	9
Dividends – related party	0	0	13,000	9,500
	287	218	13,000	9,509
	526,236	470,363	13,000	9,509

4 Other Income

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Net gain on disposal of property, plant and equipment	84	0	0	0
Other income	184	214	0	0
	268	214	0	0

5 Income tax expense

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a) Income tax expense				
Current tax	7,538	8,149	(1,469)	(550)
Deferred tax	(666)	846	13	(37)
Under (over) provided in prior years	(17)	197	0	260
	6,855	9,192	(1,456)	(327)
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 11)	(624)	869	13	(37)
(Decrease) increase in deferred tax liabilities (note 18)	(42)	(23)	0	0
	(666)	846	13	(37)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

5 Income tax expense (continued)

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	23,365	30,916	8,145	7,305
Tax at the Australian tax rate of 30% (2005 - 30%)	7,010	9,275	2,444	2,192
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-taxable dividends	0	0	(3,900)	(2,850)
Tax consolidation adjustments re NZ branch	(177)	(415)	0	0
Sundry items	22	88	0	71
	6,855	8,948	(1,456)	(587)
Difference in overseas tax rates	17	47	0	
Under (over) provision in prior years	(17)	197	0	260
Income tax expense	6,855	9,192	(1,456)	(327)
Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax - debited (credited) directly to equity (notes 11 and 18)	28	(72)	10	(72)
	28	(72)	10	(72)

(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.

6 Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash at bank and in hand	6,372	6,850	132	45
Deposits at call	0	52	0	0
	6,372	6,902	132	45

The prior year deposits at call bore interest at variable rates of between 5.2% and 5.6%

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

7 Current assets - Trade and other receivables

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Trade receivables	6,653	5,988	0	0
Provision for doubtful receivables (a)	(26)	0	0	0
	6,627	5,988	0	0
Loans to related parties (b)	0	0	95,554	65,046
Loans to key management personnel	0	44	0	0
Other receivables	2,188	3,399	102	0
Tax receivable	564	0	0	0
Prepayments	4,779	4,725	429	863
	14,158	14,156	96,085	65,909

(a) Bad and doubtful trade receivables

The Group has recognised a loss of \$27,000 (2005: \$88,000) in respect of bad and doubtful trade receivables during the period ended 1 July 2006. The loss has been included in 'other expenses' in the income statement.

(b) Loan's to related parties

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

8 Current assets – Inventories

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Finished goods - at cost	135,021	123,183	0	0

9 Non-current assets – Other financial assets

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'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
Total non-current assets – shares in controlled entities	0	0	84,234	84,234

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

10 Non-current assets – Property, plant and equipment

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Plant and equipment, at cost	55,498	43,274	0	0
Less accumulated depreciation	(16,363)	(11,774)	0	0
Net plant and equipment	39,135	31,500	0	0
Motor vehicles, at cost	1,342	1,139	0	0
Less accumulated depreciation	(645)	(487)	0	0
Net motor vehicles	697	652	0	0
Computer systems, at cost	20,468	16,467	0	0
Less accumulated depreciation	(10,503)	(7,108)	0	0
Net computer equipment	9,965	9,359	0	0
Total net property, plant and equipment	49,797	41,511	0	0

	Plant and equipment \$'000	Capitalised leased plant and equipment \$'000	Motor vehicles \$'000	Computer systems \$'000	Total \$'000
Reconciliations - consolidated entity					
Carrying amounts at 3 July 2005	31,500	0	652	9,359	41,511
Additions	13,024	0	412	4,127	17,563
Disposals	(17)	0	(40)	(15)	(72)
Depreciation and amortisation	(4,814)	0	(317)	(3,434)	(8,565)
Foreign currency exchange differences	(558)	0	(10)	(72)	(640)
Carrying amounts at 1 July 2006	39,135	0	697	9,965	49,797

	Plant and equipment \$'000	Capitalised leased plant and equipment \$'000	Motor vehicles \$'000	Computer systems \$'000	Total \$'000
Reconciliations - consolidated entity					
Carrying amounts at 27 June 2004	26,569	81	600	7,087	34,337
Additions	8,712	0	353	4,893	13,958
Disposals	(130)	0	(58)	(1)	(189)
Additions through acquisition	175	0	25	3	203
Depreciation and amortisation	(3,832)	(81)	(268)	(2,623)	(6,804)
Foreign currency exchange differences	6	0	0	0	6
Carrying amounts at 2 July 2005	31,500	0	652	9,359	41,511

