SUPER RETAIL GROUP LIMITED (SUL)
INTERIM REPORT

FOR THE 26 WEEK PERIOD ENDED 31 DECEMBER 2016

SECTION A

APPENDIX 4D
INTERIM REPORT

SUPER RETAIL GROUP LIMITED (SUL)

ABN 81 108 676 204

Statistical Results

Current Reporting Period:	From 3 July to 31 December 2016 (26 weeks)
Previous Reporting Period:	From 28 June to 26 December 2015 (26 weeks)

Results for Announcement to the Market

	Statutory Results $m	Comparison to December 2015 $m
Revenue from ordinary activities	1,295.5	Up 6.6% from 1,215.5
Profit from ordinary activities after tax attributable to members	74.4	Up 65.7% from 44.9
Net profit for the period attributable to members	74.4	Up 65.7% from 44.9

Brief explanation of figures reported above to enable the figures to be understood

This report is based on the consolidated interim financial statements which have been reviewed. The audit report, which was unqualified, is included within the Company's Interim Financial Report for the 26 weeks ending 31 December 2016 which accompanies this Appendix 4D.

For a brief explanation of the figures above please refer to the Results Announcement for the period ended 31 December 2016 and the Directors' Report, which forms part of the Interim Financial Report.

Dividends – Ordinary Shares

	Amount per share	Franked amount per share
2016 Final dividend	21.5¢	21.5¢
2017 Interim dividend (1)	21.5¢	21.5¢
Record date for determining entitlements to the interim dividend	7 March 2017	

(1) Declared 23 February 2017, payable 7 April 2017.

Net Tangible Assets per Security

	December 2016 $	June 2016 $
Net tangible assets per security	0.38	0.18

Foreign Entities

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

Control gained or lost over entities during the period

(a) Names of entities where control was gained in the period
There were no entities over which control was gained or lost during the period.

(b) Names of entities where control was lost in the period
No entities were disposed of due to loss of control during the period.

SECTION B

SUPER RETAIL GROUP LIMITED

INTERIM FINANCIAL REPORT

FOR THE 26 WEEK PERIOD ENDED 31 DECEMBER 2016

Contents

DIRECTORS' REPORT

The Directors of Super Retail Group Limited present the Interim Financial Report for the 26 week period ended 31 December 2016.

Directors

The names of the Directors of the Company during or since the end of the period are:
R J Wright
P A Birtles
R A Rowe
R J Skippen (retired 24 October 2016)
S A Pitkin
L K Inman
D J Eilert

Financial and Operational Review

An analysis of the Group's interim period's financial and operating performance from continuing operations is outlined below.

a) Group Results

Sales for the period were $1,295.5 million (December 2015: $1,215.5 million), an increase of 6.6 per cent.

It should be noted that the Group's results are for the 26 weeks to 31 December 2016, while the prior comparative period results were for the 26 weeks to 26 December 2015. As a result, timing benefits contributed circa $28 million to sales, circa $7 million to EBIT and circa $45 million to operating cash flow compared to the prior comparative period. Sales and EBIT timing benefits will reverse in the second half of the financial year.

The reported Net Profit After Tax for the period attributable to Owners of Super Retail Group Limited was $74.4 million (December 2015: $44.9 million), an increase of 65.7 per cent. Included in the prior period's Net Profit After Tax attributable to Owners was an impairment charge of $14.0 million related to the tax effected impairment of the $20.0 million Ray's Outdoors brand name that occurred in December 2015.

Normalised Net Profit After Tax for the 26 week period ended 31 December 2016 is also $74.4 million, an increase of 26.3 per cent from the prior comparative period. Normalised Net Profit After Tax for the prior comparable period was $58.9 million after adjusting for the Ray's Outdoors impairment.

An analysis of the interim period's financial performance is:

Financial Performance	31 December 2016 $m	26 December 2015 $m
Profit for the period	**73.8**	**41.5**
Loss for the period attributable to non-controlling interests	0.6	3.4
Profit for the period attributable to Owners of Super Retail Group Limited	**74.4**	**44.9**
Impairment of Ray's Outdoors brand name	-	14.0
Normalised net profit after tax	**74.4**	**58.9**

Store Movements

	Stores 02/07/2016	Opened	Closed/Converted	Stores 31/12/2016
Supercheap Auto	307	7	(2)	312
BCF	120	2	11	133
Rays	53	-	(36)	17
Rebel	101	2	(2)	101
Amart Sports	60	1	3	64
Group	**641**	**12**	**(26)**	**627**

Financial and Operational Review (continued)

b) Auto Retailing

Sales increased by 6.9 per cent to $489.2 million with like for like sales growth of 3.7 per cent, driven in particular by growth in transaction numbers and average item value. Digital sales increased by 48 per cent on the previous corresponding period, driven by strong customer engagement with the brand's 90 minute 'click and collect' offering.

