SUPER RETAIL GROUP LIMITED (SUL)
INTERIM REPORT

FOR THE 26 WEEK PERIOD ENDED 26 DECEMBER 2015

SECTION A

APPENDIX 4D
INTERIM REPORT

SUPER RETAIL GROUP LIMITED (SUL)

ABN 81 108 676 204

Statutory Results

Current Reporting Period: From 28 June to 26 December 2015 (26 weeks)

Previous Reporting Period: From 29 June to 27 December 2014 (26 weeks)

Results for Announcement to the Market

	Statutory Results $m	Comparison to December 2014 $m
Revenue from ordinary activities	1,215.5	Up 6.0% from 1,147.1
Profit from ordinary activities after tax attributable to members	44.9	Up 33.6% from 33.6
Net profit for the period attributable to members	44.9	Up 33.6% from 33.6

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 26 December 2015 which accompanies this Appendix 4D.

For a brief explanation of the figures above please refer to the Results Announcement for the period ended 26 December 2015 and the Directors' Report, which forms part of the Interim Financial Report.

Dividends – Ordinary Shares

	Amount per share	Franked amount per share
2015 Final dividend	21.5¢	21.5¢
2016 Interim dividend (1)	20.0¢	20.0¢
Record date for determining entitlements to the interim dividend	8 March 2016	

(1) Declared 25 February 2016, payable 8 April 2016.

Net Tangible Assets per Security

	December 2015 $	June 2015 $
Net tangible assets per security	0.30	0.22

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 26 DECEMBER 2015

Contents

Page

Directors' Report

The Directors of Super Retail Group Limited present the Interim Financial Report for the 26 week period ended 26 December 2015.

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
S A M Pitkin
L K Inman (appointed 21 October 2015)
D J Eilert (appointed 21 October 2015)

Financial and Operational Review

An analysis of the Group's interim period's financial and operating performance from continuing operations is outlined below. Refer to note 34 of the Group's Annual Report for details on discontinued operations. The December 2014 comparative information has been adjusted to reflect continuing operations results for comparability.

a) <u>Group Results</u>

The reported Net Profit after Tax for the period attributable to Owners of Super Retail Group Limited was $44.9 million (2014: $33.6 million). Included in the period's Net Profit after Tax attributable to Owners is an impairment charge of $14.0 million related to the tax effected impairment of the $20.0 million Ray's Outdoors brand name.

Net Profit after Tax is adjusted for one-off charges relating to business restructuring, non-continuing operations and impairment of intangible assets to determine Normalised Net Profit After Tax.

Normalised Net Profit after Tax for the 26 week period ended 26 December 2015 is $58.9 million after adjusting for the Ray's Outdoors impairment. Normalised Net Profit after Tax for the prior comparable period was $60.2 million after adjusting for the $21.2 million loss from discontinued operations, being the Fishing Camping Outdoors business, and the tax effected business restructuring costs of $5.4 million relating to store closures and inventory provisioning for the repositioning of Rays.

The Directors resolved to impair the Ray's Outdoors brand name based on the underperformance of the older format Rays stores during the period and after reviewing their suitability for the Rays new format. This review identified that a greater number of existing stores will need to be relocated into the destination shopping locations of the business's target customers. Early customer reaction to the trial of the new Rays format has been positive and further market analysis has confirmed the opportunity. The Leisure Division plans to trial a further five Rays new format stores in the second half.

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

Financial Performance	**26 December 2015 $m**	**27 December 2014 $m**
Profit for the period	**41.5**	**33.1**
Loss for the period attributable to non-controlling interests	3.4	0.5
Profit for the period attributable to Owners of Super Retail Group Limited	**44.9**	**33.6**
Loss from discontinued operations	-	21.2
Profit for the period attributable to Owners of Super Retail Group Limited from continuing operations	**44.9**	**54.8**
Impairment of Ray's Outdoors brand name	14.0	-
Business restructuring costs	-	5.4
Normalised net profit after tax	**58.9**	**60.2**

Revenue Analysis

Sales for the period were $1,215.5 million (2014: $1,147.1 million), an increase of 6.0%.

