

22 February 2012

## ASX/Media Announcement

### Super Retail Group reports 40% increase in Net Profit After Tax

***Super Retail Group Limited (ASX:SUL) today announced a 40% increase in net profit after tax to \$34.9 million for the 26 week period to 31 December 2011.***

Result highlights include:

- A 49% increase in the Group's EBIT to \$61.6 million
- A 20% increase in Earnings Per Share to 22.0 cents
- Solid like for like sales growth achieved across all three of the Group's divisions
- Increased gross margin in both the Supercheap Auto and the BCF businesses
- Acquisition of the Rebel Sport and Amart All Sports businesses with effect from 30 October 2011.

The Directors declared a fully franked interim dividend of 13.0 cents per share, an increase of 13% over the prior comparative period. The dividend will be paid on 3 April 2012 with a record date of 2 March 2012. The company will again provide shareholders with the opportunity to reinvest their dividends through the Dividend Reinvestment Plan.

Super Retail Group Managing Director Mr Peter Birtles said the results reflected the group's focus on retailing products which its customers predominantly use in their leisure time and the continued commitment across the group's businesses to introducing new products, improving store presentation, inventory management and developing team members.

"This has been another six months of significant achievement across the group. We have maintained the strong momentum in our existing businesses while completing the acquisition of the Sports Retailing division and launching a new Leisure Retailing business, FCO Fishing Camping Outdoors, in New Zealand. We have also made good progress with the initiatives required to establish the group as an integrated multi-channel retailer," he said.

"Although it is early days, the strong performance of the Rebel Sport and Amart All Sports businesses since acquisition demonstrates the potential of those businesses. We have focused on realigning the priorities of the team, building strong trade partner relationships, clearing aged inventory and securing available synergy benefits. We will complete the work required to fine tune the strategies for both businesses by the end of March and this will provide the framework for new store rollout and existing store refurbishment.



“Our priority over the next year will be to implement our program of initiatives focused on driving business growth, increasing profitability and improving working capital efficiency across the group while also building our multi-channel capabilities.”

## **AUTO AND CYCLE RETAILING**

Sales increased by 6.3% to \$383.3 million.

Like for like sales growth was 3.5%, building on like for like growth of 3.4% in the prior comparative period. During the 26 week period, the division opened six new stores, closed three stores and refurbished 27 others, including two as a Superstore, resulting in 299 stores trading at the end of December 2011.

EBIT grew by 25.4% to \$34.1 million, with the EBIT margin increasing by 1.4% points.

Gross margins increased by 1.4% points over the prior comparative period as the division benefited from product range management, own brand development, sourcing initiatives, a reduction in supply chain costs and the stronger Australian dollar.

## **LEISURE RETAILING**

Sales increased 22.7% to \$247.1 million, reflecting the contribution from 22 new stores across the division. This included the 10 stores in FCO Fishing Camping Outdoors which was launched in New Zealand in November 2011.

Like for like sales growth was 9.9%, reflecting the reintroduction of credentialed international brands into the Ray's Outdoors business and the strengthening of the BCF Boating Camping Fishing offer in a number of categories. Prevailing weather conditions along Australia's east coast were also more favourable than during the prior comparative period. The division had 150 stores trading at the end of December 2011.

EBIT grew by 30% to \$23.6 million. Excluding the \$2.1 million of costs associated with launching the FCO Fishing Camping Outdoors business, underlying growth in EBIT was 41%.

Gross margins decreased by 0.5% points, reflecting the impact of reintroducing international brands into the Ray's Outdoors business. Gross margins at BCF improved during the period, driven by product range development, supply chain efficiencies and improved trading terms.

Underlying operating costs as a percentage of sales, excluding FCO set up costs, reduced by 1.8% points, reflecting scale benefits, the impact of strong like for like sales growth and operating efficiencies in the Ray's Outdoors business.

## **SPORTS RETAILING**

The acquisition of Rebel Sport and Amart All Sports for \$610 million was completed with effect from 30 October 2011. A further \$10.4 million was paid post completion reflecting an increase in net working capital at the time of completion.

The sales contribution of the division in the nine weeks post completion was \$128.8 million while the EBIT contribution was \$17.7 million.

Like for like sales growth in the 9 weeks post acquisition was 7.8% which compared well with the negative trend in the 17 weeks of the half prior to the acquisition. Growth was driven by the clearance of aged inventory, a stronger in-stock position and realigning team priorities.