Sales growth was strong in the Auto Accessories and Auto Maintenance categories, however overall like for like growth was impacted by lower growth in the Tools categories. Tools sales were impacted for a period of around 10 weeks during the middle of the half by competitor clearance activity, but strengthened towards the end of the half.

EBIT grew by 10.1 per cent to $53.6 million, with the EBIT margin increasing by 0.4 per cent. This was driven by cost efficiencies, particularly in supply chain, and merchandising initiatives to offset the impact of the weaker Australian dollar.

The brand's loyalty programs also continue to grow, with active Club Plus members now numbering over 1.3 million customers.

c) Leisure Retailing

Total sales grew by 2.9 per cent to $311.0 million, with like for like sales growth of 5.8 per cent. BCF like for like sales growth was 3.6 per cent post the closure of Ray's Outdoors, strengthening as the half progressed.

The sales performance of the Division was impacted by the clearance activity in Ray's Outdoors during the first half. This had the impact of dampening BCF like for like sales growth, while boosting Ray's Outdoors sales growth during the period. Digital sales growth in the Division more than doubled over the half.

EBIT was $20.6 million which was 53.7 per cent above the prior comparative period. Divisional EBIT margin lifted to 6.6 per cent. This improvement was driven by an increase in BCF gross margin and the closure of loss making Ray's Outdoors stores.

BCF enjoyed a successful Christmas trading period following the changes made to its pricing and promotion strategies in the second half of the 2016 financial year, with growth in the family camping segment particularly strong. The strong growth in camping products more than compensated for lower growth in fishing products as a consequence of the poor fishing conditions that prevailed for much of the half. The changes to pricing and promotion strategies were the key driver of the improvement in gross margin.

The new format Rays stores show promising early signs, although overall comparative performance continues to be impacted by changes to product mix and the clearance activity in the closed Ray's Outdoors stores. The new format stores are attracting higher numbers of target customers, with spend increasing both in-store and on-line.

The business has generated solid growth in its core categories of hiking and adventure camping in both hard and soft goods. The uplift in performance has been stronger in stores located in the southern states.

Further improvements to the product range will be introduced in advance of the winter season, which will be the first opportunity to present the complete Rays offer and so fully assess the growth and market potential of the new Rays business.

d) Sports Retailing

Total divisional sales grew by 8.5 per cent to $490.5 million while total divisional EBIT grew by 19.5 per cent to $50.9 million.

Like for like sales growth continued to be strong in the Rebel and Amart Sports businesses, reaching 6.0 per cent for the last three comparative periods. This growth continues to be driven by increases in both transaction and average transaction value growth. Each major product category generated solid growth with particularly strong growth in apparel. Digital sales increased by 73 per cent over the prior comparative period.

The strong sales growth was supported with further improvement in gross margin and a reduction in operating costs as a percentage of sales.

The restructuring and integration of the Infinite Retail business was progressed in line with our target of achieving break even during the period.

Financial and Operational Review (continued)

e) Group and Unallocated

Group costs at $9.9 million were $1.7 million lower than the prior comparative period.

Group costs include corporate activities, un-utilised distribution centre space and investment in the Group's digital initiatives. The costs associated with un-utilised distribution centre space have been reduced by $2.0 million compared to the prior comparative period, and will be progressively eliminated over time by business growth or exiting surplus space.

Investment in the Group's digital initiatives of a further $2.7 million ($3.4 million in the prior comparative period) have been expensed rather than capitalised due to the early development phases of these projects and the lack of certainty around the future returns.

f) Cash Flow and Net Debt

Operating cash flow pre store investment at $273.8 million was $76.6 million higher than the prior comparative period. After adjusting for timing benefits, the underlying cash flow improvement was $31.6 million.

The Group's strong underlying operating cash flow performance has funded investment in new stores and operational capital expenditures, with new and refurbished store investment of $48.7 million. The Group continues to generate strong returns from its store refurbishment activity in the Auto and Sports Divisions. The Group invested a further $15.4 million in general capital expenditure projects, predominantly in information technology.