The Auto Division had sales of $457.7 million which represented an increase of 6.1% over the prior comparative figure, the Leisure Division had sales of $302.3 million which represented an increase of 4.1% over the prior comparative figure and the Sports Division had sales of $452.0 million which represented an increase of 7.2% over the prior comparative figure.

Financial and Operational Review (continued)

a) Group Results (continued)

Store Movements

	Stores 27/6/2015	Opened	Closed	Rebranded	Stores 26/12/2015
Supercheap Auto	300	7	(1)	-	306
BCF	117	4	-	-	121
Rays	53	2	-	-	55
Rebel[(1)]	91	3	(2)	10	102
Amart Sports	56	2	(1)	-	57
Workout World[(1)(2)]	17	-	(3)	(10)	4
Group	**634**	**18**	**(7)**	**-**	**645**

[(1)] In May 2015, the Group announced the restructuring of the Workout World business to more closely integrate with the Rebel business. During the period, ten Workout World stores were rebranded as a sub-brand of Rebel as part of this initiative.

[(2)] The remaining four Workout World stores are anticipated to close by May 2016.

b) Auto Retailing

Sales increased by 6.1% to $457.7 million. Like for like sales growth was 3.9%, building on like for like growth of 2.1% in the prior comparative period.

During the 26 week period, the division opened seven new stores, closed one store, and refurbished 28 others, resulting in 306 stores trading at the end of December 2015.

Gross margin increased by 0.3% points over the prior comparative period as the division benefited from its continued focus on product range management, private brand development and sourcing initiatives to offset the impact of the weaker Australian dollar.

Segment EBIT grew by 10.2% to $48.7 million, with the Segment EBIT margin increasing by 0.4% points.

Operating costs as a percentage of sales, decreased by 0.2% points reflecting savings in administration expenses.

c) Leisure Retailing

Sales increased by 4.1% to $302.3 million, with like for like sales increasing by 2.6%. BCF delivered like for like sales growth of 3.1%, with total unit growth at 8.8% compensating for average item value decline of 2.4% as a result of the investment in every day competitive pricing. Rays delivered like for like growth of 1.0% driven predominantly by clearance in the first two months of the period.

Four new BCF stores and two new Rays stores were opened during the 26 week period bringing total stores across the division to 176 at the end of December 2015.

Gross margin decreased by 3.1% points to 41.9%. The largest driver of this movement was BCF gross margins which declined by 3.6% points due to pursuing a competitive pricing strategy, range clearance and an increase in unit sourcing costs.

Segment EBIT fell by 39.9% to $13.4 million with Segment EBIT margin decreasing by 3.2% points.

Operating costs as a percentage of sales were 0.3% points higher than the prior comparative period due reflecting the loss of leverage with like for like sales growth below 3% and the investment in establishing the new Rays format.

d) Sports Retailing

Sales increased by 7.2% to $452.0 million. Like for like sales for Rebel and Amart Sports increased by 6.1% over the 26 week period compounding the similar growth delivered in the prior comparative period.

Three Rebel stores and two Amart Sports stores were opened. Ten Workout World stores were rebranded as a sub-brand of Rebel as part of the Group's initiative to restructure Workout World. Two Rebel, one Amart Sports and three Workout World stores were closed. The division had 163 stores trading by the period end.

The combined Rebel, Amart Sports and Workout World Segment EBIT grew by 16.3% to $45.7 million with Segment EBIT margin higher by 0.8% points.

Financial and Operational Review (continued)

d) Sports Retailing (continued)

Gross margin at 46.1% was 0.2% points higher than the prior comparative period, reflecting range management initiatives and a reduced level of clearance activity. Operating costs, as a percentage of sales, were 0.6% points below the comparative period benefiting from the strong like for like sales growth.