Gross margin of 45.4% was in line with that achieved in the prior comparative period. The value of aged inventory was identified during due diligence and appropriate valuation adjustments were processed at the time of acquisition.

The Group is closing the Performance Sports business with the two stores at time of acquisition being reallocated to the Rebel Sport brand.

## **CASH FLOW AND NET DEBT**

Operating cash flow pre store investment and business acquisition costs at \$106.8 million was \$47.1 million higher than the prior comparative period. Cash generated by the Sports Retailing businesses and working capital management across the group were the main contributors to this increase.

Closing Net Debt of \$339.3 million was \$265.8 million higher than at the end of June 2011, reflecting the \$296 million of new funding secured to partly finance the acquisition of Rebel Sport and Amart All Sports. The Group invested a further \$38.2 million in new and refurbished stores during the half.

The group extended its debt facility arrangements prior to the acquisition of Rebel Sport and Amart All Sports. Net debt is comfortably within the group's facility limits and all associated banking covenants have been achieved.

## **LOOKING AHEAD**

Mr Birtles said the second half had started well for the group, with strong sales growth and continued momentum.

"Like for like sales growth has been circa 3.5% in the Auto and Cycle division, 7.5% in the Leisure division and 3.5% in the Sports division for the first seven weeks of the second half," Mr Birtles said.

"This is particularly pleasing given the continued generally depressed retailing conditions experienced during this period.

"We have a strong business model, focused strategy and expect continuing growth opportunities for our businesses in the future.

"We plan to continue to grow our store network, opening four new Auto & Cycle stores, six new Leisure stores and two new Sports stores during the second half."

## **ENDS**

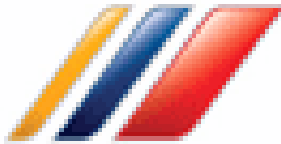
Further information: Mr Peter Birtles  
Managing Director  
Super Retail Group  
07 3482 7500

Mr Gary Carroll  
Chief Financial Officer  
Super Retail Group  
07 3482 7500

Peter Birtles and Gary Carroll will be presenting the results by teleconference today at 10.00 am (daylight saving time). To listen to this presentation go to the Boardroom Radio website ([brr.com.au](http://brr.com.au))

Released through: Ms Stephanie Paul  
Phillips Group  
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**SUPER RETAIL GROUP LIMITED (SUL)  
INTERIM REPORT**

**FOR THE 26 WEEK PERIOD ENDED 31 DECEMBER 2011**

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	<b>Section</b>
<b>Appendix 4D</b>	<b>A</b>
<b>Interim Financial Report</b>	<b>B</b>

## SECTION A

### APPENDIX 4D HALF YEAR REPORT

#### SUPER RETAIL GROUP LIMITED (SUL)

ABN 81 108 676 204

#### Statutory Results

Current Reporting Period: From 3 July to 31 December 2011  
Previous Reporting Period: From 4 July 2010 to 1 January 2011

#### Results for Announcement to the Market

		Amount \$'000
Revenue from ordinary activities	Up 35.1% to	759,161
Profit from ordinary activities after tax attributable to members	Up 40.3% to	34,938
Net profit for the period attributable to members	Up 40.3% to	34,938

For commentary on the results refer to the Directors' Report.

#### Dividends – Ordinary Shares

	Amount per security	Franked amount per security
2011 Final dividend declared 18 August 2011 (paid 22 September 2011)	17.5¢	17.5¢
2012 Interim dividend declared 21 February 2012 (payable 3 April 2012)	13.0¢	13.0¢
Record date for determining entitlements to the interim dividend	2 March 2012	

The Company has a Dividend Reinvestment Plan.

#### Net Tangible Assets per Security

	2011 \$	2010 \$
Net Tangible assets per security	0.09	1.53

## **Financial Information**

The Appendix 4D should be read in conjunction with the consolidated financial report for the 26 weeks ending 31 December 2011 as set out on pages 3 to 21.

## **Foreign Entities**

Foreign entities have been accounted for in accordance with Australian Accounting Standards.

## **Information on Audit or Review**

The interim report is based on accounts which have been subject to review.

**SECTION B**

**SUPER RETAIL GROUP LIMITED  
INTERIM FINANCIAL REPORT  
FOR THE 26 WEEKS ENDED 31 DECEMBER 2011**

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## DIRECTORS' REPORT

The Directors of Super Retail Group Limited submit herewith the financial report for the 26 week period ended 31 December 2011.

