



CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING – 27 OCTOBER 2010

In my first year as your Chairman I am pleased to note that the 2010 financial year has been another successful one for our company. Net profit increased by 18.4% to \$38.053 million on a 13.2% increase in revenue. We continued to open new Supercheap Auto and BCF stores and have acquired a new retail brand with the acquisition of Ray's Outdoors.

Management has continued to successfully innovate and strive for improvements as they have responded to the continual shifts in the marketplace. The improvements in both the Auto and Cycle Retailing and the Leisure Retailing divisions has delivered solid like for like sales growth despite cycling the benefit of the government stimulus packages in the previous comparative period. Continued sales growth has been amplified by improvements to gross margin as a result of a combination of initiatives implemented by Peter Birtles and his executive team over that last few years.

The expansion of the store network has in the previous years been funded predominantly from internally generated funds. However, this year with the opportunity to acquire Ray's Outdoors, we went to shareholders for the first time since listing with a share placement and Share Purchase Plan. Both these plans were strongly supported raising a total of \$87 million. I would like to thank shareholders for that support.

The decision to acquire Ray's Outdoors was undertaken to broaden the company's participation in the outdoor leisure retail market whilst creating a market leading retail business with two distinct brands, operating 108 stores with combined annualised sales of approximately \$400 million. Leverage of the existing internal expertise and systems seeks to grow the leisure retailing division over the coming years towards a network of 160 stores with approximately \$600 million of sales.

While Goldcross Cycles has not performed as we would have liked, the continued review and development of the Goldcross business model is a good example of management's diligent approach to improving performance to meet long term potential. We are confident of the long term potential of this business.

Following the capital raising and the acquisition of Ray's Outdoors, the Group had \$79 million of net debt - a reduction of \$36 million over the previous year. The Board has a focus on the balance sheet to ensure that we have the capacity to fund growth. In particular, the rollout of Ray's Outdoor stores over the next few years as well as additional Supercheap Auto, BCF and Goldcross stores while maintaining debt at acceptable levels and continuing to grow the dividend.

Recently we had two changes to the Board. After more than six years service as a Non executive director and a member of the Audit & Risk and Nomination & Remuneration Committees, Darryl McDonough retired from the Board at the end of August this year. Darryl joined the Board at the time of listing. On behalf of the Board I would like extend our sincere appreciation to Darryl for his contribution and valuable assistance during a period of significant expansion for the Group to the benefit of all its shareholders.

In July this year, Sally Pitkin joined the Board and is standing today for re-election as a non executive director . Sally has extensive Board and corporate governance experience and her presence on the Board complements the skill set of existing Directors. The Board believes that Sally will make a valuable contribution to the Board and supports her election today.

I would like to thank my colleagues on the Board for their contributions and on behalf of the Board thank Peter, his management team and all of Super Cheap Auto Group's employees for their contribution to our record result.

The Directors thank you, our shareholders, for your support and interest in Super Cheap Auto Group and I will now call upon Peter to address you.