Inventory management has been strong with the Group reducing average inventory per store investment by 3 per cent compared to the prior comparative period, despite the significant increase in purchase costs resulting from the weakening of the Australian dollar.

Closing net debt of $242.9 million was $54.3 million lower than the prior comparative period, benefitting from the Group's strong operating cash flow management and timing benefits.

The Group Strategy and Material Business Risks remain consistent with those disclosed in the 2016 Annual Report.

Dividends

On 23 February 2017, the Directors declared a dividend of 21.5 cents fully franked. The dividend will be paid on 7 April 2017.

Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and consolidated interim financial statements. Amounts rounded are rounded off to the nearest hundred 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 6 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
Chairman

P A Birtles
Group Managing Director and Chief Executive Officer

Brisbane
23 February 2017

Auditor's Independence Declaration

As lead auditor for the review of Super Retail Group Limited for the period ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

2. 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.

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
23 February 2017

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 26 weeks period ended 31 December 2016

	Notes	31 December 2016 $m	26 December 2015 $m
Revenue from continuing operations		**1,295.5**	1,215.5
Other income from continuing operations		**1.1**	0.8
Total revenues and other income		**1,296.6**	1,216.3
Expenses			
Cost of sales of goods		**720.5**	686.9
Other expenses from ordinary activities			
- selling and distribution		**162.8**	153.9
- marketing		**52.0**	51.9
- occupancy		**96.2**	95.3
- administration		**150.5**	158.6
Net finance costs	4	**9.1**	10.1
Total expenses		**1,191.1**	1,156.7
Profit before income tax		**105.5**	59.6
Income tax expense	5	**(31.7)**	(18.1)
Profit for the period		**73.8**	41.5
Profit for the period is attributable to:			
Owners of Super Retail Group Limited		**74.4**	44.9
Non-controlling interests		**(0.6)**	(3.4)
		73.8	41.5
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**5.7**	(2.6)
Exchange differences on translation of foreign operations		**0.2**	0.6
Other comprehensive income for the period, net of tax		**5.9**	(2.0)
Total comprehensive income for the period		**79.7**	39.5
Total comprehensive income for the period is attributable to:			
Owners of Super Retail Group Limited		**80.3**	42.9
Non-controlling interests		**(0.6)**	(3.4)
		79.7	39.5
Earnings per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic earnings per share		**37.7**	22.8
Diluted earnings per share		**37.4**	22.6

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Notes	31 December 2016 $m	2 July 2016 $m
ASSETS			
Current assets			
Cash and cash equivalents		**28.9**	15.6
Trade and other receivables	6	**32.3**	42.7
Derivative financial instruments		**1.8**	-
Inventories		**543.0**	501.9
Total current assets		**606.0**	560.2
Non-current assets			
Property, plant and equipment	7	**246.9**	236.9
Intangible assets	8	**771.5**	772.4
Total non-current assets		**1,018.4**	1,009.3
Total assets		**1,624.4**	1,569.5
LIABILITIES			
Current liabilities			
Trade and other payables	9	**416.6**	251.1
Interest-bearing liabilities	10	**0.4**	5.7
Current tax liabilities		**6.5**	6.3
Derivative financial instruments		**1.7**	8.0
Provisions	11	**56.9**	58.7
Total current liabilities		**482.1**	329.8
Non-current liabilities			
Trade and other payables	9	**41.4**	41.7
Interest-bearing liabilities	10	**271.4**	410.1
Deferred tax liabilities		**30.8**	24.7
Provisions	11	**26.2**	29.2
Total non-current liabilities		**369.8**	505.7
Total liabilities		**851.9**	835.5
NET ASSETS		**772.5**	734.0
EQUITY			
Contributed equity	12	**542.3**	542.3
Reserves		**5.8**	(0.9)
Retained earnings		**225.6**	193.7
Capital and reserves attributable to owners of Super Retail Group Limited		**773.7**	735.1
Non-controlling interests		**(1.2)**	(1.1)
TOTAL EQUITY		**772.5**	734.0

The above consolidated balance sheet must be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 26 weeks ended 31 December 2016

