

PROSPECTUS
SUPER CHEAP AUTO GROUP LIMITED
ACN 108 676 204



MACQUARIE

Lead Manager

**\$ SUPER CHEAP
AUTO**

OPEN 7 DAYS

IMPORTANT NOTICE

This Prospectus is dated 20 May 2004 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates. Super Cheap Auto Group Limited ("the Company") will apply for admission to the official list of ASX and quotation of the Shares on ASX within 7 days after the date of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of the Prospectus.

You should read this Prospectus in its entirety before deciding to complete and lodge an Application Form and, in particular, in considering the prospects of the Company, you should consider the assumptions underlying the Forecast Financial Information and the risk factors that could affect the financial performance of the Company. You should consider these factors in the light of your personal circumstances (including financial and taxation issues). If you have any questions you should seek professional advice from your stockbroker, accountant or other professional adviser before deciding to invest. Some of the risk factors that should be considered by potential investors are outlined in Section 6.

The offer of securities under this Prospectus does not constitute a public offer in any jurisdiction other than Australia. This Prospectus does not constitute an offer to any person to whom, or an offer in any place in which, it would be unlawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No distribution or sale in the United States

No action has been taken to register or qualify this Prospectus, the Shares or the Offer, or otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The Shares being offered in this Prospectus have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered, sold or resold in the US or to, or for the account or benefit of US Persons, except in accordance with an available exemption from registration, under the US Securities Act and applicable US state securities laws.

Neither this Prospectus nor the accompanying Application Forms may be sent to investors in the US or otherwise distributed in the US or to US Persons.

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Vendor Shareholder, the Company or the Directors.

Exposure Period

This Prospectus will be made generally available to Australian residents, without the application form, during the Exposure Period by being posted on the Company's Internet site at www.supercheapauto.com.au. The purpose of the Exposure Period is to enable examination of the Prospectus by market participants prior to the raising of funds. Applications under this Prospectus received during the Exposure Period will not be processed

until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period. A free paper copy of this Prospectus is available on request to Company during the Exposure Period.

Electronic Prospectus

This Prospectus may be viewed online at www.supercheapauto.com.au. The Prospectus is only available online to residents in Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. A paper copy of this Prospectus is available free of charge to any person in Australia by telephoning the Super Cheap Auto Share Offer Information Line on 1800 170 502 (Australia) during the Offer Period.

Applications may only be made on a printed copy of the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of this Prospectus or the completed and unaltered electronic version of this Prospectus.

Privacy

If you apply for Shares, you will provide personal information to the Vendor Shareholder, the Company and the Registry. The Vendor Shareholder, the Company and the Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Company and tax laws require some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

The Vendor Shareholder, the Company and the Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988:

- Lead Manager in order to assess your Application;
- Registry for on-going administration of the register; and
- printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

Under the Privacy Act 1988 (Cwlth), you may request access to your personal information held by (or on behalf of) the Company, the Vendor Shareholder or the Registry. You can request access to your personal information by telephoning or writing to the Vendor Shareholder or the Company through the Registry as follows:

Mailing address:
ASX Perpetual Registrars Limited
Locked Bag A14
Sydney South NSW 1235

Delivery Address:
ASX Perpetual Registrars Limited
Level 8, 580 George Street
Sydney NSW 2000
1800 170 502 (toll free)

Definitions and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in the Glossary at the end of this document.

Financial amounts

The financial amounts in this Prospectus are expressed in Australian dollars unless stated otherwise.

SUMMARY OF THE OFFER

Key Dates

Retail Offer and Team Member Offer opens	3 June 2004
Retail Offer and Team Member Offer closes	23 June 2004
Institutional Bookbuild opens	28 June 2004
Institutional Bookbuild closes	29 June 2004
Final Price and basis of Share allocation announced	30 June 2004
Retail and Institutional settlement	5 July 2004
Shares expected to commence trading on ASX on a deferred settlement basis	6 July 2004
Transfer of Shares to successful Applicants	6 July 2004
Expected despatch of holding statements	7 July 2004
Shares expected to commence trading on ASX on a normal settlement basis	12 July 2004
Expected date of settlement of all trades executed on a deferred settlement basis	14 July 2004

All dates are indicative only. The Company and the Vendor Shareholder reserve the right, in consultation with the Lead Manager, to vary the dates, which includes closing the Offer early without notice to any recipient of the Prospectus or any Applicant for Shares.

Retail Applicants are advised to lodge their Applications as early as possible after the Offer opens. Applications for Offer Shares will not be accepted after the Closing Date (as varied by the Company and the Vendor Shareholder, in consultation with the Lead Manager).

Key Offer Statistics

Minimum Retail Offer Application Amount	\$5,000
Indicative Price Range	\$1.75 – \$2.13
Number of Shares available under the Offer	41,507,568
Total proceeds from the Offer ¹	\$72.6 – \$88.4 m
Pro forma enterprise value ¹	\$246.3 – \$286.7 m
Net debt ²	\$60.0 m
Market capitalisation ¹	\$186.3 – \$226.7 m
2005 Earnings Per Share (pre amortisation) ^{3,4}	17.2 cents
2005 Earnings Per Share (post amortisation) ^{3,4}	14.4 cents
2005 PE multiple (pre amortisation) ^{1,3}	10.2 – 12.4 times
2005 PE multiple (post amortisation) ^{1,3}	12.1 – 14.8 times
2005 dividend per share (fully franked) ³	5.8 cents
2005 dividend yield (fully franked) ^{1,3}	2.7 – 3.3%
2005 EBITDA ^{1,3}	\$39.8 m
2005 EBITDA multiple ^{1,3}	6.2 – 7.2 times

Note 1 Based on the Indicative Price Range

Note 2 Based on Forecast Financial Information for the year ending 30 June 2004

Note 3 Based on Forecast Financial Information for the year ending 30 June 2005

Note 4 Denotes basic Earnings Per Share based on 106,429,622 Shares on issue at completion of the Offer. At completion of the Offer there will be 1.2 million options on issue. The earliest date that any of these options can be exercised is 1 July 2007, which is beyond the Forecast Period. Accordingly, the dilutive effect of these options has not been included in the calculation of the basic Earnings Per Share (Section 9.8 and 9.10 for details on these options.)

The table above is a summary of the Forecast Financial Information and should be read in conjunction with the discussion of the Forecast Financial Information in Section 5, in particular the assumptions underlying the Forecast Financial Information and risk factors in Section 6.

SUPER AU

**IS ONE OF AUSTRALIA'S FASTEST
AUTO PARTS, ACCESSORIES, HANDYMAN**

CHEAP

TO

GROWING SPECIALTY RETAILERS OF MAN ITEMS, TOOLS AND EQUIPMENT.

- 176 STORES THROUGHOUT AUSTRALIA AND NEW ZEALAND AND GROWING RAPIDLY
- OVER 27% COMPOUND ANNUAL SALES AND STORES GROWTH OVER THE PAST 10 YEARS
- OVER 2,900 TEAM MEMBERS
- OVER \$378M SALES FORECAST FOR THE YEAR ENDING 30 JUNE 2004*

*Based on the Forecast Financial Information

EXTENSIVE RANGE – OVER 10,000 ITEMS ON AVERAGE PER STORE



**GET THE LOT
FOR LESS.**

**OVER 10,000
ITEMS IN STORE.**

**GET THE
FOR**

"PRICE BEAT" POLICY ON ALL STOCKED ITEMS

OPEN



**GIFT VOUCHERS
& LAYBY
AVAILABLE.**
Supermarket

**THE LOT
LESS.**

NATIONAL BRANDS AT COMPETITIVE PRICES

OPEN



BULK DISPLAYS WITH CLEARLY MARKED PRICES



MOST STORES OPEN 7 DAYS A WEEK, 364 DAYS A YEAR

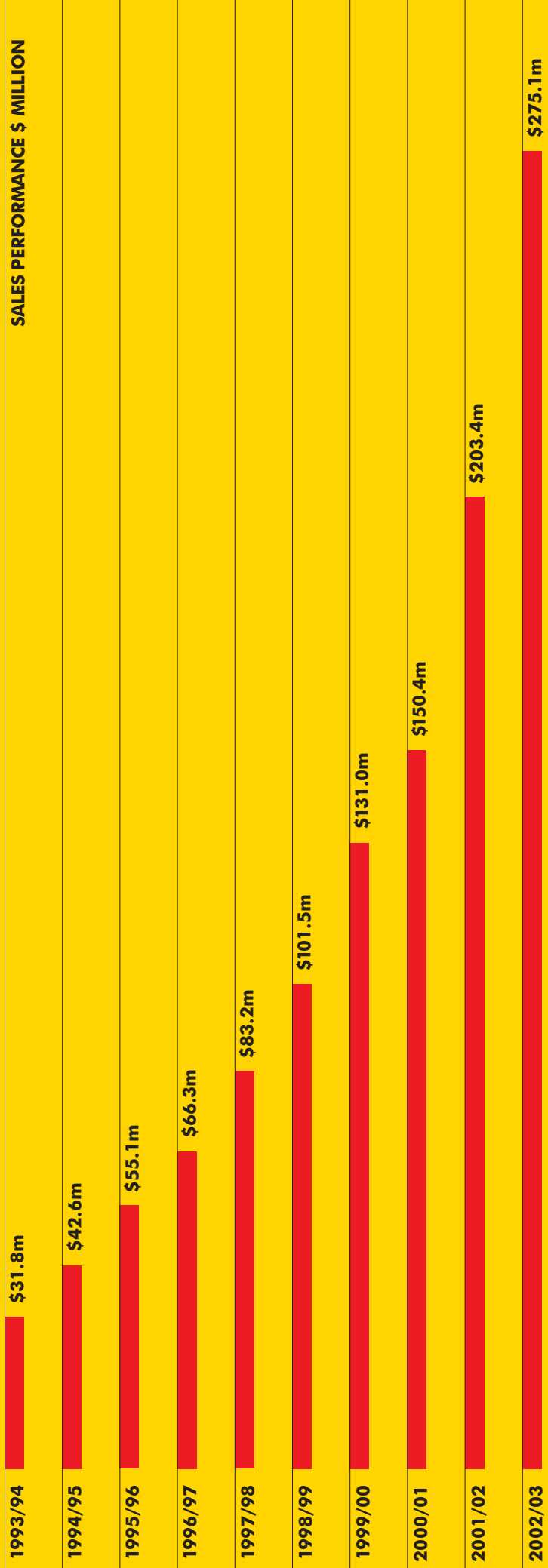


OVER 27% COMPOUND ANNUAL GROWTH IN SALES AND STORES FOR THE PAST 10 YEARS

- SUPER CHEAP AUTO'S SALES ARE FORECAST TO GROW FROM \$31.8M FOR THE YEAR ENDED 30 JUNE 1994 TO OVER \$378M FOR THE YEAR ENDING 30 JUNE 2004*
- SUPER CHEAP AUTO'S STORES HAVE GROWN FROM 14 AS AT 30 JUNE 1994 TO 176 TODAY

*Based on the Forecast Financial Information

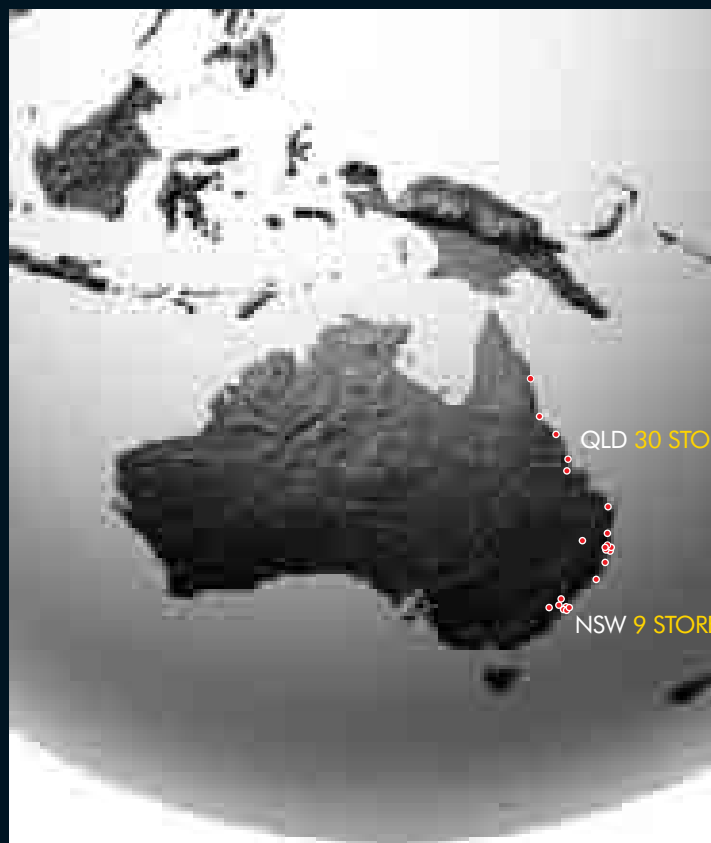
SALES PERFORMANCE \$ MILLION



OVER 165 STORES



AT 1 JAN 1993
8 STORES

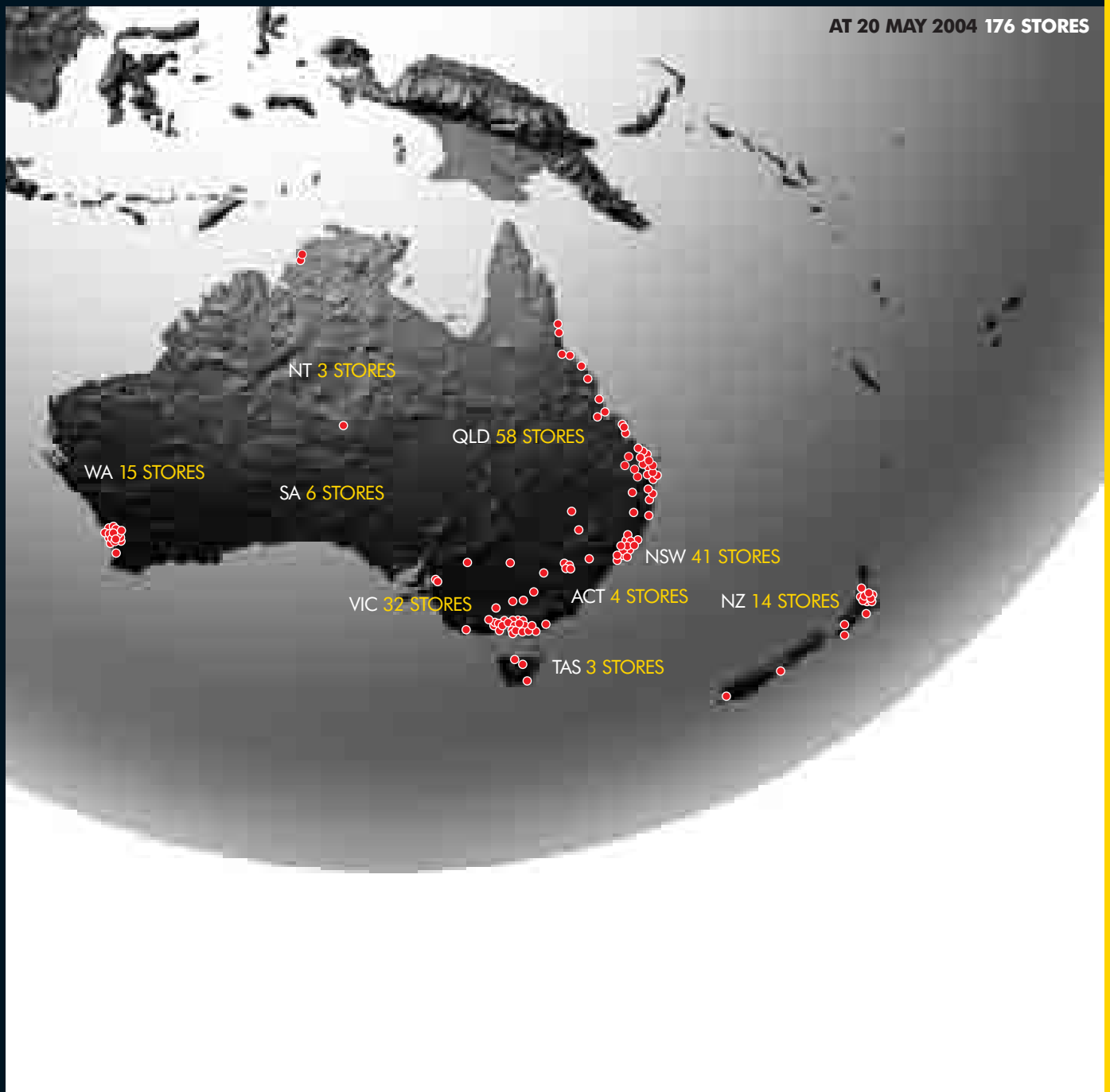


AT 1 JAN 1999
39 STORES

- **SUPER CHEAP AUTO HAS GROWN FROM EIGHT STORES IN 1993 TO 176 STORES**
- **SUPER CHEAP AUTO STORES OPERATE IN EVERY STATE AND EVERY TERRITORY OF AUSTRALIA AND BOTH ISLANDS OF NEW ZEALAND**
- **AN EXTENSIVE SUPPLY CHAIN THAT SERVICES 176 STORES ACROSS AUSTRALIA AND NEW ZEALAND**

OPENED SINCE 1993

AT 20 MAY 2004 176 STORES





THE TEAM, LED BY **BOB THORN FOR THE PAST 11 YEARS, HAS BEEN THE FOUNDATION OF SUPER CHEAP AUTO'S GROWTH AND SUCCESS**



NG TEAM

- Defined objectives that are shared by all
- A commitment to the Super Cheap Auto Team culture
- Clearly defined values and team framework principles
- Extensive in-house training from induction to management development
- A focus on 'our' customer and the shopping experience

SUPER CHEAP AUTO COMPETES ON THE TRACK THROUGH ITS SPONSORED RACING TEAM TO INCREASE THE PROFILE OF THE BRAND ACROSS AUSTRALIA AND NEW ZEALAND

ON TRACK



- The Company's involvement in motorsport since 1996 has increased the exposure to new and existing target audiences
- Super Cheap Auto's brands account for over 25% of its sales

TO SUCCEED



Contents

1	Investment overview	19
2	Details of the Offer	25
3	Business overview	35
4	Board and management	47
5	Financial information	55
6	Risk factors	71
7	Investigating Accountant's Report on Historical and Forecast Financial Information	77
8	Team Member Offer	85
9	Additional information	91
	Appendix A – Financial Report	104
	Glossary	128

CHAIRMAN'S LETTER



20 May 2004

Dear Investor

The Directors of Super Cheap Auto have great pleasure in offering you the opportunity to become a shareholder in one of the leading retail businesses in Australia and New Zealand.

Super Cheap Auto has grown rapidly into a leading non-franchise retailer of auto parts, accessories, handyman items, tools and equipment across Australia and New Zealand. Over the past 10 years, Super Cheap Auto has experienced in excess of 27% compound annual revenue growth, with turnover for the year ended 30 June 2003 of approximately \$275 million and EBIT of approximately \$19.8 million¹.

We believe that the Company is well positioned to continue strong growth in earnings through the continued roll-out of new stores, the maturation of newly opened stores, the improved profitability of existing stores and continued sourcing and development of new products. Super Cheap Auto has invested in new stores, supply chain initiatives and information technology over the year ending 30 June 2004 in order to create the platform for this continued growth.

The central tenets underlying the success and growth of the Super Cheap Auto business are its people, stores and product.

The Super Cheap Auto Team across Australia and New Zealand, which currently exceeds 2,900 Team Members, has been a key driver of the success and growth of the business. The Super Cheap Auto Team has the goal of developing and growing the business to achieve the position of market leader in the retailing of auto parts, accessories, handyman items, tools and equipment across Australia and New Zealand. There is great pride and strength of team culture through all levels of Super Cheap Auto. The Team is led by Managing Director, Bob Thorn, and his experienced Senior Management Team.

From the commencement of its automotive accessories retail business in 1974, Super Cheap Auto has grown to 176 non-franchised stores across every state and territory in Australia and in New Zealand. Generally stores are distinctly branded and, through the use of merchandising techniques, designed to provide customers with an unforgettable shopping experience.

Super Cheap Auto prides itself on the breadth, quality and value of its product offerings. Super Cheap Auto is focussed on the retail segment of the market. Super Cheap Auto offers its customers value products for their car, trailer, garage, boat and yard, stocking in excess of 10,000 items in each store. As Super Cheap Auto's advertising constantly reminds its customers, at Super Cheap Auto, you "get the lot for less".

The Offer under this Prospectus will realise between \$72.6 million and \$88.4 million. These proceeds will be passed to the Vendor Shareholder, who is selling 41,507,568 Shares, (approximately 39.0% of the shares in the Company), under the Offer. Following completion of the Offer, the Vendor Shareholder, and interests associated with the Vendor Shareholder, will control 51.2% of the Company, and remains highly committed to the business.

This Prospectus contains detailed information on Super Cheap Auto and its business and I encourage you to read it carefully before making your investment decision. On behalf of the Directors, I commend this investment opportunity for your consideration and look forward to seeing you in the aisles of Super Cheap Auto.

Yours sincerely

Dick McIlwain
Chairman

¹ Refer for further details to Table 5.7

OUR STORES

Acacia Ridge NSW



Belconnen ACT



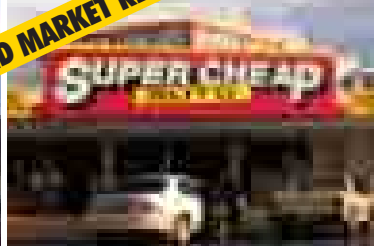
Carseldine QLD



Chermside QLD



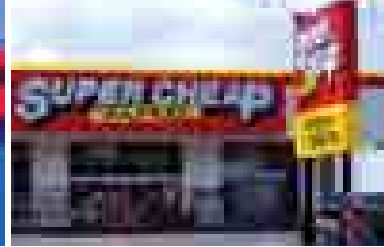
Dalby QLD



Maroochydore QLD



Goodna QLD



Griffith NSW



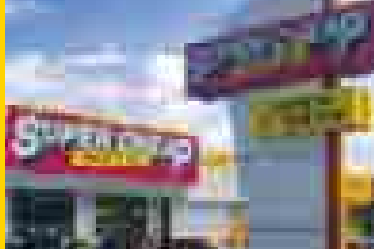
Nundah QLD



Deception Bay QLD



Dubbo NSW



Burpengary QLD



Fyshwick ACT



Stones Corner QLD



Browns Plains QLD



Kallangur QLD



Caboolture QLD



Enoggera QLD



Tuggeranonga ACT



Keppera QLD



Kingaroy QLD



Lawnton QLD



Warwick QLD



Wagga Wagga NSW



SITE SELECTION THROUGH DETAILED MARKET RESEARCH

176 STORES ACROSS ALL STATES AND TERRITORIES OF AUSTRALIA AND BOTH ISLANDS OF NEW ZEALAND

FOCUS ON CONSISTENT AND PROMINENT BRANDING



INVESTMENT OVERVIEW

1.1 Overview of Super Cheap Auto

Super Cheap Auto is a non-franchise retailer of national and own brands at value prices across Australia and New Zealand. Super Cheap Auto stores offer a range of over 10,000 items across auto parts, accessories, handyman items, tools and equipment.

Since the establishment of retail operations in 1974 by Reg and Hazel Rowe, Super Cheap Auto has grown to have:

- 176 stores across every state and territory in Australia and in both islands of New Zealand; and
- over 2,900 Team Members.

The dedication of the Super Cheap Auto Team and the Super Cheap Auto culture have been key drivers of Super Cheap Auto's growth.

1.2 Key investment features

— **Solid track record of growth and profitability:**

- In excess of 27% compound annual revenue growth since 1993;
- Maintenance of EBITA margins at over 6.5% for the past 8 years;
- Store growth from eight stores in Queensland in 1993 when Bob Thorn joined Super Cheap Auto, to 176 stores across every state and territory in Australia and in New Zealand; and
- Super Cheap Auto has invested in new stores, supply chain initiatives and information technology over the year ending 30 June 2004 in order to create the platform for future growth.

— An **experienced Senior Management Team** – the Senior Management Team outlined in Section 4 have an average of 15 years of retail experience across a diverse range of multi-store retail operations in Australia and overseas;

— A business model that provides several **'distinct points of difference'**, giving Super Cheap Auto competitive advantages through:

People:

- A team culture based on clearly defined values and team framework principles that are practised throughout the entire organisation; and
- Encouraging the development of Team Members to meet the upcoming needs of the business.

Price:

- Offering customers value pricing in conjunction with a "price beat" policy on products Super Cheap Auto stocks; and
- Prices are standardised on a national basis for all stores (regional and metropolitan) within each of Australia and New Zealand.

Product:

- A diverse product offering relative to store size, with each store stocking over 10,000 items across the auto parts, accessories, handyman items, tools and equipment segments, providing a one-stop shop for the target market;
- Comparable quality own-branded products are offered at lower retail prices with higher margins; and
- The continued development of new products, referred to as "New Stuff", to ensure maintenance of an interesting and relevant offering for customers.

Presentation:

- Convenient and accessible store formats (averaging over 700m²) with consistent corporate livery;
- Relaxed, friendly and informative shopping experience; and
- Power merchandising techniques including bulk stacking and prominent signage, with product presentation across all stores governed by the Super Cheap Auto Merchandising Manual.

Promotions:

- Super Cheap Auto is the largest buyer of TV, radio and press advertising in the Australian auto aftermarket sector; and
- Strong brand recognition supported by innovative advertising, prominent signage and highly recognised motor sport sponsorship in Australia (through Super Cheap Auto Racing) and in New Zealand.

Position:

- Super Cheap Auto’s dedicated property team conducts extensive market research to identify target locations for new stores and pursues potential new store sites based on well defined site selection criteria; and
- Conveniently located, easily accessed and readily identifiable stores.

Planning:

- Significant investment in systems infrastructure and supply chain management that can support significant expansion; and
- To facilitate future growth, in 2002 Super Cheap Auto successfully implemented one of the broadest SAP retail enterprise resource planning systems in Australia at the time.

Profitability:

- Super Cheap Auto has managed its margins through:
 - its product mix;
 - achieving economies of scale in purchasing, advertising and support services;
 - securing competitive occupancy costs; and
 - efficient supply chain management.

Partnerships with Suppliers:

- Super Cheap Auto has built strong relationships with its suppliers over a long period of time; and
- Super Cheap Auto deals with its suppliers in the spirit of partnership with a commitment to open communication, ethical dealings and co-operation.

1.3 Growth strategy

Super Cheap Auto’s strategic initiatives for growth include:

- Continued roll-out of stores – Super Cheap Auto has opened over 165 new stores since 1993, and plans to continue expanding with a further 33 stores forecast to be opened in the year ending 30 June 2004 (of which all 33 have opened as at the date of this Prospectus) and 29 stores forecast to be opened in the year ending 30 June 2005;
- Ensuring recently opened stores mature rapidly and profitably;
- Improving the efficiency and profitability of existing stores;
- Improving product sourcing, distribution, information technology and working capital management; and
- The continued sourcing and development of new products.

The Directors believe, based on current market conditions, current market structure and the current Super Cheap Auto format, that Australia and New Zealand could support around 300 Super Cheap Auto stores.

The Directors also believe that the Super Cheap Auto business model could be applied to other retail categories. No decisions have been made at this stage as to the timing or nature of other potential retail opportunities and no such expansion has been included in the Forecast Financial Information.

1.4 Selected financial information

The following table is a summary of Super Cheap Auto’s:

- Adjusted historical statement of financial performance for the years ended 30 June 2001, 2002 and 2003; and
- Pro-forma forecast statement of financial performance for the year ending 30 June 2004 and forecast statement of financial performance for the year ending 30 June 2005.

This information is intended as a summary only. More detailed financial information can be found in Section 5.

	Adjusted Historical ¹			Pro-forma Forecast	Forecast
	Year Ended 30 June 2001	Year Ended 30 June 2002	Year Ended 30 June 2003	Year Ending 30 June 2004 ²	Year Ending 30 June 2005
Sales (\$m)	150.4	203.4	275.1	378.9	474.3
EBITDA (\$m)	17.1	18.1	26.1	30.6	39.8
EBITA (\$m)	15.8	15.5	21.8	23.7	30.6
EBIT (\$m)	14.0	13.7	19.8	20.8	27.6
NPAT pre amortisation and share issue costs (\$m) ³				14.3	18.4
NPAT post amortisation and share issue costs (\$m) ³				0.2	15.4
Earnings Per Share pre amortisation and share issue costs ³				13.4 cents	17.2 cents
Earnings Per Share post amortisation and share issue costs ³				0.2 cents	14.4 cents
Dividend per share paid to new and Existing Shareholders (fully franked)					5.8 cents

Note 1 The Adjusted Historical Financial Information is based on the audited results for the years ended 30 June 2001, 2002 and 2003. The Company has made various adjustments to its statutory historical financial information to arrive at the Adjusted Historical Financial Information included in this Section. Details of the adjustments are included in Section 5.

Note 2 The Forecast Financial Information for the year ending 30 June 2004 is based on the reviewed unaudited actual performance for the six months ended 31 December 2003 and the forecast performance for the six months ending 30 June 2004.

Note 3 Details of the share issue costs are set out in Note 3 of Table 5.2.

The actual results the Company will report in its annual report for the year ending 30 June 2004 ("Statutory Results") will cover the period from 8 April 2004, being the date of incorporation of Super Cheap Auto Group Limited, to 30 June 2004. A comparison of the actual Statutory Results for the period ending 30 June 2004 to the Forecast Financial Information will be included in the annual report of the Company for the year ending 30 June 2004.

1.5 Dividend policy

The Directors expect to declare a fully franked dividend for the year ending 30 June 2005 of 5.8 cents per share. This represents a 2005 dividend yield of 2.7–3.3% based on the Indicative Price Range. The Company will not pay a dividend for the year ending 30 June 2004.

Super Cheap Auto Pty Ltd declared and subsequently paid a final dividend of \$5m to the Vendor Shareholder for the year ended 30 June 2003. It declared an interim dividend of \$5m to the Existing Shareholders for the year ended 30 June 2004 prior to its acquisition by the Company. This dividend is expected to be paid in August 2004.