The Infinite Retail business contributed a Segment EBIT loss of $3.1 million to the Sports Segment Result. The Division has implemented a number of initiatives to address the loss making events and partner website business, and to build the performance of the core Fangear online business.

e) Group and Unallocated

Group costs at $11.6 million were $2.6 million higher than the prior comparative period. The increase was driven by $3.9 million invested in developing the Group's digital businesses, Fixed Price Car Service, Youcamp and Aussie Outdoors as well as building our Group wide digital capability. It has been determined to expense rather than capitalise these costs given the level of uncertainty in the outcome of these ventures.

The Group continues to carry excess storage costs of $4.1 million that will progressively be eliminated over time by business growth or exiting surplus distribution centre space.

f) Cash Flow and Net Debt

Operating cash flow pre-store investment and business acquisition costs at $197.2 million was $48.3 million higher than the prior comparative period. This additional cash flow has supported a $53.2m investment in the store network including new stores and refurbished stores.

Closing net debt (interest-bearing liabilities less cash and cash equivalents) of $297.2 million was $40.0 million lower than at the end of December 2014, reflecting the improvement in inventory in addition to underlying improvements and timing benefits in trade payables. The Group invested a further $33.0 million in new and refurbished stores during the half and $12.0 million in general capital expenditure projects.

Net debt is comfortably within the Group's facility limits and all associated banking covenants have been achieved.

The Group Strategy and Material Business Risks remain consistent with those disclosed in the 2015 Annual Report.

Dividends

On 25 February 2016, the Directors declared a dividend of 20.0 cents fully franked. The dividend will be paid on 8 April 2016.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, 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
Brisbane
25 February 2016

P A Birtles
Group Managing Director and Chief Executive Officer

pwc

Auditor's Independence Declaration

As lead auditor for the review of Super Retail Group Limited for the period ended 26 December 2015, 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.

K Challenor

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
25 February 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Comprehensive Income

For the 26 weeks period ended 26 December 2015

CONTINUING OPERATIONS	Notes	26 December 2015 $m	27 December 2014 $m
Revenue from continuing operations		**1,215.5**	1,147.1
Other income from continuing operations		**0.8**	1.0
Total revenues and other income		**1,216.3**	1,148.1
Expenses			
Cost of sales of goods		**686.9**	644.3
Other expenses from ordinary activities			
- selling and distribution		**153.9**	148.2
- marketing		**51.9**	49.0
- occupancy		**95.3**	92.4
- administration		**158.6**	125.8
Net finance costs	4	**10.1**	11.8
Total expenses		**1,156.7**	1,071.5
Profit before income tax from continuing operations		**59.6**	76.6
Income tax expense	5	**(18.1)**	(22.3)
Profit for the period from continuing operations		**41.5**	54.3
DISCONTINUED OPERATIONS			
Loss from discontinued operations		**-**	(21.2)
Profit for the period		**41.5**	33.1
Profit for the period is attributable to:			
Owners of Super Retail Group Limited		**44.9**	33.6
Non-controlling interests		**(3.4)**	(0.5)
		41.5	33.1
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**(2.6)**	5.6
Exchange differences on translation of foreign operations		**0.6**	1.8
Other comprehensive income for the period, net of tax		**(2.0)**	7.4
Total comprehensive income for the period		**39.5**	40.5
Total comprehensive income for the period is attributable to:			
Continuing operations		**39.5**	61.4
Discontinued operations		**-**	(20.9)
		39.5	40.5
Total comprehensive income for the period is attributable to:			
Owners of Super Retail Group Limited		**42.9**	41.0
Non-controlling interests		**(3.4)**	(0.5)
		39.5	40.5
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic earnings per share		**22.8**	27.8
Diluted earnings per share		**22.6**	27.6
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**22.8**	17.0
Diluted earnings per share		**22.6**	16.9