### Directors

The names of the Directors of the Company during or since the end of the period are:

R A Rowe  
R J Wright  
P A Birtles  
R J Skippen  
S A M Pitkin

### Review of Operations

The consolidated net profit for the period was \$34,938,000 (2010: \$24,896,000). Sales for the period were \$759,161,000 (2010: \$561,902,000).

Highlights during the half year included:-

- Rebel Group Limited was acquired with an effective date of 30 October 2011 for a net cash outlay of \$620.4 million. This acquisition comprised 90 Rebel stores, 36 A-Mart All Sports stores and 2 Performance Sports stores. The acquisition was funded through a \$334 million Entitlement Offer and an increase in the Group's debt facilities of \$310 million. Acquisition costs of \$10.3 million were expensed in the current period and transaction costs of \$7.8 million relating to capital raising were booked against equity.
- Supercheap Auto opened six new stores during the period to take total store numbers to 280 as well as refurbishing 27 existing stores including the conversion of two stores to a superstore. BCF opened nine stores to take total store numbers to 87. Goldcross Cycles closed one store during the period to take total store numbers to 19. Ray's Outdoors opened three stores during the period to take total store numbers to 53. In addition, the Group launched the FCO Fishing Camping Outdoors business in New Zealand with 10 stores trading by 31 December 2011.
- The Auto & Cycle Retailing Division had sales of \$383.2 million which represented an increase of 6.3% over the prior comparative period, whilst the Leisure Retailing Division had sales of \$247.1 million which were 22.7% higher than the comparative period as a result of new store openings.
- \$38.2 million was invested in new and refurbished stores including capital expenditure, set up costs and working capital requirements. \$3.8 million was invested in infrastructure and systems during the period. Net external debt increased by \$265.9 million since 2 July 2011, as a result of the Rebel Group acquisition.

### Dividends

On 21 February 2012, the Directors declared a dividend of 13.0 cents fully franked. The dividend will be paid on 3 April 2012.

### Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "Rounding off" of amounts in the Directors' Report and Financial Report. Amounts rounded are rounded off to the nearest thousand dollars.

### Auditor's Independence Declaration

A copy of the auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is included at page 5 of this report.

Signed in accordance with a resolution of Directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the Directors.



**R J Wright**  
Director



**P A Birtles**  
Director

Brisbane  
21 February 2012



## Auditor's Independence Declaration

As lead auditor for the review of Super Retail Group Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Super Retail Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Cameron Henry', is written over a light grey grid background.

Cameron Henry  
Partner  
PricewaterhouseCoopers

Brisbane  
21 February 2012

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Liability limited by a scheme approved under Professional Standards Legislation.  
Super Retail Group Limited

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# CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

## For the 26 weeks ended 31 December 2011

	Notes	Consolidated entity	
		31 December 2011 \$'000	1 January 2011 \$'000
Revenue from continuing operations	3	759,681	562,301
Other income	4	129	73
<b>Total revenues and other income</b>		<b>759,810</b>	<b>562,374</b>
<b>Expenses</b>			
Cost of sales of goods		430,936	317,720
Other expenses:			
- selling and distribution		88,787	68,871
- marketing		39,706	30,900
- occupancy		51,815	45,449
- administration		86,413	57,618
Borrowing costs expense		8,446	5,822
<b>Total expenses</b>		<b>706,103</b>	<b>526,380</b>
<b>Profit before income tax</b>		<b>53,707</b>	<b>35,994</b>
Income tax expense	6	(18,769)	(11,098)
<b>Profit attributable to members of Super Retail Group Limited</b>		<b>34,938</b>	<b>24,896</b>
<b>Other comprehensive income</b>			
Cash flow hedges		1,552	(1,189)
Exchange differences on translation of foreign operations		(297)	(1,857)
<b>Other comprehensive income for the half year, net of tax</b>		<b>1,255</b>	<b>(3,046)</b>
<b>Total comprehensive income for the half year</b>		<b>36,193</b>	<b>21,850</b>
Total comprehensive income for the year is attributable to:			
Members of Super Retail Group Limited		<b>36,193</b>	<b>21,850</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		<b>22.0</b>	18.3
Diluted earnings per share		<b>21.8</b>	18.1