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

11 Non-current assets - Deferred tax assets

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
The balance comprises temporary differences attributable to:				
<i>Amounts recognised in profit or loss</i>				
Doubtful debts	214	139	0	0
Employee benefits	1,785	1,545	0	0
Accruals	419	721	24	37
Inventories	889	1,081	0	0
Deferred borrowing/consulting costs	2	4	0	0
Deferred make good provision	550	353	0	0
Straight line lease adjustment	1,658	1,145	0	0
Deferred income	78	78	0	0
Provision for warranties and legal costs	20	20	0	0
	5,615	5,086	24	37
<i>Amounts recognised directly in equity</i>				
Cash flow hedges	18	0	0	0
	5,633	5,086	24	37
Set off with deferred tax liabilities	(278)	(378)	(24)	(37)
Net deferred tax assets	5,355	4,708	0	0
Movements:				
Opening balance	5,086	5,955	37	0
Change on adoption of AASB 132 and AASB 139	0	0	0	0
Credited/(charged) to the income statement	624	(869)	(13)	37
Foreign exchange on translation of NZ subsidiary	(95)	0	0	0
Credited/(charged) to the equity	18	0	0	0
Closing balance	5,633	5,086	24	37
Deferred tax assets to be recovered after more than 12 months	2,560	1,498	0	0
Deferred tax assets to be recovered within 12 months	3,073	3,588	24	37
	5,633	5,086	24	37

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

12 Non-current assets – Intangible assets

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Goodwill at cost	52,112	52,112	0	0
Less impairment charge	0	0	0	0
Net goodwill	52,112	52,112	0	0
Trademarks, at cost	14	14	0	0
Less accumulated depreciation	0	0	0	0
Net trademarks	14	14	0	0
Computer software	12,732	10,143	0	0
Less accumulated amortisation	(6,064)	(3,919)	0	0
	6,668	6,224	0	0
Total net intangibles	58,794	58,350	0	0

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

	Goodwill \$'000	Trademarks \$'000	Computer Software \$'000	Totals \$'000
Reconciliations – consolidated entity - 2005				
Carrying amounts at 27 June 2004	45,335	14	3,873	49,222
Additions	6,777	0	3,892	10,669
Impairment/amortisation charge	0	0	(1,541)	(1,541)
Carrying amounts at 2 July 2005	52,112	14	6,224	58,350

(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.

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

No impairment loss was recognised in the 2006 financial year.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

12 Non-current assets – Intangible assets (continued)

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	
	2006	2005	2006	2005
	%	%	%	%
Supercheap Auto	3	3	15	15
BCF	5	5	15	15

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

13 Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Trade payables	36,412	33,001	8	31
Straight Line Lease Adjustment	5,482	3,733	0	0
Other payables	13,031	13,302	205	169
	54,925	50,036	213	200

14 Current liabilities – Borrowings

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Secured				
Commercial bill	19,400	84,550	17,250	59,650
Less borrowing costs capitalised, net	(469)	(395)	(273)	(67)
Total current liabilities – secured interest bearing liabilities	18,931	84,155	16,977	59,583
Unsecured				
Related parties	1	1	0	0
Unsecured bank financing	109	372	0	0
Total current liabilities – unsecured interest bearing liabilities	110	373	0	0
Total current liabilities – interest bearing liabilities	19,041	84,528	16,977	59,583

(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 17.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

15 Current liabilities – Current tax liabilities

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Income tax payable	1,725	696	1,725	467

16 Current liabilities – Provisions

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Employee benefits - long service leave	4,681	4,032	0	0

17 Non-current liabilities – Borrowings

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Secured				
Cash advance	70,000	0	70,000	0
	70,000	0	70,000	0

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 and BCF Australia Pty Ltd in favour of ANZ Banking Group Limited and by cross guarantees and indemnities between Super Cheap Auto Pty Ltd and Super Cheap Auto (New Zealand) Pty Ltd and between Super Cheap Auto Group Limited, Super Cheap Auto Pty Ltd, SCA Equity Plan 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.

The carrying amount of assets pledged as security are equal to those shown in the consolidated balance sheet.