It is intended that dividends will be franked to the greatest extent possible. Subject to the considerations set out below and the Directors' discretion, the Company currently intends to maintain a dividend payout ratio of 35–45% of NPAT following the Forecast Period.

However, the Directors can give no assurance as to the future dividend policy, the payment of future dividends or the level of franking of such dividends.

The payment of dividends by the Company will depend upon the availability of distributable earnings, the Company's franking credit position, operating results, available cash flows, financial condition, taxation position, and future capital requirements as well as general business and financial conditions and any other factors the Directors may consider relevant.

The ability to pay a dividend will also depend on a number of other factors including the risk factors set out in Section 6, some of which are beyond the Company's and the Directors' control.

1.6 Risk factors

There are a number of factors, both specific to the Super Cheap Auto business and of a general nature, which may affect the future operating and financial performance of the Company and the outcome of an investment in the Company. There can be no guarantee the Company will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, should carefully consider the assumptions underlying the prospective Forecast Financial Information (set out in Section 5) and the risk factors in Section 6.

1.7 The Offer

This Prospectus contains information on the Offer by the Vendor Shareholder to sell 41,507,568 Shares.

The Offer will comprise:

1. A Retail Offer, consisting of:
 - a) a General Public Offer, open to members of the general public resident in Australia;
 - b) a Team Member Purchase Offer, open to Team Members resident in Australia and who have been employed by Super Cheap Auto for three months as at the date of the Prospectus and remain employed as at the Closing Date; and
 - c) a Broker Firm Offer, open to Broker Firm Applicants with a registered address in Australia;
2. An Institutional Offer open to certain Australian and international institutional investors; and
3. A Team Member Offer open to Team Members who are residents of Australia and are permanent full time or permanent part time employees who have been employed with Super Cheap Auto for a minimum of three months as at the date of the Prospectus and remain employed as at the Closing Date.

Further details of the Offer are set out in Sections 2 and 8.

You should read this Prospectus in its entirety before deciding to complete and lodge an Application Form. Potential investors are encouraged to submit their Application Forms as early as possible as the Offer may be closed before the indicated Closing Date without prior notice.

1.8 Vendor Shareholder and future relationships

Following completion of the Offer, the Vendor Shareholder, and interests associated with the Vendor Shareholder, will control approximately 51.2% of the Shares in the Company and will have significant ongoing leasing relationships with the Company. Further details of these arrangements are set out in Section 9.

STORE PRESENTATION

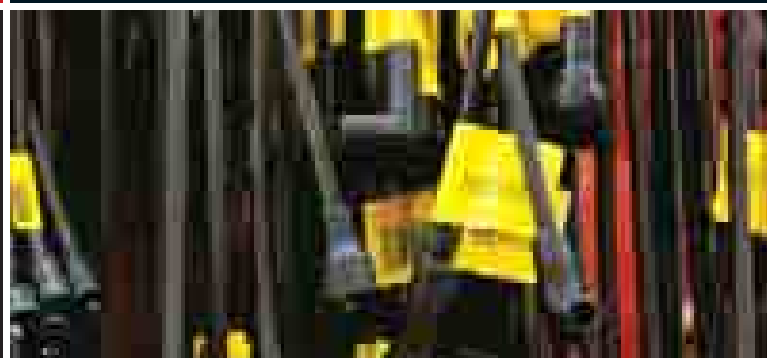


OVER 10,000 ITEMS PER STORE

DISTINCT POINT OF DIFFERENCE THROUGH OUR 'POWER' MERCHANDISING



AUTO PARTS, ACCESSORIES, HANDYMAN ITEMS, TOOLS AND EQUIPMENT





DETAILS OF THE OFFER

2.1 Key dates

Retail Offer and Team Member Offer opens	3 June 2004
Retail Offer and Team Member Offer closes	23 June 2004
Institutional Bookbuild opens	28 June 2004
Institutional Bookbuild closes	29 June 2004
Final Price and basis of Share allocation announced	30 June 2004
Retail, Team Member and institutional settlement	5 July 2004
Shares expected to commence trading on ASX on a deferred settlement basis	6 July 2004
Transfer of Shares to successful Applicants	6 July 2004
Expected despatch of holding statements	7 July 2004
Shares expected to commence trading on ASX on a normal settlement basis	12 July 2004
Expected date of settlement of all trades executed on a deferred settlement basis	14 July 2004

All dates are indicative only. The Company and the Vendor Shareholder reserve the right, in consultation with the Lead Manager, to vary the dates, which includes closing the Offer early without notice to any recipient of the Prospectus or any Applicant for Shares.

Retail Applicants are advised to lodge their Applications as early as possible after the Offer opens. Applications for Offer Shares will not be accepted after the Closing Date (as varied by the Company and the Vendor Shareholder, in consultation with the Lead Manager).

2.2 Description of the Offer

Investors are invited to apply for a total of 41,507,568 Offer Shares. All of these Shares are offered for sale by the Vendor Shareholder and all proceeds, net of costs of the Offer, will be received by the Vendor Shareholder. None of the proceeds of the Offer will be received by the Company.

On completion of the Offer, the Shares offered under this Prospectus will represent approximately 39.0% of the issued capital of the Company.

At the Indicative Price Range of \$1.75 to \$2.13 per Share, the gross proceeds ultimately received by the Vendor Shareholder under the Offer will be between \$72.6 million and \$88.4 million.

Following completion of the Offer, the Vendor Shareholder, and interests associated with the Vendor Shareholder, will control approximately 51.2% of the Shares (see Section 2.4 below).

The Application Monies are payable in full on Application. No stamp duty or brokerage is payable by Applicants.

All Application Monies will be held on trust for Applicants until the Shares are allocated or, if the Shares are not allocated, until the Application Monies are returned to the Applicants.

2.3 Purpose of the Offer

The purpose of the Offer is to:

- Achieve listing on ASX, broaden the Company's shareholder base and provide a market for its Shares;
- Provide the Company with ongoing access to capital markets to improve capital management flexibility;
- Assist the Company in attracting and retaining quality Team Members; and
- Allow the Vendor Shareholder to realise part of its investment in the Company.

The net proceeds raised from the sale of the Offer Shares will be passed to the Vendor Shareholder and will not be received by the Company. The costs of the Offer will be borne by the Vendor Shareholder (refer to Section 9 for further details).

2.4 Shareholders

The ownership structure of the Company immediately prior to and at completion of the Offer is shown in the table below:

	Pre-Offer		At completion of the Offer	
	Shares	%	Shares	%
The Vendor Shareholder	93,909,727	88.24	52,402,159	49.24
Interests associated with the Vendor Shareholder ¹	2,141,564	2.01	2,141,564	2.01
Senior Management Team ²	10,378,331	9.75	10,378,331	9.75
Non-Executive Directors and associated interests	0	0	200,000	0.19
New shareholders pursuant to the Offer			41,307,568	38.81
Total	106,429,622	100	106,429,622	100

Note 1 Those interests belong to the daughters of Mr Reg Rowe, controller of the Vendor Shareholder. Mr Rowe intends to provide other close relatives of himself and Mrs Hazel Rowe with a preferred opportunity to take up Offer Shares, subject to an overall allocation limit such that any such allocation taken up is not expected to exceed 1.5% of the Offer Shares sold by the Vendor Shareholder in the Offer.

Note 2 The Senior Management Team as outlined in Section 4.2 and other participating executives under the Senior Management Team Share Plan (see Section 9.5). Bob Thorn and some other members of the Senior Management Team intend to purchase Shares through the Offer. Any additional Shares purchased by Bob Thorn or members of the Senior Management Team through the Offer will be accounted for in the table above as new shareholders pursuant to the Offer.

The Vendor Shareholder and Bob Thorn have entered into voluntary escrow arrangements with the Company under which they have agreed that, except in limited circumstances, they will not dispose of any Shares held as at the date of this Prospectus until the Company has reported its audited financial results for the year ending 30 June 2005. Details of these agreements are set out in Section 9.6.

Under the terms of the Senior Management Team Share Plan (see Section 9.5), the participating executives are restricted from dealing with the Shares held under this plan, so that they may only sell up to one third of their Shares in each of the calendar years commencing on the first, second and third anniversaries of the date that the Company is admitted to the official list of the ASX.

The Final Price will be determined by way of an Institutional Bookbuild managed by the Lead Manager. Successful Applicants in the Retail Offer will pay the Final Price ("Retail Offer Price"). Successful bidders in the Institutional Offer will also pay the Final Price.

An Indicative Price Range of \$1.75 to \$2.13 per Share has been established for institutions bidding under the Institutional Offer. However, the Vendor Shareholder, the Lead Manager and the Company, reserve the right to set the Final Price above, below or within the Indicative Price Range. The Indicative Price Range may be varied by the Vendor Shareholder, the Lead Manager and the Company at any time.

The Final Price is expected to be announced on 30 June 2004.

2.5 Offer pricing

Indicative Price Range	\$1.75 to \$2.13 per Share
Retail Offer Price	Final Price

2.6 Structure of the Offer

The Offer will comprise:

1. A Retail Offer, consisting of:
 - a) a General Public Offer, open to members of the general public resident in Australia;
 - b) a Team Member Purchase Offer, open to Team Members resident in Australia and who have been employed by Super Cheap Auto for three months as at the date of the Prospectus and remain employed as at the Closing Date; and
 - c) a Broker Firm Offer, open to Broker Firm Applicants with a registered address in Australia;
2. An Institutional Offer open to certain Australian and international institutional investors; and
3. A Team Member Offer open to Team Members who are residents of Australia and are permanent full time or permanent part time Team Members who have been employed with Super Cheap Auto for a minimum of three months as at the date of the Prospectus and remain employed as at the Closing Date. Details of the Team Member Offer are set out in Sections 2.9 and 8.

The Lead Manager, in consultation with the Vendor Shareholder and the Company, will determine the allocation of Shares between the Retail Offer, the Team Member Offer and the Institutional Offer. The Company and the Vendor Shareholder reserve their right, in consultation with the Lead Manager, to allocate no Shares to general public Applicants in the event of a scale back of Applications under the Offer.

All Shares being offered under this Prospectus rank equally with each other and will rank equally with existing Shares.

The Offer is not underwritten. The Vendor Shareholder, the Company and the Lead Manager have entered into an Offer Management Agreement in respect of the management of the Retail Offer and the Institutional Offer. Once the Final Price has been determined, the Lead Manager will be obliged to provide settlement support in respect of successful bids in the Institutional Offer. The Offer Management Agreement sets out a number of circumstances under which the Lead Manager may terminate the agreement. A summary of certain terms of the agreement, including the termination provisions, is set out in Section 9.3.

2.7 The Retail Offer

2.7.1 Who can apply for Shares under the Retail Offer?

The Retail Offer is open to all members of the public who are resident in Australia. However, priority will be given to Applicants who are Team Members who are eligible and apply under the Team Member Purchase Offer (up to a maximum of \$25,000) and Broker Firm Applicants over general public Applicants. See Sections 2.7.2 and 2.7.4 for how to apply for Shares and the allocation policy.

2.7.2 How to apply for Shares in the Retail Offer

General Public Offer

The General Public Offer is open to all members of the public who are residents in Australia.

To apply for Shares under the General Public Offer you must complete the Application Form attached to this Prospectus in accordance with the instructions on that form. Applicants are required to nominate the Australian dollar amount they wish to invest in the Retail Offer, which must be for a minimum of \$5,000 ("Application Amount"). Applicants whose Applications are accepted in full will receive the whole number of Offer Shares calculated by dividing the Application Amount by the Retail Offer Price. Where the Retail Offer Price does not divide evenly into the Application Amount, the number of Offer Shares to be allocated will be rounded down to the nearest whole number of Offer Shares. In this circumstance, surplus application monies will not be returned to Applicants and will be donated to the Muscular Dystrophy Association and Camp Quality.

The minimum Application Amount is \$5,000. Application Amounts in excess of the minimum amount must be in multiples of \$100.

There is no maximum Application Amount under the General Public Offer. However, the Vendor Shareholder, the Company and the Lead Manager reserve the right to treat applications in excess of \$100,000 as part of the Institutional Offer.

Team Member Purchase Offer

The Vendor Shareholder will reserve up to \$1.5 million worth of Offer Shares for allocation to Team Members who are eligible to participate in the Team Member Purchase Offer. To the extent that Team Members eligible to participate in the Team Member Purchase Offer do not apply for those Shares, the remaining Shares will be available to other Applicants.

The Team Member Purchase Offer is open to all Team Members who are residents of Australia and who have been employed with Super Cheap Auto for a minimum of three months as at the date of the Prospectus and remain employed as at the Closing Date (“Eligible Team Member Purchase Offer Applicants”).

Eligible Team Member Purchase Offer Applicants are entitled to apply for a minimum of \$1,000 worth of Shares and a maximum of \$25,000 worth of Shares and will, if they apply correctly, receive a guaranteed allocation of \$1,000 worth of Shares and priority in allocation over general public Applicants of up to the maximum of \$25,000 worth of Shares.

To apply for Shares under the Team Member Purchase Offer you must complete the Team Member Purchase Offer Application Form accompanying this Prospectus in accordance with the instructions on that form. You are required to nominate an Australian dollar amount to apply for worth of Shares, which must be a minimum of \$1,000 and in multiples of \$100 up to a maximum of \$25,000 (“Application Amount”). Successful applicants will receive the number of Offer Shares calculated by dividing the Application Amount by the Retail Offer Price. Eligible Team Member Purchase Offer Applicants who apply under the Team Member Purchase Offer must pay the Application Amount, at the time of application.

Eligible Team Member Purchase Offer Applicants who wish to acquire more than \$25,000 worth of Shares may in addition to, or instead of applying for Shares under the Team Member Purchase Offer, apply for Shares under the General Public Offer. Team Members who apply for Shares under the General Public Offer will receive the same priority in allocation of Shares as other general public Applicants and will not receive any guaranteed allocation of Shares under the General Public Offer (see Section 2.7.4 for Allocation of Shares under the Retail Offer).

Which Application Form do I use?

When you are applying for Shares under the Retail Offer, you must complete the relevant Application Form attached to or accompanying this Prospectus or in its paper copy form as downloaded in its entirety from www.supercheapauto.com.au, as specified below:

- if you are applying under the General Public Offer, complete the general Application Form;
- if you are applying under the Team Member Purchase Offer, complete the Team Member Purchase Offer Application Form; or
- if you are applying under the Broker Firm Offer, complete the general Application Form, in accordance with your Broker’s directions, from which you received the firm allocation.

For Eligible Team Member Purchase Offer Applicants who are eligible for and are applying for Shares under both the Team Member Purchase Offer and the Team Member Offer, you must complete a separate Team Member Offer Application Form to apply for Shares under the Team Member Offer, in addition to the Team Member Purchase Offer Application Form. Details of the Team Member Offer are described below in Sections 2.9 and 8.

If you apply for Shares under the Team Member Purchase Offer by completing the Team Member Offer Application Form, you will not receive your allocation of Shares and your Application Monies will be refunded to you.

How and when to lodge your Application Forms under the Retail Offer

Applications may be made and will only be accepted on the Application Form attached to or accompanying this Prospectus or in its paper copy form as downloaded in its entirety from www.supercheapauto.com.au. The Application Form must be accompanied by a cheque in Australian dollars drawn on an Australian branch of an Australian bank for the Application Amount. All cheques must be made payable to “**Super Cheap Auto Group Limited – Share Offer**” and crossed “**not negotiable**”.

Sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected.

Completed Application Forms (except for Applications by Broker Firm Applicants) and accompanying cheques must be mailed or delivered to the Registry as set out below:

Mailing address:

Super Cheap Auto Group Limited
ASX Perpetual Registrars Limited
Locked Bag A14
Sydney South NSW 1235

Delivery Address:

Super Cheap Auto Group Limited
ASX Perpetual Registrars Limited
Level 8
580 George Street
Sydney NSW 2000

Regardless of the method of lodgement, all Applications must be received by the Registry no later than 5:00pm AEST on 23 June 2004, unless the dates and times are varied by the Company and the Vendor Shareholder, in consultation with the Lead Manager. It is not proposed to pay stamping fees to brokers under the Offer.

The Company and the Vendor Shareholder reserve their right, in consultation with the Lead Manager, to close the Offer at an earlier date or to extend the Offer at their absolute discretion without prior notice. Potential investors are therefore encouraged to submit their Application Forms as early as possible.

You should read this Prospectus in its entirety before deciding to complete and lodge an Application Form.

2.7.3 Broker Firm Applicants

If you have received a firm allocation of Offer Shares from Macquarie Equities, you should obtain a copy of this Prospectus from them and apply for Offer Shares using the Application Form included at the back of that Prospectus.

Applicants who receive a firm allocation should make cheques payable to Macquarie Equities, or as otherwise instructed by them. Completed Application Forms should be returned to Macquarie Equities, unless otherwise instructed by them.

2.7.4 Allocation of Shares under the Retail Offer

The Company and the Vendor Shareholder, in consultation with the Lead Manager, have absolute discretion regarding the allocation of Shares to Applicants in the Retail Offer and may reject any Application, or allocate fewer Shares than applied for. However:

- Eligible Team Member Purchase Offer Applicants will, if they apply correctly, receive a guaranteed allocation of \$1,000 worth of Shares; and
- Eligible Team Member Purchase Offer Applicants (up to \$25,000 worth of Shares) and Broker Firm Applicants will, if they apply correctly, receive a priority in allocation of Shares, over general public Applicants.

Except as stated above, there is no assurance that any Applicant under the Retail Offer will be allocated any Shares for which they have applied.

Where no allocation is made or the value of Offer Shares allocated is less than the value for which an Application was made, subject to Section 2.7.2, surplus Application Monies will be returned to the Applicant as soon as practicable. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will become an asset of the Vendor Shareholder.

After the Offer Shares are transferred, the balance of monies held in the special purpose account will be donated to the Muscular Dystrophy Association and Camp Quality.

2.8 The Institutional Offer

2.8.1 Invitations to bid

The Lead Manager, Vendor Shareholder and the Company intend to invite certain Australian and international institutional investors to bid for Offer Shares in the Institutional Offer. The Institutional Offer will be conducted via the Institutional Bookbuild managed by the Lead Manager. Full details of how to participate, including bidding instructions, will be provided to participants by the Lead Manager.

Participants can only bid into the book for Offer Shares through the Lead Manager. They may bid for Offer Shares at specific prices or at the Final Price. Participants may bid above, within or below the Indicative Price Range, which is \$1.75 to \$2.13 per Offer Share. The Indicative Price Range may be varied at any time by the Lead Manager, the Vendor Shareholder and the Company.

The bookbuild period is expected to commence at 9.00am AEST on 28 June 2004 and to end at 12.00pm AEST on 29 June 2004, unless these times and dates are varied by the Vendor Shareholder and the Company in consultation with the Lead Manager.

Bids may be amended or withdrawn at any time up to the close of the Institutional Bookbuild period. Bids can be accepted or rejected by the Lead Manager in consultation with the Company and the Vendor Shareholder in whole or in part, without further notice to the bidder. Acceptance of a bid will give rise to a binding contract that is conditional on the Company being admitted to the official list of ASX and quotation of the Shares on ASX. Subject to this condition being met and payment of settlement funds by the Applicant, the Company expects that the transfer of Offer Shares will be completed by 6 July 2004 (see Sections 2.10 and 9.16 for a discussion of deferred settlement trading).

All successful bidders in the Institutional Offer will pay the Final Price.

2.8.2 The Final Price

The Institutional Bookbuild process will be used to determine the Final Price. The Final Price will be determined by the Vendor Shareholder, the Lead Manager and the Company. It is expected that the Final Price and basis of Share allocation will be determined and announced on 30 June 2004.

2.8.3 Allocation policy in the Institutional Offer

The allocation of Shares amongst bidders in the Institutional Offer will be determined by the Lead Manager, the Vendor Shareholder and the Company. There is no assurance that any investor lodging a bid in the Institutional Offer will be allocated any Shares or the number of Shares for which it has bid.

The initial determinant for the allocation of Shares in the Institutional Offer will be the Final Price. Bids lodged at prices below the Final Price will not receive an allocation of Shares.

2.9 Team Member Offer

The Vendor Shareholder will reserve up to \$1 million worth of Offer Shares for allocation to Team Members who are eligible to participate in the Team Member Offer. To the extent that Team Members eligible to participate in the Team Member Offer do not apply for those Shares, the remaining Shares will be available to other Applicants.

Under the Team Member Offer, Team Members who are residents of Australia and are permanent full time or permanent part time employees who have been employed with Super Cheap Auto for a minimum of three months as at the date of the Prospectus and remain employed as at the Closing Date ("Eligible Team Member Offer Applicants"), may apply for and receive \$1,000 worth of Shares. Successful Applicants will have their pre-tax cash salary or wages reduced by \$1,000, paid by instalments over a 12 month period from July 2004 to July 2005. Eligible Team Member Offer Applicants who apply for Offer Shares under the Team Member Offer will receive the number of Offer Shares calculated by dividing \$1,000 by the Retail Offer Price.

Eligible Team Member Offer Applicants who apply for shares correctly, will be guaranteed their allocation of \$1,000 worth of Shares.

The Team Member Offer is being made under the terms of the Super Cheap Auto Team Member Share Plan ("Plan"), as described in Section 9.7.

Shares must remain in the Plan for a minimum of three years from the date of allocation, unless participants leave Super Cheap Auto earlier. During this period, participants may not sell, grant a security interest over or otherwise dispose of Shares.

Team Members, who are eligible to participate in the Team Member Offer, will be sent a copy of the Prospectus together with a Team Member Offer Application Form. To apply for Offer Shares under the Team Member Offer, the Team Member must complete the Team Member Offer Application Form, in accordance with the instructions on that form.

Participation in the Team Member Offer is completely voluntary.

Eligible Team Member Offer Applicants are also entitled to apply for Offer Shares under the Retail Offer, as described in Sections 2.6 and 2.7, in addition to, or instead of, the Team Member Offer.

For further details of the Team Member Offer and the Super Cheap Auto Team Member Share Plan see Sections 8 and 9.7.

2.10 ASX Listing and deferred settlement trading

The Company will apply for admission to the official list of ASX and quotation of the Shares on ASX within seven days after the date of this Prospectus. All contracts formed on acceptance of Applications under the Retail Offer and bids in the Institutional Offer will be conditional on quotation of the Shares on ASX. If the Shares are not admitted to quotation within three months after the date of this Prospectus (or any longer period permitted by law) the Offer will be cancelled and Application Monies will be returned to Applicants as soon as practicable (without interest).

It is expected that Offer Shares will be transferred to successful Applicants by 6 July 2004 and trading of the Shares on ASX will commence on a deferred settlement basis on or about 6 July 2004. Deferred settlement trading will continue until three business days following dispatch of holding statements on or about 7 July 2004. It is expected that trading on a normal settlement basis will commence on 12 July 2004.

Details of the Final Price, Retail Offer Price and basis of Share allocations can be confirmed by calling the Super Cheap Auto Share Offer Information Line on 1800 170 502 (Australia). Applicants are responsible for confirming their allocation before trading in Shares. Anyone who sells Shares before receiving confirmation of their allocation does so at their own risk. The Vendor Shareholder, the Company, the Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade shares before receiving their initial holding statement.

See Section 9.16 for further information in relation to the deferred settlement trading of the Shares, and how to confirm allocations before trading Shares.

2.11 Electronic Prospectus

This Prospectus may be viewed in electronic form online at www.supercheapauto.com.au. The Offer constituted by this Prospectus in electronic form is available to persons receiving the electronic version of this Prospectus within Australia.

Persons who receive the electronic version of this Prospectus should ensure they download and read the entire Prospectus. A paper copy of this Prospectus will be provided free of charge to any person in Australia who requests a copy by contacting the Super Cheap Auto Share Offer Information Line on 1800 170 502 (Australia) during the Offer Period.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to or accompanying a paper copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

2.12 CHESS and holding statements

The Company will apply to participate in CHESS, and, in accordance with the Listing Rules and the ASTC Settlement Rules, will maintain an electronic issuer-sponsored sub-register and an electronic CHESS sub register.

Following the transfer of Offer Shares to successful Applicants, shareholders will be sent an initial holding statement that sets out the number of Shares which they have been allocated. Holding statements are expected to be dispatched on 7 July 2004.

This statement will also provide details of a shareholder's identification number or, where applicable, the security holder reference number for each of the sponsored holders.

It is the responsibility of applicants to determine their allocation prior to trading Shares. Shareholders will receive subsequent statements showing changes to their shareholding in the Company. No share certificates will be issued.

2.13 Taxation

The Australian taxation consequences of any investment in Offer Shares will depend upon the investor's particular circumstances. It is an obligation of investors to make their own enquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should consult your stockbroker, lawyer, accountant or other professional adviser.

2.14 Enquiries

If you require assistance to complete the Application Form or require additional copies of this Prospectus, you should contact the Super Cheap Auto Share Offer Information Line on 1800 170 502 (Australia).

If you are unclear in relation to any matter or are uncertain as to whether Super Cheap Auto is a suitable investment for you, you should seek professional advice from your stockbroker, lawyer, accountant or other professional adviser.

2.15 Foreign Selling Restrictions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

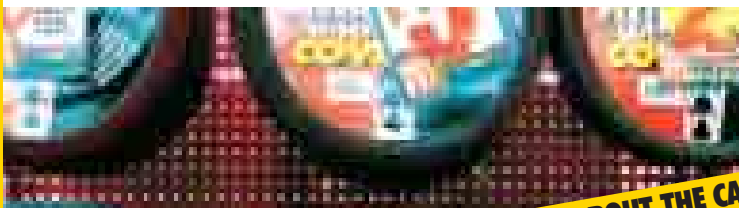
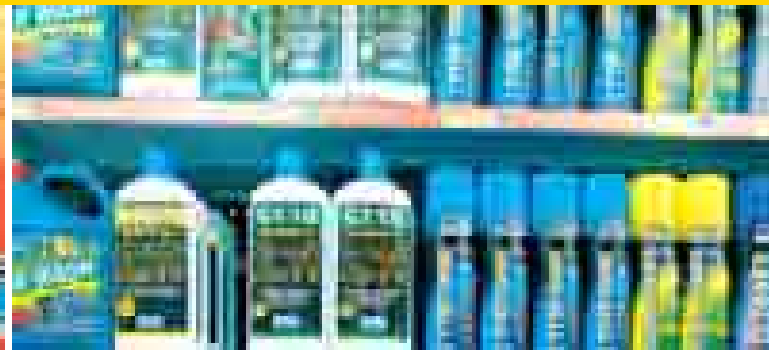
Each Applicant in the Retail Offer and the Team Member Offer will be taken to have represented, warranted and agreed that such person:

- is an Australian citizen or resident in Australia, is located in Australia at the time of such Application and is not acting for the account or benefit of any person in the US, a US Person or any other foreign person; and
- will not offer or sell the Shares in the US or in any other jurisdiction outside Australia or to a US Person, except in transactions exempt from registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which such Shares are offered and sold.

Each person in Australia to whom the Institutional Offer is made under this Prospectus will be required to represent, warrant and agree as follows (and will be taken to have done so if it bids the Institutional Offer):

- it understands that the Shares have not been and will not be registered under the US Securities Act and may not be offered, sold or resold in the United States or to a US Person, except in transactions exempt from registration under the US Securities Act;
- it is not in the US nor a US Person and is not acting for the account or benefit of a US Person; and
- it is not engaged in the business of distributing securities or, if it is, it agrees that it will not offer or resell in the US or to a US Person (a) any Shares it acquires in the Offer at any time or (b) any Shares it acquires other than in the Offer until 40 days after the date on which the Final Price is determined and the shares are allocated in the Offer, in either case other than in a transaction meeting the requirements of Rule 144A under the US Securities Act.

No person is authorised to provide any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations will not be relied upon as having been authorised by the Vendor Shareholder, the Company or the Lead Manager or any other person, nor will any such persons have any liability or responsibility therefore.



OUR RETAIL OFFERING

THE SUPER CHEAP AUTO OFFERING IS ABOUT THE CAR, THE HOUSE, THE GARAGE, THE BOAT AND THE YARD

OUR RANGE OFFERS NATIONAL AND OWN BRAND PRODUCT LINES AT COMPETITIVE PRICES ACROSS ALL STORES



YOU "GET THE LOT FOR LESS" AT SUPER CHEAP AUTO





BUSINESS OVERVIEW

Sales/Store Growth 1993–2003

■ Sales \$m ■ Stores

Super Cheap Auto is a leading Australian and New Zealand retail business. Super Cheap Auto offers its customers value for money products for their car, trailer, garage, boat and yard.

Super Cheap Auto is a non-franchised business that has rapidly expanded from its origins in Queensland into every Australian State and Territory and into New Zealand. Super Cheap Auto currently has over 176 stores, over 2,900 Team Members and is estimated to have served over 12.5 million customers from June 2003 to May 2004.

The dedication of the Super Cheap Auto Team Members, and the Super Cheap Auto culture that is practised throughout all levels of the organisation, have been key drivers of Super Cheap Auto's success.