*The above consolidated comprehensive income statement must be read in conjunction with the accompanying notes.*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	Consolidated entity	
		31 December 2011 \$'000	2 July 2011 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	57,225	25,697
Trade and other receivables	8	41,125	22,160
Inventories	9	432,338	292,874
Total current assets		<u>530,688</u>	<u>340,731</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	157,631	109,277
Deferred tax assets	11	0	10,789
Intangible assets	12	718,315	111,251
Total non-current assets		<u>875,946</u>	<u>231,317</u>
<b>Total assets</b>		<u>1,406,634</u>	<u>572,048</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	239,913	122,373
Borrowings	14	12	32
Current tax liabilities	15	13,297	11,013
Provisions	16	21,620	12,286
Total current liabilities		<u>274,842</u>	<u>145,704</u>
<b>Non-current liabilities</b>			
Trade and other payables	17	16,826	15,538
Borrowings	18	396,554	99,143
Deferred tax liabilities	19	52,673	0
Provisions	20	9,407	7,983
Total non-current liabilities		<u>475,460</u>	<u>122,664</u>
<b>Total liabilities</b>		<u>750,302</u>	<u>268,368</u>
<b>Net assets</b>		<u>656,332</u>	<u>303,680</u>
<b>EQUITY</b>			
Contributed equity	21	532,887	194,541
Reserves		(1,037)	(3,239)
Retained profits		124,482	112,378
Capital and reserves attributable to equity holders of Super Retail Group Limited		<u>656,332</u>	<u>303,680</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the 26 weeks ended 31 December 2011**

Notes	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 3 July 2010</b>	182,158	158	88,241	270,557
Profit attributable to members for the period	0	0	24,896	24,896
Other comprehensive income for the period	0	(3,046)	0	(3,046)
Total comprehensive income for the period	0	(3,046)	24,896	21,850
<b>Transactions with owners in their capacity as owners</b>				
Contributions of equity, net of transaction cost	6,192	0	0	6,192
Dividends provided for or paid	0	0	(16,618)	(16,618)
Employee share options	0	627	0	627
	6,192	627	(16,618)	(9,799)
<b>Balance at 1 January 2011</b>	<b>188,350</b>	<b>(2,261)</b>	<b>96,519</b>	<b>282,608</b>
<b>Balance at 2 July 2011</b>	194,541	(3,239)	112,378	303,680
Profit attributable to members for the period	0	0	34,938	34,938
Other comprehensive income for the period	0	1,255	0	1,255
Total comprehensive income for the period	0	1,255	34,938	36,193
<b>Transactions with owners in their capacity as owners</b>				
Contributions of equity, net of transaction cost	338,346	0	0	338,346
Dividends provided for or paid	0	0	(22,834)	(22,834)
Employee share options	0	947	0	947
	338,346	947	(22,834)	316,459
<b>Balance at 31 December 2011</b>	<b>532,887</b>	<b>(1,037)</b>	<b>124,482</b>	<b>656,332</b>

*The above consolidated statement of changes in equity must be read in conjunction with the accompanying notes.*

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the 26 weeks ended 31 December 2011**

	Notes	Consolidated entity	
		31 December 2011 \$'000	1 January 2011 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		830,355	611,118
Payments to suppliers and employees (inclusive of goods and services tax)		(675,008)	(507,188)
Rental payments:			
- external		(59,582)	(44,152)
- related parties		(4,330)	(5,265)
Income taxes paid		(15,954)	(11,820)
Net cash inflow from operating activities	25	<u>75,481</u>	<u>42,693</u>
<b>Cash flows from investing activities</b>			
Payments for business acquired (net of cash acquired)		(621,704)	0
Payments for property, plant and equipment		(25,407)	(18,623)
Proceeds from sale of property, plant and equipment		92	83
Net cash (outflow) from investing activities		<u>(647,019)</u>	<u>(18,540)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		800,279	91,000
Repayments of borrowings		(503,626)	(101,047)
Interest paid		(7,370)	(5,077)
Dividend paid to company's shareholders		(14,449)	(11,981)
Proceeds from issue of shares		328,220	1,554
Net cash inflow/(outflow) from financing activities		<u>603,054</u>	<u>(25,551)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>31,516</b>	<b>(1,398)</b>
Cash and cash equivalents at the beginning of the period		25,697	30,200
Effects of exchange rate changes on cash and cash equivalents		12	(82)
<b>Cash and cash equivalents at the end of the financial period</b>	7	<u><b>57,225</b></u>	<u><b>28,720</b></u>

*The above consolidated cash flow statement must be read in conjunction with the accompanying notes.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 26 WEEKS ENDED 31 DECEMBER 2011

## 1. Basis of preparation of half-year financial report

This condensed consolidated financial report for the interim half year reporting period ended 31 December 2011 has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB134: Interim Financial Reporting.