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Financing arrangements				
Unrestricted access was available at balance date to the following lines of credit:				
Total facilities				
- Multi-Option Facility (including commercial bill, overdraft and cash advance)	128,720	93,720	125,000	90,000
- Indemnity/Guarantee Facility	1,338	1,338	1,338	1,338
Totals	130,058	95,058	126,338	91,338
Facilities used at balance date				
- Multi-Option Facility (including commercial bill, overdraft and cash advance)	89,400	84,550	87,250	59,650
- Indemnity/Guarantee Facility	1,287	1,287	0	0
Totals	90,687	85,837	87,250	59,650
Unused balance of facilities at balance date				
- Multi-Option Facility (including commercial bill, overdraft and cash advance)	39,320	9,170	37,750	30,350
- Indemnity/Guarantee Facility	51	51	1,338	1,338
Totals	39,371	9,221	39,088	31,688

In addition, the Company has access to a \$37.5 million (2005: \$35.3 million) transactional facility for clean credit and foreign currency dealings. Super Cheap Auto Pty Ltd has commercial bills of \$17.25 million (2005: \$21.6 million) outstanding at year end which are drawn as part of the group facility. The bank facilities may be drawn at any time.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

17 Non-current liabilities – Borrowings (continued)

Included in the facility above is an amount of \$3.72 million for SCA Equity Plan Pty Ltd. This amount was drawn to \$2.15 million (2005: \$3.3 million) at 1 July 2006.

The current interest rates on the financing arrangements are:

- Multi Option Facility (including commercial bills, overdraft and cash advance) 6.93%-7.13% (2005: 5.99%-7.23%)

18 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
The balance comprises temporary differences attributable to:				
<i>Amounts recognised in profit or loss</i>				
Prepayments	6	0	0	0
Deferred make good expenses	0	0	0	0
Depreciation	248	341	0	0
	254	341	0	0
<i>Amounts recognised directly in equity</i>				
Share based payments	39	79	39	79
Cash flow hedges	30	0	30	0
	323	420	69	79
Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions	(278)	(378)	(24)	(37)
Net deferred tax liabilities	45	42	45	42
Movements:				
Opening balance	420	371	79	7
Change on adoption of AASB 132 and AASB 139	0	0	0	0
Charged/(credited) to the income statement	(42)	(23)	0	0
Charged/(credited) to equity	(10)	72	(10)	72
Foreign exchange on translation of NZ subsidiary	(45)	0	0	0
Closing balance	323	420	69	79
Deferred tax liabilities to be settled after more than 12 months	317	420	69	79
Deferred tax liabilities to be settled within 12 months	6	0	0	0
	323	420	69	79

19 Non-current liabilities – Provisions

	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Make good provision	4,929	3,895	0	0
Employee benefits - long service leave	1,221	984	0	0
	6,150	4,879	0	0

(a) Make good provision

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

19 Non-current liabilities – Provisions (continued)

(b) Movements in provisions (consolidated entity)

	Make good
	\$'000
Opening balance as at 3 July 2005	3,895
Additional provisions recognised	808
Indexing of provisions	287
Provision released	(61)
Closing balance as at 1 July 2006	<u>4,929</u>

20 Contributed equity

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Ordinary shares fully paid	<u>84,233</u>	84,233	<u>84,233</u>	84,233
	Number of	Issue Price	\$'000	
	Shares			
Movement in ordinary share capital				
Issue of shares on incorporation (8 April 2004)	1	1.00		0
Issue of shares on 23 April 2004	49,697,150	1.69		84,233
Share split on 19 May 2004	56,732,471	-		0
Closing balance 1 July 2006	<u>106,429,622</u>			<u>84,233</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 1,050,000 ordinary shares were issued during the period, with no options being exercised during the period. Options over 1,000,000 shares lapsed during the period.