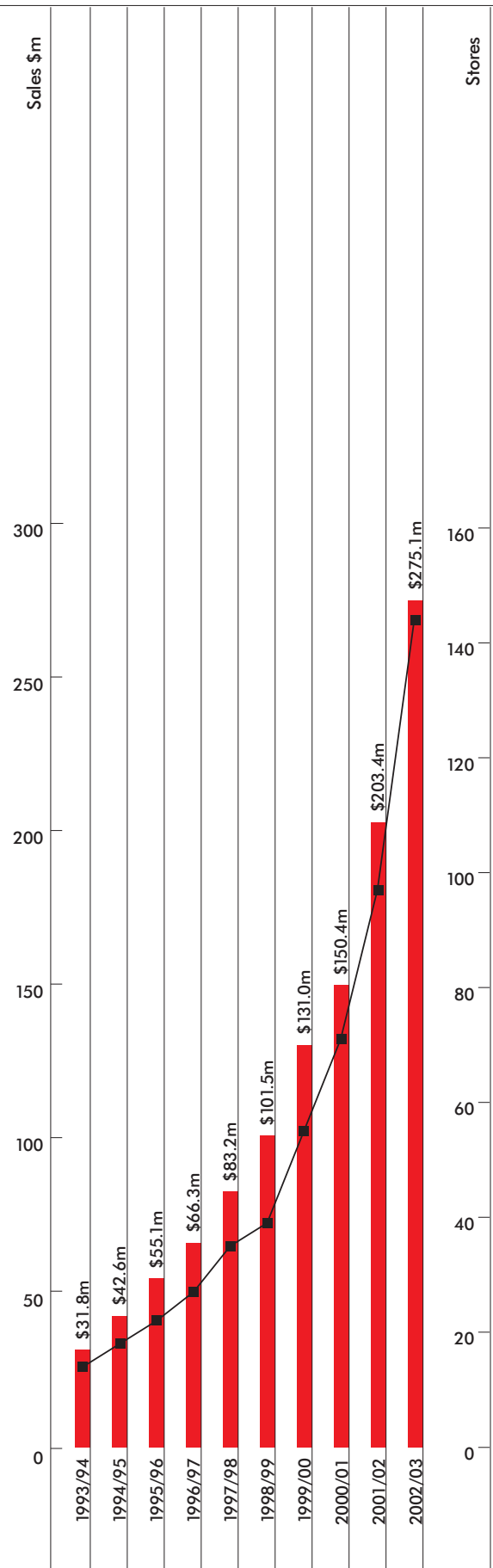
3.1 History

Reg and Hazel Rowe founded an automotive accessories mail order business in 1972 which they ran from their Queensland home. In 1974 their business commenced retail operations.

By March 1993, Super Cheap Auto had opened eight retail stores in Queensland and recorded sales of approximately \$19.4 million in the year ended 30 June 1993.

The decade that was ...

Bob Thorn, the current Managing Director, became a Super Cheap Auto Team Member in 1993. Since that time, Super Cheap Auto has achieved compound annual growth in both store numbers and sales of over 27%.



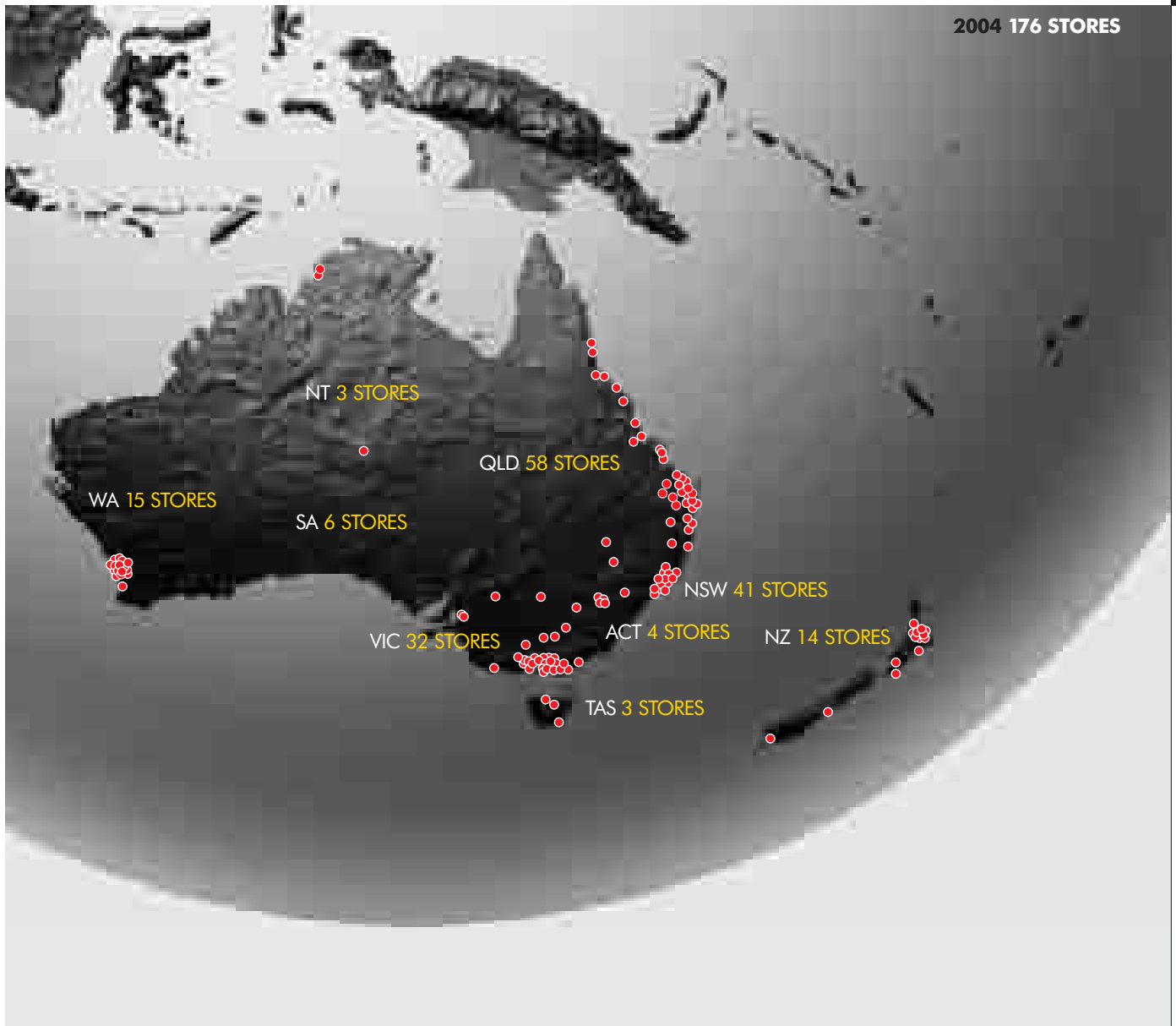
Super Cheap Auto grew organically from its origins in South East Queensland, opening its first stores in New South Wales in April 1997, the Australian Capital Territory in September 1999, the Northern Territory in February 2001, Victoria in August 2001 and Tasmania in August 2002.

Super Cheap Auto acquired the Perth based Marlows business in May 2003. Marlows was the largest independent retailer of automotive parts and accessories in Western Australia and South

Australia at that time, operating 20 stores in Western Australia, South Australia and Victoria under the Marlows and Rocca Bros brand names. These stores were rapidly rebranded as Super Cheap Auto stores following completion of the acquisition and fully integrated into the Super Cheap Auto corporate culture.

In November 2003, Super Cheap Auto opened its first seven stores in New Zealand. All seven stores were opened on the same day and over 13,000 customers visited the stores during the first two days of trading. By Christmas 2003, Super Cheap Auto had opened eight stores in New Zealand and since that time a further six have been opened.

The current locations of Super Cheap Auto's stores are shown below:



3.2 The Market

Super Cheap Auto operates in the Australian and New Zealand retail industry within the following retail segments:

- Automotive parts and accessories;
- Hardware, including tools;
- Gardening equipment;
- Camping and other outdoor equipment; and
- Boating equipment.

The diversity and breadth of products offered by Super Cheap Auto means that it cannot be viewed as part of a single market within the retail industry.

However, Core Economics have estimated that the market size in Australia available to Super Cheap Auto is currently approximately \$1.95 billion per annum based on:

- the number of people who patronised an auto parts and accessories store;
- the proportion of those people that visited Super Cheap Auto as their main store; and
- Super Cheap Auto's turnover.

Super Cheap Auto is not aware of any reliable estimates of the market size available to Super Cheap Auto in New Zealand.

The general drivers of demand for Super Cheap Auto products are general economic conditions (including gross domestic product, interest rates and employment levels), consumer sentiment, household disposable income and population growth.

The number of DIY consumers is also a key driver for Super Cheap Auto's business. In recent years, the DIY concept has received increasing exposure in Australia. DIY consumers are the primary customers of products for installation, repair or maintenance from retail stores as opposed to employing service providers to perform the work. Tools, equipment and products utilised by professional service providers tend to be purchased from trade sellers rather than retail stores.

In addition to these general demand drivers, the automotive parts and accessories segment and the hardware segment are affected by specific demand drivers.

Demand drivers specific to the retail auto parts and accessories market

- **The number of vehicles registered:** Growth in the number of vehicles registered tends to increase demand for retail auto parts and accessories. Growth in the Australian registered passenger vehicle fleet in the period 1993 to 2003 has been approximately 25% in total from 8.3 million to 10.4 million. The number of passenger cars and vans in New Zealand in the period 1993 to 2003 has increased 88% in total from approximately 1.3 million to approximately 2.5 million. Contributing factors for the vehicle growth in both Australia and New Zealand include population and income growth, reduced tariffs on imports and increased affordability.

- **Vehicle age:** In the period 1971 to 2003, the average age of Australian vehicles increased by over 70% from 6.1 years to 10.4 years. In the period 1993 to 2003, the average age of New Zealand vehicles increased by 26% from 9.3 years to 11.7 years. Older vehicles generally require more maintenance, leading to a greater parts and servicing requirement and owners of older vehicles are more likely to be DIY customers.

Demand drivers specific to the retail hardware market

- **Housing and construction cycles:** Economic conditions often affect the retail hardware market through housing and construction cycles. These cycles evidence a high correlation to the availability of credit. The availability of credit is determined largely by the level of interest rates and disposable income. During periods of constrained disposable income and credit, consumers tend to delay renovations and home improvements, thereby limiting their purchase of goods from this market.
- **Increased home ownership:** The purchase of retail hardware is aligned with own home improvement. In the period from 1991 to 2001, the absolute number of households in Australia that owned their dwelling (with or without a mortgage) increased approximately 19.4% in total to over 4.6 million households. The absolute level of home ownership in New Zealand from 1991 to 2001 increased approximately 2.3% in total to over 860,000 dwellings.
- **Cost of products:** Retail hardware products have become more affordable for consumers over the past 10 years. This has been primarily driven by the increased sourcing of manufactured products from Asia, particularly China. Greater affordability of retail hardware products has been one of the drivers of growth in the DIY market.

3.3 Customers

Around 80% of Super Cheap Auto's customers are males, most of which are in the 18–54 age group. Super Cheap Auto's customers can be broadly grouped into three categories:

Accessories customers

Customers shopping for accessories products, for example, car seat covers, sun visors, car wash and polish.

Maintenance and repair related customers

These customers can be divided into:

- **Enthusiast Do-It Yourself (“DIY”) customers:** Customers who perform work on their own vehicle, home, boat or garden because they enjoy it and have the necessary skills to do so;
- **Functional DIY customers:** Customers who have the necessary skill but are not so passionate about the work as to always conduct the task themselves. Whether or not they perform the maintenance and/or repair work or pay someone else to do it will depend on a number of factors including convenience, difficulty of the task, location, time, price and level of disposable income; and
- **Do-It-For-Me (“DIFM”) customers:** Customers who employ service providers to perform maintenance and/or repair work on their vehicle, home, boat or garden. Whilst some DIFMs may purchase products at Super Cheap Auto and employ others to utilise or install the products, they tend not to be core customers of Super Cheap Auto, preferring instead to utilise car dealerships, repairers and builders.

Recreational customers

Customers shopping for discrete products in the outdoor, leisure, trailer, camping, marine and four wheel drive segments.

3.4 Competitive environment

Super Cheap Auto has a number of competitors within specific markets in which it operates. Competitors to Super Cheap Auto include Repco, Autobarn, Strathfield, Autopro, AutoOne and Bursons, mass merchants such as Kmart and Big W, retail hardware chains such as Mitre 10 and Bunnings and, to a lesser extent, service stations. Super Cheap Auto's competitors also include retailers focused on niche segments of the markets in which the Company operates such as Strathfield (car audio), Glenfords and Tool City (speciality tools).

3.5 Super Cheap Auto's competitive advantage – ‘distinct points of difference’

The Directors believe that Super Cheap Auto's business model provides the following ‘distinct points of difference’ which gives Super Cheap Auto an advantage over its competitors:

— People

The Team: The strength of the Super Cheap Auto Team of over 2,900 Team Members has been a major driver of Super Cheap Auto's success.

Team culture: The Super Cheap Auto culture is practised throughout all levels of the organisation.

The Team is guided by a clear mission:

- To develop and grow the business to achieve the position of market leader in the retailing of auto parts, accessories, handyman items, tools and equipment in Australia and New Zealand; and
 - To be recognised for the largest ‘value for money’ product range of auto parts, accessories, handyman items, tools and equipment found in prominent, conveniently located stores.
- All Team Members are required to carry a card in their top pockets setting out the team framework principles that the Super Cheap Auto Team practise:
- Set clear and precise objectives which are understood by everyone;
 - Trust and respect each other and the team as a unit;
 - Provide feedback at all stages of the process;
 - Review and adjust the plan constantly and reset objectives to continually improve; and
 - Praise and encourage fellow Team Members and recognise/celebrate major achievements.

Multi-Store retail management skills: Super Cheap Auto's Senior Management Team has a strong record of managing growth. This track record includes growing and developing new product categories and own-brands, in addition to successfully managing a rapid store roll-out programme. The Senior Management Team have come from a variety of multi-store retail operations in Australia and overseas, giving Super Cheap Auto access to experience across the retail sector, as well as a number of other disciplines.

"One Metre Smile" and customer service:

Customers are the lifeblood to the success of Super Cheap Auto's business. The Super Cheap Auto Team practises the "One Metre Smile" where the aim is to welcome all customers on entry and farewell on exit. The philosophy of the "One Metre Smile" is to develop lasting relationships with customers.

Learning and development: Super Cheap Auto is committed to providing opportunities for learning and development for new and existing Team Members. To ensure that Super Cheap Auto has sufficient store managers to support future growth, Super Cheap Auto established a training academy, Super Cheap Auto Retail Management Academy ("SCARMA"), in 2003.

The aim of SCARMA is to develop management skills, provide information on operational standards, embed the Super Cheap Auto culture and ensure suitable succession planning is in place. Each new store manager attends a four week course consisting of three weeks at SCARMA and one week at the manager's home store. SCARMA also provides a one week intensive course for existing Team Members. 183 managers have currently graduated from SCARMA.

Company awards: Company awards such as Team Member of the month, Team Member of the year, manager of the month, manager of the year and store of the year help to encourage individuals and each store to strive to meet local and regional targets.

External awards: Super Cheap Auto and its Team Members have been nominated for or won numerous awards including:

- Queensland's Supreme Reward for Best Retailer (30 employees or more) at the National Retail Association/The Courier-Mail Rewards for Excellence (2003);
- Westfield Individual Achievement Award for Bob Thorn, Managing Director of Super Cheap Auto, at the National Retail Association/The Courier-Mail Rewards for Excellence (2003);
- Energex Outstanding Customer Service Initiative for Super Cheap Auto's 'Made Easy' series of free DIY information sheets (2003);
- Finalist in the Microsoft Award for Employer of Choice (more than 500 employees) (2003); and
- A number of Super Cheap Auto's store managers won the Australian Retail Association's young retailer of the year awards for their respective States in 2002; and
- Super Cheap Auto is a finalist in a number of categories for the 2004 National Retail Association's American Express Rewards for Excellence.

— **Price**

Consistent low price offering: Super Cheap Auto actively markets itself as a value retailer, offering customers a "price beat" policy on all products the Company stocks.

Pricing is determined by the head office and standardised on a national basis for all stores (regional and metropolitan) within each of Australia and New Zealand. Super Cheap Auto's successful expansion into regional Australia and New Zealand is, in part, due to this pricing policy.

— **Products**

Large, interesting ranges: Super Cheap Auto's retail offering is based around its diverse product offering relative to the size of its stores.

Today, each store offers over 10,000 items across the auto parts, accessories, handyman items, tools and equipment segments providing a one-stop-shop for its target market.



Sales by quadrant

- Interior 23%
(seat covers, electrical, car audio, performance)

- Exterior 25%
(car care, paint & panel, outdoor)

- Parts 30%
(lubricants, spare parts, batteries)

- Tools 22%
(tools)

Own-brand products: Super Cheap Auto also promotes its own-branded products which are of comparable quality to the national brands but sold at lower retail prices. In excess of 25% of Super Cheap Auto's sales are of own-branded products. The own-branded products currently include the following brands:



New products: The merchandising team continually sources and develops new products, referred to as “New Stuff”, for release to the marketplace in order to stay ahead of market trends and maintain a relevant and interesting product offering. The Senior Management Team also observe market trends in the United States and Europe. Super Cheap Auto’s retailing skills and expertise have also allowed it to expand into new product areas such as marine, four wheel drive, camping and storage supplies.

— **Presentation**

Super Cheap Auto operates from large, prominent, convenient and accessible stores. Generally stores are easily identified with their distinctly branded red, yellow and white livery. Store sites are generally warehouse structures averaging over 700m² with ample customer parking. Team Members are easy to identify as they wear the Super Cheap Auto uniform. Team Members are encouraged to be available and highly approachable with respect to any customer queries.

Super Cheap Auto uses power merchandising techniques. Every Super Cheap Auto store stocks a very similar product range with product identification and positioning within the store determined by the merchandising team. The merchandising policies and procedures that all stores must adhere to are contained in the Super Cheap Auto Merchandising Manual (“SCAMM”). SCAMM ensures that Super Cheap Auto’s merchandise and presentation standards are a silent but essential customer service tool and helps create uniformity through all stores, thereby delivering a consistent standard of presentation. SCAMM contains detailed standards in relation to:

- Store layout including grouping of related products and the use of bulk displays of products;
- Ticketing standards – the Super Cheap Auto ticketing style is known as “our silent salesperson”; and
- Advertising standards.

— **Promotions**

Strong brand: The Super Cheap Auto brand is seen as a key intangible asset. Super Cheap Auto invests significantly in brand development, marketing and merchandising strategies.

Innovative advertising: Super Cheap Auto is the largest buyer of TV, radio and press advertising in the Australian auto aftermarket sector.

Super Cheap Auto markets directly to more than 5 million households with 12 national catalogues per year across Australia and New Zealand. Each catalogue is themed for the sales event relating to the time of year. For example, Fathers Day for the September catalogue and Christmas for the December catalogue.

Super Cheap Auto also utilises television advertisements on most weekends across target regions to drive sales, brand awareness and recall in existing markets. Television advertisements are directed towards the target demographic through the use of advertisements during targeted television programmes. Some of Super Cheap Auto’s key advertising slogans are:

“Get the lot for less”

“You’ve been paying too much for too long”

“Welcome to value”

“We’ll beat any price in town on product we stock”

“Open 7 days a week, 364 days a year”

Motor sport sponsorship: Super Cheap Auto has developed effective cross marketing opportunities through the motor sport industry, providing Super Cheap Auto with significant exposure to its target market in Australia and New Zealand. Super Cheap Auto has been involved in motor sport sponsorship since 1996 and has developed a high profile in this industry, particularly through the participation of the Super Cheap Auto Racing Team as a contestant in the V8 Supercar Shell Championship series.

In October 2003, Super Cheap Auto signalled its commitment to New Zealand and New Zealand motor racing by announcing a sponsorship deal with New Zealand’s champion TraNZam racing car driver, Kayne Scott, in the New Zealand V8 Touring Car Championships.

— Position

Property team: Super Cheap Auto has a property team consisting of 8 Team Members and 3 external consultants to identify target locations for new stores. Potential new store sites within target locations are then identified based on the site selection criteria including:

- Main road frontage;
- Accessible from all directions;
- Prominence and visibility;
- Ample parking;
- Suitable access for stock replenishment;
- Ability to leverage off existing advertising spend; and
- Proximity to other traffic generators such as shopping centres or fast food outlets.

New Store Set-up: Super Cheap Auto has 2 dedicated store set-up teams and aims for all new stores to be open for trading within 12 days of occupancy. Super Cheap Auto was able to open its first seven stores in New Zealand for trading within 27 days of occupying the first store.

— Planning

Super Cheap Auto has focused heavily on its systems infrastructure and supply chain management to ensure it has the systems and capabilities required to support its strong rate of growth.

Logistics and supply: Super Cheap Auto currently operates a centralised purchasing model with stores supported by a purpose built distribution centre in Queensland and additional facilities in Western Australia and Auckland, New Zealand.

The Queensland distribution centre utilises an automated material handling equipment facility and radio frequency equipment to process product to the network of stores. These technological solutions provide for effective management of all products stored in a 'real time' environment.

Super Cheap Auto's distribution centres aim to replenish each store's stock on a weekly basis.

Information technology and process

re invention: To facilitate future growth, in October 2002 Super Cheap Auto implemented one of the broadest, integrated SAP retail enterprise resource planning ("ERP") systems in Australia at that time. The decision to implement the ERP package was made as part of a Company-wide assessment of the efficiency and effectiveness of all Super Cheap Auto procedures and policies which is known as the Super Cheap Auto Retail Reinvention or "SCARR".

The ERP system helps Super Cheap Auto achieve high stock positioning and improve business efficiency. SAP also provides the scope to make changes to and extend the software in accordance with Super Cheap Auto's strategic business development plans.

Change management: Super Cheap Auto has a strong record of change management. Following the acquisition of Marlows in 2003, 20 Marlows and Rocca Bros stores were converted to the Super Cheap Auto brand and brought under Super Cheap Auto's centralised stock control system over a seven week period.

— Profitability

Margin management: Super Cheap Auto manages operating costs and margins through:

- Managing its product mix;
- Achieving economies of scale in purchasing, advertising and support services;
- Securing competitive occupancy costs;
- Efficient supply chain management, created through Super Cheap Auto's systems infrastructure and logistical capabilities; and
- Strong supplier relationships.

— Partnerships with suppliers

Strong relationships: Super Cheap Auto has developed strong relationships with its suppliers throughout Australia and Asia (predominantly China) over a long period of time. Super Cheap Auto endeavours to conduct all dealings with its suppliers in the spirit of partnership and is committed to open communication, ethical dealings and co-operation between Super Cheap Auto and its suppliers. Super Cheap Auto is not, however, reliant upon any particular supplier, with no one supplier accounting for more than 10% of sales.

Super Cheap Auto Stores per million of population based on population at end of September quarter 2003

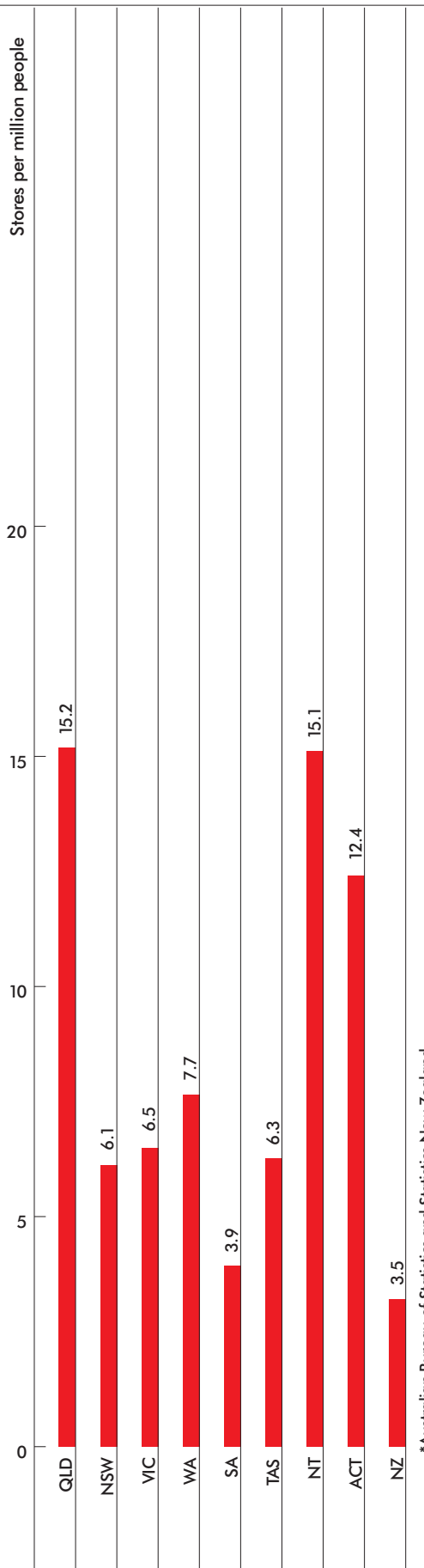
3.6 Growth strategy

Super Cheap Auto’s growth has been driven primarily by organic expansion. Growth has been supplemented more recently by the strategic acquisition of Marlows Limited in 2003 (refer to Section 3.1).

Super Cheap Auto’s business model and product offering is expected to contribute to growth in sales and earnings in the following ways:

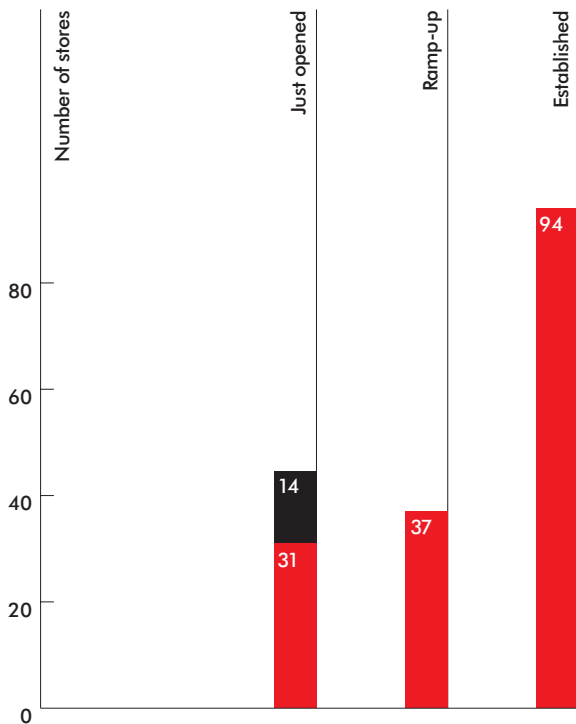
New store openings

- Super Cheap Auto plans to open an additional 33 new stores across Australia and New Zealand in the year ending 30 June 2004. As at the date of this Prospectus, Super Cheap Auto has opened all 33 of these stores. Super Cheap Auto expects to open a further 29 stores across Australia and New Zealand in the year ending 30 June 2005.
- The Directors believe, based on current market conditions, current market structure and the current Super Cheap Auto format, that Australia and New Zealand could support around 300 Super Cheap Auto stores.



Maturation of recently opened stores

- The growth profile of newly opened stores, and the number of Super Cheap Auto stores in each growth stage, is represented as follows:



Store Maturity Profile of Currently Opened Stores

■ Australia ■ New Zealand

Source: Core Economics

Just opened

Up to the first 6 months after opening where stores are characterised by high initial turnover attributable to strong customer curiosity.

Ramp-up

6 months to 2 years after opening, marked by steady growth in turnover as customer loyalty is generated from the local catchment and a broader regional catchment is established.

Established

Over 2 years after opening, where the store has found its market and trades strongly into the local area. The majority of turnover is generated by regular repeat patronage.

- Stores tend to contribute more to earnings as they move out of the set-up phase. This is because set-up costs associated with store roll-outs are expensed upfront while customer awareness grows with time.

Organic growth in Super Cheap Auto's established stores

Growth in Super Cheap Auto's established stores is expected to be achieved through:

- Increased brand awareness;
- Continued growth in the market (see Section 3.2); and
- Population growth in emerging areas.

Operational efficiencies

- The Directors believe that further opportunities for cost savings exist in the areas of distribution, product sourcing and working capital management.
- The Directors believe that Super Cheap Auto can further reduce its purchasing costs through improved supply chain management, growing lower cost imports as a percentage of purchases and continuing to develop its own brands.
- Super Cheap Auto installed its automated material handling facility in May 2003 at its Queensland distribution centre and its SAP enterprise resource planning system in October 2002. The Directors believe that further efficiency and planning benefits will accrue from these systems.

New products

- The continued sourcing and development of new products, referred to as "New Stuff", for release to the marketplace in order to stay ahead of market trends and maintain a relevant and interesting product offering.

New retail formats

- The Directors believe that Super Cheap Auto's business model could be applied to other retail categories. No decisions have been made as to the timing or nature of any other potential retail opportunities for Super Cheap Auto and no such expansion has been included in the Forecast Financial Information.



THE SUPER CHEAP AUTO TEAM CULTURE

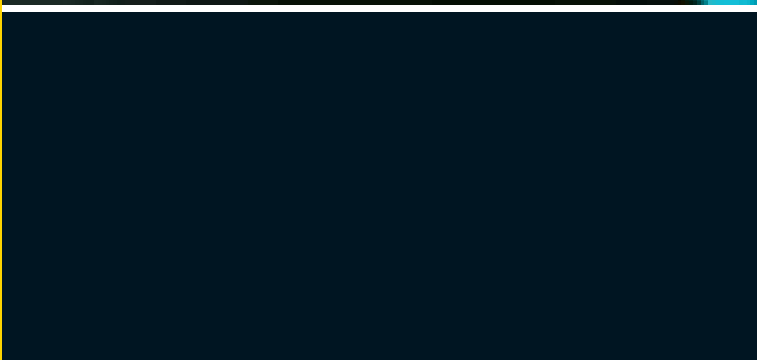


A TEAM CULTURE BASED ON CLEARLY DEFINED VALUES AND TEAM FRAMEWORK PRINCIPLES

A GENUINE CONCERN FOR EACH TEAM MEMBER



AWARDS BASED ON PERFORMANCE AND ACHIEVEMENT OF CLEARLY DEFINED GOALS





BOARD AND MANAGEMENT



Darryl McDonough
Non-Executive Director

Robert Wright
Non-Executive Director

Dick Mcllwin
Non-Executive Chairman

4.1 BOARD OF DIRECTORS

Robert Wright
Non-Executive Director

Robert is a director of the reconstructed Harris Scarfe Australia Pty Limited. He also currently holds directorships with Australian Pipeline Limited and SAI Global Limited.

Robert has 30 years financial management experience, including as finance director of David Jones Limited from 1990 to 1999. Robert was an executive director of The Adelaide

Steamship Company Limited during the restructure of that group from 1990 to 1995. Previous directorships include Tooth & Co Limited, Industrial Equity Limited, Woolworths Limited and National Consolidated Limited.