	Notes	Contributed Equity $m	Reserves $m	Retained Earnings $m	Total $m	Non-Controlling Interests $m	Total Equity $m
Balance at 27 June 2015		542.3	13.2	212.8	768.3	(3.0)	765.3
Profit for the period		-	-	44.9	44.9	(3.4)	41.5
Other comprehensive income for the period		-	(2.0)	-	(2.0)	-	(2.0)
Total comprehensive income for the period		-	(2.0)	44.9	42.9	(3.4)	39.5
Transactions with owners in their capacity as owners							
Dividends provided for or paid		-	-	(42.5)	(42.5)	-	(42.5)
Employee performance rights		-	0.2	-	0.2	-	0.2
Change in ownership interest in controlled entities	15	-	(7.6)	-	(7.6)	6.5	(1.1)
		-	(7.4)	(42.5)	(49.9)	6.5	(43.4)
Balance at 26 December 2015		542.3	3.8	215.2	761.3	0.1	761.4
Balance at 2 July 2016		**542.3**	**(0.9)**	**193.7**	**735.1**	**(1.1)**	**734.0**
Profit for the period		**-**	**-**	**74.4**	**74.4**	**(0.6)**	**73.8**
Other comprehensive income for the period		**-**	**5.9**	**-**	**5.9**	**-**	**5.9**
Total comprehensive income for the period		**-**	**5.9**	**74.4**	**80.3**	**(0.6)**	**79.7**
Transactions with owners in their capacity as owners							
Dividends provided for or paid		**-**	**-**	**(42.5)**	**(42.5)**	**-**	**(42.5)**
Employee performance rights		**-**	**1.3**	**-**	**1.3**	**-**	**1.3**
Change in ownership interest in controlled entities	15	**-**	**(0.5)**	**-**	**(0.5)**	**0.5**	**-**
		-	**0.8**	**(42.5)**	**(41.7)**	**0.5**	**(41.2)**
Balance at 31 December 2016		**542.3**	**5.8**	**225.6**	**773.7**	**(1.2)**	**772.5**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 26 weeks ended 31 December 2016

	31 December 2016 $m	26 December 2015 $m
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**1,414.3**	1,327.5
Payments to suppliers and employees (inclusive of goods and services tax)	**(1,031.8)**	(1,022.0)
Rental payments:		
- external	**(98.0)**	(104.2)
- related parties	**(4.7)**	(5.6)
Income taxes paid	**(27.8)**	(18.7)
Net cash inflow from operating activities	**252.0**	177.0
Cash flows from investing activities		
Payments for property, plant and equipment and software	**(42.9)**	(45.0)
Proceeds from sale of property, plant and equipment	**0.6**	-
Net cash (outflow) from investing activities	**(42.3)**	(45.0)
Cash flows from financing activities		
Proceeds from borrowings	**334.0**	462.1
Repayment of borrowings	**(478.0)**	(488.0)
Finance lease payments	**(0.4)**	(0.9)
Interest paid	**(9.6)**	(7.9)
Dividend paid to Company's shareholders	**(42.5)**	(42.5)
Net cash (outflow) from financing activities	**(196.5)**	(77.2)
Net increase in cash and cash equivalents	**13.2**	54.8
Cash and cash equivalents at the beginning of the period	**15.6**	13.1
Effects of exchange rate changes on cash and cash equivalents	**0.1**	0.2
Cash and cash equivalents at the end of the interim period	**28.9**	68.1

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

1. Reporting entity

Super Retail Group Limited (the Company) is a company domiciled in Australia. The address of the Company's registered office and principal place of business is 751 Gympie Road, Lawnton, Queensland.

The condensed consolidated interim financial report of the Company as at and for the period ended 31 December 2016 comprises: the Company and its subsidiaries (together referred to as the Group, and individually as Group entities).

The Group is a for-profit entity and is primarily involved in the retail industry. Principal activities of the Group consist of:

- retailing of auto parts and accessories, tools and equipment;
- retailing of boating, camping, outdoor equipment, fishing equipment and apparel; and
- retailing of sporting equipment and apparel.

2. Basis of preparation of interim financial report

This condensed consolidated interim financial report for the 26 week period ended 31 December 2016 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard *AASB 134: Interim Financial Reporting.*

The condensed consolidated interim financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this interim financial report be read in conjunction with the annual financial report for the period ended 2 July 2016 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 unless otherwise stated below. Where applicable, various comparative balances have been reclassified to align with current period presentation. These amendments have no material impact on the consolidated financial statements.

New and amended standards adopted by the Group

The following key new accounting standards and amendments to accounting standards are either applicable in the current reporting period or in the future periods and have been assessed for material impacts to the Group.