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

Consolidated Balance Sheet

As at 26 December 2015

	Notes	26 December 2015 $m	27 June 2015 $m
ASSETS			
Current assets			
Cash and cash equivalents		**68.1**	13.1
Trade and other receivables	6	**50.8**	29.3
Current tax assets		**-**	2.9
Derivative financial instruments		**2.4**	6.8
Inventories		**583.4**	505.6
Total current assets		**704.7**	557.7
Non-current assets			
Property, plant and equipment	7	**244.1**	224.1
Intangible assets	8	**777.0**	801.3
Total non-current assets		**1,021.1**	1,025.4
Total assets		**1,725.8**	1,583.1
LIABILITIES			
Current liabilities			
Trade and other payables	9	**448.9**	268.6
Interest-bearing liabilities	10	**1.2**	2.2
Current tax liabilities		**9.9**	-
Derivative financial instruments		**3.4**	4.1
Provisions	11	**42.4**	48.6
Total current liabilities		**505.8**	323.5
Non-current liabilities			
Trade and other payables	9	**40.5**	36.7
Interest-bearing liabilities	10	**364.1**	389.8
Deferred tax liabilities		**37.0**	51.5
Provisions	11	**17.0**	16.3
Total non-current liabilities		**458.6**	494.3
Total liabilities		**964.4**	817.8
NET ASSETS		**761.4**	765.3
EQUITY			
Contributed equity	12	**542.3**	542.3
Reserves		**3.8**	13.2
Retained earnings		**215.2**	212.8
Capital and reserves attributable to owners of Super Retail Group Limited		**761.3**	768.3
Non-controlling interests		**0.1**	(3.0)
TOTAL EQUITY		**761.4**	765.3

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 26 December 2015

	Notes	Contributed Equity $m	Reserves $m	Retained Earnings $m	Total $m	Non-Controlling Interests $m	Total Equity $m
Balance at 28 June 2014		542.3	7.7	210.4	760.4	-	760.4
Profit for the period		-	-	33.6	33.6	(0.5)	33.1
Other comprehensive income for the period		-	7.4	-	7.4	-	7.4
Total comprehensive income for the period		-	7.4	33.6	41.0	(0.5)	40.5
Transactions with owners in their capacity as owners							
Dividends provided for or paid		-	-	(42.3)	(42.3)	-	(42.3)
Employee performance rights		-	0.8	-	0.8	-	0.8
Acquisition of non-controlling interests		-	-	-	-	1.0	1.0
Change in ownership interest in controlled entities		-	-	-	-	-	-
		-	0.8	(42.3)	(41.5)	1.0	(40.5)
Balance at 27 December 2014		542.3	15.9	201.7	759.9	0.5	760.4
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**
Acquisition of non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**
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**

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 26 December 2015

	26 December 2015 $m	27 December 2014 $m
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**1,327.5**	1,280.6
Payments to suppliers and employees (inclusive of goods and services tax)	**(1,022.0)**	(1,010.5)
Rental payments:		
- external	**(104.2)**	(101.7)
- related parties	**(5.6)**	(5.4)
Income taxes paid	**(18.7)**	(22.3)
Net cash inflow from operating activities	**177.0**	140.7
Cash flows from investing activities		
Payments for property, plant and equipment and software	**(45.0)**	(39.1)
Payments for business acquired (net of cash acquired)	**0.0**	(1.5)
Net cash (outflow) from investing activities	**(45.0)**	(40.6)
Cash flows from financing activities		
Proceeds from borrowings	**462.1**	401.9
Repayment of borrowings	**(488.0)**	(399.5)
Finance lease payments	**(0.9)**	(1.2)
Interest paid	**(7.9)**	(12.4)
Interest received	**0.0**	0.2
Dividend paid to Company's shareholders	**(42.5)**	(42.3)
Net cash (outflow) from financing activities	**(77.2)**	(53.3)
Net increase in cash and cash equivalents	**54.8**	46.8
Cash and cash equivalents at the beginning of the period	**13.1**	24.2
Effects of exchange rate changes on cash and cash equivalents	**0.2**	0.1
Cash and cash equivalents at the end of the interim period	**68.1**	71.1