Darryl McDonough
Non-Executive Director

Darryl is a practicing solicitor with over 20 years of corporate experience. He is the Chairman of Cellnet Group Limited and the Chair of the Queensland Competition Authority. He has served as a director of a number of public companies in the past including Bank of Queensland Limited. Darryl is a Past-President of the Australia Institute of Company Directors, Queensland Division.

Dick Mcllwin
Non-Executive Chairman

Dick has been the Chief Executive of UNiTAB Limited since 1989 and the Managing Director and Chief Executive since 1999. Prior to joining UNiTAB Limited, Dick held operational roles at Australian Airlines (now the domestic arm of Qantas) and a human resources and industrial relations role at coal miner Utah Development Company. He is a Fellow of the Australian Institute of Company Directors.



Reg Rowe
Non-Executive director

Bob Thorn
Managing Director

Bob Thorn
Managing Director

Bob joined Super Cheap Auto in 1993 as General Manager and in 1996 was appointed Managing Director. He has over 28 years of retailing experience across a range of retail formats, from high profile department store management to more specialised retail outlets.

Prior to joining Super Cheap Auto, Bob was a senior executive with the Lincraft chain and commenced his retail career and held management positions with David Jones Limited.

He won the Young Retailer of the Year (Qld) Award in the late 1970s and in June 2003, he was presented with the inaugural National Retail Association's Westfield Individual Achievement Award for services to the retail industry.

Reg Rowe
Non-Executive Director

Reg and Hazel Rowe founded an automotive accessories mail order business in 1972 which they ran from their Queensland home. In 1974 they commenced retail operations of the business. Reg has served as Chairman of Super Cheap Auto since Bob Thorn's appointment as Managing Director in 1996.

Prior to this, Reg had 13 years experience in various retail roles at Myer Department Stores.



4.2 SENIOR MANAGEMENT TEAM

Bob Thorn Managing Director

Bob joined Super Cheap Auto in 1993 as General Manager and in 1996 was appointed Managing Director. He has over 28 years of retailing experience across a range of retail formats, from high profile department store management to more specialised retail outlets.

Prior to joining Super Cheap Auto, Bob was a senior executive with the Lincraft chain and commenced his retail career and held management positions with David Jones Limited. He won the Young Retailer of the Year (Qld) Award in the late 1970s and in June 2003, he was presented with the inaugural National Retail Association's Westfield Individual Achievement Award for services to the retail industry.

Nick Binns Business Systems Manager

Nick joined Super Cheap Auto in 2001. Prior to joining the Company, he had seven years of international experience at Cambridge Management Consulting with a focus on process, system and change management.

Nick has overall responsibility for process development and information technology and was the project manager for the Super Cheap Auto Retail Reinvention ("SCARR"), a business process reinvention project which included the implementation of SAP IS Retail.

Robert Dawkins Property Manager

Robert has 14 years experience in property management. Prior to joining Super Cheap Auto in 2001, Robert was the Property Manager for Bank of Queensland Limited.

Robert's key responsibilities include property and facilities management, property leasing and development, project and contract management and asset acquisition and disposal.

Steve Doyle General Manager, Retail

Steve has 15 years of retail experience in Australia and overseas. Prior to joining Super Cheap Auto in 2002, Steve was a National Business Manager in Woolworths Limited's merchandise team.

Steve won the Queensland Retail Association's Young Retail Executive of the Year Award in 1991 and the Australian Supermarket Industry Scholarship Award in 1994.

Steve successfully project managed the integration of the Marlows business and the launch of Super Cheap Auto's first seven New Zealand stores in November 2003.



Peter Birtles

Chief Financial Officer and
Company Secretary

Peter is a chartered accountant with over 18 years experience. Prior to joining Super Cheap Auto in 2001, Peter spent 12 years working with The Boots Company in the United Kingdom and Australia in a variety of senior finance and information technology roles where he ultimately held the position of Head of Finance and Planning. Prior to joining The Boots Company, Peter worked for Coopers & Lybrand.

Peter is responsible for the Company's financial accounting, planning and reporting, treasury, tax, finance systems, payroll, internal audit and overall responsibility for business systems.

Tom Panic

General Manager, Merchandise

Tom joined Super Cheap Auto in 1999. He has over 30 years experience in the retail industry, having worked in buying, merchandising and operations roles for Grace Bros Department Stores and Franklins Supermarkets. Tom has more than 15 years experience in overseas buying, particularly in relation to goods imported from China.

Tom's key responsibilities at Super Cheap Auto include merchandising, demand planning, procurement, inventory and marketing.

Theresa Burrows

Human Resources Manager

Theresa joined the Company in 2002 and has responsibility for human resources, workplace health and safety, loss prevention, stock take and team development.

Prior to joining Super Cheap Auto, Theresa spent 10 years with Telstra Corporation Limited, with the last six years as Human Resources Manager in the rapidly growing MobileNet Division. Theresa has also held senior human resources roles in grocery retailing, including with Franklins Supermarkets. Theresa is an Associate Fellow of the Australian Human Resources Institute.

4.3 Corporate Governance

Board of Directors and its Committees

The Board comprises both executive and Non-Executive Directors who will be responsible to the shareholders for the governance and performance of the Company. The strategic direction of the Company is determined by the Board, including identifying significant areas of business risk and implementing policies to manage those risks. The Directors of the Company in office at the date of this Prospectus are detailed in Section 4.1.

The composition of the Board is subject to regular shareholder approval in accordance with the Constitution, the Corporations Act and (once the Company is listed) the Listing Rules. It will be the policy of the Board to:

- Agree the terms of reference for any Board committees;
- Appoint and maintain a Non-Executive Director as chairperson;
- Ensure that there is an appropriate balance between executive and Non-Executive Directors on the committees;
- Ensure that the Audit committee comprises Non-Executive Directors only;
- Retain the ultimate responsibility for the function of the committees and determine their responsibilities; and
- Ensure that committee members have access to appropriate external and professional advice.

The nomination and remuneration committee will review and recommend to the Board the remuneration of the Directors, the Managing Director and their direct reports. It will also review and recommend general remuneration principles (including incentive schemes and bonuses, amongst others) and supervises compliance by Super Cheap Auto with its obligations on matters such as superannuation and other employment benefits and entitlements.

The audit and risk committee will monitor financial (including tax) and operational risk management, compliance with applicable accounting standards and other requirements relating to the preparation and presentation of financial results and the appointment and remuneration of internal and external auditors.

Continuous Disclosure

All relevant information provided to the ASX will be immediately posted at the Company's corporate website, www.supercheapauto.com.au, in compliance with the continuous disclosure requirements of the Corporations Act and the Listing Rules.

Communication to Shareholders

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information will be communicated to shareholders through its annual report, annual general meeting, half-yearly results announcements and corporate web site, www.supercheapauto.com.au.



OWN BRAND

SUPER CHEAP AUTO OWN-BRANDED PRODUCTS OFFER CUSTOMERS QUALITY PRODUCTS AT VALUE PRICES

OUR BRANDS CONTRIBUTE OVER 25% OF OUR SALES AT HIGHER MARGINS THAN NON SUPER CHEAP AUTO BRANDS





FINANCIAL INFORMATION

5.1 Introduction

This Section contains a summary of the historical and forecast financial information for Super Cheap Auto ("Financial Information").

Super Cheap Auto utilises a 52 week year for its Financial Information. The accounts are closed on the nearest Saturday to 30 June of each year. Super Cheap Auto has a 53 week year every fifth year. The year ending 30 June 2005 is a 53 week period. Given the immateriality of the discrepancies between the actual year end and 30 June and the actual half year end and 31 December, all year ends are expressed as 30 June and half year ends as 31 December.

The Company was incorporated on 8 April 2004 and on 23 April 2004 the Company acquired all of the shares in Super Cheap Auto Pty Ltd ABN 64 085 395 124. For further information on the restructure see Section 9.1. The Financial Information is prepared from historical financial information of Super Cheap Auto Pty Ltd.

The Financial Information comprises:

- The adjusted audited historical Statements of Financial Performance for the years ended 30 June 2001, 2002 and 2003 ("Adjusted Historical Financial Information");
- The Pro-Forma Forecast Statement of Financial Performance and Statement of Cash Flows for the year ending 30 June 2004 and the Forecast Statement of Financial Performance and Statement of Cash Flows for the year ending 30 June 2005 ("Forecast Financial Information"). The Forecast Financial Information for the year ending 30 June 2004 is based on the unaudited actual performance for the six months ended 31 December 2003 and the forecast performance for the six months ending 30 June 2004; and
- The Pro-Forma Statement of Financial Position as at 31 December 2003 ("Pro-forma Statement of Financial Position").

5.2 Preparation of Historical Financial Information

The Adjusted Historical Financial Information adjusts the statutory historical financial information to promote comparability within the Adjusted Historical Financial Information and the Forecast Financial Information. The reconciliation between the Adjusted Historical Financial Information and the statutory historical financial information is contained in Section 5.13.

The Pro-Forma Statement of Financial Position as at 31 December 2003 adjusts the actual unaudited Statement of Financial Position as at 31 December 2003 for the impact of the restructure and the impact of the listing that will be in place following the Offer as if the Company was listed as at 31 December 2003.

The Adjusted Historical Financial Information does not include any costs associated with operating as a publicly listed company with an independent Board of Directors. The Forecast Financial Information for the year ending 30 June 2005 has been adjusted to reflect the additional costs associated with a listed public company structure.

5.3 Preparation of Forecast Financial Information

The Directors have prepared the Forecast Financial Information based on the economic conditions existing as at the date of the Prospectus, including a number of best estimate assumptions regarding future events and implementation of the Company's business strategy. These events or actions may or may not take place. The Directors believe that they have prepared the Forecast Financial Information with due care and attention and consider all assumptions to be reasonable when taken as a whole.

Actual results are likely to vary from the Forecast Financial Information and any variation may be materially positive or negative because Forecast Financial Information, and the best estimate assumptions on which it is based, are by their very nature subject to significant uncertainties and contingencies, many of which are outside the control of the Directors and are not reliably predictable.

Accordingly, neither the Company, nor its Directors, can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved.

Events and outcomes may differ in quantum and timing from the best estimate assumptions, with material consequential impact on the Forecast Financial Information.

The Forecast Financial Information should be read in conjunction with the best estimate general assumptions outlined below, the best estimate specific assumptions outlined with the presentation of the Forecast Financial Information, the sensitivity analysis set out in Section 5.8, the risk factors in Section 6, the Investigating Accountant's Report set out in Section 7 and other information contained in this Prospectus.

The material best estimate general assumptions made by the Directors in preparing the Forecast Financial Information are as follows:

- There is no loss of key management personnel.
- There is no adverse change to the efficiency of the Company's supply chain during the Forecast Period.
- There are no material beneficial or adverse effects arising from the actions of competitors.
- The operating and financial performance of Super Cheap Auto is influenced by a variety of general economic and business conditions, including the levels of consumer spending, levels of inflation, interest rates and exchange rates, government fiscal, monetary and regulatory policies. The Forecast Financial Information assumes that there will be no material changes in these conditions over the period to 30 June 2005. Super Cheap Auto has made the following general macroeconomic assumptions in its Forecast Financial Information in relation to Australia and New Zealand:

Table 5.1 – General Assumptions

	Assumption
AUD/USD exchange rate	\$0.70
NZD/AUD exchange rate	\$1.125
Annual change in Consumer Price Index (CPI)	3.50%

- There is no material amendment to any material agreement relating to Super Cheap Auto's business.
- There are no material acquisitions or disposals.
- There is no change to Super Cheap Auto's funding or capital structure as outlined in this section.
- There are no changes to the statutory, legal or regulatory environment which would be detrimental to Super Cheap Auto in any of the jurisdictions in which it operates.
- There is no significant change in the legislative regimes and regulatory environments (including taxation) in the jurisdictions in which Super Cheap Auto or its key customers or suppliers operate which will materially impact on the Forecast Financial Information.
- Accounting policies remain consistent with those adopted in preparing historical financial statements, as set out in Note 1 to the Financial Report included in Appendix A.
- There are no material changes in Australian Accounting Standards, Statements of Accounting Concepts or other mandatory professional reporting requirements, being Urgent Issues Group Consensus Views and the Corporations Act, which would have a material effect on the financial results of Super Cheap Auto. The impact of the adoption of International Financial Reporting Standards is discussed in Section 5.14.

5.4 Statutory Results for 2004

The actual results the Company will report in its annual report of 2004 ("Statutory Results") will cover the period from 8 April 2004, being the date of incorporation of Super Cheap Auto Group Limited, to 30 June 2004. A comparison of the actual Statutory Results for the period ending 30 June 2004 to the Forecast Financial Information set out in this section will be included in the annual report of the Company for 2004.

5.5 Summary Statement of Financial Performance

The table below is a summary of Super Cheap Auto's:

- Adjusted Historical Financial Information for the years ended 30 June 2001, 2002 and 2003; and
- Forecast Financial Information for the years ending 30 June 2004 and 2005.

Table 5.2 – Statement of Financial Performance

\$m	Adjusted Historical ¹			Pro-forma Forecast	Forecast
	Year Ended 30 June 2001	Year Ended 30 June 2002	Year Ended 30 June 2003	Year Ending 30 June 2004 ²	Year Ending 30 June 2005
Sales					
Australia	150.4	203.4	275.1	362.5	424.9
New Zealand	–	–	–	16.4	49.4
Total	150.4	203.4	275.1	378.9	474.3
COGS	(90.4)	(128.3)	(166.9)	(233.6)	(291.1)
Gross Profit	60.0	75.1	108.2	145.3	183.2
Operating Expenses	(42.9)	(57.0)	(82.1)	(114.7)	(143.4)
EBITDA	17.1	18.1	26.1	30.6	39.8
Depreciation	(1.3)	(2.6)	(4.3)	(6.9)	(9.2)
EBITA	15.8	15.5	21.8	23.7	30.6
Amortisation	(1.8)	(1.8)	(2.0)	(2.9)	(3.0)
EBIT	14.0	13.7	19.8	20.8	27.6
Net Borrowing Costs				(3.0)	(4.3)
Income Tax				(6.4)	(7.9)
NPAT (Pre share issue costs)				11.4	15.4
After Tax share issue costs ³				(11.2)	–
NPAT				0.2	15.4
Total Sales Growth	NA	35.2%	35.2%	37.7%	25.2%
Gross Margin	39.9%	36.9%	39.3%	38.3%	38.6%
EBITA Margin	10.5%	7.6%	7.9%	6.3%	6.5%
EBITA Growth		–1.9%	40.6%	8.7%	29.1%
Store Numbers	71	97	144	176	205

Note 1 The Adjusted Historical Financial Information is based on the audited results for the years ended 30 June 2001, 2002 and 2003.

The Company has made various adjustments to the statutory historical financial information to arrive at the Adjusted Historical Financial Information included in this Section. Details of the adjustments are included in Section 5.13.

Note 2 The Forecast Financial Information for the year ending 30 June 2004 is based on the unaudited actual performance for the six months ended 31 December 2003 and the forecast performance for the six months ending 30 June 2004. Whilst the financial information for the six months ended 31 December 2003 is unaudited, it has been reviewed in accordance with AUS 902 – Review of Financial Report. Refer Appendix A

Note 3 In the year ending 30 June 2004, the Directors are forecasting share issue costs before tax of \$15.9m comprising of:

- Costs of \$1.7m associated with the implementation of the Senior Management Team Share Plan (refer to Section 9.5 of the Additional Information for details);
- Costs of \$13.9m associated with the repayment by Super Cheap Auto Pty Ltd of third party loans made to SCA Equity Plan Pty Ltd, the trustee of the Senior Management Team Share Plan, and to Bob Thorn to assist with the purchase of shares in Super Cheap Auto Pty Ltd (see Sections 9.5 and 9.10 of the Additional Information for further detail); and
- Ancillary costs of \$0.3m associated with restructuring Super Cheap Auto in preparation for listing on the ASX.

These expenses are not expected in the year ending 30 June 2005.

5.6 Discussion and Analysis of Adjusted Historical Financial Information

Sales

Super Cheap Auto has experienced total sales growth of 82.9% across the two years to 30 June 2003, followed by sales growth of 45.9% in the six months ended 31 December 2003 compared with the corresponding six month period to 31 December 2002. Expansion of the store network has been the major contributor to the increase in sales supported by like for like growth in existing stores.

For the year ended 30 June 2002, sales grew by 35.2% to \$203.4m. This growth was driven predominantly by 26 new stores opening (taking the total store number to 97). That year featured the move into Victoria with six stores opening on one day in August 2001, with a further nine stores opening during the balance of that year. Existing Store Growth was flat as a result of supply chain difficulties during the spring and early summer, following the implementation of a new warehouse management system and a move to a new distribution centre.

Sales grew by 35.2% over the year ended 30 June, 2003 to \$275.1m. Both new store openings and Existing Store Growth contributed strongly to this result. 48 new stores were opened over this period, including 20 stores in Western Australia, South Australia and Victoria associated with the acquisition of the Marlows business. Super Cheap Auto also entered the Tasmanian market during that year, opening three stores. Existing Store Growth was around 7% on a like for like basis over that year.

Super Cheap Auto achieved retail sales of \$186.8m in the six months ended 31 December 2003, representing a 45.9% increase over the corresponding prior year period. 21 new stores were opened including a successful launch into New Zealand in November 2003. In New Zealand, seven stores opened in one day, with eight stores open in total at the end of the period contributing \$3.2m of sales.

Gross Profit

Super Cheap Auto achieves its overall gross margin result by managing changes to category mix, promotional activity, movements in exchange rates and levels of stock loss. Super Cheap Auto also includes all logistics costs as a charge included in gross profit.

The lower level of gross margin over the year ended 30 June 2002 was a result of increased promotional activity and higher logistics costs due to the movement to the new distribution centre in Lawnton, the introduction of a new warehouse management system and the logistical demands of a better than expected launch of Super Cheap Auto into the Victorian market. Margins improved over the year ended 30 June 2003, through increasing sales in higher margin categories and reducing stock loss.

Logistics costs have consistently increased as a percentage of sales over the period of the historical information, reflecting the increase in the geographical spread of the Super Cheap Auto business.

The Company's rapid expansion has included the establishment of more complex supply chain infrastructure and processes over a relatively short period of time. This has included establishing new distribution centres, new ways of working and new technology solutions. During the last three years, there have been short periods where problems in the supply chain have led to an increase in operating costs and delays in delivering stock to stores which has resulted in lost sales and reduced margins. Improvements in supply chain management are a major focus for the Company and a number of initiatives are currently in process.

EBIT

The growth in EBIT over the three years ended 30 June 2001, 2002 and 2003 reflects the increased sales and gross margin performance.

The major operating expenses are wages, advertising and occupancy costs. Operating expenses as a percentage of sales have increased slightly over those three years reflecting the higher cost of operating in more expensive markets, investment in new store opening costs and the introduction of a profit related store bonus scheme.

Seasonality

In mature stores, Super Cheap Auto generates around 52% of annual sales in the first six months of the financial year. The first half benefits from strong activity around both Fathers Day and the Christmas retail periods compared with the one significant retail spike (Easter) in the second half of the financial year. However, the overall sales and earnings attributable to each half varies from year to year according to the timing of new store openings and promotional activities.

5.7 Specific Assumptions Underlying the Forecast Financial Performance Sales

A 52 week trading period is assumed for the financial year ending 30 June 2004 and a 53 week trading period is assumed for the financial year ending 30 June 2005 (see Section 5.1). It is estimated that the inclusion of an extra week in 2005 will contribute additional sales of approximately \$9m.

The Directors are forecasting total sales of \$378.9m for the year ending 30 June 2004 and \$474.3m for the year ending 30 June 2005, growth of 37.7% and 25.2% respectively. The forecast sales figure for the year ending 30 June 2004 is based on six months of actual unaudited sales to 31 December 2003 and six months of forecast sales to 30 June 2004.

The number of new stores is the major driver of the sales growth projections. It is assumed that 33 new stores will be opened in Australia and New Zealand over the year ending 30 June 2004 for an average of six months (14 of these new stores being in New Zealand). As at the date of this Prospectus, 33 new stores have been opened. In comparison, 17 new stores will be opened in Australia and 12 in New Zealand over the year ending 30 June 2005. Nine of these stores will be open in the first month, with the balance phased

evenly across the rest of the year. Of the forecast 29 new stores to be opened over the year ending 30 June 2005, Super Cheap Auto has entered into in-principal leases for 18 sites. The forecast sales for the six months ending 30 June 2004 and the forecast sales for the year ending 30 June 2005 both assume, based on previous experience, average annualised sales of the new stores of \$2m per store.

It is assumed that 4% of the turnover from Australian new stores will be achieved at the expense of cannibalising existing Australian store sales.

Existing Store Growth is forecast to be 4.0% for the year ending 30 June 2004 and 4.5% for the year ending 30 June 2005. The lower growth forecast for the year ending 30 June 2004 reflects the lower level of comparable store growth achieved over the six months ended 31 December 2003 as management focused on the integration of the Marlows business and the launch into New Zealand. Consistent with historical experience, new stores are assumed to operate below their full sales potential in the first two years of operation.

Gross Profit

The Directors are forecasting lower gross margins of 38.3% for the year ending 30 June 2004 compared with the year ended 30 June 2003 of 39.3%. This margin contraction is attributable to increased freight and logistics costs due to a greater geographical spread of the business and the short-term restructuring of supply chain operations following the Marlows acquisition and the establishment of the New Zealand operations. This assumption is consistent with the trading experience over the actual unaudited six months to 31 December 2003 which forms part of the year ending 30 June 2004 forecast gross profit figure. The Directors believe that the supply chain restructuring will provide a strong platform for future growth.

Gross margins are forecast to increase over the year ending 30 June 2005 to 38.6%, despite expected continuing strong competition. Margin expansion is assumed to be driven by the implementation of supply chain initiatives.

It is expected that the overall impact on gross margin from a change in exchange rates of less than 10% from the general exchange rate assumption in Table 5.1 will be broadly neutral due to the ability to alter category mix and promotional activity.

EBIT

The Directors are forecasting EBIT to grow by 5.1% over the year ending 30 June 2004 to \$20.8m. The forecast increase in EBIT is assumed to be driven by the increased sales discussed above. Super Cheap Auto has invested in new stores, supply chain initiatives and information technology over the year ending 30 June 2004 in order to create the platform for the Company's future growth, such as the establishment of the New Zealand business and the supply chain restructuring (see Gross Profit above).

The Directors forecast EBIT growth of 32.7% over the year ending 30 June 2005 to \$27.6m. This forecast reflects increased sales, together with improved gross margins relative to year ending 30 June 2004.

Average operating costs of \$100,000 are incurred and expensed for each new store opening.

It is assumed that there will be no material change in operating costs (such as salaries and wages, occupancy and rents) as a percentage of sales for the years ending 30 June 2004 and 30 June 2005. The Directors forecast rental expense of \$22.9m for the year ending 30 June 2004 and \$29.7m for the year ending 30 June 2005.

Expected costs associated with being a listed company have been included for the years ending 30 June 2004 and 30 June 2005.

Amortisation includes amortisation of goodwill and amortisation of ancillary costs previously incurred in connection with the arrangement of borrowings.

Net Interest

\$24.6m of bank debt is hedged at an interest rate of 6.29% throughout the years ending 30 June 2004 and 30 June 2005. Interest on the remaining bank debt has been calculated using a variable rate of 7.5% per annum for the remainder of the year ending 30 June 2004 and 8.0% per annum for the year ending 30 June 2005.

Income Tax

Forecast income tax expense has been based on the statutory company tax rate of 30%.

5.8 Sensitivity Analysis of Forecast Financial Information

Super Cheap Auto's earnings are considered to be sensitive in varying degrees to movements in a number of key business drivers. A summary of the likely impact of movements in certain key assumptions on Super Cheap Auto's forecast earnings for the year ending 30 June 2005 is set out on the following page.

The effect on earnings presented for each sensitivity is not intended to be indicative or predictive of the likely range of outcomes to be experienced with each sensitivity. Nor are the changes in the key assumptions set out below intended to be indicative of the complete range of variations that may occur.

Extreme care should be taken in interpreting this information. This analysis treats each movement in an assumption in isolation from possible movements in other assumptions, which may not be the case. Movements in one assumption may have offsetting or compounding effects on other variables, the effects of which are not reflected in the following analysis. In addition, it is possible that more than one assumption may move at any one point in time, giving rise to cumulative effects, which also are not reflected in this analysis. In practice, Super Cheap Auto's management would respond to any adverse changes in one variable by taking action to minimise its impact. The effect of any such mitigating action has been excluded from the following analysis.

The following sensitivities summarise the financial effect of changes in the specified variables for the Forecast Period:

Table 5.3 – Sensitivity Analysis

	% Change	Impact on NPAT 2005 Forecast (\$m)
Sales (\$m)	+/-1%	+/- \$1.0m
Gross Margin (% of sales) ¹	+/-1%	+/- \$3.4m
Timing of 20 new store openings in 2005 advanced/delayed by one month ²		+/- \$0.7m
Operating expenses (\$m)	+/-1%	+/- \$1.0m
Salaries and wages (\$m)	+/-1%	+/- \$0.6m

	% Change	Impact on EBIT 2005 Forecast (\$m)
Sales (\$m)	+/-1%	+/- \$1.4m
Gross Margin (% of sales) ¹	+/-1%	+/- \$4.7m
Timing of 20 new store openings in 2005 advanced/delayed by one month ²		+/- \$0.9m
Operating expenses (\$m)	+/-1%	+/- \$1.4m
Salaries and wages (\$m)	+/-1%	+/- \$0.8m

Note 1 Super Cheap Auto achieves its overall gross margin result by managing changes to category mix, promotional activity, movements in the exchange rate, levels of stock loss and logistics costs.

Note 2 Of the 29 new stores scheduled to open across Australia and New Zealand over the year ending 30 June 2005, nine of these stores will be open in the first month with the remaining 20 phased evenly across the rest of the year.

The Directors consider it would be misleading to provide a sensitivity analysis of the gross impact of the movement of the AUD/USD exchange rate as the resulting impact of any such movement on forecast NPAT and EBIT for the years ending 30 June 2004 and 2005 is subject to a number of interrelated factors. These factors include:

- Super Cheap Auto’s hedging positions (refer below);
- Price elasticity of Super Cheap Auto’s products;
- Impact on competitor pricing decisions in response to movements in exchange rates; and
- Impact of supply costs in response to movements in exchange rates.

To further minimise the disruptive effects of a volatile and unpredictable exchange rate, three month forward contracts are entered into for 75% of Super Cheap Auto’s international purchases (approximately 30–35% of Super Cheap Auto’s products are sourced from overseas, with the majority from China). The foreign exchange hedging policy is expected to be maintained over the Forecast Period.

5.9 Pro Forma Statement of Financial Position

The Pro Forma Statement of Financial Position has been prepared from the unaudited Statement of Financial Position as at 31 December 2003 (as shown in the Financial Report in Appendix A). The Pro Forma Statement of Financial Position adjusts the actual unaudited Statement of Financial Position as at 31 December 2003 for the impact of the listing that will be in place following the Offer as if Super Cheap Auto was listed as at 31 December 2003. The adjustments made to the Pro-Forma Statement of Financial Position are as follows:

- The acquisition of Super Cheap Auto Pty Ltd by the Company and the generation of \$0.3m of goodwill associated with this re-structure;
- The payment by Super Cheap Auto Pty Ltd of a fully franked dividend of \$5m for the year ended 30 June 2003 to the Vendor Shareholder by Super Cheap Auto Pty Ltd;
- The payment by Super Cheap Auto Pty Ltd of a fully franked interim dividend of \$5m to Existing Shareholders for the year ending 30 June 2004 (this dividend was declared prior to the restructure and is forecast to be paid in August 2004);
- Repayment by SCA Equity Plan Pty Ltd and by Bob Thorn of the interest free loans of in aggregate \$7.2m, provided by Super Cheap Auto Pty Ltd in relation to shares issued to SCA Equity Plan Pty Ltd in accordance with the Senior Management Team Share Plan and Bob Thorn during the year ended 30 June 2003 and the year ending 30 June 2004 (refer Sections 9.5 and 9.10); and
- Repayment by Super Cheap Auto Pty Ltd of a loan extended by ANZ Banking Group Limited to SCA Equity Plan Pty Ltd (on behalf of the participants of the Senior Management Team Share Plan) and to Bob Thorn together with associated FBT, net of income tax, during the year ending 30 June 2005 (refer Sections 9.5 and 9.10).

	\$m
Loan Repayment	7.2
Associated FBT	6.7
	13.9
Income Tax	(4.2)
	9.7

Table 5.4 – Pro Forma Statement of Financial Position

\$m	Actual 31 Dec 2003	Proforma Adjustments	Proforma 31 Dec 2003
Current Assets			
Cash	9.5	–	9.5
Receivables	14.5	(7.2)	7.3
Inventories	82.6	–	82.6
Other	–	–	–
Total	106.6	(7.2)	99.4
Non Current Assets			
Property, Plant and Equipment	34.2	–	34.2
Intangibles	47.1	0.3	47.4
Other	2.7	–	2.7
Total	84.0	0.3	84.3
Total Assets	190.6	(6.9)	183.7
Current Liabilities			
Bank Debt	23.0	12.5	35.5
Payables	36.8	–	36.8
Other	8.5	(5.0)	3.5
Total	68.3	7.5	75.8
Non Current Liabilities			
Bank Debt	24.6	–	24.6
Other	1.9	–	1.9
Total	26.5	–	26.5
Total Liabilities	94.8	7.5	102.3
Equity			
Retained Earnings	22.4	(14.7)	7.7
Contributed Equity	73.4	0.3	73.7
Total	95.8	(14.4)	81.4
Total Liabilities and Equity	190.6	(6.9)	183.7

The Directors expect net debt of \$60.0m by the year ending 30 June 2004. Net debt levels fluctuate during the year and increase in the lead up to promotional seasons.

Peak net debt is not expected to exceed \$65m up to 30 June 2005. Super Cheap Auto has total funding facilities to the value of \$87.083m with ANZ Banking Group Limited. For further information on the funding facilities, see Section 9.4.