21 Reserves and retained profits

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Reserves				
Foreign currency translation reserve	(129)	0	0	0
Share based payments reserve	90	184	90	184
Hedging reserve	28	0	70	0
	<u>(11)</u>	184	<u>160</u>	184
Movements				
Foreign currency translation reserve				
Balance at the beginning of the financial period	0	0	0	0
Net exchange difference on translation of foreign controlled Entity	(129)	0	0	0
Balance at the end of the financial period	<u>(129)</u>	0	<u>0</u>	0
Share based payments reserve				
Balance at beginning of the financial period	184	17	184	17
Options lapsed	(270)	0	(270)	0
Option expense	176	167	176	167
Balance at the end of the financial period	<u>90</u>	184	<u>90</u>	184
Hedging reserve				
Balance of beginning of the financial period	0	0	0	0
Movement in reserve	28	0	70	0
Balance at the end of the financial period	<u>28</u>	0	<u>70</u>	0

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

21 Reserves and retained profits (continued)

Retained earnings

Balance at the beginning of the financial period	20,180	585	5,479	(24)
Net profit/(loss) for the financial period attributable to shareholders of Super Cheap Auto Group Limited	16,510	21,724	9,601	7,632
Dividends provided for or paid	<u>(7,982)</u>	<u>(2,129)</u>	<u>(7,982)</u>	<u>(2,129)</u>
Retained profits/(losses) at the end of the financial period	<u>28,708</u>	<u>20,180</u>	<u>7,098</u>	<u>5,479</u>

(c) Nature and purpose of reserves

(i) Hedging reserve - cash flow hedges

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

(ii) Share-based payments reserve

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

(iii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

22 Dividends

	Parent Entity	
	2006	2005
	\$'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 1 July 2006 of 3 cents (2005: 2 cents per share) paid on 5 April 2006. Fully franked based on tax paid @ 30%	3,193	2,129
Final dividend for the period ended 2 July 2005 of 4.5 cents per share paid on 12 October 2005. Fully franked based on tax paid @ 30%	<u>4,789</u>	<u>0</u>
Total dividends provided and paid	<u>7,982</u>	<u>2,129</u>

Dividends not recognised at year end

Subsequent to year end, the Directors have recommended the payment of a final dividend of 5 cents per ordinary share (2005: 4.5 cents per ordinary share), fully franked based on tax paid at 30%.

The aggregate amount of the dividend expected to be paid on 11 October 2006, out of retained profits at 1 July 2006, but not recognised as a liability at year end, is	<u>5,321</u>	<u>4,789</u>
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Franking credits

The franked portions of dividends paid after 1 July 2006 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 1 July 2006.

Franking credits remaining at balance date available for dividends declared after the current balance date based on a tax rate of 30%	<u>22,805</u>	<u>20,397</u>
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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 \$2,280,635 (2005: \$2,053,573).

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 1 JULY 2006 (continued)

23 Net tangible asset backing

	Consolidated Entity	
	2006 Cents	2005 Cents
Net tangible asset per ordinary share	51¢	43¢

24 Explanation of transition to Australian equivalents to International Financial Reporting Standards ("IFRS")

a. Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS).

(i) At the date of transition to AIFRS : 27 June 2004

	Notes	Consolidated			Parent entity		
		Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000
Current assets							
Cash assets	(xi)	13,640	28	13,668	0	0	0
Receivables	(xi)	5,394	5,270	10,664	0	0	0
Inventories		92,513	0	92,513	0	0	0
Tax Assets		1,633	0	1,633	1,678	0	1,678
Other		1,206	0	1,206	0	0	0
Total current assets		114,386	5,298	119,684	1,678	0	1,678
Non-current assets							
Property, plant and equipment	(ii)(vii)	36,257	(1,920)	34,337	0	0	0
Intangible assets	(vi)(vii)	45,349	3,873	49,222	0	0	0
Investments		0	0	0	84,233	0	84,233
Deferred tax assets	(x)	5,006	585	5,591	4,876	(4,876)	0
Other non-current assets		0	0	0	0	0	0
Total non-current assets		86,612	2,538	89,150	89,109	(4,876)	84,233
Total assets		200,998	7,836	208,834	90,787	(4,876)	85,911
Current liabilities							
Payables	(x)(iii)(iv)	46,857	2,231	49,088	6,199	(4,521)	1,678
Interest bearing liabilities	(viii)(xi)	35,744	5,298	41,042	0	0	0
Current tax liabilities		0	0	0	0	0	0
Provisions	(ii)	8,643	0	8,643	0	0	0
Total current liabilities		91,244	7,529	98,773	6,199	(4,521)	1,678
Non-current liabilities							
Deferred tax liabilities	(x)	355	(348)	7	355	(348)	7
Interest bearing liabilities		21,600	0	21,600	0	0	0
Provisions	(ii)	797	2,822	3,619	0	0	0
Total non-current liabilities		22,752	2,474	25,226	355	(348)	7
Total liabilities		113,996	10,003	123,999	6,554	(4,869)	1,685
Net assets		87,002	(2,167)	84,835	84,233	(7)	84,226
Equity							
Contributed equity		84,233	0	84,233	84,233	0	84,233
Reserves	(x)(i)(v)	2	15	17	0	17	17
Retained profits	(xii)	2,767	(2,182)	585	0	(24)	(24)
Total Equity		87,002	(2,167)	84,835	84,233	(7)	84,226