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

Notes to the Consolidated Financial Statements

For the 26 weeks ended 26 December 2015

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 26 December 2015 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 26 December 2015 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 27 June 2015 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	Summary of Changes	Group Impact
AASB 2012-3 Offsetting Financial Assets and Financial Liabilities	1 July 2015	Clarifies the offsetting rules in *AASB 132 Financial Instruments: Presentation* (AASB 132), and explains when offsetting can be applied.	Adopted with no significant impacts.
AASB 2013-3 Limited amendment of impairment disclosures	1 July 2015	Removes the requirement to disclose the recoverable amount of all cash generating units (CGU) that contain goodwill or identifiable assets with indefinite lives if there has been no impairment, requires disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed, and requires detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.	Adopted with no significant impacts.
AASB 2013-4 Novation of derivatives and hedge accounting	1 July 2015	Allows for the continuation of hedge accounting when a derivative is novated, provided specific conditions are met.	Adopted with no significant impacts.
AASB 2014-1 Part A Annual improvements project – 2010-2012 cycle	1 July 2015	An annual improvements project clarifies minor points in various Australian accounting standards	Adopted with no significant impacts.
AASB 2014-1 Part A Annual improvements project – 2011-2013 cycle	1 July 2015	An annual improvements project clarifies minor points in various Australian accounting standards	Adopted with no significant impacts.
AASB 9 Financial Instruments	1 January 2018	Addresses the classification, measurement and de-recognition of financial assets and financial liabilities and new rules for hedge accounting.	Future obligation; impacts not assessed.
IFRS 15 Revenue from Contracts with Customers	1 January 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.	Future obligation; impacts not assessed.

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 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 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:

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)**
Loss from discontinuing operations						**-**
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 expenses 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, refer to note 8.

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.

Notes to the Consolidated Financial Statements (continued)

For the 26 weeks ended 26 December 2015

3. Segment information (continued)

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

Restated[1] For the period ended 27 December 2014	**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[2]	431.5	290.5	421.5	1,143.5	5.1	1,148.6
Inter segment sales	-	-	-	-	(1.5)	(1.5)
Other income	0.2	-	0.2	0.4	0.6	1.0
Total segment revenue and other income	431.7	290.5	421.7	1,143.9	4.2	1,148.1
Segment EBITDA[3]	55.4	30.5	48.6	134.5	(8.7)	125.8
Segment depreciation and amortisation[4]	(11.2)	(8.2)	(9.7)	(29.1)	(0.3)	(29.4)
Segment EBIT result	44.2	22.3	38.9	105.4	(9.0)	96.4
Net finance costs[5]						(11.6)
Total segment NPBT						84.8
Segment income tax expense[6]						(24.6)
Normalised NPAT						60.2
Other items not included in the total segment NPAT[7]						(5.4)
Loss from discontinuing operations						(21.2)
Profit for the period attributable to:						
Owners of Super Retail Group Limited						33.6
Non-controlling interests						(0.5)
Profit for the period						33.1

(1)Restated for discontinued operations relating to the Fishing Camping Outdoors business, which ceased operations prior to 27 June 2015. Refer to note 34, Discontinued Operations, of the Group's 2015 Annual Report for further details.

(2)Includes NCI revenue of $6.7 million.

(3)Adjusted for business restructuring costs for continuing operations of $7.7 million and discontinuing operations of $21.2 million; of which $19.2 million related to provisions and $2.0 million related to trading losses. Adjusted for NCI operating expenses of $0.3 million.

(4)Adjusted for expenses pertaining to discontinued operations of $0.5 million. Adjusted for NCI depreciation of nil.

(5)Adjusted for NCI interest of $0.2 million.

(6)The 2014 segment income tax expense of $24.7 excludes $2.3 million relating to the tax effect of business restructuring costs with a value of $7.7 million.

(7)Includes $7.7 million of business restructuring costs, the related income tax effect of $2.3 million.

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.

	26 December 2015 $m	27 December 2014 $m

4. Expenses from continuing operations

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

	26 December 2015 $m	27 December 2014 $m
Expenses		
Net loss on disposal of property, plant and equipment	**-**	0.3
Depreciation		
Plant and equipment	**18.7**	17.5
Computer equipment	**4.7**	4.1
Total depreciation[1]	**23.4**	21.6

[1] The 2014 expense excludes an additional $0.5 million depreciation expenses pertaining to discontinued operations.