New Accounting Standard	Effective Date Applicable to the Group	Summary of Changes	Group Impact
AASB 9 Financial Instruments	1 July 2018	Addresses the classification, measurement and de-recognition of financial assets and financial liabilities and new rules for hedge accounting.	While still assessing the potential impact, the group does not anticipate any significant impacts on its consolidated financial statements resulting from the application of AASB 9.
IFRS 15 Revenue from Contracts with Customers	1 July 2018	Establishes the reporting principles relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.	While still assessing the potential impact, the group does not anticipate any significant impacts on its consolidated financial statements resulting from the application of IFRS 15.
IFRS 16 Leases	1 July 2019	Introduces a single lessee accounting model requiring a lessee to recognise assets and liabilities for all leases with a term of more than 12 months where they are not considered of low value. A right-of-use asset will be recognised representing the right to use the underlying leased asset and a lease liability representing the obligations to make lease payments. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability.	The group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16 which is considered to be significant.

3. Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Group Managing Director and Chief Executive Officer that are used to make strategic decisions. No operating segments have been aggregated to form the below reportable operating segments. This results in the following business segments:

- Auto: retailing of auto parts and accessories, tools and equipment;
- Leisure: retailing of boating, camping, outdoor equipment, fishing equipment and apparel; and
- Sports: retailing of sporting equipment, bicycles, bicycle accessories and apparel.

(b) Segment information provided to the Group Managing Director and Chief Executive Officer

Detailed below is the information provided to the Group Managing Director and Chief Executive Officer for reportable segments. Items not included in Normalised Net Profit After Tax (Normalised NPAT) are one-off charges relating to business restructuring, non-continuing operations and impairment of intangible assets.

For the period ended 31 December 2016	Auto $m	Leisure $m	Sports $m	Total continuing operations $m	Inter-segment eliminations/ unallocated $m	Consolidated $m
Segment Revenue and Other Income						
External segment revenue[1]	**489.2**	**311.0**	**490.5**	**1,290.7**	**5.2**	**1,295.9**
Inter segment sales	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Other income	**0.1**	**0.1**	**0.4**	**0.6**	**0.5**	**1.1**
Total segment revenue and other income	**489.3**	**311.1**	**490.9**	**1,291.3**	**5.3**	**1,296.6**
Segment EBITDA[2]	**67.9**	**29.1**	**63.0**	**160.0**	**(9.2)**	**150.8**
Segment depreciation and amortisation[3]	**(14.3)**	**(8.5)**	**(12.1)**	**(34.9)**	**(0.7)**	**(35.6)**
Segment EBIT result	**53.6**	**20.6**	**50.9**	**125.1**	**(9.9)**	**115.2**
Net finance costs[4]						**(9.1)**
Profit before income tax						**106.1**
Income tax expense						**(31.7)**
Profit for the period						**74.4**
Profit for the period attributable to:						
Owners of Super Retail Group Limited						**74.4**
Non-controlling interests						**(0.6)**
Profit for the period						**73.8**

[1] Includes non-controlling interest (NCI) revenue of $0.7 million.
[2] Adjusted for NCI operating result of $0.6 million.
[3] Adjusted for NCI depreciation of nil.
[4] Adjusted for NCI interest of nil.

3. Segment information (continued)

(b) Segment information provided to the Group Managing Director and Chief Executive Officer (continued)

For the period ended 26 December 2015	Auto $m	Leisure $m	Sports $m	Total continuing operations $m	Inter-segment eliminations/ unallocated $m	Consolidated $m
Segment Revenue and Other Income						
External segment revenue[(1)]	457.7	302.3	452.0	1,212.0	3.8	1,215.8
Inter segment sales	-	-	-	-	(0.3)	(0.3)
Other income	-	-	0.7	0.7	0.1	0.8
Total segment revenue and other income	457.7	302.3	452.7	1,212.7	3.6	1,216.3
Segment EBITDA[(2)]	61.1	21.6	53.6	136.3	(11.4)	124.9
Segment depreciation and amortisation[(3)]	(12.4)	(8.2)	(11.0)	(31.6)	(0.2)	(31.8)
Segment EBIT result	48.7	13.4	42.6	104.7	(11.6)	93.1
Net finance costs[(4)]						(10.1)
Total segment NPBT						83.0
Segment income tax expense						(24.1)
Normalised NPAT						58.9
Other items not included in the total segment NPAT[(5)]						(14.0)
Profit for the period attributable to:						
Owners of Super Retail Group Limited						44.9
Non-controlling interests						(3.4)
Profit for the period						41.5

(1) Includes non-controlling interest (NCI) revenue of $4.3 million.
(2) Adjusted for NCI operating result of $2.6 million and the tax effected impairment charge for the Ray's Outdoors brand.
(3) Adjusted for NCI depreciation of $0.8 million.
(4) Adjusted for NCI interest of nil.
(5) Includes tax effected impairment charge for the Ray's Outdoors brand.