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

24 Explanation of transition to Australian equivalents to International Financial Reporting Standards (“IFRS”) (continued)

(ii) At the end of last reporting period under previous AGAAP : 2 July 2005

Notes	Consolidated			Parent entity		
	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000
Current assets						
Cash assets (xi)	6,426	476	6,902	45	0	45
Receivables (x)(xi)	6,607	2,824	9,431	62,979	2,930	65,909
Inventories	123,183	0	123,183	0	0	0
Tax Assets	0	0	0	0	0	0
Other	4,725	0	4,725	0	0	0
Total current assets	140,941	3,300	144,241	63,024	2,930	65,954
Non-current assets						
Property, plant and equipment (ii)(vii)	45,016	(3,505)	41,511	0	0	0
Intangible assets (vi)(vii)	49,294	9,056	58,350	0	0	0
Investments	0	0	0	84,234	0	84,234
Deferred tax assets (x)	3,509	1,199	4,708	3,142	(3,142)	0
Other non-current assets	0	0	0	0	0	0
Total non-current assets	97,819	6,750	104,569	87,376	(3,142)	84,234
Total assets	238,760	10,050	248,810	150,400	(212)	150,188
Current liabilities						
Payables (iii)(iv)	46,045	3,991	50,036	200	0	200
Interest bearing liabilities (viii)(xi)	81,228	3,300	84,528	59,583	0	59,583
Current tax liabilities	696	0	696	467	0	467
Provisions (ii)	4,032	0	4,032	0	0	0
Total current liabilities	132,001	7,291	139,292	60,250	0	60,250
Non-current liabilities						
Deferred tax liabilities (x)	341	(299)	42	175	(133)	42
Interest bearing liabilities	0	0	0	0	0	0
Provisions (ii)	984	3,895	4,879	0	0	0
Total non-current liabilities	1,325	3,596	4,921	175	(133)	42
Total liabilities	133,326	10,887	144,213	60,425	(133)	60,292
Net assets	105,434	(837)	104,597	89,975	(79)	89,896
Equity						
Contributed equity	84,233	0	84,233	84,233	0	84,233
Reserves (x)(i)(v)	2	182	184	0	184	184
Retained profits (xii)	21,199	(1,019)	20,180	5,742	(263)	5,479
Total Equity	105,434	(837)	104,597	89,975	(79)	89,896

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

24 Explanation of transition to Australian equivalents to International Financial Reporting Standards (“IFRS”) (continued)

b. Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRS (AIFRS)

(i) Reconciliation of profit for the 53 weeks ended 2 July 2005

Notes	Consolidated			Parent entity		
	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000
Revenue from ordinary activities						
Sale of goods (iv)	470,279	84	470,363	0	0	0
Other income	214	0	214	9,509	0	9,509
Total revenues	470,493	84	470,577	9,509	0	9,509
Expenses from ordinary activities						
Cost of sales of goods (iv)	281,135	50	281,185	0	0	0
Other expenses from ordinary activities						
- selling and distribution	52,091	0	52,091	0	0	0
- marketing	25,965	0	25,965	0	0	0
- occupancy (ii), (iii)	29,139	1,944	31,083	0	0	0
- administration (v), (vi)	47,530	(2,592)	44,938	785	239	1,024
Borrowing costs expense (ii)	4,239	160	4,399	1,180	0	1,180
Total expenses	440,099	(438)	439,661	1,965	239	2,204
Profit from continuing operations before income tax	30,394	522	30,916	7,544	(239)	7,305
Income tax expense relating to ordinary activities (x)	(9,831)	639	(9,192)	327	0	327
Profit attributable to members of Super Cheap Auto Group Limited	20,563	1,161	21,724	7,871	(239)	7,632

c. Reconciliation of cash flow statement for the 53 weeks ended 2 July 2005.