Table 5.5 – Forecast Net Debt at 30 June 2004

	\$m
Borrowing	52.8
Liability arising on settlement of Team Member loans	7.2
Dividends payable	5.0
Less Cash	(5.0)
Net Debt	60.0

5.10 Dividend policy

The payment of dividends by the Company will depend upon the availability of distributable earnings, the Company's franking credit position, operating results, available cash flows, financial condition, taxation position, and future capital requirements as well as general business and financial conditions and any other factors the Directors may consider relevant.

It is intended that dividends will be franked/imputed to the greatest extent possible. Whilst the Company will take account of any benefits from the proposed Australia New Zealand triangulation tax relief measures, the level of imputation for New Zealand shareholders will be determined by the imputation credits available and the profitability of the Company.

No person, including the Directors, can give any assurance regarding the payment of dividends, the level of franking/imputation of such dividends or the extent of payout ratios for the years ending 30 June 2004 and 2005 or for any future period.

Super Cheap Auto Pty Ltd declared and subsequently paid a final dividend of \$5m to the Vendor Shareholder for the year ended 30 June 2003. It declared an interim dividend of \$5m to Existing Shareholders for the year ending 30 June 2004 prior to its acquisition by the Company. This dividend is expected to be paid in August 2004. New shareholders under the Offer will not receive this dividend.

Subject to the considerations above and the Director's discretion, the dividend policy of the Company will be to distribute between 35% and 45% of reported NPAT in the form of dividends. Dividends, if any, will normally be paid twice a year with an interim dividend paid in April and a final dividend paid in October of each calendar year. No dividend will be paid to Applicants with respect to the financial year ending 30 June 2004.

Subject to the achievement of the forecast earnings and the considerations outlined above, the Company intends to declare an interim dividend for the six months to 31 December 2004 of 1.9 cents per share to be paid in April 2005 and a final dividend of 3.9 cents per share for the six months ending 30 June 2005 to be paid in October 2005.

5.11 Summary of Forecast Financial Cash Flows

The following table sets out a summary of the pro forma cash flows for the years ending 30 June 2004 and 30 June 2005.

Table 5.6 – Forecast Financial Cash Flows

\$m For year ending 30 June	Proforma Forecast 2004 ¹	Forecast 2005
EBITDA	30.6	39.8
Tax Paid	(3.1)	(6.3)
Investment in Working Capital	(17.0)	(14.0)
Investment in Other Assets	(0.1)	0.6
Cash Flows from Operating Activities	10.4	20.1
Capital Expenditure	(12.5)	(16.4)
Cash Flows from Investing Activities	(12.5)	(16.4)
Net Interest	(3.0)	(4.3)
Equity Issuance/(Buyback)	3.4	–
Debt Issuance/(Repayment)	12.5	7.6
Dividend Payment to Shareholders ²	(5.0)	(7.0)
Cash Flows from Financing Activities	7.9	(3.7)
Net Change in Cash	5.8	(0.0)
Beginning Cash Balance ³	(0.8)	5.0
Ending Cash Balance	5.0	5.0

Note 1 The Forecast Financial Information for the 12 months ending 30 June 2004 is based on the unaudited actual performance for the six months ended 31 December 2003 and the forecast performance for the six months ending 30 June 2004;

Note 2 The \$5m dividend payment in 2004 represents the dividend declared for the year ended 30 June 2003 by Super Cheap Auto Pty Ltd payable to the Vendor Shareholder. The \$7m dividend payment in 2005 comprises the \$5m interim dividend declared by Super Cheap Auto Pty Ltd in 2004 payable to Existing Shareholders and the Company's forecast 2005 interim dividend of \$2m payable to all Shareholders;

Note 3 The bank overdraft is reclassified as debt for balance sheet purposes. For purposes of the cash flow statement, it is included as cash (refer below).

\$m Reconciliation of Beginning Cash	Proforma Forecast 2004	Forecast 2005
Cash	5.0	5.0
Bank overdraft	(5.8)	–
Beginning Cash balance	(0.8)	5.0

5.12 Specific Assumptions Underlying the Forecast Cash Flow Performance

The major drivers of cash flow performance are the company's EBITDA generation offset by the investment in new store fixed and working capital.

Investment in working capital expenditure is primarily attributable to investment in stock of between \$500,000 and \$530,000 per store, with approximately 25% funded through trade creditors. The year ending 30 June 2005 working capital expenditure reflects improvements to working capital generated through supply chain efficiencies.

Super Cheap Auto's overall investment in working capital includes a significant investment in inventory. This is designed to deliver such a volume of stock in every store that it impacts the customer as they enter the store and browse through the aisles. This results in relatively low stock turns. However, only a small proportion of Super Cheap Auto's range is subject to fashion trends or is perishable. Super Cheap Auto is currently engaged in a number of supply chain initiatives which amongst other benefits should deliver a reduction in the average stock holding per store across the supply chain without reducing the impact on its customers in store.

Capital expenditure in the year ending 30 June 2004 is forecast to be \$12.5m including \$6.6m of new store capital. Despite a reduced number of new stores forecast to open in the year ending 30 June 2005, capital expenditure is assumed to increase by 31% to \$16.4m over this year due to investment in information technology infrastructure and functionality to support the Company's growth.

5.13 Reconciliation of Historical Financial Information

The Adjusted Historical Financial Information adjusts the statutory historical financial information to reflect one off transactions that are not expected to recur during the Forecast Period. These adjustments are made to promote comparability within the historical financial information and between the historical financial information and the Forecast Financial Information.

In arriving at the Adjusted Historical Financial Information for Super Cheap Auto, the following adjustments have been made to the statutory historical financial information.

Table 5.7 – Reconciliation of Historical Financial Information

\$m	Historical		
	2001	2002	2003
Change to Accounting Policy			
Sales	–	–	–
Cost of Sales	0.7	–	–
Other expenses	0.8	–	–
EBIT	1.5	–	–
Acquisition of Marlows			
Sales	–	–	(0.6)
Cost of Sales	–	–	2.7
Other expenses	–	–	3.6
EBIT	–	–	5.7
Total EBIT Impact	1.5	–	5.7
EBIT Adjustments			
Adjusted EBIT	14.0	13.7	19.8
Adjustments	(1.5)	–	(5.7)
Unadjusted EBIT	12.5	13.7	14.1

During 2001, certain accounting policies were adopted by Super Cheap Auto for the first time, including adoption of accrual accounting and provisioning for employee entitlements and stock. The adjustment of \$1.5 million represents the creation of opening balances required at 1 July 2000.

The adjustments for the Marlows acquisition in 2003 reverses professional and other costs expensed in association with this transaction. \$2.7 million of this adjustment relates to stock adjustments and \$3.0 million represents operating expenses, primarily redundancies and restructuring costs.

The acquisition of the Marlows stores included acquisition of the Midas Service Centres which were subsequently divested. An adjustment of \$0.6m has been made to sales and other expenses in the year ended 30 June 2003 to eliminate the 2003 trading results of these operations.

5.14 International Financial Reporting Standards

The Financial Reporting Council has announced that Australia will adopt the standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005. First time application of Australian International Financial Reporting Pronouncements (AIFRP) to Super Cheap Auto will be for the financial year ending 30 June 2006 (inclusive of prior period comparatives).

The Australian Accounting Standards Board (AASB) will issue the AIFRP. AIFRP means AASB Accounting Standards equivalent to IASB standards and UIG Abstracts corresponding to the Interpretations adopted by the IASB. Pending standards have been released, with further standards to come Super Cheap Auto is continuing to evaluate the impact that these new standards will have and adoption of AIFRP may result in changes to accounting policies that have significant impacts on the financial statements of Super Cheap Auto.

Super Cheap Auto currently expects that the most significant impacts will be in the areas described below. Reliable estimation of the impacts of these changes in accounting policies is impracticable as the actual impacts will depend on the particular circumstances and conditions prevailing at the time of application of AIFRP.

Goodwill

Goodwill is currently amortised by Super Cheap Auto on a straight line basis over a period of 20 years. Under the Australian equivalent to IFRS 3, Business Combinations, goodwill will not be amortised but will be subject to a rigorous impairment test focusing on the cash flows of the related cash generating units. Super Cheap Auto will be required to test the carrying values attributed to goodwill for impairment at least annually, or wherever there is an indication goodwill may be impaired. Impairment testing will require an identification of appropriate cash generating units, the allocation of goodwill to those units and the ability to determine reliable estimates of the future cash flows that those units will generate.

Forward Exchange Contracts

Super Cheap Auto enters into foreign currency forward exchange contracts in order to minimise the exchange rate risk associated with the purchase of inventory. The forward exchange contract can either be based upon anticipated purchase transactions or firm commitments. Currently, any unrealised gains or losses on the contracts, together with the cost of the contracts, are deferred and recognised in the measurement of the underlying transaction.

Under the Australian equivalent to IAS 39 Financial Instruments – Recognition and Measurement, forward exchange contracts such as hedges of the foreign currency risk associated with anticipated future purchases will be designated as cash flow hedges. The portion of the gain or loss on the forward exchange contracts that is determined to be an effective hedge will be recognised directly in equity or if Super Cheap Auto chooses, in inventory. Either way, the gain or loss deferred will be recycled to the statement of financial performance when the inventory is sold.

Foreign exchange contracts on firm commitments are generally fair value hedges which are taken directly to the statement of financial performance and offset against any gain or loss on the hedged item. However, IAS 39 allows firm commitments to be classified as cash flow hedges.

If hedge accounting is not applied or if a hedge is determined to be ineffective, the gain or loss on the forward contracts will be recognised in the statement of financial performance.

As long as the hedge accounting is determined to be effective, the overall impact on earnings of applying this standard is not expected to be significant.

Share-Based Payments

As part of the listing process, the Company has entered into an option plan with its executives. 1.2 million options have been issued to date under the plan. The plan includes the achievement of EPS hurdles as well as satisfying certain service conditions. Under the Australian equivalent to IFRS 2, Share-based Payments, an expense is to be recognised with respect to share-based transactions over the period between the grant date and the vesting date of the equity instrument.

As the options granted to executives have specific conditions which do not apply to normal market traded options, the equity instruments will need to be measured at the fair value of the option using a option valuation model such as the binomial or Black-Scholes model.

The expense will be calculated by measuring the fair value of the options at grant date and applying this to the estimated number of options to vest at vesting date. The number of options expected to vest at vesting date may be affected by the achievement of service and vesting conditions.

The Company will continue to “true up” or prospectively revise the estimate of the number of options which will vest if circumstances change over the vesting period.

MOTORSPORT

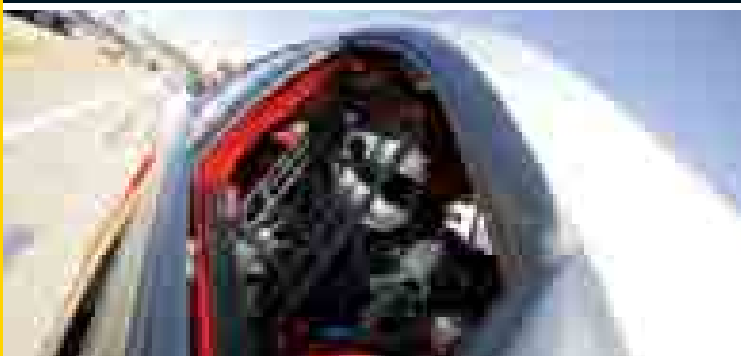
COMPETITIVE ON THE TRACK AND IN THE STORE



EXPOSURE IN AUSTRALIA'S LEADING RACING CLASS



AN EFFECTIVE MEANS OF PROMOTING OUR BRAND SINCE 1996





RISK FACTORS



6.1 General comments

There are a number of factors, both specific to Super Cheap Auto and of a general nature, which may affect the future operating and financial performance of Super Cheap Auto and the outcome of an investment in the Company. There can be no guarantee that Super Cheap Auto will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

This Section describes certain, but not all, risks associated with an investment in the Company. Each of the risks set out below could, if they eventuate, have a material adverse impact on Super Cheap Auto's operating performance and profits.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, should consider the assumptions underlying the Forecast Financial Information (set out in Section 5) and the risk factors that could affect the financial performance of Super Cheap Auto.

Potential investors should specifically consider the factors contained within this Section in order to fully appreciate the risks associated with an investment in the Company. You should carefully consider these factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

This Section identifies the areas that are believed to be the major risks associated with an investment in the Company.

6.2 Specific risk factors

Overview

The business activities of Super Cheap Auto are subject to a number of risks that could affect Super Cheap Auto and the industry in which it operates. These factors may substantially impact on its future performance.

In addition to the general risks set out in Section 6.3, the Directors believe that there are a number of specific factors that should be taken into account before investors decide whether or not to apply for Shares. These are as follows:

Competition

Super Cheap Auto operates in a competitive market. Super Cheap Auto's financial performance or operating margins could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market, and the Company is unable to counter these actions.

The impact on earnings of a reduction in Super Cheap Auto's gross margins is set out in the sensitivity analysis in Section 5.8.

Growth prospects

Over the past few years, Super Cheap Auto has achieved strong growth in sales and profitability. The growth rates forecast in this Prospectus are dependent upon a number of factors, including Super Cheap Auto's ability to open new stores on a profitable basis, maturation of new stores and appropriate product selection. These factors are discussed in Section 3 of this Prospectus.

Should sales fail to meet the forecast sales in the Forecast Financial Information, this is likely to translate into Super Cheap Auto's net profit being lower than the forecast net profit set out in the Forecast Financial Information. Section 5.8 sets out the sensitivity of earnings to changes in forecast sales.

Super Cheap Auto's planned store roll-out programme contains a number of risks. Super Cheap Auto intends to open new stores in markets (including New Zealand) where the Super Cheap Auto brand is less well known than in its established markets, which may impact the success of new stores in those markets. If there is a delay in the opening of one or more stores, or if Super Cheap Auto opens fewer stores than currently planned over the Forecast Period, Super Cheap Auto may not be able to meet its sales or profit forecasts for the Forecast Period. The sensitivity of earnings over the Forecast Period to store roll-out is set out in the sensitivity analysis in Section 5.8.

The store roll-out programme will also be dependent upon factors such as site availability, competitor activity and the economic outlook for the economy as a whole and for particular demographic groups.

Managing growth

To achieve the objectives set out in this Prospectus, Super Cheap Auto will be required to continue to improve, and where appropriate, upscale its operational and financial systems, procedures and controls and expand, retain, manage and train its Team Members. Whilst existing management have had experience in managing such processes, no assurance can be given of Super Cheap Auto's ability to manage future growth.

Maintaining Existing Store sales growth

The opening of new stores by Super Cheap Auto may in some instances reduce the sales of nearby Super Cheap Auto stores to a greater extent than what has been allowed for in the Forecast Financial Information and impact the Existing Store Growth.

As more products stocked by Super Cheap Auto are manufactured in lower cost countries (for example, China), the retail price of those products may fall and Super Cheap Auto's Existing Store Growth may be adversely affected.

Operating costs

Super Cheap Auto's ability to consistently offer low prices and operate profitably is dependent on a combination of the scalability of its operations and the costs of its operating structure. Super Cheap Auto's ability to maintain a relatively low cost operating structure is not guaranteed and there is no assurance that these low operating costs can be maintained.

Property leases

The growth prospects of Super Cheap Auto are likely to result from increased contribution from existing stores and Super Cheap Auto's ability to continue to open and operate new stores on a profitable basis. The ability to identify suitable sites and negotiate suitable leasing terms is the key to these plans.

Further, management's ability to renegotiate acceptable lease terms for existing stores where leases are due to expire is vital to ongoing profitability. The majority of leases have over four years to expiry with an option to renew.

Certain of Super Cheap Auto's leases require the landlord's consent in the event of a change in control in the Company, which the Offer will give rise to in some cases. If any of the leases containing a change in control clause are terminated or renegotiated as a result of this, it may have an adverse impact on the Company.

Information technology

Super Cheap Auto has invested significantly in the development of management information, point of sales systems and other information technology systems designed to maximise the efficiency of the Company's operations. Should these systems not be adequately maintained, secured or updated, or Super Cheap Autos disaster recovery processes not be adequate, system failures may negatively impact on Super Cheap Auto's performance.

Preserving Super Cheap Auto's culture

The Company attributes much of its success to its Team Members and the culture that binds the Team Members at all levels of the organisation. The Company may not be able to preserve its existing culture as its growth continues and its operations become more geographically widespread.

Control by the Vendor Shareholder

After issue of the Offer Shares, the Vendor Shareholder, and interests associated with the Vendor Shareholder, will control 51.2% of the issued Shares. The Vendor Shareholder will, therefore, be able to direct the election of all of the members of the Board of Directors and exercise a controlling influence over the business and affairs of the Company. The Vendor Shareholder will also have the power to determine matters submitted to a vote of shareholders in which it is entitled to vote and may have the power to prevent or cause a change in control of the Company.

Reliance on key personnel

Super Cheap Auto is committed to providing an attractive employment environment, conditions and prospects to assist in retaining its key senior management personnel. However, there can be no assurance that Super Cheap Auto will be able to retain these key personnel.

Bob Thorn and Peter Birtles have been instrumental in managing the growth of Super Cheap Auto. The loss of Bob Thorn or Peter Birtles could have a material adverse impact on the business of Super Cheap Auto.

Maintenance of reputation and brand name

The success of the Company is heavily reliant on its reputation and branding. Unforeseen issues or events which place the Company's reputation at risk may impact on its future growth and profitability. Any factors that diminish the Company's reputation or branding could impede its ability to compete successfully and adversely affect its future business plans.

Relationship with suppliers

The Company relies on numerous key suppliers in Australia and New Zealand. Any loss of these key suppliers may have an adverse affect on the Company's sales and/or terms of trade. In addition, any change in the Company's relationship with its suppliers, or in terms of trade, could have an adverse impact on the Company's prospects.

Approximately 30% of the sales are generated by products directly imported by Super Cheap Auto. The concentration of the Company's suppliers in China makes the Company vulnerable to the political and economic environment in that country, including movements in the Chinese Yuan/United States dollar exchange rate, which could have a material adverse effect on the Company's ability to source products at competitive prices.

Material increases in suppliers' production costs could lead to higher costs and therefore impact the Company's margins, or require the Company to source products from other locations. In this event, existing gross margins may not be able to be maintained.

In addition, any delays in lead times on orders from suppliers could impact the Company's sales.

Supply chain management

The efficiency of the Company's overall supply chain is vital to the Company's ongoing success. Any adverse changes or inefficiencies in the Company's supply chain (such as increased freight costs due to increasing geographical diversity and increasing number of stores) could have an adverse impact on the Company's gross margins and prospects.

The Forecast Financial Information assumes that supply chain initiatives being currently undertaken will improve the Company's supply chain efficiency over the Forecast Period, resulting in improved gross margins and reduced working capital requirements. If these supply chain efficiencies are not achieved, the Company's gross profit margin over the Forecast Period may be lower than that in the Forecast Financial Information, adversely affecting earnings and forecast cash flow from operations. The sensitivity of earnings over the Forecast Period to gross profit margin is set out in the sensitivity analysis in Section 5.8. If the Company is unable to fund its store roll-out over the year ending 30 June 2005 through internally generated cash-flow, it would have to draw down on its debt facilities to continue the roll-out programme.

Product selection

The Company relies on its ability to assess and satisfy customer's needs. Misjudgements in demand or changes in customer preferences could result in overstocked or understocked inventory and/or lower gross margins as a result of markdowns. In addition, changes in the Company's product mix impacts the Company's overall gross margin.

Increasing vehicle complexity

The increasing complexity of vehicles may result in existing DIY motor vehicle repairs and maintenance customers to instead use repairers. If this were to occur, it may have an adverse impact on the sales and profits of Super Cheap Auto.

Capital and funding requirements

In the opinion of the Board, the Company's existing liquid assets provide sufficient liquidity and capital resources to meet its current capital adequacy and funding requirements. However, there can be no assurances that additional capital or liquidity will not be required in the future. Although the Board believes that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. The Super Cheap Auto store roll-out program requires significant cash flow and if the Company's future cash flows are lower than anticipated or additional capital expenditure or working capital requirements are higher than anticipated, capital intensive plans may have to be deferred, or further debt or equity financing may be necessary.

Exchange rates

The Company is exposed to movements in exchange rates. The Company's financial statements are maintained in Australian dollars. However, a portion of the Company's income is earned in New Zealand dollars. In addition, some expenses are driven by the cost of imports given approximately 30% of sales are generated by products directly imported by Super Cheap Auto, particularly from China. Exchange rate movements affecting these currencies may impact the profit and loss account or assets and liabilities of the Company, to the extent the foreign exchange rate risk is not hedged or not appropriately hedged. See Section 5.7 for a discussion of the expected effect of the change in exchange rates on gross margin.

Interest rates

The Company is exposed to adverse interest rate movements where funds are borrowed at a floating interest rate. Whilst this risk may be reduced through interest rate hedging, such as interest rate swaps or other mechanisms, some residual exposure may remain.

Litigation risk

Litigation risks to Super Cheap Auto include, but are not limited to, customer claims, personal injury claims, employee claims and environmental claims. If any claim were to be pursued and be successful it may adversely impact the sales, profits or financial position of Super Cheap Auto.

Tax risk

Any change to the rate of company income tax in jurisdictions in which the Company operates will impact on shareholder returns, as will any change to the rates of income tax applying to individuals or trusts. Any change to the tax arrangements between Australia and other jurisdictions could have an adverse impact on future earnings and the level of dividend franking.

Risk management and business continuity planning

The Company is in the process of developing and formalising a business continuity and disaster recovery plan, any delay to which could create risk associated with unforeseen events.

Legislative and regulatory changes

Legislative or regulatory changes, including property or environmental regulations or regulatory changes in relation to products sold by Super Cheap Auto, could have an adverse impact on the Company.

6.3 General risk factors

Share market

Prior to the Offer, there has been no public market for the Shares. The Shares may trade on ASX at higher or lower prices than the Offer Price following listing. Investors who decide to sell their Shares after listing may not receive the amount of their original investment. There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase.

The price at which the Shares trade on ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control. These factors include movements on international share markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

Liquidity and realisation risk

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few, or many potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which shareholders are able to sell their Shares. This may result in shareholders receiving a market price for their Shares that is less or more than the price that shareholders paid.

Dependence on general economic conditions

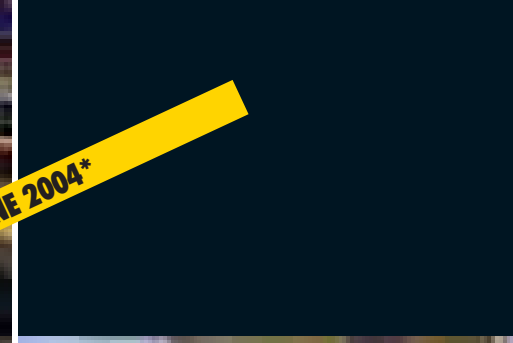
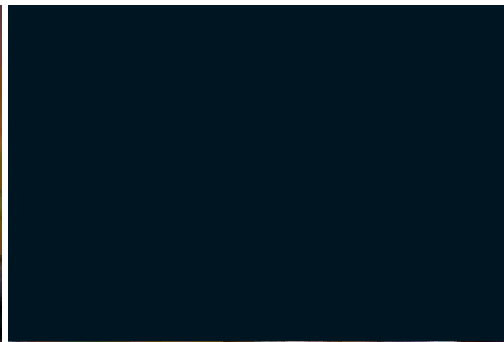
The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, the Australian housing construction cycle, inflation, interest rates and exchange rates, access to debt and capital markets, government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on the Company's business or financial condition.

Changes to laws and regulations or accounting standards which apply to the Company from time to time could adversely impact on the Company's earnings and financial performance.

Acts of terrorism and breakout of international hostilities

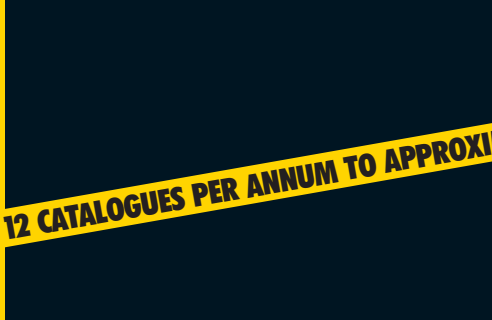
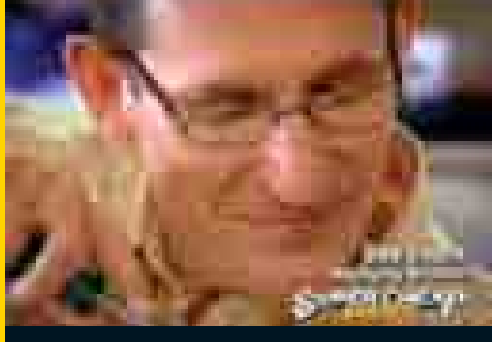
Acts of terrorism or an outbreak of international hostilities may adversely affect consumer confidence, lead to a downturn in customer spending and adversely affect sales of the Company's products. This, or an associated adverse sentiment change with respect to the share market, could have a negative impact on the value of an investment in the Company.

ADVERTISING & PROMOTIONS



MARKETING INVESTMENT OF OVER \$17M IN YEAR ENDING 30 JUNE 2004*

DISTINCTIVE TV ADVERTISING



12 CATALOGUES PER ANNUM TO APPROXIMATELY 5M HOUSEHOLDS

TV, CATALOGUE, PRESS AND RADIO



*Based on Forecast Financial Information



**INVESTIGATING ACCOUNTANT'S
REPORT ON HISTORICAL AND
FORECAST FINANCIAL INFORMATION**



The Directors
Super Cheap Auto Group Limited
751 Gympie Road
LAWNTON QLD 4501

20 May 2004

Dear Sirs

Investigating Accountant's Report on Historical and Forecast Financial Information

We have prepared this Report on the historical and forecast financial information of Super Cheap Auto Group Limited (the "Company") and its controlled entities ("Super Cheap Auto") for inclusion in a Prospectus dated on or about 20 May 2004 (the "Prospectus") relating to the offer of ordinary shares in Super Cheap Auto. Expressions defined in the Prospectus have the same meaning in this Report.

The nature of this Report is such that it should be given by an entity which holds an Australian Financial Services ("AFS") licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd is wholly owned by PricewaterhouseCoopers and holds the appropriate AFS licence.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to prepare an Investigating Accountant's Report (the "Report") covering the following information:

Historical Financial Information

- (a) the adjusted historical financial performance of Super Cheap Auto for the three years ended 30 June 2003; and
- (b) the historical statement of financial position as at 31 December 2003 and the pro forma statement of financial position as at 31 December 2003 which assumes completion of the contemplated transactions disclosed in Section 5 of the Prospectus (the "pro forma transactions");
(collectively, the "Historical Financial Information").

PricewaterhouseCoopers
Securities Ltd
ACN 003 311 617
ABN 54 003 311 617
Holder of Australian Financial
Services Licence No 244572

Waterfront Place
1 Eagle Street
BRISBANE QLD 4000
GPO Box 150
BRISBANE QLD 4001
DX 77 Brisbane
Australia
www.pwc.com/au
Telephone +61 7 3257 5000
Facsimile +61 7 3257 5999

The Directors

20 May 2004

Forecast Financial Information

- (c) forecast financial performance of Super Cheap Auto for years ending 30 June 2004 and 2005 (the "Forecast Financial Information"). The Forecast Financial Information for the year ending 30 June 2004 is based on the unaudited actual performance for the six months ended 31 December 2003 and the forecast performance for the six months ending 30 June 2004.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Historical Financial Information or the Forecast Financial Information to which it relates for any purposes other than for which it was prepared.

Scope of review of Historical Financial Information

The Historical Financial Information set out in Section 5 of the Prospectus (Financial Section) has been extracted from the audited financial statements of Super Cheap Auto which were audited by Grant Thornton. Grant Thornton issued an unmodified audit opinion on the said financial statements. The Historical Financial Information incorporates such adjustments as the Directors considered necessary to reflect the operations of Super Cheap Auto going forward. The Directors are responsible for the preparation of the Historical Financial Information, including determination of the adjustments.

We have conducted our review of the Historical Financial Information in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- an analytical review of the audited financial performance of Super Cheap Auto for the relevant historical period;
- a review of work papers, accounting records and other documents; a review of the adjustments made to the historical financial performance;
- a review of the assumptions used to compile the Pro Forma Statement of Financial Position;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting

(2)



The Directors

20 May 2004

- requirements in Australia, and the accounting policies adopted by Super Cheap Auto disclosed in Appendix A of the Prospectus; and
- enquiry of directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review statement on Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the Pro Forma Statement of Financial Position has not been properly prepared on the basis of the pro forma transactions;
- the pro forma transactions do not form a reasonable basis for the Pro Forma Statement of Financial Position;
- the Historical Financial Information, as set out in Section 5 of the Prospectus does not present fairly:
 - the adjusted historical financial performance of Super Cheap Auto for the three years ended 30 June 2003; and
 - the historical and Pro Forma Statement of Financial Position of Super Cheap Auto as at 31 December 2003.

in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by Super Cheap Auto disclosed in Appendix A of the Prospectus.

Scope of review of Forecast Financial Information

The Directors are responsible for the preparation and presentation of the Forecast Financial Information, including the best estimate assumptions, which include the pro forma transactions, on which they are based.

(3)

The Directors

20 May 2004

Our review of the best estimate assumptions underlying the Forecast Financial Information was conducted in accordance with Australian Auditing Standard AUS 902 “Review of Financial Reports”. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary so as to adequately evaluate whether the best estimate assumptions, provide a reasonable basis for the Forecast Financial Information. These procedures included discussion with the Directors and management of Super Cheap Auto and have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that the best estimate assumptions do not provide a reasonable basis for the preparation of the Forecast Financial Information and whether, in all material respects, the Forecast Financial Information is properly prepared on the basis of the assumptions and is presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of Super Cheap Auto disclosed in Appendix A of the Prospectus so as to present a view of Super Cheap Auto which is consistent with our understanding of Super Cheap Auto’s past, current and future operations.

The Forecast Financial Information has been prepared by the Directors to provide investors with a guide to Super Cheap Auto’s potential future financial performance based upon the achievement of certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of Forecast Financial Information. Actual results may vary materially from the Forecast Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the investment risks set out in Section 6 of the Prospectus (Risk Factors).