The condensed consolidated financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the period ended 2 July 2011 and any public announcements made by Super Retail Group Limited and its controlled entities during the interim reporting period in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

## 2. Segment information

### (a) Description of segments

Following the acquisition of the Rebel Group, management has determined the operating segments based on the reports reviewed by the Divisional Managing Directors that are used to make strategic decisions.

This results in the following business segments:

Auto & Cycle Retailing: Retail and distribution of motor vehicle spare parts, bicycle accessories, tools and equipment.

Leisure Retailing: Retail and distribution of boating, camping, fishing, outdoor equipment and apparel.

Sports Retailing: Retail and distribution of sporting equipment and apparel (as a result of the Rebel Group acquisition).

### (b) Segment information provided to the Divisional Managing Directors

The segment information provided to the Divisional Managing Directors for the reportable segments for the period ended 31 December 2011 is set out on the following page.

## Notes to the Consolidated Financial Statements (continued)

### 2. Segment information (continued)

#### Business Segments

<b>Half-year 2011/12</b>	Auto & Cycle Retailing \$'000	Leisure Retailing \$'000	Sports Retailing \$'000	Total continuing operations \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Total sales to external customers	383,272	247,116	128,773	759,161	0	759,161
Unallocated revenue						
Total revenue and other income						759,161
Segment result (pre-borrowing costs and impairment)	34,281	23,703	17,865	75,849	(13,620)	62,229
Impairment of goodwill	(76)	0	0	(76)	0	(76)
Borrowing costs					(8,446)	(8,446)
Profit before income tax						53,707
Segment assets	402,740	234,033	163,045	799,818	606,816	1,406,634
Unallocated assets						0
Total assets						1,406,634
Segment liabilities	(214,336)	(160,209)	(150,540)	(525,085)	(117,539)	(642,624)
Unallocated liabilities					(107,678)	(107,678)
Total liabilities						(750,302)
Depreciation and amortisation expense	8,068	3,873	2,213	14,154	73	14,227
<b>Half-year 2010/11</b>						
Total sales to external customers	360,486	201,416	0	561,902	0	561,902
Unallocated revenue						
Total revenue and other income						561,902
Segment result (pre-borrowing costs and impairment)	27,477	18,327	0	45,804	(3,988)	41,816
Impairment of goodwill					0	0
Borrowing costs					(5,822)	(5,822)
Profit before income tax						35,994
Segment assets	352,626	183,168	0	535,794	40,030	575,824
Unallocated assets						0
Total assets						575,824
Segment liabilities	(183,087)	(119,199)	0	(302,286)	147,354	(154,932)
Unallocated liabilities					(138,284)	(138,284)
Total liabilities						(293,216)
Depreciation and amortisation expense	7,887	3,659	0	11,546	71	11,617

## Notes to the Consolidated Financial Statements (continued)

	Consolidated entity	
	31 December 2011 \$'000	1 January 2011 \$'000
<b>3. Revenue</b>		
<b>From continuing operations:</b>		
<i>Sales revenue</i>		
Sale of goods	759,161	561,902
<i>Other revenue</i>		
Interest	520	397
Dividends – external parties	0	2
	<b>759,681</b>	<b>562,301</b>
<b>4 Other Income</b>		
Other income	<b>129</b>	<b>73</b>
<b>5. Income and Expenses</b>		
<b>Profit before income tax includes the following specific expenses:</b>		
Net (gain)/loss on disposal of property, plant and equipment	281	209
Depreciation		
- Computer systems	3,022	2,773
- Plant and equipment	8,736	7,151
- Motor vehicles	67	71
Total depreciation	<b>11,825</b>	<b>9,995</b>
Amortisation/Impairment		
- Computer software	2,253	1,551
- Intangibles	73	71
- Goodwill	76	0
Total amortisation/impairment	<b>2,402</b>	<b>1,622</b>
Borrowing costs		
Interest and finance charges	8,382	5,822
Accretion of put option	64	57
Borrowing costs expensed	<b>8,446</b>	<b>5,879</b>
Rental expense relating to operating leases		
- Lease expenses	59,052	43,858
- Equipment hire	3,621	2,476
Total rental expense relating to operating leases	<b>62,673</b>	<b>46,334</b>
Foreign exchange gains and losses		
- Net foreign exchange loss/(gains)	<b>1,276</b>	<b>(625)</b>
Employee benefits expense		
Superannuation expense	8,298	6,107
Salaries and wages	122,052	96,275
	<b>130,350</b>	<b>102,382</b>