	26 December 2015 $m	27 December 2014 $m
Amortisation and impairment charge		
Computer software	**9.2**	7.7
Brand name[2]	**20.0**	0.1
Total amortisation and impairment charge	**29.2**	7.8

[2] The 2015 expense relates to an impairment charge for the Ray's Outdoors brand name, refer to note 8.

	26 December 2015 $m	27 December 2014 $m
Net finance costs		
Interest and finance charges	**10.1**	12.0
Interest revenue	**-**	(0.2)
Net finance costs	**10.1**	11.8
Employee benefits expense		
Superannuation	**16.5**	15.3
Salaries and wages	**216.5**	200.0
Total employee benefits expense[3]	**233.0**	215.3

[3] The 2014 expense excludes an additional $2.2 million salary and wages expenses pertaining to discontinued operations.

	26 December 2015 $m	27 December 2014 $m
Rental expense relating to operating leases		
Lease expenses	**104.5**	99.6
Equipment hire	**4.3**	5.3
Total rental expense relating to operating leases[4]	**108.8**	104.9

[4] The 2014 expense excludes an additional $8.6 million lease expenses pertaining to discontinued operations.

	26 December 2015 $m	27 December 2014 $m
Foreign exchange gains and losses		
Net foreign exchange loss	**(1.1)**	0.5

5. Income tax

	26 December 2015 $m	27 December 2014 $m
Income tax expense		
Current tax expense	**27.3**	28.7
Deferred tax (benefit)	**(9.4)**	(6.7)
Adjustments to tax expense of prior periods	**0.2**	0.3
	18.1	22.3
Deferred income tax expense/(revenue) included in income tax expense comprises:		
(Increase) in deferred tax assets	**(2.4)**	(10.9)
(Decrease)/increase in deferred tax liabilities	**(7.0)**	4.2
	(9.4)	(6.7)

	26 December 2015 $m	27 June 2015 $m

6. Trade and other receivables

	26 December 2015 $m	27 June 2015 $m
Current		
Trade receivables	**25.3**	12.8
Provision for impairment of receivables	**(0.2)**	(0.3)
Net trade receivables	**25.1**	12.5
Other receivables	**12.3**	7.8
Prepayments	**13.4**	9.0
Net current trade and other receivables	**50.8**	29.3

7. Property, plant and equipment

	26 December 2015 $m	27 June 2015 $m
Plant and equipment, at cost	**393.2**	360.7
Less accumulated depreciation	**(177.1)**	(161.2)
Net plant and equipment	**216.1**	199.5
Motor vehicles, at cost	**0.4**	0.5
Less accumulated depreciation	**(0.3)**	(0.3)
Net motor vehicles	**0.1**	0.2
Computer equipment, at cost	**90.5**	83.9
Less accumulated depreciation	**(62.6)**	(59.5)
Net computer equipment	**27.9**	24.4
Total net property, plant and equipment	**244.1**	224.1

8. Intangible assets

	26 December 2015 $m	27 June 2015 $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	**152.6**	147.7
Less accumulated amortisation	**(69.8)**	(60.6)
Net computer software	**82.8**	87.1
Brand names at cost	**267.5**	267.5
Less accumulated amortisation and impairment charge	**(20.9)**	(0.9)
Net brand names	**246.6**	266.6
Total net intangible assets	**777.0**	801.3

8. Intangible assets (continued)

Impairment tests for the useful life for brands

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 is determined as nil, based on a value in use calculation using a pre-tax discount rate of 14.0% (June 2015: 14.0%) and terminal growth rate of 3.0% (June 2015: 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 has 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.

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 15 of the Group's 2015 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.