Our review of the Forecast Financial Information that is based on best estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Forecast Financial Information included in the Prospectus.

Review statement on the Forecast Financial Information

Based on our review of the Forecast Financial Information, which is not an audit, and based on an investigation of the reasonableness of the best estimate assumptions giving

(4)



The Directors

20 May 2004

rise to the Forecast Financial Information, nothing has come to our attention which causes us to believe that:

- (a) the best estimate assumptions set out in Section 5 of the Prospectus do not provide a reasonable basis for the preparation of the Forecast Financial Information;
- (b) the Forecast Financial Information is not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Super Cheap Auto disclosed in Appendix A of the Prospectus; and
- (c) the Forecast Financial Information is unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of Super Cheap Auto. If events do not occur as assumed, actual results and distributions achieved by Super Cheap Auto may vary significantly from the Forecast Financial Information. Accordingly, we do not confirm or guarantee the achievement of the Forecast Financial Information, as future events, by their very nature, are not capable of independent substantiation.

Subsequent events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of Super Cheap Auto have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

(5)



The Directors

20 May 2004

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this issue other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Wim Blom', written over a horizontal line.

Wim Blom
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

(6)

INFORMATION TECHNOLOGY & SUPPLY CHAIN



USING INTERNATIONAL SOFTWARE: SAP, MANHATTAN, MICROSOFT, DEXION



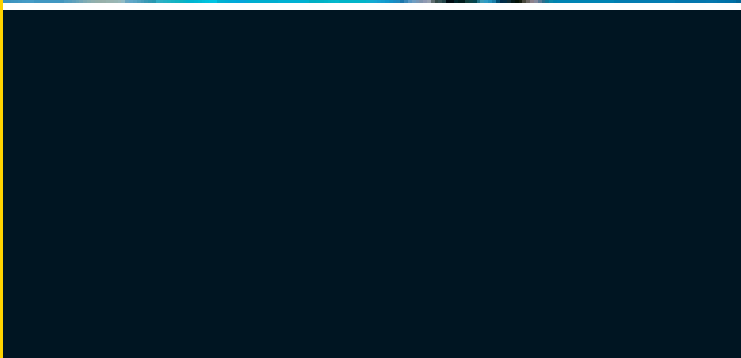
IMPROVED EFFICIENCY WITH RADIO FREQUENCY AND ELECTRONIC MATERIAL HANDLING EQUIPMENT



THREE DISTRIBUTION CENTRES: BRISBANE, PERTH, AUCKLAND



PURPOSE BUILT POINT OF SALE SYSTEMS





TEAM MEMBER OFFER

The Team Member Offer is being made under the terms of the Super Cheap Auto Team Member Share Plan ("Plan"), as described in Section 9.7.

Shares must remain in the Plan for a minimum of three years from the date of allocation, unless participants leave Super Cheap Auto earlier. During this period, participants may not sell, grant a security interest over or otherwise dispose of Shares.

Please read this Prospectus carefully before deciding whether to participate in the Team Member Offer. This Prospectus does not provide advice or make any recommendation, and is not intended to influence any person in making a decision, in relation to the acquisition of Shares under the Team Member Offer. It is intended to provide general guidance on the operation of the Plan.

It is important that you carefully consider your individual circumstances and needs before deciding whether to participate in the Plan. If you are unclear in relation to any matter or are uncertain as to whether Super Cheap Auto is a suitable investment for you, you should seek professional advice from your stockbroker, accountant or other professional adviser.

Once an Application is accepted and the Shares have been allocated to you, you are not permitted to change your mind after this date, even if the share price drops after the date on which the Shares are allocated (expected to be on or about 6 July 2004).

If you do not wish to apply for Shares under the Team Member Offer, you may be eligible to apply for Shares under the Retail Offer described in Sections 2.6 and 2.7.

8.1 The Team Member Offer

Under the Team Member Offer, Team Members who are residents of Australia and are permanent full time or permanent part time employees who have been employed with Super Cheap Auto for a minimum of three months as at the date of the Prospectus and remain employed as at the Closing Date ("**Eligible Team Member Offer Applicants**"), may apply for and, if they apply correctly, receive \$1,000 worth of Shares.

Successful applicants will have their pre-tax cash salary or wages reduced by \$1,000, in instalments, over a 12 month period from July 2004 to July 2005. Eligible Team Member Offer Applicants who apply for Offer Shares under the Team Member Offer will receive the number of Offer Shares calculated by dividing \$1,000 by the Retail Offer Price.

Participation in the Team Member Offer is completely voluntary.

Eligible Team Member Offer Applicants are entitled to apply for Offer Shares under the Retail Offer, as described in Sections 2.6 and 2.7, in addition to, or instead of, the Team Member Offer.

8.2 Am I eligible to apply for Shares under the Team Member Offer?

You are eligible to apply for Shares under the Team Member Offer if:

- you are resident in Australia;
- you are permanent full-time or permanent part-time Team Member; and
- you have been employed with Super Cheap Auto for a minimum of three months as at the date of the Prospectus, and remain employed as at the Closing Date. ("**Eligible Team Member Offer Applicants**").

8.3 How to Apply For Shares under the Team Member Offer

To apply for Shares under the Team Member Offer you must complete the Team Member Offer Application Form accompanying this Prospectus in accordance with the instructions on that form. You are required to apply for the full \$1,000 worth of Shares. Eligible Team Member Offer Applicants who apply for Offer Shares under the Team Member Offer will, if they apply correctly, receive the number of Offer Shares calculated by dividing \$1,000 by the Retail Offer Price. Where the Retail Offer Price does not divide evenly into \$1,000, the number of Offer Shares to be allocated will be rounded down to the nearest whole number of Offer Shares.

Applications may be made and will only be accepted on the Team Member Offer Application Form attached to or accompanying this Prospectus or in its paper copy form as downloaded in its entirety from www.supercheapauto.com.au.

Completed Application Forms must be mailed or delivered to the Registry as set out below:

Mailing address:

ASX Perpetual Registrars Limited
Locked Bag A14
Sydney South NSW 1235

Delivery address:

ASX Perpetual Registrars Limited
Level 8
580 George Street
Sydney NSW 2000

Regardless of the method of lodgement, all Applications must be received by the Registry no later than 5:00pm AEST on 23 June 2004, unless the dates and times are varied by the Company and the Vendor Shareholder, in consultation with the Lead Manager. It is not proposed to pay stamping fees to brokers under the Offer.

The Company and the Vendor Shareholder reserve their right, in consultation with the Lead Manager, to close the Offer at an earlier date or to extend the Offer at their absolute discretion without prior notice. Eligible Team Member Offer Applicants are therefore encouraged to submit their Team Member Offer Application Forms as early as possible.

You should read this Prospectus in its entirety before deciding to complete and lodge a Team Member Offer Application Form.

8.4 How is my salary or wages affected?

By electing to participate in the Team Member Offer, you agree to salary sacrifice your remuneration by \$1,000 and receive this amount worth of Shares. The Shares will form part of your current remuneration package or wage and, accordingly, your pre-tax cash salary or wages will be reduced by \$1,000, paid by instalments over a twelve month period from July 2004 to July 2005.

More specifically, your pre-tax cash salary or wages will be reduced by A\$19.23 per week.

If you leave Super Cheap Auto before the end of the twelve month period referred to above or if you take unpaid leave (so that the total reduction of your pre-tax salary or wages is less than the \$1,000), then any termination payment entitlement (or any future salary or wages to which you may be or become entitled) will be decreased by the amount then unpaid by you in respect of your participation in the Plan.

If, because of rounding, you receive less than \$1,000 worth of Shares, you will still be required to reduce your pre-tax salary or wages by \$1,000. The difference in the amounts (which will be less than the value of one Share for tax purposes) will be donated by Super Cheap Auto to the Muscular Dystrophy Association and Camp Quality.

8.5 Allocation of Shares under the Team Member Offer

Under the Team Member Offer, if you apply for Shares correctly, you are guaranteed your allocation of \$1,000 worth of Shares.

Where no allocation is made, there will be no reduction in your salary or wages.

8.6 Taxation Information

The allocation of \$1,000 in Shares is tax-free, provided you complete a valid tax election form for the financial year ending 30 June 2005.

Super Cheap Auto will post a 'tax election' form to you at the end of the financial year. You need to make a 'tax election' at the same time as or before lodging an income tax return for the year ending 30 June 2005. The 'tax election' does not have to be sent to the ATO with the tax return, but should be retained as part of your income tax records.

Capital Gains Tax (CGT) payable by you on any capital growth on your investment is generally deferred until your Shares are sold.

This taxation summary is not intended to be an authoritative or complete statement of the law applicable. As the precise tax consequences of participation in the Team Member Offer will be affected by a participant's personal circumstances, it is recommended that participants obtain independent professional advice before participating.

8.7 Questions and answers relating to the Team Member Offer**Whose name are my Shares registered in?**

The Shares which are allocated to you, will be registered in your name.

What are the risks of participating in the Plan?

Every investment involves an element of risk. Some of the risks of investing in the Shares are described briefly in Section 6.

In addition, the Plan has been established taking into account Australia's current taxation laws. Tax law is subject to change, and the concessional treatment currently afforded to employee share schemes may be withdrawn, although Super Cheap Auto does not expect this to occur.

When will I be able to sell my Shares acquired under the Team Member Offer?

There are restrictions on when you can sell your Shares.

Under the restrictions, you are not able to sell, transfer, or otherwise dispose of your Shares until the earlier of:

- the date on which you leave Super Cheap Auto; or
- three years after the allocation of Shares.

What happens when I leave Super Cheap Auto before I have paid for my Shares?

If you leave Super Cheap Auto before paying for your Shares, you will be able to sell your Shares, but the amount of any termination payment payable to you will be reduced by the amount unpaid by you in respect of your participation in the Plan.

If the termination payment payable to you is insufficient to fulfil the amount unpaid by you in respect of your participation in the Plan, then Super Cheap Auto is authorised to sell your Shares, use the funds to repay any unpaid amounts in respect of your participation in the Plan and refund the surplus to you.

What rights attach to the Shares?

The Shares allocated under the Team Member Offer will rank equally with all Shares under the Offer. The Shares carry the right to receive dividends, participate in rights and bonus issues and to vote at any meeting of members of the Company.

The Shares are not liable to be forfeited under the Plan.

Do I have to participate in the Team Member Offer?

No. Participation is entirely voluntary.

Can I still apply for Shares under the Retail Offer?

Yes. If you are eligible to participate in the Retail Offer, you may apply for Shares as described in Section 2.6 and 2.7, in addition to applying for Shares under the Team Member Offer or instead of applying for Shares under the Team Member Offer.

If I am participating in both the Team Member Offer and Retail Offer, do I use the same Application Form?

No. You must complete:

- the Team Member Offer Application form to apply for Shares under the Team Member Offer;
- the Team Member Purchase Offer Application Form to apply for Shares under the Team Member Purchase Offer; and
- the general Application Form to apply for Shares under the General Public Offer.

Who do I contact for further information on the Team Member Offer?

If you require assistance to complete the Team Member Offer Application Form or require additional copies of this Prospectus, you should contact the Super Cheap Auto Share Offer Information Line on 1800 170 502 (Australia).

If you are unclear in relation to any matter or are uncertain as to whether Super Cheap Auto is a suitable investment for you, you should seek professional advice from your stockbroker, accountant or other professional adviser.

SUPPLIER RELATIONSHIPS



SUPPLIER RELATIONSHIPS BUILT ON MUTUAL SUCCESS



NATIONAL BRANDS COMBINED WITH SUPER CHEAP AUTO OWN BRANDS

CO-OPERATIVE SUPPLY CHAIN STRATEGIES TO IMPROVE COSTS





ADDITIONAL INFORMATION



9.1 Incorporation and restructure

The Company was incorporated as an unlisted public company on 8 April 2004, to be the holding company of Super Cheap Auto Pty Ltd.

On 23 April 2004, the Existing Shareholders transferred shares they held in Super Cheap Auto Pty Ltd to the Company and in consideration for the transfer, the Company issued shares on a one for one basis to the Existing Shareholders.

9.2 Constitution and rights attaching to the Shares

The rights and liabilities attaching to the Shares are set out in the Company's Constitution, and are regulated by the Corporations Act, ASX Listing Rules, the ASTC Settlement Rules and the general law. Set out below is a summary of the principal rights and liabilities attaching to the Shares. This summary is not exhaustive and is not a definitive statement of the rights and liabilities of the shareholders of the Company.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting, every shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and on a poll, one vote for each fully paid Share. The holder of partly paid Shares has a vote in respect of the Share on a poll which has the same proportionate value as the proportion that the amount paid (excluding any amount paid or credited as paid in advance of a call) on the Shares bears to the total issue price of the share.

General Meeting and Notices

Each holder of Shares will be entitled to receive notice of, and to attend and vote at the Company's general meetings and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Dividends

Subject to the Corporations Act and the rights of persons (if any) entitled to Shares with special rights to dividends, the Company's profits which the directors determine to distribute by way of dividends are divisible amongst the holders of Shares in proportion to the amounts paid (excluding any amount paid or credited as paid in advance of a call) on the Shares.

Variation of Class Rights

At present, the Company only has ordinary Shares on offer and has no current plans to create further classes of Shares. The rights and restrictions attaching to a class of the Company's Shares can only be altered with the consent of a special resolution passed at a separate meeting of the holders of that class of Shares by 75% of those holders who, being entitled to do so, vote at that meeting or with the written consent of members with at least 75% of votes in the class.

Further Issues of Shares and Options

The Directors may, subject to the Corporations Act, the Listing Rules or any special rights conferred on the holders of any Share or class of Shares, issue or dispose of Shares to any person at any time and on any terms and conditions as they think fit. The Directors also have the power to grant options over Shares at any time and for any consideration as they think fit.

Pre-Emptive Rights

Holders of Shares do not have any pre-emptive rights under the Constitution. Under the Listing Rules, certain restrictions apply to a listed company offering its Shares otherwise than pro rata among shareholders.

Winding Up

Subject to the rights of holders of Shares issued on special terms and conditions, on a winding up of the Company, the liquidator may, with the sanction of a special resolution of the company, divide among the shareholders in kind the whole or any part of the Company's property. The liquidator may set such value as it deems fair on any property to be so divided and may determine how the division is to be carried out as between shareholders or different classes of shareholders.

Small Holdings

Subject to the Listing Rules and ASTC Settlement Rules, the Company may sell the Shares of a shareholder who holds less than a marketable parcel of shares.

Buy Backs

Subject to applicable laws, in particular the Corporations Act and the Listing Rules, the Company may buy back Shares on such terms and conditions as the Board may determine from time to time.

Transfer of Shares

Subject to the Listing Rules and the Constitution, the Shares are transferable in accordance with CHESS (for CHESS Approved Securities), by instrument in writing in any usual or common form or in any other form that the Directors approve, or by any method which is recognised by the Corporations Act, ASTC and ASX and is approved

by the Directors. The Directors may, subject to the requirements of the Listing Rules, request ASTC to apply a holding lock to prevent a transfer of CHESS Approved Securities or refuse to register a transfer of other Shares in the Company.

Holding Statements

The Company will not issue share certificates to shareholders. As outlined in Section 2.12, the Company will apply to participate in CHESS in accordance with the ASX Listing Rules and the ASTC Settlement Rules. On admission to CHESS, the Company's Shares will be maintained on an electronic issuer sponsored subregister and an electronic CHESS subregister. These two subregisters together will make up the register of Shares of the Company.

Following the transfer of the offer Shares to successful Applicants, shareholders will be sent an initial statement of holding (similar to a bank account statement) that sets out the number of Shares which have been allocated to them in the Offer. This statement will also provide details of a shareholder's holder identification number (HIN) in the case of a holding on the CHESS subregister, or security holder reference (SRN) in the case of holding on the issuer-sponsored subregister. Shareholders will be required to quote their HIN or SRN, as applicable in all dealings with a stockbroker or the share registry.

An updated holding statement will be sent to a shareholder at the end of each month where the balance of the investor's holding of Shares changes.

Directors

The Board may determine the number of directors, subject to the number of Directors not being less than three nor more than eight. The Directors may not reduce the number below the number of Directors in office at the time of the reduction. In a general meeting, the Company may by resolution vary the number of Directors.

At each of the Company's annual general meetings, one-third of the Directors (or if the number of Directors is not a multiple of three, then the number nearest one-third) and any other Director who has held office for three years or more must retire from office. The Managing Director is exempted from retirement by rotation. A retiring director is eligible for re-election.

Indemnities

The Company may indemnify current and past Directors, secretaries and executive officers of the Company and of any subsidiary of the Company against a liability incurred by the person acting in that capacity and against all legal costs incurred in connection with proceedings in which the person becomes involved because of that capacity, but only to the extent that such indemnity would not be forbidden, or made void, by statute.

Amendment of the Constitution

The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution passed by the members of the Company. The Company's Constitution does not impose any further requirements to be complied with to effect a modification of the Constitution, or to repeal it.

9.3 Offer Management Agreement

On 20 May 2004, the Company, the Vendor Shareholder and the Lead Manager entered into the Offer Management Agreement. Under the agreement, the Lead Manager agrees to manage the Institutional Offer and the Retail Offer, including the bookbuild process and the allocation process.

The Vendor Shareholder must pay the Lead Manager a fee of 2.75% of the proceeds of the Offer. The Vendor Shareholder may, at its discretion, pay the Lead Manager a performance fee of up to 0.75% of the Offer Proceeds. The Vendor Shareholder must pay, or reimburse the Lead Manager for, all costs, charges and expenses payable to ASX to permit settlement of the Shares, and for expenses incurred in marketing the Offer to institutional investors outside of Australia (capped at \$30,000).

Under the Offer Management Agreement, the Company, the Vendor Shareholder and the Lead Manager give certain representations, warranties and undertakings.

The Company and the Vendor Shareholder have unconditionally indemnified the Lead Manager and certain affiliated parties from all losses incurred directly or indirectly, as a result of any statement in or omission from this Prospectus, the making of an Offer, the distribution of this Prospectus, any advertising or publicity of the Offer or any breach of the Offer Management Agreement by the Company or the Vendor Shareholder or any of the Company's representations and warranties being not true and correct or any investigations, inquiries or legal proceedings undertaken by ASIC or ASX or any other regulatory body. These indemnities are subject to certain limitations and exclusions.

The Lead Manager may terminate the Offer Management Agreement by notice to the Company and the Vendor Shareholder at any time after the Lead Manager becomes aware of one or more of the termination events set out below, (although in the case of termination event(s) (b), (c), (e), (f), (i), (k) (g), (p) or (q) the Lead Manager may not terminate the Offer Management Agreement unless it has reasonable grounds to believe and does believe that the event has or is likely to have a materially adverse effect on the outcome or success of the Offer or, could give rise to a material liability of the Lead Manager under any law or regulation).

The termination events in the Offer Management Agreement include:

- a) a statement contained in the Prospectus is misleading or deceptive or a matter is omitted from the Prospectus (having regard to the provisions of Sections 710, 711 and 716); or
- b) the due diligence report or any other information supplied by or on behalf of the Company or the Vendor Shareholder to the Lead Manager in relation to Super Cheap Auto, or the Offer is misleading or deceptive; or
- c) any adverse change, or development or event involving a prospective change, in the condition, financial or otherwise, or in the assets, earnings, business, operations, management or prospects of Super Cheap Auto (from the position as reflected in the Prospectus); or
- d) an insolvency event occurs with respect to the Vendor Shareholder, the Company or another member of Super Cheap Auto, including:
 - i. a receiver, receiver and manager, administrator, trustee or similar official is appointed over any of the assets or undertaking of the person;
 - ii. the person suspends payment of its debts generally;
 - iii. the person is or becomes unable to pay its debts when they are due or is unable to pay its debts within the meaning of the Corporations Act or the company may be presumed to be insolvent under Section 459C of the Corporations Act;
 - iv. the person enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
- e) a new circumstance arises since the Prospectus was lodged that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged in relation to Super Cheap Auto group of companies within the meaning of Section 719 of the Corporations Act; or
- f) hostilities not presently existing commence (whether war has been declared or not and including the use of chemical, biological or nuclear weapons) or a major act of terrorism or escalation in existing hostilities occurs (whether war has been declared or not and including the use of chemical, biological or nuclear weapons) involving any one or more of Australia, New Zealand, the United States of America, Japan, the United Kingdom, or Indonesia, or a major terrorist act is perpetrated on any of those countries or any diplomatic, political, military or commercial establishment of any of those countries elsewhere in the world, or a national emergency or war is declared by any of those countries; or
- g) the S&P/ASX200 Index of ASX falls at any time to a level which is 10% or more below the level as at market close on the business day prior to the date of the Offer Management Agreement, and remains at or below that level for one whole business day or (if earlier) as at the end of the Retail Offer Closing Date; or
- h) there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this Offer Management Agreement), any of which does or is likely to prohibit or regulate the Offer, capital issues or stock markets or materially adversely affect the taxation treatment of the Offer Shares; or
- v. an application or order is made for the winding up or de-registration of, or the appointment of a provisional liquidator to the person or a resolution is passed or steps are taken to pass a resolution for the winding up or de-registration of the person otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Lead Manager; or
- vi. an administrator is appointed in relation to the person under Division 2 of Part 5.3A of the Corporations Act; or

- i) a change in senior management or the Board of Directors of the Company occurs; or
- j) any of the following occur:
 - i. a Director of the Company is charged with an indictable offence;
 - ii. any regulatory body commences any public action against a director of the Company in his or her capacity as director of the Company or announces that it intends to take any such action; or
 - iii. a Director of the Company is disqualified from managing a corporation under the Corporations Act; or
- k) there is a contravention by the Vendor Shareholder, the Company or any company in the Super Cheap Auto group of the Corporations Act, their respective constitutions, the trust deed of the Vendor Shareholder or any of the Listing Rules; or
- l) the Prospectus or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation; or
- m) approval is refused or approval is not granted which is unconditional or conditional only on customary listing conditions which would not, in the reasonable opinion of the Lead Manager, have a material adverse effect on the success of the Offer to the Company's admission to the official list of ASX, or the official quotation of all of the Offer Shares on ASX, on or before the listing approval date, or if granted, the approval is subsequently withdrawn, qualified or withheld; or
- n) any of the following occur:
 - i. ASIC applies for an order under Section 1324B of the Corporations Act in relation to the Prospectus;
 - ii. ASIC gives notice of intention to hold a hearing in relation to the Prospectus under Section 739(2) of the Corporations Act or makes an interim order under Section 739(3) of the Corporations Act;
 - iii. an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Prospectus or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Prospectus;
- iv. any person gives a notice under Section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of their name in the Prospectus or to be named in the Prospectus withdraws that consent; or
- v. any person gives a notice under Section 730 of the Corporations Act in relation to the Prospectus; or
- o) the Vendor Shareholder or the Company withdraws the Prospectus or the Offer; or
- p) a default by the Company or the Vendor Shareholder in the performance of any of their obligations under the Offer Management Agreement occurs; or
- q) a representation or warranty contained in the Offer Management Agreement on the part of the Company or the Vendor Shareholder is not true or correct; or
- r) an event of default or potential event of default occurs in any financing facility of the Company or Super Cheap Auto after the date of the Offer Management Agreement; or
- s) a certificate furnished in accordance with the Offer Management Agreement or a statement in any such certificate is untrue or incorrect in a material respect; or
- t) a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries, or trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading, in either case the effect of which is such as to make it, in the reasonable judgment of the Lead Manager, impracticable to market the Offers or to enforce contracts to sell the Offer Shares; or
- u) the Company, or any of its directors or officers (as that term is defined in the Corporations Act), engage in any fraudulent conduct or activity whether or not in connection with the Offers.

9.4 Debt Facilities

Super Cheap Auto Pty Ltd has established total funding facilities to the value of \$87.083 million with ANZ Banking Group Limited. The key features of these facilities are as follows:

Facility	Amount	Term and Type
Multi Option Facility (including overdraft and cash advance)	\$40.0 m	Reviewed annually Varying Rates
Variable Rate Commercial Bill Acceptance/Discount Facility	\$25.0 m	30 June 2006 Variable Rate
Transactional Facilities	\$21.0 m	Reviewed annually
Indemnity/Guarantee Facility	\$1.083 m	Reviewed annually
Total	\$87.083 m	

Financial covenants are provided by Super Cheap Auto Pty Ltd with respect to adjusted gearing ratio, fixed charges cover and debt to EBITDA ratio. In addition, Super Cheap Auto Pty Ltd undertakes not to make distributions of more than 60% of NPAT without ANZ Banking Group Limited's prior consent which is not to be unreasonably withheld. The debt facility agreements contain standard undertakings, representations, warranties, indemnities and event of defaults customary for facilities of this nature. Super Cheap Auto Pty Ltd has entered into hedging arrangements with respect to its interest rate exposure.

The facilities are secured by two fixed and floating charges over Super Cheap Auto's assets and an unlimited cross guarantee and indemnity between Super Cheap Auto Pty Ltd and Super Cheap Auto NZ Pty Limited in favour of ANZ Banking Group Limited.

9.5 Senior Management Team Share Plan

Super Cheap Auto Pty Ltd established a Senior Management Team Share Plan on 10 July 2003. Under the plan Super Cheap Auto Pty Ltd issued shares equal to 5.2% of shares in the company to 38 senior Team Members and executives. These shares are held on trust for the participating executives by the trustee, SCA Equity Plan Pty Ltd ("**Trustee**").

Under the corporate restructure (see Section 9.1) the Trustee transferred the shares that it held in Super Cheap Auto Pty Ltd to the Company in return for being issued the same number of Shares in the Company.

Under the Senior Management Team Share Plan, the Trustee subscribed for shares in Super Cheap Auto Pty Ltd in two tranches, the Initial Shares and the Additional Shares.

The Initial Shares were issued at a 1% discount to the value of the shares at the time of issue and Super Cheap Auto Pty Ltd made two cash contributions of in aggregate \$0.883m to the Trustee to be applied towards the subscription price for the Initial Shares. The cash contribution of \$0.883m has been recognised as share issue costs in the statement of financial performance of Super Cheap Auto Pty Ltd for the six months ended 31 December 2003 having been grossed up for the fringe benefits tax that will be payable by Super Cheap Auto Pty Ltd. The total cost to the company is \$1.716m. The Trustee obtained a loan from ANZ Banking Group Limited to fund the remainder of the subscription price for the Initial Shares, being \$3.72m on behalf of the participating executives. This loan is guaranteed by Super Cheap Auto Pty Ltd.

The subscription price for the Additional Shares was funded by way of an interest free loan from Super Cheap Auto Pty Ltd to the participating executives. The current value of these loans is \$1.846m. The Trustee intends to repay this loan on behalf of the participating executives prior to 28 June 2004 by increasing the amount of its existing facility with ANZ Banking Group Limited or obtaining a new facility. Super Cheap Auto Pty Ltd has agreed to repay this new loan on behalf of the Trustee if the Company achieves an enterprise value of greater than \$200 million from the Offer. Based on the Indicative Price Range, the Company has assumed that Super Cheap Auto Pty Ltd will repay this loan and has recognised the cost of this repayment in its forecast statement of financial performance for the year ending 30 June 2004. The forecast total cost is \$3.584m representing \$1.846m for the cost of repaying the loan and \$1.738m fringe benefits tax that will be payable by Super Cheap Auto Pty Ltd as a result of this transaction.

If the loan to the Trustee for the Additional Shares is repaid, the Trustee will recognise that the participating executives have discharged their responsibility in relation to the loan. The loan in relation to the Initial Shares is to be repaid by the participating executives.

Once all of the outstanding loans are repaid by a participating executive, the executive can require the Trustee to transfer the legal title to the Shares to them.

For details of Bob Thorn's shareholding, see Section 9.10, Disclosure of Directors' Interests.

9.6 Escrow Agreements

Under the terms of the Senior Management Team Share Plan, the participating executives are restricted from dealing with the Shares held under this Plan, so that they may only sell up to one third of their Shares in each of the calendar years commencing on the first, second and third anniversaries of the date that the Company is admitted to the official list of the ASX.

Each of the Vendor Shareholder and Bob Thorn have entered into voluntary escrow arrangements with the Company under which they have each agreed that they will not dispose of any Shares held by them at the Closing Date until after the Company has reported its audited financial results for the year ending 30 June 2005. These restrictions will cease to apply if a third party makes a takeover bid for the Shares and acceptances of that bid are received by 50% or more of the Shares not subject to the escrow arrangements.

9.7 Super Cheap Auto Team Member Share Plan

The Super Cheap Auto Team Member Share Plan ("Plan") is a general employee share plan pursuant to which the Team Member Offer will be made to eligible Team Members. Further details of the Team Member Offer are described in Section 8.

Solely at the discretion of the Board, similar offers may be made in future years to eligible employees as determined by the Board.

In accordance with current Australian tax legislation, Shares acquired under the Plan must be held for a minimum of three years (or earlier cessation of employment), during which time the Shares are subject to a disposal restriction such that the participant cannot deal in (ie sell or transfer) the Shares.

A summary of the terms and conditions of the Plan is set out below:

(Termination) The Plan may be terminated or suspended at any time by a resolution of the Board.

(Amendment) The Plan may be amended by resolution of the Board provided there is no reduction of rights of employees in respect of Shares issued under the Plan. If an amendment reduces the rights of employees, it requires written consent of three-quarters of affected employees.

(Administration) The Plan is administered by the Board.

(Eligibility) Under the Plan, the Company may from time to time offer Shares to eligible full-time or permanent part-time or casual employees of Super Cheap Auto or to such other person as the Board determines in its discretion.

(Offer) Under the Plan, the Company may make an offer of Shares for no consideration, or the Company may make an offer of Shares conditional on the participating employee acquiring a specified number of Shares for valuable consideration. The Board may determine the price at which the Shares will be offered to an employee. Shares may be granted at no cost to the employee or the Board may determine that the market value or some other price is appropriate.

(Ranking of Shares) Shares issued under the Plan will rank equally with all Shares.