4. Expenses from continuing operations

Profit before income tax includes the following specific gains and expenses:

	31 December 2016 $m	26 December 2015 $m
Expenses		
Net (gain)/loss on disposal of property, plant and equipment	**(0.6)**	-
Depreciation		
Plant and equipment	**20.6**	18.7
Computer equipment	**5.9**	4.7
Total depreciation	**26.5**	23.4
Amortisation and impairment charge		
Computer software	**9.0**	9.2
Brand name amortisation	**0.1**	-
Brand name impairment[1]	**-**	20.0
Total amortisation and impairment charge	**9.1**	29.2

[1] The December 2015 expense relates to an impairment charge for the Ray's Outdoors brand name.

	31 December 2016 $m	26 December 2015 $m
Net finance costs		
Interest and finance charges	**9.1**	10.1
Net finance costs	**9.1**	10.1
Employee benefits expense		
Superannuation	**17.6**	16.5
Salaries and wages	**229.6**	216.5
Total employee benefits expense	**247.2**	233.0
Rental expense relating to operating leases		
Lease expenses	**104.5**	104.5
Equipment hire	**3.0**	4.3
Total rental expense relating to operating leases	**107.5**	108.8
Foreign exchange gains and losses		
Net foreign exchange loss/(gain)	**0.3**	(1.1)

5. Income tax

Income tax expense

	31 December 2016 $m	26 December 2015 $m
Current tax expense	**27.4**	27.3
Deferred tax expense/(benefit)	**3.7**	(9.4)
Adjustments to tax expense of prior periods	**0.6**	0.2
Total income tax expense	**31.7**	18.1
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**4.5**	(2.4)
(Decrease) in deferred tax liabilities	**(0.8)**	(7.0)
	3.7	(9.4)

	31 December 2016 $m	2 July 2016 $m

6. Trade and other receivables

	31 December 2016 $m	2 July 2016 $m
Current		
Trade receivables	**11.3**	11.6
Provision for impairment of receivables	**(0.6)**	(0.6)
Net trade receivables	**10.7**	11.0
Other receivables	**14.1**	6.8
Prepayments[1]	**7.5**	24.9
Net current trade and other receivables	**32.3**	42.7

[1] Due to the comparative period end being 2 July 2016, the prepayments balance was increased due to rent payments being made on the first day of the month.

7. Property, plant and equipment

	31 December 2016 $m	2 July 2016 $m
Plant and equipment, at cost	**386.4**	383.2
Less accumulated depreciation	**(171.8)**	(179.9)
Net plant and equipment	**214.6**	203.3
Motor vehicles, at cost	**0.5**	0.7
Less accumulated depreciation	**(0.3)**	(0.4)
Net motor vehicles	**0.2**	0.3
Computer equipment, at cost	**90.8**	88.1
Less accumulated depreciation	**(58.7)**	(54.8)
Net computer equipment	**32.1**	33.3
Total net property, plant and equipment	**246.9**	236.9

8. Intangible assets

	31 December 2016 $m	2 July 2016 $m
Goodwill, at cost	**449.7**	449.7
Less accumulated impairment charge	**(2.1)**	(2.1)
Net goodwill	**447.6**	447.6
Computer software, at cost	**154.5**	146.5
Less accumulated amortisation	**(77.0)**	(68.2)
Net computer software	**77.5**	78.3
Brand names, at cost	**267.5**	267.5
Less accumulated amortisation and impairment charge	**(21.1)**	(21.0)
Net brand names	**246.4**	246.5
Total net intangible assets	**771.5**	772.4

8. Intangible assets (continued)

(a) Impairment tests for the useful life for brands

The carrying value of brand names represents purchased brand names for Rebel Sport, Amart Sports and Goldcross Cycles.

No amortisation is provided against the carrying value of the purchased Rebel and Amart Sports brands on the basis that they are considered to have an indefinite useful life. Refer to note 11 of the Group's 2016 Annual Report.

Key factors taken into account in assessing the useful life of these brands were:

- the strong recognition of brands; and
- there are currently no legal, technical or commercial factors indicating that the life should be considered limited.