## Notes to the Consolidated Financial Statements (continued)

### 5. Income and Expenses (continued)

	Consolidated entity	
	31 December 2011 \$'000	1 January 2011 \$'000
Acquisition costs		
Rebel Group	10,251	0
Total acquisition costs	<u>10,251</u>	<u>0</u>

### 6. Income Tax

#### (a) Income tax expense

Current tax	19,214	12,943
Deferred tax	(445)	(1,872)
Adjustments for current tax of prior periods	0	168
Adjustments for deferred tax of prior periods	0	(141)
	<u>18,769</u>	<u>11,098</u>

Deferred income tax (revenue) expense included in income tax expense comprises:

(Increase)/decrease in deferred tax assets	(295)	(1,875)
Increase/(decrease) in deferred tax liabilities	(150)	3
	<u>(445)</u>	<u>(1,872)</u>

#### (b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit from continuing operations before income tax expense	<u>53,707</u>	<u>35,994</u>
Tax at the Australian tax rate of 30% (2010: 30%)	16,112	10,798
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Business acquisition costs	3,068	0
R&D credits	(382)	0
Tax consolidation adjustments re NZ branch	0	132
Goodwill impairment	23	0
Sundry items	(52)	0
	<u>18,769</u>	<u>10,930</u>
Adjustments for current tax of prior period	0	168
R&D credits	0	0
Income tax expense	<u>18,769</u>	<u>11,098</u>

#### (c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity

Net deferred tax – debited/(credited) directly to equity	<u>(1,074)</u>	<u>(510)</u>
	<u>(1,074)</u>	<u>(510)</u>

## Notes to the Consolidated Financial Statements (continued)

	Consolidated entity	
	31 December	2 July
	2011	2011
	\$'000	\$'000
<b>7. Current assets – cash and cash equivalents</b>		
Cash at bank and in hand	<u>57,225</u>	<u>25,697</u>
<b>8. Current assets – trade and other receivables</b>		
Trade receivables	16,786	13,176
Provision for impairment of receivables	(168)	(268)
	<u>16,618</u>	<u>12,908</u>
Other receivables	5,201	3,777
Tax receivable	1,367	1,818
Prepayments	17,939	3,657
	<u>41,125</u>	<u>22,160</u>
<b>9. Current assets – inventories</b>		
Finished goods, at lower of cost or net realisable value	<u>432,338</u>	<u>292,874</u>
<b>10. Non-current assets – property, plant and equipment</b>		
Plant and equipment - at cost	268,028	160,141
Less accumulated depreciation	(128,750)	(63,964)
Net plant and equipment	<u>139,278</u>	<u>96,177</u>
Motor vehicles – at cost	2,884	266
Less accumulated depreciation	(1,436)	(240)
Net motor vehicles	<u>1,448</u>	<u>26</u>
Computer systems – at cost	62,583	45,805
Less accumulated depreciation	(45,678)	(32,731)
Net computer equipment	<u>16,905</u>	<u>13,074</u>
Total net property, plant and equipment	<u>157,631</u>	<u>109,277</u>
<b>11. Non-current assets – deferred tax assets</b>		
Total deferred tax asset	28,064	17,473
Set-off of deferred tax liabilities pursuant to set-off provisions	(28,064)	(6,684)
	<u>0</u>	<u>10,789</u>
Movements in deferred balances have been recognised as follows:	10,789	
Opening balance charged/(credited) to:		
- income statement	445	
- directly to equity	1,074	
- deferred balances acquired in acquisitions	(64,981)	
Closing deferred tax liability balance	<u>(52,673)</u>	

## Notes to the Consolidated Financial Statements (continued)

### Consolidated entity

31 December 2011 \$'000	2 July 2011 \$'000
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### 12. Non-current assets – intangible assets