9. Trade and other payables

	26 December 2015 $m	27 June 2015 $m
Current		
Trade payables	**327.9**	194.9
Other payables	**116.9**	70.1
Straight line lease adjustment	**4.1**	3.6
Total current trade and other payables	**448.9**	268.6
Non-current		
Straight line lease adjustment	**40.5**	36.7
Total non-current trade and other payables	**40.5**	36.7

10. Interest-bearing liabilities

	26 December 2015 $m	27 June 2015 $m
Current		
Finance leases - secured by leased asset	**1.2**	1.6
Bank debt funding facility - secured	**-**	0.6
Total current interest-bearing liabilities	**1.2**	2.2
Non-current		
Finance leases – secured by leased asset	**0.5**	1.0
Bank debt funding facility - secured	**0.1**	0.1
Bank debt funding facility - unsecured[1]	**363.5**	387.8
Loan from related parties - unsecured	**-**	0.9
Total non-current interest-bearing liabilities	**364.1**	389.8

[1] Net of borrowing costs capitalised of $1.5 million (June 2015: $1.7 million).

Notes to the Consolidated Financial Statements (continued)

For the 26 weeks ended 26 December 2015

11. Provisions

	26 December 2015 $m	27 June 2015 $m
Current		
Employee benefits	**37.8**	37.9
Surplus leases	**1.9**	7.2
Make good provision	**1.2**	1.5
Other provisions	**1.5**	2.0
Total current provisions	**42.4**	48.6
Non-current		
Employee benefits	**8.0**	7.6
Surplus leases	**1.8**	2.2
Make good provision	**7.2**	6.5
Total non-current provisions	**17.0**	16.3

12. Contributed equity

(a) Share Capital

	26 December 2015 $m	27 June 2015 $m
Ordinary shares fully paid (197,177,318 ordinary shares as at 26 December 2015)	**542.3**	542.3

(b) Movement in ordinary share capital

	Number of Shares	Issue Price	$m
Balance 28 June 2014	196,731,620		542.3
Shares issued under performance rights	298,951	-	-
Balance 27 June 2015	197,030,571		542.3
Shares issued under performance rights	146,747	-	-
Closing balance 26 December 2015	197,177,318		542.3

13. Dividends

	26 December 2015 $m	27 December 2014 $m
Ordinary Shares		
Dividends paid by Super Retail Group Limited during the interim period	**42.5**	42.3
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 20.0 cents (2014: 18.5 cents) per ordinary share fully franked based on tax paid at 30%.		
The aggregate amount of the interim dividend expected to be paid on 8 April 2016 (2014: 2 April 2015), out of retained profits at 26 December 2015, but not recognised as a liability at the end of the interim period is	**39.4**	36.5

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
26 December 2015				
Cash and cash equivalents		**-**	**68.1**	**68.1**
Trade and other receivables	6	**-**	**50.8**	**50.8**
Derivative financial instruments		**2.4**	**-**	**2.4**
Total		**2.4**	**118.9**	**121.3**
27 June 2015				
Cash and cash equivalents		-	13.1	13.1
Trade and other receivables	6	-	29.3	29.3
Derivative financial instruments		6.8	-	6.8
Total		6.8	42.4	49.2
Financial liabilities				
26 December 2015				
Trade and other payables	9	**-**	**489.4**	**489.4**
Interest-bearing liabilities	10	**-**	**365.3**	**365.3**
Derivative financial instruments		**3.4**	**-**	**3.4**
Total		**3.4**	**854.7**	**858.1**
27 June 2015				
Trade and other payables	9	-	305.3	305.3
Interest-bearing liabilities	10	-	392.0	392.0
Derivative financial instruments		4.1	-	4.1
Total		4.1	697.3	701.4

The Group's exposure to various risks associated with the financial instruments is discussed in note 24 of the Group's 2015 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.