The Goldcross Cycles brand has been determined to have a 20 year life and is amortised over this period.

December 2015 impairment
As a result of the ongoing restructure of the Rays business, the Group continued to reassess the recoverable amount of the associated brand name as at 26 December 2015. Following an analysis, the recoverable amount was determined as nil, based on a value in use calculation using a pre-tax discount rate of 14.0% (June 2014: 14.0%) and terminal growth rate of 3.0% (June 2014: 3.0%). Forecasted gross margin is determined based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports. The Group recognised an impairment charge of $20.0 million against the Ray's Outdoors brand name. This impairment charge has been included in administration expenses in the consolidated income statement.

	31 December 2016 $m	2 July 2016 $m
9. Trade and other payables		
Current		
Trade payables	**298.2**	167.4
Other payables	**114.2**	79.6
Straight line lease adjustment	**4.2**	4.1
Total current trade and other payables	**416.6**	251.1
Non-current		
Straight line lease adjustment	**41.4**	41.7
Total non-current trade and other payables	**41.4**	41.7

10. Interest-bearing liabilities

Current		
Finance leases - secured by leased asset	**0.4**	0.8
Bank debt funding facility - secured	**-**	0.1
Bank debt funding facility - unsecured	**-**	4.8
Total current interest-bearing liabilities	**0.4**	5.7
Non-current		
Bank debt funding facility - secured	**0.1**	0.1
Bank debt funding facility - unsecured(1)	**271.3**	410.0
Total non-current interest-bearing liabilities	**271.4**	410.1

(1) Net of borrowing costs capitalised of $0.7 million (June 2016: $1.2 million).

11. Provisions

	31 December 2016 $m	2 July 2016 $m
Current		
Employee benefits	**45.6**	45.1
Onerous contracts	**7.4**	10.1
Make good provision	**2.5**	2.6
Other provisions	**1.4**	0.9
Total current provisions	**56.9**	58.7
Non-current		
Employee benefits	**8.6**	8.7
Onerous contracts	**10.1**	13.0
Make good provision	**7.5**	7.5
Total non-current provisions	**26.2**	29.2

12. Contributed equity

(a) Share Capital

	31 December 2016 $m	2 July 2016 $m
Ordinary shares fully paid (197,240,020 ordinary shares as at 31 December 2016)	**542.3**	542.3

(b) Movement in ordinary share capital

	Number of Shares	Issue Price	$m
Balance 27 June 2015	197,030,571		542.3
Shares issued under performance rights	146,747	-	-
Balance 2 July 2016	197,177,318		542.3
Shares issued under performance rights	62,702	-	-
Closing balance 31 December 2016	**197,240,020**		**542.3**

13. Dividends

	31 December 2016 $m	26 December 2015 $m
Ordinary Shares		
Dividends paid by Super Retail Group Limited during the interim period	**42.5**	42.5

Dividends not recognised at the end of the interim period

Subsequent to the end of the interim period, the Directors have declared the payment of an interim dividend of 21.5 cents (2015: 20.0 cents) per ordinary share fully franked based on tax paid at 30%.

	31 December 2016 $m	26 December 2015 $m
The aggregate amount of the interim dividend expected to be paid on 7 April 2017 (2015: 8 April 2016), out of retained profits at 31 December 2016, but not recognised as a liability at the end of the interim period is:	**42.4**	39.4

14. Financial assets and financial liabilities

(a) Financial instruments

The Group holds the following financial instruments:

Financial assets	Notes	Derivatives used for hedging $m	Financial assets at amortised cost $m	Total $m
31 December 2016				
Cash and cash equivalents		**-**	**28.9**	**28.9**
Trade and other receivables	6	**-**	**32.3**	**32.3**
Derivative financial instruments		**1.8**	**-**	**1.8**
Total		**1.8**	**61.2**	**63.0**
2 July 2016				
Cash and cash equivalents		-	15.6	15.6
Trade and other receivables	6	-	42.7	42.7
Derivative financial instruments		-	-	-
Total		-	58.3	58.3

Financial liabilities	Notes	Derivatives used for hedging $m	Financial assets at amortised cost $m	Total $m
31 December 2016				
Trade and other payables	9	**-**	**458.0**	**458.0**
Interest-bearing liabilities	10	**-**	**271.8**	**271.8**
Derivative financial instruments		**1.7**	**-**	**1.7**
Total		**1.7**	**729.8**	**731.5**
2 July 2016				
Trade and other payables	9	-	292.8	292.8
Interest-bearing liabilities	10	-	415.8	415.8
Derivative financial instruments		8.0	-	8.0
Total		8.0	708.6	716.6

The Group's exposure to various risks associated with the financial instruments is discussed in note 18 of the Group's 2016 Annual Report. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(b) Recognised fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

14. Financial assets and financial liabilities (continued)

(b) Recognised fair value measurements (continued)

(i) Fair value hierarchy (continued)

The following tables present the Group's entity's assets and liabilities measured and recognised at fair value.