Goodwill - at cost	436,395	78,452
Less accumulated impairment	(2,076)	(2,000)
Net goodwill	434,319	76,452
Trademarks - at cost	14	14
Less accumulated depreciation	(0)	(0)
Net trademarks	14	14
Computer software	43,556	32,614
Less accumulated amortisation	(26,966)	(20,294)
Net computer software	16,590	12,320
Brand names - at cost	267,500	22,500
Less amortisation	(438)	(375)
Net brand names	267,062	22,125
Supplier agreement	400	400
Less amortisation	(70)	(60)
Net supplier agreement	330	340
Total net intangibles	718,315	111,251

### 13. Current liabilities – trade and other payables

Trade payables	152,833	83,050
Other payables	87,061	39,305
Loans from related parties	19	18
	239,913	122,373

### 14. Current liabilities – borrowings

#### Secured

Finance leases	12	32
Total current liabilities – secured interest bearing liabilities	12	32

#### Unsecured

Related parties	0	0
Unsecured bank financing	0	0
Total current liabilities – unsecured interest bearing liabilities	0	0
Total current liabilities – interest bearing liabilities	12	32

## Notes to the Consolidated Financial Statements (continued)

	Consolidated entity	
	31 December 2011 \$'000	2 July 2011 \$'000
<b>15. Current liabilities – tax liabilities</b>		
Income tax payable	13,297	11,013
<b>16. Current liabilities – provisions</b>		
Put option provision	966	871
Provision for warranties	44	44
Make good provision	1,220	460
Employee benefits	19,390	10,911
	<b>21,620</b>	<b>12,286</b>
<b>Movements in provisions – dividends</b>		
Carrying amount at the start of the financial period	0	0
Dividend declared	22,834	16,618
Payments/other sacrifices of economic benefits	(22,834)	(16,618)
Carrying amount at the end of the financial period	<b>0</b>	<b>0</b>
<b>17. Non-current liabilities – trade and other payables</b>		
Straight line lease adjustment	16,826	15,538
<b>18. Non-current liabilities – borrowings</b>		
<b>Secured</b>		
Finance Lease	1	8
Cash advance	399,000	100,000
Less borrowing costs capitalised, net	(2,447)	(865)
	<b>396,554</b>	<b>99,143</b>
<b>Secured interest bearing liabilities</b>		
Total secured interest bearing liabilities (current and non-current) are:		
Finance lease	13	32
Cash advance	399,000	99,143
Total current and non-current secured interest bearing liabilities	<b>399,013</b>	<b>99,175</b>
<b>19. Non-current liabilities – deferred tax liabilities</b>		
Deferred tax liabilities	80,737	6,684
Set-off of deferred tax assets pursuant to set-off provisions	(28,064)	(6,684)
	<b>52,673</b>	<b>0</b>
<b>20. Non-current liabilities – provisions</b>		
Make good provision	4,288	4,899
Employee benefits	4,987	2,952
Provision for future Oceania dividend	132	132
	<b>9,407</b>	<b>7,983</b>

## Notes to the Consolidated Financial Statements (continued)

### Consolidated entity

<b>31 December</b>	<b>2 July</b>
<b>2011</b>	<b>2011</b>
<b>\$'000</b>	<b>\$'000</b>

## 21. Contributed equity

### (a) Share Capital

Ordinary shares fully paid (194,754,593 ordinary shares as at 31 December 2011)

<b>532,887</b>	<b>194,541</b>
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### (b) Movement in ordinary share capital during the half year

	2011/12 Shares	2010/11 Shares	2011/12 \$'000	2010/11 \$'000
Dividend reinvestment plan issues	1,411,206	775,040	8,385	4,637
Shares issued under share option	730,000	595,277	1,799	1,555
Capital raising	62,594,648	0	334,255	0
Less transaction cost on share issue	0	0	(7,834)	0
Deferred tax credit recognised directly in equity	0	0	1,741	0
	<b>64,735,854</b>	<b>1,370,317</b>	<b>338,346</b>	<b>6,192</b>

### Consolidated entity

<b>31 December</b>	<b>1 January</b>
<b>2011</b>	<b>2011</b>
<b>\$'000</b>	<b>\$'000</b>

## 22. Dividends

### Ordinary Shares

Dividends provided for or paid during the half year.