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

d. Notes to the reconciliations

(i) Foreign currency translation reserve – consolidated only

The Group has elected to apply the exemption in AASB1 first time adoption of Australian Equivalents to International Financial Reporting Standards. The cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to AIFRS. The effect is:

(a) At 27 June 2004

For the Group, the balance of the \$2,000 credit in the foreign currency translation reserve is reduced to nil. Retained earnings is increased by \$2,000.

(b) At 2 July 2005

For the Group, the balance of the \$2,000 credit in the foreign currency translation reserve is reduced to nil. Retained earnings is increased by \$2,000.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

24 Explanation of transition to Australian equivalents to International Financial Reporting Standards ("IFRS") (continued)

(ii) Provision for 'make-good' requirements in relation to leased premises – consolidated only

Under previous AGAAP, the group accounted for make good costs in relation to leased premises as they were incurred. AASB137 Provisions, Contingent Liabilities and Contingent Assets, estimates of the costs of make-good provisions that are contractually required as part of lease agreements should be appropriately estimated and provided for. The effect is:

(a) At 27 June 2004

For the Group there has been an increase in property, plant and equipment of \$1,953,000, an increase in liabilities of \$2,822,000 and a decrease in retained earnings of \$869,000.

(b) At 2 July 2005

For the Group there has been an increase in property, plant and equipment of \$2,719,000 and an increase in liabilities of \$3,895,000 and a decrease in retained earnings of \$869,000, an increase in occupancy costs of \$147,000 and an increase in borrowing costs of \$160,000.

(iii) Leases – consolidated only

Under AASB117 Leases, there is a requirement to account for fixed rate increases in operating leases on a straight line basis. The effect is:

(a) At 27 June 2004

For the Group there has been an increase in straight line lease adjustment of \$1,939,000 and a decrease in retained earnings of \$1,939,000.

(b) At 2 July 2005

For the Group there has been an increase in straight line lease adjustment of \$3,733,000 and a decrease in retained earnings of \$1,949,000, and an increase in occupancy costs of \$1,794,000.

(iv) Deferred revenue – consolidated only

Under AASB118 Revenue, revenue from the sale of goods shall be recognised if an entity retains only an insignificant risk of ownership. Under AIFRS, it is appropriate to recognise a liability for future returns based on previous experience and other relevant factors. The effect is:

(a) At 27 June 2004

For the Group there has been an increase in deferred revenue liability of \$292,000 and a decrease in retained earnings of \$292,000.

(b) At 2 July 2005

For the Group there has been an increase in deferred revenue liability of \$258,000 and a decrease in retained earnings of \$92,000, a decrease in sales of \$84,000 and a decrease in cost of sales of goods of \$50,000.

(v) Share-based payments – consolidated and parent

Under AASB2 Share-based Payment, from 1 July 2004 the Group is required to recognise an expense for those options that were issued to employees under the Share Option Plan. The effect is:

(a) At 27 June 2004

For the Group and parent there has been an increase in reserves of \$24,000 and a decrease in retained earnings of \$24,000.

(b) At 2 July 2005

For the Group and parent there has been an increase in reserves of \$263,000 and a decrease in retained earnings of \$24,000, and an increase in administration costs of \$239,000.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

24 Explanation of transition to Australian equivalents to International Financial Reporting Standards ("IFRS") (continued)

(vi) Intangible assets – goodwill impairment – consolidated only

Under AASB3 Business Combinations, amortisation of goodwill is prohibited and is replaced by annual impairment testing focussing on the cash flows of the related cash generating unit. The effect is:

(a) At 27 June 2004

No impact.

(b) At 2 July 2005

For the Group there has been an increase in intangibles of \$2,832,000 and a decrease in administration costs of \$2,832,000.

(vii) Intangible assets – software capitalised – consolidated only

Under AASB138 Intangible Assets, software costs are to be shown as intangibles. The effect is:

(a) At 27 June 2004

For the Group there has been an increase in intangibles of \$3,873,000 and a decrease in property, plant and equipment of \$3,873,000.

(b) At 2 July 2005

For the Group there has been an increase in intangibles of \$6,224,000 and a decrease in property, plant and equipment of \$6,224,000.