31 December 2016	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets				
Derivatives used for hedging	**-**	**1.8**	**-**	**1.8**
Total	**-**	**1.8**	**-**	**1.8**
Financial liabilities				
Derivatives used for hedging	**-**	**1.7**	**-**	**1.7**
Total	**-**	**1.7**	**-**	**1.7**

2 July 2016	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets				
Derivatives used for hedging	-	-	-	-
Total	-	-	-	-
Financial liabilities				
Derivatives used for hedging	-	8.0	-	8.0
Total	-	8.0	-	8.0

There were no transfers between any levels for recurring fair value measurements during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date;
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

15. Investments in controlled entities

The Group's subsidiaries at 31 December 2016 are as detailed in note 34 of the Group's 2016 Annual Report. With the exception of changes to the Group's ownership interest in Fixed Price Car Service Australia Pty Ltd, detailed below, there were no other changes to the Group's ownership interest in these entities.

Fixed Price Car Service Australia Pty Ltd – August 2016

On 5 August 2016, the shareholders of Fixed Price Car Service Australia Pty Ltd, entered into an agreement to issue shares resulting in an increase in the Group's ownership interest to 63.1% from 61.85%. In recognising the change in ownership, the Group reassessed the value of the Group's non-controlling interest (NCI) held in Equity Reserves at the grant date, 5 August 2016, to reflect the change in NCI from 38.15% to 36.9%. The differential was transferred to a separate NCI Equity Reserve.

Infinite Retail Pty Ltd – November 2015

On 4 November 2015, the shareholders of Infinite Retail Pty Ltd, entered into an agreement resulting in an increase in the Group's ownership interest to 95% from 50.05%. In recognising the change in ownership, the Group reassessed the value of the Group's non-controlling interest (NCI) held in Equity Reserves at the grant date, 4 November 2015, to reflect the change in NCI from 49.95% to 5%. The differential was transferred to a separate NCI Equity Reserve.

16. Contingencies

	31 December 2016	2 July 2016
Guarantees	**$m**	**$m**
Guarantees issued by the bankers of the Group in support of various rental arrangements.		
The maximum future rental payments guaranteed amount to:	**3.7**	3.7

From time to time the Group is subject to legal claims as a result of its operations. An immaterial contingent liability may exist for any exposure over and above current provisioning levels.

17. Commitments

Commitments payable for the acquisition of plant and equipment and computer software, contracted for at the reporting date but not recognised as liabilities payable, total $14.4 million as at 31 December 2016 (2 July 2016: $4.0 million).

18. Related party transactions

The nature of related party transactions is consistent with those in the previous financial year. The Group's transactions with related parties are disclosed in note 24 of the Group's 2016 Annual Report. Transactions with related parties are at arm's length unless otherwise stated. Store lease payments made to related parties for the period ended 31 December 2016 are $5,658,738 (26 December 2015: $5,569,766).

19. Events occurring after reporting date

The Group undertakes an annual debt facility review based on future funding requirements. On 13 January 2017 the Group revised its unsecured debt facility to $523.0 million of bank debt funding and $37.0 million of multi-option facility (including indemnity/guarantee).

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Super Retail Group Limited, in the Directors' opinion:

(a) the consolidated interim financial statements and notes set out on pages 2 to 20, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of Group's financial position as at 31 December 2016 and of its performance, for the period ended on that date;

  (ii) complying with Accounting Standard *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that Super Retail Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors:

R J Wright
Chairman

P A Birtles
Group Managing Director and Chief Executive Officer

Brisbane
23 February 2017

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

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Super Retail Group Limited (the company), which comprises the consolidated balance sheet as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, selected explanatory notes and the directors' declaration for Super Retail Group Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 internal control as the directors determine is necessary to enable the preparation of the interim 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 interim financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 interim 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 2016 and its performance for the period 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 an interim 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 interim financial report of Super Retail Group Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the period ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

K Challenor

Kim Challenor
Partner

Brisbane
23 February 2017