(Restrictions on Transfers) Unless otherwise determined by the Board, employees who receive Shares under the Plan will not be entitled to sell or transfer those Shares until the earlier of the end of three years from the date of acquisition of the Shares or the time at which that person ceases to be an employee of Super Cheap Auto. The Company will implement such arrangements as it determines are necessary to enforce this restriction.

(Financial Benefit) Under the Plan, a financial benefit may be provided to participants for the purposes of acquiring Shares. The financial benefit may include providing Shares to employees at no cost to the employee, or inviting employees to sacrifice salary in return for Shares.

(Discretion) The Board has the discretion to determine the specific terms and conditions applying to each offer.

9.8 Super Cheap Auto Executive Option Plan

The Company has established the Super Cheap Auto Executive Share Option Plan (“**Option Plan**”) to assist in the retention and motivation of executives of Super Cheap Auto (“**Participants**”). It is intended that the Option Plan will enable the Company to retain and attract skilled and experienced executives and provide them with the motivation to enhance the success of the Company.

Option Issues

Under the Option Plan, options may be offered to Participants selected by the Board. Unless otherwise determined by the Board, no payment is required for the grant of options under the Option Plan.

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

Options issued under the Option Plan may not be transferred unless the Board determines otherwise. The Company has no obligation to apply for quotation of the options on ASX. However, the Company must apply to ASX for official quotation of Shares issued on the exercise of the options.

The exercise period of the options will be determined by the Board at the time of the offer of the options.

At any one time, the total number of options on issue under the Option Plan that have neither been exercised nor lapsed will not exceed 5.0% of the total number of shares in the capital of the Company on issue.

Bonus Issues

Subject to the Listing Rules, if there is a bonus issue to the holders of Shares (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Shares over which an option is exercisable will be increased by the number of Shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.

Reconstructions

If any reconstruction of the capital of the Company takes place (including consolidation, subdivision, reduction, capital return, buy back or cancellation), the number of options to which each Participant is entitled and/or the exercise price of the options must be reconstructed in accordance with the Listing Rules.

Rights Issues

Subject to the Listing Rules, if the Company undertakes a pro rata rights issue of Shares (except a bonus issue), the exercise price of the options will be reduced to reflect the diluting effect of the rights issued.

Vesting of options

Options issued under the Option Plan will vest once the period of time, performance hurdles and other conditions (if any) determined by the Board at the time of offer of the options are satisfied.

Exercise price

The exercise price for each option is the price determined by the Board which must not be less than the market value of the Shares on the date the participant was invited to apply for the option.

The market value is the weighted average market price of Shares sold on ASX on the five trading days immediately before the date the market value is to be determined.

Lapse of options

Options not exercised will lapse on the earliest of:

- a) The expiry of the exercise period determined by the Board at the time the options are offered;
- b) Where the Participant ceases to be employed by the Company or any other member of Super Cheap Auto due to resignation or retirement:
 - i) in the case of vested options, 60 days following the date of cessation of employment or any longer period which the Directors determine; and
 - ii) in the case of unvested options, the date on which the Participant ceases to be employed or any longer period which the Directors determine;
- c) Where the Participant ceases to be employed by the Company or any other member of Super Cheap Auto due to death, retrenchment by reason of redundancy, or permanent disability:
 - i) in the case of vested options, 60 days following the date of cessation of employment or any longer period which the Directors determine; and
 - ii) in the case of unvested options, the date on which the Participant ceases to be employed;
- d) Where the Participant ceases to be employed by the Company or any other member of Super Cheap Auto for any other reason:
 - i) in the case of vested options, 60 days following the date of cessation of employment or any longer period which the Directors determine; and
 - ii) in the case of unvested options, the date on which the Participant ceases to be employed;
- e) In the case of unvested options, on the Company being wound up; and
- f) In the case of vested and unvested options, when the Directors determine that the Participant has acted fraudulently or dishonestly.

A Participant may submit a request to the Directors that an option granted to them lapse. The Board may determine that the option should lapse.

The Board may make regulations and determine procedures to administer and implement the Option Plan. The Board may also terminate or suspend the operation of the Option Plan at its discretion.

The Option Plan may be amended by resolution of the Board in a manner consistent with the Listing Rules.

Options granted under the plan

The Company has granted to Bob Thorn and Peter Birtles options under the Plan. For details of Bob Thorn's option entitlement see Section 9.10 Disclosure of Director's Interests.

The Company has granted Peter Birtles 200,000 options in the Company. These options are exercisable on 1 July 2007 at the Retail Offer Price if the Company is listed on ASX and subject to satisfaction of a qualifying hurdle. The qualifying hurdle requires cumulative annual growth of 10% in Earnings Per Share pre amortisation from the forecast Earnings Per Share pre amortisation for the year ending 30 June 2005 (being 17.2 cents) to the year ending 30 June 2007.

9.9 Dealings with the Vendor Shareholder

The Directors of the Vendor Shareholder are Reg Rowe and Hazel Rowe.

Super Cheap Auto Pty Ltd has entered into leasing arrangements with the Vendor Shareholder in respect of 35 retail locations and the Lawnton distribution centre which includes the head office of the Company and a retail store.

The lease of the Lawnton distribution centre is for an initial term of 15 years with a 10 year option to renew. Of the retail locations, 34 are for an initial term of 7 to 10 years with a 7 year option to renew. The rent for the Lawnton distribution centre (including the head office of the Company and a retail store) is approximately \$1.5 million per annum plus outgoings, rates and insurance. The total rent for the retail locations leased from the Vendor Shareholder is approximately \$5.3 million per annum. The Company has agreed to guarantee the obligations of Super Cheap Auto Pty Ltd under these leases.

9.10 Disclosure of directors' interests

Except as set out in this Prospectus:

- no Director has, or has had in the two years before lodgement of this Prospectus with ASIC, any interest in the formation or promotion of the Company or the offer of the Shares, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of the Shares; and
- no amounts have been paid, or agreed to be paid, and no benefit has been given, or agreed to be given, to any Director either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him in connection with the formation or promotion of the Company, or the offer of the Shares.

Directors' Shareholding

Directors are not required under the Constitution to hold any Shares. Except as set out below, as at the date of this Prospectus, no Director of the Company is the beneficial holder of any Shares, options or other securities in the Company.

However, the Directors and their associated interests may acquire Shares pursuant to the Offer.

Options:

The Company has granted Bob Thorn 1,000,000 options in the Company under the Super Cheap Auto Executive Option Plan. These options are exercisable, if the Company is listed on the ASX and the qualifying hurdle is achieved, at the Retail Offer Price on the following dates:

- 500,000 options on 1 July 2007;
- 250,000 options on 1 July 2008; and
- 250,000 options exercisable on 1 July 2009.

The qualifying hurdle requires cumulative annual growth of 10% in Earnings Per Share pre amortisation from the forecast Earnings Per Share pre amortisation for the year ending 30 June 2005 (being 17.2 cents) to each of the years ending 30 June 2007, 30 June 2008 and 30 June 2009.

Shares:

- Bob Thorn holds 4,835,120 Shares in the Company. Bob Thorn was originally issued shares in Super Cheap Auto Pty Ltd in two tranches in October 2002 and August 2003 ("**Original Shares**"). Under the corporate restructure (see Section 9.1), Bob Thorn transferred the Original Shares to the Company in return for being issued the same number of Shares in the Company. Super Cheap Auto Pty Ltd provided an aggregate discount of \$15,000 to the subscription price for the Original Shares and the remainder of the subscription price was satisfied by way of an interest free loan from Super Cheap Auto Pty Ltd to Bob Thorn. The value of this loan is \$5.3 million. Bob Thorn intends to take out a new loan with a financier to repay this loan prior to 28 June 2004. Super Cheap Auto Pty Ltd has agreed to repay this new loan on behalf of Bob Thorn if the Company achieves an enterprise value of greater than \$200 million from the Offer. Based on the Indicative Price Range, the Company has assumed that this loan will be repaid by Super Cheap Auto Pty Ltd and has recognised the cost of this repayment in its forecast statement of financial performance for the year ending 30 June 2004. The forecast total cost to Super Cheap Auto Pty Ltd is \$10.311m representing \$5.310m for the cost of repaying the loan and \$5.001m fringe benefits tax that will be payable by Super Cheap Auto Pty Ltd as a result of this transaction.
- Reg Rowe or entities controlled by him, currently hold 96,051,291 Shares in the Company. After completion of the Offer, Reg Rowe or entities controlled by him, and his associates will hold 51.2% of the Shares in the Company.

Remuneration of Directors

The Constitution provides that the amount of remuneration of the Directors is a yearly sum not exceeding the amount determined by the company in general meeting.

Non-Executive Directors

The Constitution provides Non-Executive Directors are entitled to be paid Directors fees up to a maximum amount determined by the Company in general meeting. For the year ending 30 June 2005, Non-Executive Directors' fees will be \$60,000 and \$100,000 per annum in the case of the Chairman, inclusive of superannuation. Non-Executive Directors may also be reimbursed for their expenses properly incurred as a Non-Executive Director in connection with the affairs of the Company.

The Constitution also provides that the Company may pay extra to the Non-Executive Directors where they perform additional or special duties for the Company.

Managing Director

The Managing Director, Bob Thorn, is currently the sole executive director of the Company. For the financial year ending 30 June 2005, his remuneration will be as follows:

- a base salary of \$550,000 per annum (reviewed annually), inclusive of superannuation, but excluding incentives described immediately below;
- a bonus, conditional on the actual profit before tax for a particular year being equal to or higher than the forecast profit before tax for that year. The amount of the bonus may not exceed an amount equal to 20% of the amount by which the condition is exceeded and may not exceed 70% of the base salary; and
- options as described above under Director's Shareholding.

The Managing Director may also be reimbursed for expenses properly incurred in the performance of duties for the Company.

The Managing Director's employment contract may be terminated by the Company on three months' notice.

The Managing Director is subject to a non compete obligation for 12 months from the date upon which he ceases to act as Managing Director.

The current term of the Managing Director will expire on 30 June 2009.

Indemnity and Insurance

The Company has entered into deeds of access, insurance and indemnity in favour of each Director. The indemnity is to the maximum extent permitted by law. The deed requires the Company to maintain insurance cover for the Directors. The Company has arranged this insurance.

9.11 Disclosure of interests of advisers

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest, or has had any interest during the last two years, in the formation or promotion of the Company, or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the offer of the Shares; and
- no amount has been paid, or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of the Company, or the offer of the Shares.

Mallesons Stephen Jaques has acted as legal adviser to the Offer, has performed due diligence enquiries and generally advised in relation to the Company's admission to the Official List. The Vendor Shareholder has paid, or agreed to pay, approximately \$100,000 for the above services. Further amounts may be paid to Mallesons Stephen Jaques in accordance with its usual time based charge-out rates.

Macquarie Equity Capital Markets Limited are acting as the Lead Manager to the Offer. The Vendor Shareholder has agreed to pay a base fee of 2.75% of the gross proceeds from the Offer, plus a performance fee of up to 0.75% of the gross proceeds.

PricewaterhouseCoopers Securities Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report on Historical and Forecast Financial Information. The Vendor Shareholder has paid, or agreed to pay, approximately \$195,000 (pre GST) for the above services. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with its usual time based charge-out rates.

9.12 Consents and disclaimers

The Company and the Vendor Shareholder are the Issuers of this Prospectus. None of the persons named below has authorised or caused the issue of this Prospectus. None of the persons named below have made any statement that is included in this Prospectus, or any statement on which a statement made in this Prospectus is based, except as stated below. Each of the persons named below expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus. This applies to the maximum extent permitted by law and does not apply to any matter to the extent to which consent is given below.

Consents to be named

The following parties have given and have not, prior to the lodgement of this Prospectus with ASIC, withdrawn their written consent to be named in this Prospectus in the form and context in which they are named:

- Macquarie Equity Capital Markets Limited as Lead Manager to the Offer;
- Mallesons Stephen Jaques to being named as solicitors to the Offer;
- ASX Perpetual Registrars Limited to being named as the Share Registry to the Offer;
- ANZ Banking Group Limited to being named as the bank which is providing debt facilities to Super Cheap Auto; and
- Core Economics to being named as a consultant on market research.

Consents to be named and to the inclusion of information.

The following parties have given and have not, prior to the lodgement of this Prospectus with ASIC, withdrawn their written consent to be named in this Prospectus and to the inclusion of the following information in this Prospectus in the form and context in which it is included and to all references in this Prospectus to that information in the form and context in which it appears.

- PricewaterhouseCoopers Securities Ltd has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to the inclusion of its Investigating Accountants' Report in the form and context in which it appears;
- Grant Thornton to being named as the Auditor of the Company and to the inclusion of Historical Financial information and the Forecast Financial Information in the form and context in which it appears.

9.13 Expenses of the offer

The total estimated costs of the Offer, including advisory, legal, accounting, tax, listing and administrative fees, as well as printing, advertising and other expenses are currently estimated to be approximately \$3.1m and will be paid by the Vendor Shareholder.

9.14 Documents available for inspection

Copies of the Constitution, the Super Cheap Auto Employee Share Plan and Super Cheap Auto Executive Option Plan are available for inspection free of charge between 9am and 5pm AEST, Monday to Friday, at the company's registered office during the Offer Period.

9.15 ASX admission and quotation

The Company will apply to ASX for admission to the Official List and quotation of the Shares on the exchange operated by ASX within seven days after the date of this Prospectus.

9.16 Deferred settlement trading

It is expected that trading of Shares on ASX will commence on a deferred settlement basis on or about 6 July 2004. Deferred settlement trading will continue until three business days following dispatch of holding statements on or about 7 July 2004. It is expected that trading on a normal settlement basis will commence on 12 July 2004.

You are responsible for confirming your allocation of Shares before trading in the Shares. If you sell Shares before receiving confirmation of your allocation, you do so at your own risk.

You may call the Super Cheap Auto Share Offer Information Line during business hours on 1800 170 502 (Australia) to seek information in relation to your allocation.

The Vendor Shareholder, the Company, the Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by the Company or otherwise.

9.17 Consent to lodgement

Each Director, and each director of the Vendor Shareholder, has consented to the lodgement of this Prospectus with ASIC as required by Section 720 of the Corporations Act.

Dated: 20 May 2004

APPENDIX A

FINANCIAL REPORT

The following financial information has been extracted from Super Cheap Auto Pty Ltd's financial report for the six months ended 27 December 2003. The financial information has been prepared as described in Note 1(a), and is presented fairly in accordance with the measurement and recognition requirements, but not all of the disclosure requirements, of applicable Australian Accounting Standards and other mandatory reporting requirements (Urgent Issues Group Consensus Views) in Australia. Certain disclosure requirements have been removed from the financial information presented on the basis that they are not considered relevant to the readers of this Prospectus.

In this Section, defined words and other terminology accords with the financial report for the six months ended 27 December 2003 and may not be consistent with the Glossary to this Prospectus.

Super Cheap Auto Pty Ltd ACN 085 395 124
STATEMENT OF FINANCIAL PERFORMANCE
For the period ended 27 December 2003

	Notes	Consolidated entity		Parent entity	
		2004 \$'000 (6 months)	2003 \$'000 (12 months)	2004 \$'000 (6 months)	2003 \$'000 (12 months)
Revenue from ordinary activities					
Sale of goods		188,331	275,651	188,739	275,651
Other revenues from ordinary activities		233	2,497	233	2,497
Total revenues	2	188,564	278,148	188,972	278,148
Expenses from ordinary activities					
Cost of sales of goods		(115,936)	(172,230)	(116,461)	(172,230)
Other expenses from ordinary activities					
– selling and distribution		(19,445)	(30,671)	(19,198)	(30,671)
– marketing		(8,742)	(11,627)	(8,663)	(11,627)
– occupancy		(11,391)	(18,133)	(11,313)	(18,133)
– administration		(22,572)	(31,087)	(22,290)	(31,087)
Borrowing costs expense	3	(1,500)	(2,574)	(1,500)	(2,574)
Total expenses	3	(179,586)	(266,322)	(179,425)	(266,322)
Profit from ordinary activities before related income tax expense					
		8,978	11,826	9,547	11,826
Income tax expense	4	(3,083)	(4,276)	(3,154)	(4,276)
Total changes in equity attributable to members of Super Cheap Auto Pty Ltd other than those resulting from transactions with owners as Owners					
	21	5,895	7,550	6,393	7,550

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

Super Cheap Auto Pty Ltd ACN 085 395 124
STATEMENT OF FINANCIAL POSITION

As at 27 December 2003

	Notes	Consolidated entity		Parent entity	
		2004	2003	2004	2003
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash assets	5, 23	9,476	5,046	8,127	5,046
Receivables	6, 23	14,456	3,848	20,409	3,848
Inventories	7	82,611	67,149	75,891	67,149
Total current assets		106,543	76,043	104,427	76,043
Non-current assets					
Shares in controlled entities	8			0	0
Property, plant and equipment	9	34,214	32,285	33,089	32,285
Intangible assets	10	47,071	48,421	47,071	48,421
Deferred tax assets	11	2,295	3,787	2,223	3,787
Other non-current assets	12	461	520	461	520
Total non-current assets		84,041	85,013	82,844	85,013
Total assets		190,584	161,056	187,271	161,056
Current liabilities					
Payables	13	36,750	23,335	33,014	23,335
Interest bearing liabilities	14	23,027	22,233	23,006	22,233
Current tax liabilities	15	145	234	145	234
Provisions	16	8,360	8,975	8,308	8,975
Total current liabilities		68,282	54,777	64,473	54,777
Non-current liabilities					
Interest bearing liabilities	17	24,600	24,600	24,600	24,600
Deferred tax liabilities	18	470	1,625	470	1,625
Provisions	19	1,440	928	1,440	928
Total non-current liabilities		26,510	27,153	26,510	27,153
Total liabilities		94,792	81,930	90,983	81,930
Net assets		95,792	79,126	96,288	79,126
Equity					
Contributed equity	20	73,395	62,626	73,395	62,626
Reserves	21	2	0	0	0
Retained profits	21	22,395	16,500	22,893	16,500
Total equity		95,792	79,126	96,288	79,126

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

Super Cheap Auto Pty Ltd ACN 085 395 124

STATEMENT OF CASH FLOWS

For the period ended 27 December 2003

	Notes	Consolidated entity		Parent entity	
		2004 \$'000 (6 months)	2003 \$'000 (12 months)	2004 \$'000 (6 months)	2003 \$'000 (12 months)
Cash flows from operating activities					
Receipts from customers		188,438	277,846	188,845	277,846
Payments to suppliers and employees		(169,651)	(247,862)	(165,106)	(247,862)
Income tax paid		(2,834)	(7,614)	(2,834)	(7,614)
Rental payments		(10,384)	(16,079)	(10,333)	(16,079)
Net cash inflow from operating activities	28	5,569	6,291	10,572	6,291
Cash flows from investing activities					
Payments for business acquired			(25,300)		(25,300)
Payments for property, plant and equipment		(6,636)	(14,444)	(5,492)	(14,444)
Proceeds from sale of property, plant and equipment		1,474	47	1,474	47
External Interest Received		118	180	118	180
Net cash inflow/(outflow) from investing activities		(5,044)	(39,517)	(3,900)	(39,517)
Cash flows from financing activities					
Finance Lease Payments		(318)	(245)	(318)	(245)
Proceeds from external borrowings		7,000	36,600	7,000	36,600
Related Party Interest Paid			(1,442)		(1,442)
Related Party Interest Received			122		122
External Interest paid		(1,602)	(1,073)	(1,601)	(1,073)
Proceeds from share issue		10,769		10,769	
Loans to Related Entities		(6,136)	(661)	(13,633)	(661)
Net cash inflow/(outflow) from financing activities		9,713	33,301	2,217	33,301
Net increase/(decrease) in cash held					
		10,238	75	8,889	75
Cash at the beginning of the financial period		(762)	(837)	(762)	(837)
Cash at the end of the financial period	5, 28	9,476	(762)	8,127	(762)

The above statement of cash flows must be read in conjunction with the accompanying notes.

Super Cheap Auto Pty Ltd ACN 085 395 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 27 December 2003

1 Summary of significant accounting policies

This special purpose financial report has been prepared in accordance with Accounting Standards, other pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

This financial report is prepared in accordance with the historical cost convention, except for certain assets, as noted, are at valuation. Unless otherwise noted, the accounting policies have been consistently applied in the current and prior reporting periods.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Super Cheap Auto Pty Ltd (the "company" or "parent entity") as at 27 December 2003 and the results of its controlled entities for the period then ended. Super Cheap Auto Pty Ltd and its controlled entities comprise the "consolidated entity". The effects of all transactions between entities in the consolidated entity are fully eliminated.

Where control of an entity is acquired during a financial period its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the period during which control existed.

(b) Income tax

The income tax expense or revenue for the period is the tax payable on the taxable income of the current period based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and the carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or the liabilities are settled, based on the tax rates enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and assessable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(c) Foreign currency translation

(i) Transactions

Foreign currency transactions are initially translated into Australian dollars at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian dollars at rates current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year.

(ii) Specific commitments

Foreign currency forward exchange contracts are undertaken in order to avoid or minimise the possible adverse financial effects of movements in exchange rates. Gains and losses arising upon entry into a foreign exchange contract intended to hedge the purchase or sale of goods or services, together with the subsequent exchange gains and losses resulting from those transactions are deferred in the statement of financial position from the inception of the forward exchange contract up to the date of the purchase or sale and included in the measurement of the purchase or sale. The net amounts receivable or payable under the forward exchange contract are also recorded in the statement of financial position. Any gains or losses arising on the forward exchange contract after the recognition of the hedged purchase or sale are included in the statement of financial performance.

When anticipated purchase or sale transactions have been hedged, actual purchases and sales which occur during the designated forward exchange contract period are accounted for as having been hedged until the amounts of those transactions in the designated period are fully allocated against the amounts of the forward exchange contracts.

Where a hedged transaction is not expected to occur as originally designated, or if the forward exchange contract is not expected to be effective, any previously deferred gains or losses are immediately recognised as revenue or loss. Where a forward exchange contract is terminated prior to its maturity date and the hedged transaction is still expected to occur as designated, gains or losses arising prior to termination continue to be deferred and are included in the measurement of the hedged transaction. In those circumstances where a forward exchange contract is terminated, as the

hedged transaction is not expected to occur as designated, any previously deferred gains and losses are recognised in the statement of financial performance on the date of termination.

Where a forward exchange contract is redesignated as the hedge of another commitment because the original purchase or sale transaction is no longer expected to occur as designated, the gains or losses that arise on the forward exchange contract prior to the redesignation are recognised in the statement of financial performance at the date of redesignation.

(iii) Foreign controlled entity

The foreign controlled entity is self-sustaining and, therefore, its assets and liabilities are translated into Australian dollars at the rate of exchange current at balance date and its revenues and costs are translated at the average of the rates during the period. Exchange differences arising on the translation are taken to the foreign currency translation reserve. Upon disposal or part disposal of a self-sustaining foreign operation the balance of the foreign currency translation relating to the disposal is transferred to retained profits.

(d) Revenue recognition

Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid. Revenue from the sale of goods is recognised upon the delivery of goods to customers pursuant to sales orders and when the associated risks have passed to the carrier or customer. Revenue from rendering a service is recognised upon the delivery of the service to the customer.

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

(e) Receivables

All trade debtors are recognised at the amounts receivable as the amounts are due for settlement within thirty days of recognition.

Recognition of trade debtors is reviewed on an ongoing basis. Known uncollectible debts are written off as and when these become uncollectible. A provision for doubtful debt is raised when doubt as to collection exists and, in any event, when the debt is more than sixty days overdue.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs.

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or at independent or directors valuation, less, where applicable, any accumulated depreciation or amortisation.

Plant and Equipment are measured on the cost basis.

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

(h) Depreciation and amortisation of property, plant and equipment

Depreciation and amortisation are calculated on a straight line or diminishing value basis so as to write off the net cost of an item of property, plant and equipment over the expected useful life of each asset to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual re-assessments for major items. The depreciation rates used for each class of assets are:

	Depreciation rate
Plant and equipment	10–37.5%
Capitalised leased plant and equipment	10–37.5%
Motor vehicles	15%
Computer equipment	25–37.5%

(i) Leasehold improvements

The cost of improvements to and on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter period. Leasehold improvements are included under plant and equipment at the reporting date and are being amortised over periods not exceeding ten years.

Super Cheap Auto Pty Ltd ACN 085 395 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 27 December 2003

(j) Leased non-current assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised by establishing a lease asset and lease liability at the present value of the minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense. The lease asset is amortised on a straight line basis over the term of the lease or, where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Lease assets at the reporting date are being amortised at rates ranging from 10% to 37.5%.

Operating lease payments are charged to the statements of financial performance in the periods in which these are incurred, as this represents the pattern of benefits derived from the leased assets.

(k) Intangible assets and expenditure carried forward**(i) Goodwill and brand**

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

(ii) Brand names

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

(iii) Trademarks

Significant expenditure associated with patents and trademarks are deferred and amortised on a straight line basis over the periods during which the expected benefits will be derived.

(iv) Other items of expenditure

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

(l) Trade and other creditors

Trade and other creditors are payables for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid at that date. The amounts are unsecured and are normally paid within thirty days of recognition.

(m) Interest bearing liabilities

Loans are carried at the amount that represents the present value of the future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recognised as other creditors.

(n) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial period but not distributed at balance date.

(o) Employee benefits

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

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

(p) Borrowing costs

Borrowing costs are recognised in the period in which these are incurred and are expensed in the period to which the costs relate. Generally costs such as discounts and premiums incurred in raising borrowings are amortised on a straight line basis over the period of the borrowing. Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and,
- certain exchange differences arising from foreign currency borrowings.

(q) Cash

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

(r) Goods and Services Tax

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

(s) Financial year

As allowed under Section 323D(2) of the Corporations Act 2001, the directors have determined the financial year to be a fixed period of fifty-two calendar weeks or fifty-three calendar weeks. For the six months ended 31 December 2003, the company is reporting on the period that began 29 June 2003 and ended 27 December 2003 (for the year 2003: 30 June 2002 and to 28 June 2003).

The half-year consolidated financial statements are a special purpose financial report prepared in accordance with accounting standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the requirements of the Corporations Act 2001 except for the following Accounting Standards:

- AASB 1034: Financial Report Presentation and Disclosures as it applies to executives' remuneration
- AASB 1017: Related Party Disclosures

Comparative figures are for the full 12 months ended 28 June 2003.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 28 June 2003 lodged with ASIC. The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 28 June 2003 financial report.

Super Cheap Auto Pty Ltd ACN 085 395 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 27 December 2003

2. Revenue

	Consolidated entity		Parent entity	
	2004 \$'000 (6 months)	2003 \$'000 (12 months)	2004 \$'000 (6 months)	2003 \$'000 (12 months)
Revenue from operating activities				
Sale of goods	188,331	275,651	188,739	275,651
Revenue from outside the operating activities				
Other income	115	2,195	115	2,195
Interest income	118	302	118	302
Total revenue from outside the operating activities	233	2,497	233	2,497
Total revenue from ordinary activities	188,564	278,148	188,972	278,148

3. Profit from ordinary activities
Net gains and expenses

Profit from ordinary activities before income tax expense includes the following specific gains and expenses:

Net gains

Net gain on disposal of property, plant and equipment		7		7
Net foreign exchange gains for the period	710	522	690	522

Expenses

Depreciation				
– Plant and equipment	1,543	1,871	1,534	1,871
– Capitalised leased plant and equipment	80	278	80	278
– Motor vehicles	83	124	82	124
– Computer equipment	1,536	2,026	1,527	2,026
Total depreciation	3,242	4,299	3,223	4,299
Amortisation – goodwill	1,389	1,953	1,389	1,953
Other charges against assets				
– write down of inventories to net realisable value	2,487	7,919	2,385	7,919
– scrapping of property, plant and equipment		1,437		1,437
– minor assets expensed on acquisition	93	197	56	197
Total other charges against assets	2,580	9,553	2,441	9,553
Borrowing costs				
– interest and finance charges	1,389	2,474	1,389	2,474
– lease finance costs	53	59	53	59
– amortisation of ancillary costs of borrowings	58	41	58	41
Total borrowing costs	1,500	2,574	1,500	2,574
Rental expenses				
– operating lease costs	11,022	16,079	10,942	16,079
– equipment hire	355	220	316	220
Total rental expenses	11,377	16,299	11,258	16,299
Significant transactions				
– Share issue costs	1,716		1,716	

4. Income tax

	Consolidated entity		Parent entity	
	2004 \$'000 (6 months)	2003 \$'000 (12 months)	2004 \$'000 (6 months)	2003 \$'000 (12 months)
Income tax expense				
The income tax expense for the financial period differs from the amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	8,978	11,826	9,547	11,826
Income tax calculated at 30% (2003 – 30%)	2,693	3,548	2,864	3,548
Tax effect of permanent differences:				
– amortisation of goodwill	405	586	405	586
– FITB not brought to account	100	0	0	0
– other non-allowable items	17	143	17	143
Income tax adjusted for permanent differences	3,215	4,277	3,286	4,277
Under/(over) provision from prior year	(132)	(1)	(132)	(1)
Aggregate income tax expense	3,083	4,276	3,154	4,276

5. Current assets – cash assets

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Cash on hand	9,476	1,413	8,127	1,413
Deposits at call	0	3,633	0	3,633
Total current assets – cash assets	9,476	5,046	8,127	5,046

6. Current assets – receivables

Trade debtors	2,643	1,451	2,321	1,451
Sundry debtors	2,654	808	2,069	808
Security deposits	201	103	110	103
Prepayments	1,317	449	1,317	449
Related parties	7,641	1,037	14,592	1,037
Total current assets – receivables	14,456	3,848	20,409	3,848

7. Current assets – inventories

Finished goods, at cost	82,611	67,149	75,891	67,149
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Super Cheap Auto Pty Ltd ACN 085 395 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 27 December 2003

8. Non-current assets – shares in controlled entities

Name of entity	Country of Incorporation	Consolidated entity		Parent entity	
		2004 %	2003 %	2004 \$'000	2003 \$'000
Super Cheap Auto Purchasing Pty Ltd	Australia	100	100	0	0
Super Cheap Auto (New Zealand) Pty Ltd	New Zealand	100	0	0	0
Total – non-current assets – shares in controlled entities				0	0

In the period ended 27 December 2003 the company has commenced operation in New Zealand through a wholly owned company incorporated in that country.