(viii) Interest bearing liabilities – borrowings – consolidated and parent

The Group has elected to apply the exemption from restatement of comparatives for AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*. It has therefore continued to apply the previous AGAAP rules to derivatives, financial assets and financial liabilities and also to hedge relationships for the year ended 30 June 2005. The adjustments required for differences between previous AGAAP and AASB 132 and AASB 139 have been determined and recognised at 2 July 2005.

In accordance with AASB139 Financial Instruments, prepaid interest expense and capitalised transaction costs have been netted against gross borrowings. The effect is:

(a) At 27 June 2004

No impact.

(b) At 2 July 2005

No impact.

(c) At 3 July 2005

For the Group there has been decrease in borrowings of \$1,450,000 and a decrease in prepayments of \$1,450,000.

(ix) Business combinations

In accordance with AASB3 Business Combinations, the group has elected not to restate business combinations occurring prior to the transition date.

(x) Deferred tax assets and deferred tax liabilities – consolidated and parent

Under AASB112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the balance sheet and their associated tax basis.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

24 Explanation of transition to Australian equivalents to International Financial Reporting Standards ("IFRS") (continued)

The effect is:

(a) At 27 June 2004

For the Group there has been an increase in deferred tax assets of \$1,542,000, an increase in deferred tax liabilities of \$609,000, an increase in retained earnings of \$940,000 and an increase in reserves of \$7,000.

For the parent there has been an increase in deferred tax liabilities of \$7,000 and a decrease in reserves of \$7,000.

(b) At 2 July 2005

For the Group there has been an increase in deferred tax assets of \$2,422,000, an increase in deferred tax liabilities of \$924,000, an increase in retained earnings of \$940,000 and decrease in reserves of \$79,000, and a decrease in tax expense of \$639,000.

For the parent there has been an increase in deferred tax liabilities of \$79,000 and a decrease in reserves of \$79,000.

Super Cheap Auto Group Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003. Under previous AGAAP, the parent entity recognised current and deferred tax amounts relating to transactions, events and balances of the tax consolidated entities as if those transactions, events and balances were its own.

Under AIFRS, the parent entity only recognises the current tax payable and deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(a) At 27 June 2004

There is no effect on the Group. For the parent entity, deferred tax liabilities decreased by \$355,000, deferred tax assets decreased by \$4,876,000 and inter company payables decreased by \$4,521,000.

(b) At 2 July 2005

There is no effect on the Group. For the parent entity, deferred tax liabilities decreased by \$1,750,000, deferred tax assets decreased by \$3,105,000 and inter company receivables increased by \$2,930,000.

Under AIFRS, deferred tax assets and liabilities are offset for matching tax jurisdictions. The effect of this is as follows:

(a) At 27 June 2004

For the Group, deferred tax liabilities decreased by \$957,000 and deferred tax assets decreased by \$957,000.

For the parent, there was no effect.

(b) At 2 July 2005

For the Group, deferred tax liabilities decreased by \$378,000 and deferred tax assets decreased by \$378,000.

For the parent, deferred tax liabilities decreased by \$37,000 and deferred tax assets decreased by \$37,000.

(xi) SCA Equity Plan Pty Ltd – consolidated only

Under UIG112, SCA Equity Plan Pty Ltd is required to be included in the Group consolidation. The effect is:

(a) At 27 June 2004

Increase in cash of \$28,000, increase in receivables of \$5,270,000, and an increase in interest bearing liabilities of \$5,298,000.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2006 (continued)

24 Explanation of transition to Australian equivalents to International Financial Reporting Standards (“IFRS”) (continued)

(b) At 2 July 2005

Increase in cash of \$476,000, increase in receivables of \$2,824,000 and an increase in interest bearing liabilities of \$3,300,000.

(xii) Retained earnings. The effect on retained earnings of the charges set out above are as follows:

	Notes	GROUP		PARENT	
		26 June 2004 \$'000	2 July 2005 \$'000	26 June 2004 \$'000	2 July 2005 \$'000
Foreign currency translation reserve	(i)	2	2	0	0
Straight line lease provision	(iii)	(1,939)	(3,733)	0	0
Lease make-good provisions	(ii)	(869)	(1,176)	0	0
Share-based payments	(v)(x)	(17)	(184)	(17)	(184)
Deferred tax balances	(x)	933	1,498	(7)	(79)
Deferred revenue	(iv)	(292)	(258)	0	0
Goodwill	(vi)	0	2,832	0	0
Total adjustment		(2,182)	(1,019)	(24)	(263)