<b>22,834</b>	<b>16,618</b>
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### Dividends not recognised at the end of the half year

Subsequent to the end of the half year, the Directors have recommended the payment of an interim dividend of 13.0 cents per ordinary share fully franked based on tax paid at 30%. The aggregate amount of the dividend expected to be paid on 3 April 2012, out of retained profits at 31 December 2011, but not recognised as a liability at the end of the half year is

<b>25,318</b>	<b>14,824</b>
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## 23. Business combinations

### (a) Rebel Group Limited

Effective from 30 October 2011, Super Retail Group Limited acquired 100% of the issued share capital of Rebel Group Limited, a retailer of sporting equipment and apparel. Total consideration for the acquisition was \$625m, comprising a \$610m purchase price, a \$10.4m working capital adjustment and \$4.5m net cash acquired. The initial purchase price has been determined provisionally pending the completion of the final valuation of the fair value of net assets acquired. The provisional acquisition note is shown below.

**\$'000**

Net assets acquired and goodwill are as follows:

Purchase consideration	
Cash Paid	624,954
Direct costs relating to the acquisition	0
Total purchase consideration	624,954
Provisional allocation of Fair value of net identifiable assets acquired (refer below)	267,802
Goodwill	357,152

## 23. Business combinations (continued)

The goodwill is attributable to Rebel Group Limited position and profitability in the sporting goods market and synergies expected to arise after the Group's acquisition

\$'000

Cash	4,517
Other receivables	415
Prepayments	3,836
Inventory (net of provisions)	99,859
Plant and equipment	39,234
Computer software	3,904
Tax assets	10,066
Brand name	245,000
Trade payables	(35,206)
Other payables	(18,895)
Provisions	(10,682)
Deferred tax liability	(74,246)
	<u>267,802</u>

Acquisition related costs of \$10.3 million are included in Administration expenses in the income statement.

The acquired Group contributed revenues of \$128.8 million for the period 30 October 2011 to 31 December 2011. If the acquisition had occurred on 3 July 2011, the contribution to the group revenue would have been \$304.7 million.

Contribution to Group net profit after tax would have been \$26.3 million.

## 24. Events occurring after reporting date

No matters or circumstances have arisen since 31 December 2011 that has significantly affected or may significantly affect the Group's operations or state of affairs in future financial years.

## 25. Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated entity	
	31 December 2011 \$'000	1 January 2011 \$'000
Profit from ordinary activities after related income tax	34,938	24,896
Depreciation and amortisation	14,227	11,617
Net loss/(gain) on sale of non-current assets	281	209
Non-cash employee benefits expense/share based payments	945	632
Net interest expense	7,926	5,425
Change in operating assets and liabilities, net of effects from the purchase of controlled entities		
- (increase) in receivables	(14,546)	(8,602)
- (increase) in inventories	(39,416)	(37,770)
- increase in payables	70,189	45,918
- increase/(decrease) in provisions	580	2,238
- (increase)/decrease in deferred tax	357	(1,870)
Net cash inflow from operating activities	<u>75,481</u>	<u>42,693</u>

## 26. Contingencies

### Consolidated entity

31 December 2011 \$'000	1 January 2011 \$'000
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#### Guarantees

Guarantees issued by the bankers of Super Retail Group Limited in support of various rental arrangements for certain retail outlets. The maximum future rental payments guaranteed amount to:

<b>4,109</b>	2,108
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## 27. Commitments

#### 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

<b>1,872</b>	3,849
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Later than one year but not later than five years

<b>0</b>	0
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Later than five years

<b>0</b>	0
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Total capital commitments

<b>1,872</b>	3,849
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## 28. Related Party Transactions

During the interim period ended 31 December 2011, Super Retail Group Limited transacted with R A Rowe related property entities for the provision of commercial property leases. All transactions with related parties are at arm's length and are based on normal commercial terms and conditions.

## Directors' Declaration

In accordance with a resolution of the Directors of Super Retail Group Limited, it is our opinion that:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the period ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



**R J Wright**  
Director



**P A Birtles**  
Director

Brisbane  
21 February 2012



## **Independent auditor's review report to the members of Super Retail Group Limited**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Super Retail Group Limited, which comprises the balance sheet as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Super Retail Group Limited (the consolidated entity). The consolidated entity comprises both Super Retail Group Limited (the company) and the entities it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Super Retail Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Super Retail Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*PricewaterhouseCoopers,*

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Cameron Henry', written in a cursive style.

Cameron Henry  
Partner

Brisbane  
21 February 2012