9. Non-current assets – property, plant and equipment

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Plant and equipment, at cost	26,892	25,053	26,132	25,053
Less accumulated depreciation	(5,049)	(3,508)	(5,040)	(3,508)
Net plant and equipment	21,843	21,545	21,092	21,545
Capitalised leased plant and equipment	1,039	1,039	1,039	1,039
Less accumulated depreciation	(877)	(797)	(877)	(797)
Net capitalised leased plant and equipment	162	242	162	242
Motor vehicles	819	700	758	700
Less accumulated depreciation	(270)	(188)	(269)	(188)
Net motor vehicles	549	512	489	512
Computer equipment	16,786	13,576	16,463	13,576
Less accumulated depreciation	(5,126)	(3,590)	(5,117)	(3,590)
Net computer equipment	11,660	9,986	11,346	9,986
Total net property, plant and equipment	34,214	32,285	33,089	32,285

9. Non-current assets – property, plant and equipment (continued)

	Plant and equipment \$'000	Capitalised leased plant and equipment \$'000	Motor vehicles \$'000	Computer equipment \$'000	Totals \$'000
Reconciliations – consolidated entity					
Carrying amounts at 1 July 2003	21,545	242	512	9,986	32,285
Additions	3,315	0	120	3,209	6,644
Disposals	(1,474)	0	0	0	(1,474)
Additions through acquisition	0	0	0	0	0
Depreciation and amortisation	(1,543)	(80)	(83)	(1,535)	(3,241)
Foreign currency exchange differences	0	0	0	0	0
Carrying amounts at 27 December 2003	21,843	162	549	11,660	34,214
Reconciliations – parent entity					
Carrying amounts at 1 July 2003	21,545	242	512	9,986	32,285
Additions	2,554	0	59	2,887	5,500
Disposals	(1,474)	0	0	0	(1,474)
Additions through acquisition	0	0	0	0	0
Depreciation and amortisation	(1,534)	(80)	(82)	(1,526)	(3,222)
Foreign currency exchange differences	0	0	0	0	0
Carrying amounts at 27 December 2003	21,091	162	489	11,347	33,089

Super Cheap Auto Pty Ltd ACN 085 395 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 27 December 2003

10. Non-current assets – intangibles

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Goodwill and brand, at cost	53,969	53,969	53,969	53,969
Less accumulated amortisation	(6,910)	(5,560)	(6,910)	(5,560)
Net goodwill	47,059	48,409	47,059	48,409
Trademarks, at cost	12	12	12	12
Less accumulated depreciation	0	0	0	0
Net trademarks	12	12	12	12
Total net property, plant and equipment	47,071	48,421	47,071	48,421

	Goodwill \$'000	Trade marks \$'000	Totals \$'000
Reconciliations – consolidated entity			
Carrying amounts at 1 July 2003	48,409	12	48,421
Additions	0	0	0
Disposals	0	0	0
Additions through acquisition	0	0	0
Depreciation and amortisation	(1,350)	0	(1,350)
Foreign currency exchange differences	0	0	0
Carrying amounts at 27 December 2003	47,059	12	47,071
Reconciliations – parent entity			
Carrying amounts at 1 July 2003	48,409	12	48,421
Additions	0	0	0
Disposals	0	0	0
Additions through acquisition	0	0	0
Depreciation and amortisation	(1,350)	0	(1,350)
Foreign currency exchange differences	0	0	0
Carrying amounts at 27 December 2003	47,059	12	47,071

11. Non-current assets – deferred tax assets

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Future income tax benefits	2,295	3,787	2,223	3,787

12. Non-current assets – other non-current assets

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Borrowing costs, at cost	574	574	574	574
Less accumulated amortisation	(113)	(54)	(113)	(54)
Net borrowing costs	461	520	461	520

13. Current liabilities – payables

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Trade creditors	24,410	12,621	22,828	12,621
Sundry creditors	9,156	5,044	7,709	5,044
Other creditors	3,184	5,670	2,477	5,670
Total current liabilities – payables	36,750	23,335	33,014	23,335

14. Current liabilities – interest bearing liabilities

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Secured				
Hire purchase creditors	2	320	2	320
Commercial bill	23,000	16,000	23,000	16,000
Total current liabilities – secured interest bearing liabilities	23,002	16,320	23,002	16,320
Unsecured				
Bank overdrafts	0	5,808	0	5,808
Related parties	25	105	4	105
Total current liabilities – unsecured interest bearing liabilities	25	5,913	4	5,913
Total current liabilities – interest bearing liabilities	23,027	22,233	23,006	22,233

The details of the security for the secured liabilities are set out in note 17.

15. Current liabilities – current tax liabilities

Income tax payable	145	234	145	234
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Super Cheap Auto Pty Ltd ACN 085 395 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 27 December 2003

16. Current liabilities – provisions

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Dividends	5,000	5,000	5,000	5,000
Employee benefits (see note 26)	3,360	3,975	3,308	3,975
Total current liabilities – provisions	8,360	8,975	8,308	8,975

Movements in provisions – dividends

Carrying amount at start of the financial period	5,000	0	5,000	0
Additional provisions recognised during the period	0	5,000	0	5,000
Carrying amount at the end of the financial period	5,000	5,000	5,000	5,000

17. Non-current liabilities – interest bearing liabilities

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Secured				
Commercial bill	24,600	24,600	24,600	24,600
Secured liabilities				
Total secured liabilities (current and non-current) are:				
Hire purchase creditors	2	320	2	320
Commercial bills	47,600	40,600	47,600	40,600
Total current liabilities	47,602	40,920	47,602	40,920

The hire purchase creditors are secured by hire purchase agreements over the individual items of capitalised leased plant with a total net book value of \$162,000 (2003 – \$242,000) set out in note 9.

The commercial bills are secured by a floating and fixed charge over all the assets of the parent entity.

18. Non-current liabilities – deferred tax liabilities

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Future income tax liabilities	470	1,625	470	1,625

19. Non-current liabilities – provisions

Employee benefits (see note 26)	1,440	928	1,440	928
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20. Contributed equity

	2004 Number	2003 Number	2004 \$'000	2003 \$'000
Ordinary shares of \$1.00 each, fully paid	49,697,150	45,309,720	73,395	62,626

	Number of shares	Issue price	\$'000
Movement in ordinary share capital			
Opening balance 28 June 2002	34,112,601		34,113
Issue of shares	11,197,119	2.546	28,513
Closing balance 29 June 2003	45,309,720		62,626
Issue of shares	4,387,430	2.455	10,769
Closing balance 27 December 2003	49,697,150		73,395

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.

21. Reserves and retained earnings

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Reserves				
Foreign currency translation reserve	2	0	0	0
Movements:				
Balance at the beginning of the financial period	0	0	0	0
Net exchange difference on translation of foreign controlled entity	2	0	0	0
Balance at the end of the financial period	2	0	0	0
Retained earnings				
Balance at the beginning of the financial period	16,500	13,950	16,500	13,950
Net profit for the financial period attributable to shareholders of Super Cheap Auto Pty Ltd	5,895	7,550	6,393	7,550
Dividends provided for or paid	0	(5,000)	0	(5,000)
Balance at the end of the financial period	22,395	16,500	22,893	16,500

Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences which arise on translation of the foreign controlled entity are taken to the foreign currency translation reserve (see note 1(iii)).

Super Cheap Auto Pty Ltd ACN 085 395 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 27 December 2003

22. Dividends

	2004 \$'000	2003 \$'000
Ordinary shares		
Final dividend of 14.657cents per fully paid share provided at 28 June 2003 as fully franked based on tax paid at 30%	0	5,000
Total dividends provided and paid	0	5,000

Franking credits

The franked portions of dividends paid after 27 December 2003 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 2003. Franking credits remaining at balance date available for dividends declared after the current balance date based on a tax rate of 30% (2003 – 30%)

15,283	12,448
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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.

23. Financial instruments

Derivative financial instruments

The parent entity and its controlled entity are parties to derivative financial instruments in the normal course of business in order to hedge exposures to foreign exchange rate changes.

	Consolidated entity		Parent entity	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
At balance date the following amounts were committed on foreign currency forward exchange contracts:				
Buy United States dollars and sell Australian dollars with maturity – 0 to 6 months	5,250	8,750	5,250	8,750

These forward exchange contracts are hedging future purchases. Unrealised gains and losses on the contracts as at the balance date, together with the costs of the contracts are recognised in the Statement of Financial Performance.

	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
The following gains, losses and costs have been recognised as at the balance date:				
– realised gains	720	773	700	773
– unrealised gains				
– total gains	720	773	700	773
– realised losses and costs				
– unrealised losses and costs	10	252	10	252
– total losses and costs	10	252	10	252
Net gains/(losses and costs)	710	521	690	521

Super Cheap Auto Pty Ltd ACN 085 395 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 27 December 2003

23. Financial instruments (continued)

Interest rate risk exposures

	Floating interest rate \$'000	Fixed interest maturing in			Non- interest bearing \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	
2004					
Financial assets					
Cash and deposits	8,724	0	0	0	752
Receivables	0	0	0	0	6,815
Total financial assets	8,724	0	0	0	7,567
Weighted average rate of interest	5.05%				
Financial liabilities					
Trade and other creditors	0	0	0	0	35,396
Bank overdrafts	0	0	0	0	0
Related parties	25	0	0	0	0
Hire purchase creditors	0	2	0	0	0
Commercial bill	23,000	0	24,600	0	0
Employee entitlements	0	0	0	0	4,801
Total financial liabilities	23,025	2	24,600	0	40,197
Weighted average rate of interest	5.99%	8.9%	5.04%		
Net financial assets/(liabilities)	(14,301)	(2)	(24,600)	0	(32,630)
	Floating interest rate \$'000	Fixed interest maturing in			Non- interest bearing \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	
2003					
Financial assets					
Cash and deposits	3,633	0	0	0	1,413
Receivables	70	0	0	0	3,778
Total financial assets	3,703	0	0	0	5,191
Weighted average rate of interest	4.75%				
Financial liabilities					
Trade and other creditors	0	0	0	0	23,335
Bank overdrafts	5,808	0	0	0	0
Related parties	105	0	0	0	0
Hire purchase creditors	0	320	0	0	0
Commercial bill	16,000	0	24,600	0	0
Employee entitlements	0	0	0	0	4,903
Total financial liabilities	21,913	320	24,600	0	28,238
Weighted average rate of interest	5.14%	8.04%	5.04%		
Net financial assets/(liabilities)	(18,210)	(320)	(24,600)	0	(23,047)

23. Financial instruments (continued)

Net fair value of financial assets and liabilities

On-balance sheet items

The net fair values of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximate the carrying amounts.

The net fair values of other monetary financial assets and financial liabilities of the consolidated entity are based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Derivative financial instruments

The net fair values of forward exchange contracts is taken as the unrealised gain or loss at balance date calculated by reference to the current forward rates for contracts with similar maturity profiles.

	2004		2003	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
Carrying amounts and net fair values of financial assets and financial liabilities at balance sheet date:				
On-balance sheet financial instruments				
Financial assets				
Cash and deposits	9,476	9,476	5,046	5,046
Receivables	14,456	14,456	3,848	3,848
Non-traded financial assets	23,932	23,932	8,894	8,894
Financial liabilities				
Trade and other creditors	36,750	36,750	23,440	23,430
Bank overdrafts	0	0	5,808	5,808
Hire purchase creditors	2	2	320	320
Commercial bill	47,600	47,600	40,600	40,600
Non-traded financial liabilities	84,352	84,352	70,168	70,168

Super Cheap Auto Pty Ltd ACN 085 395 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 27 December 2003

24. Commitments for expenditure

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Capital commitments				
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	793	502	558	502
Later than one year but not later than five years				
Later than five years				
Total capital commitments	793	502	558	502
Lease commitments				
Commitments in relation to finance leases agreements contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	2	320	2	320
Later than one year but not later than five years				
Later than five years				
Total lease commitments	2	320	2	320
Lease commitments				
Commitments in relation to operating lease payments under non-cancellable operating leases are payable as follows:				
Within one year	20,225	16,559	19,042	16,559
Later than one year but not later than five years	61,974	54,578	56,246	54,578
Later than five years	10,768	16,970	10,172	16,970
Total lease commitments	92,967	88,107	85,460	88,107

25. Contingent liabilities

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Guarantees				
Guarantees issued by the bankers of the parent entity in support of various rental arrangements for certain retail outlets. The maximum future rental payments guaranteed amount to				
	1,126	1,126	1,126	1,126

The guarantee facility is secured by fixed and floating charges over all the assets of the parent entity.

26. Employee benefits

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Employee benefits and related on-costs liabilities				
Included in other creditors – current	1,002	660	964	660
Provision for employee benefits – current (see note 16)	3,360	3,975	3,308	3,975
Provision for employee benefits – non-current (see note 19)	1,440	928	1,440	928
Total employee benefit and related on-costs liabilities	5,802	5,563	5,712	5,563
	2004 Number	2003 Number	2004 \$'000	2003 \$'000
Employee numbers				
Number of full time equivalent employees at reporting date	2,152	1,628	2,062	1,628
	2004	2003	2004	2003
Long service leave				
Amounts provided for long service leave, as stated in note 1(q)(ii), that are expected to be settled more than twelve months after the reporting date, are measured at the present value of the expected settlement amount.				
The following assumptions have been adopted in measuring the present values:				
Weighted average rates of increase in annual employee				
benefits until the settlement of the liabilities	3.5%	3.5%	3.5%	3.5%
Weighted average discount rates	5.8%	4.6%	5.8%	4.6%

Super Cheap Auto Pty Ltd ACN 085 395 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 27 December 2003

27. Related parties
Directors

The names of the persons who were directors of Super Cheap Auto Pty Ltd during the financial period are Reginald Rowe and Robert Thorn. They were also the directors of the parent entity in the preceding financial period.

Loans to directors and director-related entities

Loans to directors of the consolidated entity and their director-related entities are as follows:

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Unsecured loans	7,641	1,037	7,641	1,037
Loans advanced during the period				
– unsecured loan – R Thorn	4,319	990	4,319	990
– unsecured loans – R Rowe related-property entities	146		146	
– unsecured loans – SCA Equity plan	2,186		2,186	
Loan repayments received				
– unsecured loans – R Rowe related-property entities		1,770		1,770
Interest revenue on R Rowe related property entities		122		122

Share transactions of directors and director-related entities

Aggregate numbers of shares of Super Cheap Auto Pty Ltd acquired or disposed by the directors of the parent entity and the consolidated entity or their director-related entities from the parent entity:

	2004 Number	2003 Number
Acquisitions		
Ordinary shares issued as an advance to a director and director-related entities (2003 – in settlement of advances from directors)	1,799,036	11,197,119

Other transactions with directors and director-related entities

	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with directors and director-related entities:				
– interest revenue	0	122	0	122
– interest expense	0	1,442	0	1,442
– operating lease payments	4,375	8,375	4,375	8,375

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

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
(a) Reconciliation of cash				
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:				
Cash on hand and at bank	9,426	1,413	8,077	1,413
At call deposits with financial institutions	50	3,633	50	3,633
Bank Overdraft		(5,808)		(5,808)
	9,476	(762)	8,127	(762)

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

	Consolidated entity		Parent entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Profit from ordinary activities after related income tax	5,895	7,550	6,393	7,550
Depreciation	3,242	4,300	3,222	4,300
Amortisation	1,349	1,953	1,349	1,953
Net (gain)/loss on sale of non-current assets		1,430	0	1,430
Cash Flow attributed to Investing and Financing Activities				
Interest Received	(118)	(302)	(118)	(302)
Interest Paid	1,602	2,515	1,601	2,515
Change in operating assets and liabilities, net of effects from the purchase of controlled entities and the sale of the service entity				
– (increase)/decrease in receivables	(3,956)	(1,713)	(2,958)	(1,713)
– (increase)/decrease in inventories	(15,462)	(10,200)	(8,742)	(10,200)
– increase/(decrease) in payables	12,870	2,620	9,661	2,620
– increase/(decrease) in provisions	158	(817)	104	(817)
– (increase)/decrease in deferred taxes	(11)	(1,045)	60	(1,045)
Net cash inflow from operating activities	5,569	6,291	10,572	6,291

29. Non-cash financing and investing activities

	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Share capital issued in settlement of loan from related party		28,513		28,513
Advanced to related parties on issue of share capital	10,769		10,769	
Total non-cash financing and investing activities	10,769	28,513	10,769	28,513

Adjusted Historical Financial Information

means the adjusted historical statements of financial performance for the years ended 30 June 2001, 2002 and 2003.

AEST means Australian Eastern Standard Time.

Applicant means a person who submits a valid Application pursuant to this Prospectus.

Application Amount means the Australian dollar amount accompanying an Application Form submitted by an Applicant.

Application Form means the yellow form attached to or accompanying this Prospectus pursuant to which Applicants may apply for Shares.

Application means an application made to purchase a specified Australian dollar amount worth of Shares offered by this Prospectus.

Application Monies means the monies payable in connection with an Application.

ASIC means the Australian Securities & Investments Commission.

ASTC means the ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

ASTC Settlement Rules means the rules of the ASTC.

ASX means the Australian Stock Exchange Limited (ABN 98 008 624 691).

ASX Perpetual means ASX Perpetual Registrars Limited (ABN 54 083 214 537).

Board, Board of Directors or Directors means the board of directors of the Company.

Broker Firm Applicants means persons offered a firm allocation of Shares by the Lead Manager under the Retail Offer.

Broker Firm Offer means the invitation to Broker Firm Applicants under this Prospectus as described in Section 2.7.

CHESS means Clearing House Electronic Sub-register System, operated in accordance with the Corporations Act.

Closing Date means the date on which Applications for Shares closes, being 23 June 2004 unless the Vendor Shareholder and Lead Manager jointly agree to vary that date.

Company means Super Cheap Auto Group Limited ACN 108 676 204.

Constitution means the constitution of the Company as amended from time to time.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company from time to time.

DIY means do-it-yourself.

Earnings Per Share means NPAT divided by the total number of Shares on issue.

EBIT means earnings before interest and tax.

EBITA means earnings before interest, tax and amortisation.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Eligible Team Member Offer Applicant means Team Members who are residents of Australia and are permanent full time or permanent part time employees who have been employed with Super Cheap Auto for a minimum of three months as at the date of the Prospectus and remain employed as at the Closing Date.

Eligible Team Member Purchase Offer Applicant means all Team Members who are residents of Australia and who have been employed with Super Cheap Auto for a minimum of three months as at the date of the Prospectus and remain employed as at the Closing Date.

Existing Shareholders means the shareholders of the Company as at the date of this Prospectus, being the Vendor Shareholder, Jodi Maria Rowe, Tracey Leanne Rowe, Tanya Joeann Southam, Janene Julie Rowe, Bob Thorn and SCA Equity Plan Pty Ltd ACN 105 489 478.

Existing Store Growth means sales growth of stores that have been trading for 54 weeks or more.

Exposure Period means the waiting period specified in Section 727(3) of the Corporations Act, being a minimum period of seven days after the date of lodgement of this Prospectus with ASIC, during which an Application must not be accepted. ASIC may extend the period to no more than 14 days after the date of lodgement.

Final Price means the final price for the Offer Shares determined in accordance with the terms set out in Section 2.5.

Financial Information means the summary of historical and Forecast Financial Information for the Company set out in Section 5 of this Prospectus.

Forecast Financial Information means the Pro-forma Forecast statement of financial performance and statement of cash flows for the years ending 30 June 2004 and 2005.

Forecast Period means the period from 1 July 2003 until 30 June 2005.

General Public Offer means the invitation to members of the general public, resident in Australia, under this Prospectus, as described in Section 2.7.2

Indicative Price Range means \$1.75 to \$2.13 per Share, but the Final Price may be higher or lower.

Institutional Bookbuild means the process for determining the Final Price in which institutional investors bid for allocations of Shares in the Institutional Offer.

Institutional Offer means the invitation to institutional investors under this Prospectus, as described in Section 2.8.

Lead Manager means Macquarie.

Listing Rules means the Listing Rules of ASX.

Macquarie Equities means Macquarie Equities Limited (ABN 41 002 574 923).

Macquarie means Macquarie Equity Capital Markets Limited (ABN 60 001 374 572).

Non-Executive Directors means Dick McIlwain, Reg Rowe, Darryl McDonough and Robert Wright.

NPAT means net profit after tax.

Offer Management Agreement means the Offer Management and Settlement Agreement entered into between the Lead Manager, the Company and the Vendor Shareholder, dated 20 May 2004.

Offer means the offer of Shares under this Prospectus, comprising the Retail Offer, the Institutional Offer and the Team Member Offer.

Offer Period means the period during which the Offer is open for receipt of Applications, being 3 June 2003 to 23 June 2003, unless varied by the Vendor Shareholder and Lead Manager.

Offer Shares means some or all of the 41,507,568 Shares offered for sale by the Vendor Shareholder under the Offer described in this Prospectus.

Prospectus means this document (including the electronic form of this Prospectus), and any supplementary or replacement Prospectus in relation to this document.

Registry means ASX Perpetual Registrars Limited.

Retail Offer means the invitation to retail investors under this Prospectus, as described in Section 2.6.

Retail Offer Price means the price at which Shares will be sold under the Retail Offer, which will be the Final Price.

SCA Equity Plan Pty Ltd means SCA Equity Plan Pty Ltd ACN 105 498 478, the trustee of The Senior Management Team Share Plan.

Senior Management Team means the management team outlined in Section 4.1.

Senior Management Team Share Plan means the Super Cheap Auto Executive Equity Participation Plan as described in Section 9.5.

Share means a fully paid ordinary share in the capital of the Company.

Super Cheap Auto means Super Cheap Auto Group Limited ACN 108 676 204 and each of its subsidiaries and in relation to references to events prior to 23 April 2004 means Super Cheap Auto Pty Ltd ABN 640 85 395 124 and its subsidiaries.

Super Cheap Auto Team or **Team** means employees of Super Cheap Auto.

Team Member means an employee of Super Cheap Auto.

Team Member Offer means the invitation to Eligible Team Member Offer Applicants under this Prospectus, as described in Section 8.

Team Member Offer Application Form means the green application form attached to or accompanying this Prospectus for Eligible Team Member Offer Applicants under the Team Member offer.

Team Member Purchase Offer means the invitation to Eligible Purchase Offer Team Members under this Prospectus, as described in Section 2.6.

Team Member Purchase Offer Application Form means the blue application form attached to or accompanying this Prospectus for Eligible Team Member Purchase Offer Applicants who wish to apply under the Team Member Purchase Offer.

US means United States of America.

US Persons has the meaning given to the term by Regulation S under the US Securities Act.

US Securities Act means US Securities Act of 1933 as amended.

Vendor Shareholder means SCA FT Pty Ltd ACN 010 721 614 as trustee for the Rowe Family Trust.

\$ means Australian Dollars unless specified otherwise.

LOCATION OF STORES

A

Acacia Ridge QLD
Albany NZ
Albury NSW
Alice Springs NT
Ashmore QLD
Auburn NSW
Ayr QLD

B

Bairnsdale VIC
Balcatta WA
Ballarat VIC
Bankstown NSW
Bathurst NSW
Belconnen ACT
Belmont WA
Bendigo VIC
Berrimah NT
Biloela QLD
Blacktown NSW
Booval QLD
Broadmeadows VIC
Brookvale NSW
Browns Plains QLD
Bunbury WA
Bundaberg QLD
Burleigh QLD
Burpengary QLD

C

Caboolture QLD
Cairns QLD
Campbelltown NSW
Canning Vale WA
Cannon Hill QLD
Capalaba QLD
Carrum Downs VIC
Carseldine QLD
Chermside QLD
Cleveland QLD
Coffs Harbour NSW
Cranbourne VIC
Currimundi QLD

D

Dalby QLD
Dandenong VIC
Darlington SA
Darwin NT
Deception Bay QLD
Devonport TAS
Dubbo NSW

E

Elizabeth SA
Enoggera QLD
Epping VIC
Erina NSW
Essendon VIC

F

Fairymeadow NSW
Frankston VIC
Fremantle WA
Fyshwick ACT

G

Gladstone QLD
Glenorchy TAS
Goodna QLD
Gosnells WA
Goulburn NSW
Grafton NSW
Griffith NSW

H

Hastings NZ
Hermit Park QLD
Hervey Bay QLD
Highland Park NZ
Hoppers Crossing VIC

I

Innisfail QLD
Invercargill NZ
Inverell NSW
Ipswich QLD

J

Joondalup WA

K

Kallangur QLD
Kangaroo Flat VIC
Kawana Waters QLD
Keperra QLD
Keysborough VIC
Kingaroy QLD
Knox City VIC
Kotara NSW

L

Labrador QLD
Lake Haven NSW
Lakemba NSW
Launceston TAS
Lawnton QLD
Lismore NSW
Liverpool NSW
Loganholme QLD
Loganlea QLD

M

Macgregor QLD
Mackay QLD
Mackay City QLD
Maitland NSW
Manakau NZ
Mandurah WA
Maroochydore QLD
Maryborough QLD
Masterton NZ
McGraths Hill NSW
Menai NSW
Mentone VIC
Mermaid Beach QLD
Middleton NZ
Midland WA
Mildura VIC
Moe VIC
Moorooka QLD
Morley WA
Mt Druitt NSW
Mt Wellington NZ
Myaree WA

N

Napier NZ
Narellan NSW
Nerang QLD
Newcastle NSW
Noarlunga SA
Noosa QLD
North Geelong VIC
Nundah QLD

O

O'Connor WA
Orange NSW
Osborne Park WA

P

Para Hills SA
Penrith NSW
Porirua NZ
Port Macquarie NSW
Preston VIC

Q

Queanbeyan ACT

R

Redcliffe QLD
Ringwood VIC
Rockdale NSW
Rockhampton QLD
Rockingham WA
Rotorua NZ
Rowville VIC

S

Sale VIC
Salisbury SA
Shellharbour NSW
Shepparton VIC
Singleton NSW
Smithfield QLD
Southport QLD
Stones Corner QLD
Sunshine VIC

T

Taigum QLD
Tamworth NSW
Taree NSW
Taringa QLD
Tauranga NZ
Thebarton SA
Thomastown VIC
Thuringowa QLD
Toowoomba QLD
Toowoomba South QLD
Townsville QLD
Traralgon VIC
Tuggeranong ACT
Tweed Heads NSW

U

Underwood QLD
Upper Hutt NZ

V

Victoria Park WA
Villawood NSW

W

Wagga Wagga NSW
Wangaratta VIC
Warragul VIC
Warrnambool VIC
Warwick QLD
Warwick Farm NSW
Watergardens VIC
Waurm Ponds VIC
Wentworthville NSW
Werribee VIC
West Gosford NSW
Wetherill Park NSW
Whangarei NZ
Windsor QLD

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Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section B on the Application.

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Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section B on the Application.

SUPER CHEAP AUTO GROUP LIMITED
ACN 108 676 204

**RETAIL OFFER – GENERAL PUBLIC OFFER
APPLICATION FORM**



Broker code

Adviser code

Broker stamp

Super Cheap Auto Share Offer Information Line 1800 170 502

Before completing this Application Form, the Applicant(s) should read the Prospectus to which the Application relates.

This form is for Australian residents only. If you are in doubt as to how to deal with this form, please contact your stockbroker or professional adviser without delay.

Dollar value applied for

A AS , , -

Applications must be for a minimum of \$5,000 worth of Shares and in multiples of \$100 worth of Shares thereafter.

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Applicant #1 Surname/Company Name

B

Title

First Name

Middle Name

Joint Applicant #2 Surname

Title

First Name

Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

PLEASE COMPLETE ADDRESS DETAILS

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

C

Unit Number/Level

Street Number

Street Name

Suburb/City or Town

State

Postcode

CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here).

D X

Please note: If you supply a CHESS HIN and the name and address details on this Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Email address (only for purpose of electronic communication of shareholder information)

E

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

F ()

PLEASE COMPLETE YOUR CHEQUE PAYMENT DETAILS – Cheques should be made payable to “Super Cheap Auto Group limited - Share Offer” in Australian currency and crossed “Not Negotiable”.

Cheque or Money Order Number

BSB

Account Number

G -

See over for payment instructions.

NO SIGNATURE IS REQUIRED

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DECLARATION

I/We declare that by lodging this application form, I/we represent and warrant that I/we have read and understood the Prospectus to which this Application Form relates, agree to be bound by the constitution of Super Cheap Auto Group Limited and the terms and conditions of the Offer (including the representations, warranties and agreements contained in the Prospectus). I/we hereby apply for such number of Shares as may be calculated in accordance with the terms of the Prospectus. I/we hereby authorise Super Cheap Auto Group Limited to complete and execute any documents necessary to effect the allotment of any Shares. By lodging this Application Form, I/we declare that this Application Form is complete and lodged according to the Prospectus and that all statements made by me/us are complete and accurate. I/we represent and warrant that by lodging this Application Form, I/we am/are in compliance with all laws of any jurisdiction outside the Commonwealth of Australia relevant to this Application. I/we acknowledge that I/we am/are residents of Australia.

XXX IP0001

XXX IP0001

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Directors

Dick McIlwain – Chairman
Bob Thorn – Managing Director
Reg Rowe – Non-Executive Director
Darryl McDonough – Non-Executive Director
Robert Wright – Non-Executive Director

Company Secretary

Peter Birtles

Registered Office

751 Gympie Road
Lawnton QLD 4501

Lead Manager

Macquarie Equity Capital Markets Limited
Level 9, GPO Building
1 Martin Place
Sydney NSW 2000

Auditor

Grant Thornton
4th Floor, Grant Thornton House
102 Adelaide Street
Brisbane QLD 4000

Investigating Accountant

PricewaterhouseCoopers Securities Ltd
Waterfront Place
1 Eagle Street
Brisbane, QLD 4000

Share Registry

ASX Perpetual Registrars Limited
Level 8, 580 George Street
Sydney, NSW 2000

Solicitors to the Offer

Mallesons Stephen Jaques
Level 30, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

OPEN
7 DAYS

SUPER CHEAP
AUTO