	Level 1	Level 2	Level 3	Total
26 December 2015	**$m**	**$m**	**$m**	**$m**
Financial assets				
Derivatives used for hedging	**-**	**2.4**	**-**	**2.4**
Total	**-**	**2.4**	**-**	**2.4**
Financial liabilities				
Derivatives used for hedging	**-**	**3.4**	**-**	**3.4**
Total	**-**	**3.4**	**-**	**3.4**

	Level 1	Level 2	Level 3	Total
27 June 2015	**$m**	**$m**	**$m**	**$m**
Financial assets				
Derivatives used for hedging	-	6.8	-	6.8
Total	-	6.8	-	6.8
Financial liabilities				
Derivatives used for hedging	-	4.1	-	4.1
Total	-	4.1	-	4.1

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 26 December 2015 are as detailed in note 31 of the Group's 2015 Annual Report. With the exception of changes to the Group's ownership interest in Infinite Retail Pty Ltd, detailed below, there were no other changes to the Group's ownership interest in these entities.

Infinite Retail Pty Ltd

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

	26 December 2015 $m	27 December 2014 $m
Guarantees		
Guarantees issued by the bankers of the Group in support of various rental arrangements for certain retail outlets and support of banking arrangements for associates.		
The maximum future rental payments guaranteed amount to:	**4.0**	5.7

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 $13.0 million as at 26 December 2015 (27 June 2015: $4.5 million).

18. Related party transactions

During the interim period ended 26 December 2015, Super Retail Group Limited transacted with related parties of the Group as outlined below. All transactions with related parties are at arm's length and are based on normal commercial terms and conditions.

(a) Loans to / (from) Related Parties

	26 December 2015 $	27 December 2014 $
Loans to / (from) Related Parties		
Loan from related parties(1)	**-**	(923,470)
Loan to related parties(2)	**50,000**	-

(1)Two equal loans from Sports and Entertainment Limited (SEL) and Mulawa Pty Ltd, entities with a non-controlling interest in Infinite Retail Pty Ltd, a controlled entity of the Group. The loans are deemed to be on an arms-length basis, attracting interest at a rate of 6.9%. This loans were both repaid in November 2015 in line with the particulars of the restructure agreement entered into by the Group, SEL and Mulawa, relating to the change in ownership interest in Infinite Retail Pty Ltd. Refer to note 15 - Investments in controlled entities.
(2)Loan to James Woodford Pty Ltd, an entity with a non-controlling interest in Youcamp Pty Ltd, a controlled entity of the Group. A $50,000 loan was extended as part of the Group's acquisition arrangements with Youcamp Pty Ltd, refer to note 33(d) - Business combinations of the Group's 2015 Annual Report.

18. Related party transactions (continued)

(b) Transactions with other related parties

Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with related parties:

	26 December 2015 $	27 December 2014 $
Purchase of goods and services		
Store lease payment(1)	**5,569,766**	5,589,273
Inventories(2)	**31,217**	882,919
Royalties for brand name(3)	**84,819**	46,697
Finance costs(4)	**8,260**	80,830

(1) Rent on properties, with rates which are deemed to be on an arms-length basis. Rent payable at year-end was nil (2014: nil).

(2) Inventories sourced from Velocity Brand Management Pty Ltd (VBML) a sports licensing agency and it's operating entities Velocity Brand Management NZ Limited and VBM Manufacturing Pty Ltd which are deemed to be on an arms-length basis.

(3) Royalties are payable to certain sporting codes and paid indirectly via VBML under the licencing agreements with VBML.

(4) Interest paid and accrued relating to the related party loans to SEL and Mulawa at a rate of 6.9% (2014: 6.9%), in addition to motor vehicle finance lease charges paid to VBML at a rate of 6.22% (2014: 6.22%), These transactions are determined to be on an arms-length basis.

19. Events occurring after reporting date

No matters or circumstances have arisen since 26 December 2015 that have significantly affected or may significantly affect the Group's operations or state of affairs in future financial years.

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 21, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of Group's financial position as at 26 December 2015 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
25 February 2016

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 26 December 2015, the consolidated comprehensive income statement, 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 (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 26 December 2015 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 a 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*.

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

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:

a) giving a true and fair view of the consolidated entity's financial position as at 26 December 2015 and of its performance for the period ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

K Challenor

Kim Challenor
Partner
Partner

Brisbane
25 February 2016