SUPER RETAIL GROUP LIMITED (SUL)
INTERIM REPORT

FOR THE 26 WEEK PERIOD ENDED 28 DECEMBER 2013

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SECTION A

APPENDIX 4D
HALF YEAR REPORT

SUPER RETAIL GROUP LIMITED (SUL)

ABN 81 108 676 204

Statutory Results

Current Reporting Period: From 30 June to 28 December 2013
Previous Reporting Period: From 1 July to 29 December 2012

Results for Announcement to the Market

		Amount $m
Revenue from ordinary activities	Up 5.8% to	1,096.5
Profit from ordinary activities after tax attributable to members	Up 1.7% to	61.6
Net profit for the period attributable to members	Up 1.7% to	61.6

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

Dividends – Ordinary Shares

	Amount per security	**Franked amount per security**
2013 Final dividend declared 21 August 2013 (paid 2 October 2013)	21.0¢	21.0¢
2014 Interim dividend declared 19 February 2014 (payable 3 April 2014)	18.5¢	18.5¢
Record date for determining entitlements to the interim dividend	3 March 2014	

The Company has a Dividend Reinvestment Plan.

Net Tangible Assets per Security

	December 2013 $	**June 2013 $**
Net Tangible assets per security	0.21	0.21

Financial Information

The Appendix 4D should be read in conjunction with the consolidated financial report for the 26 weeks ending 28 December 2013 as set out on pages 3 to 21.

Foreign Entities

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

Information on Audit or Review

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

SECTION B

SUPER RETAIL GROUP LIMITED

INTERIM FINANCIAL REPORT

FOR THE 26 WEEKS ENDED 28 DECEMBER 2013

DIRECTORS' REPORT

The Directors of Super Retail Group Limited submit herewith the financial report for the 26 week period ended 28 December 2013.

Directors

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

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

Review of Operations

The consolidated net profit for the period was $61.6 million (2012: $60.6 million). Sales for the period were $1,096.5 million (2012: $1,036.8 million). The Auto Division had sales of $415.0 million which represented an increase of 3.7% over the prior comparative figure, the Leisure Division had sales of $306.9 million which represented an increase of 8.1% over the prior comparative figure and the Sports Division had sales of $370.2 million which represented an increase of 6.3% over the prior comparative figure.

The store movements during the period were as follows:

	Stores 29/6/2013	Opened / Acquired	Converted / Closed	Stores 28/12/2013
Supercheap Auto	288	4	(2)	290
BCF	105	7	0	112
Ray's Outdoors	55	3	(1)	57
FCO New Zealand	13	0	0	13
Goldcross	7	0	(7)	0
Rebel	92	1	0	93
Rebel Fit	0	1	0	1
Amart Sports	42	7	0	49
Workout World	0	21	0	21
Group	**602**	**44**	**(10)**	**636**

The Group acquired the intellectual property, inventory and store assets of fitness equipment retailer, Workout World in November 2013.

Auto Retailing

Like for like sales growth was 2.3%, building on like for like growth of 5.2% in the prior comparative period.

EBIT grew by 9.5% to $44.9 million, with the EBIT margin increasing by 0.6% points.

Gross margins increased by 0.3% points over the prior comparative period as the division benefited from its continued focus on product range management, own brand development, and sourcing initiatives.

Operating costs decreased by 0.5% points reflecting efficiencies in marketing and administration partly offset by an increase in division's share of the Group's investment in multi-channel capabilities.

Leisure Retailing

Like for like sales growth was 1.6% with cannibalisation from new stores and a downturn in demand in stores in regional and mining areas dampening the contribution of the BCF business. Like for like growth in continuing categories in the Rays Outdoors and FCO businesses was as forecasted.

EBIT fell by 8.3% to $24.4 million and EBITDA fell by 1.6% to $31.1 million.

Gross margin decreased by 1.4% points. Gross margins in the Rays Outdoors and FCO businesses decreased reflecting planned clearance activity in Rays Outdoors and a stronger promotional program in FCO. Gross margin was below plan in the BCF business reflecting an increase in promotional activity to drive sales during the Christmas period.

Operating costs as a percentage of sales were in line with the prior comparative period. Efficiencies in store operating and administration costs offset an increase in the Division's share of the Group's investment in multi-channel capabilities.

Sports Retailing

Like for like sales growth increased by 5.5% over the 26 week period. This strong result compounded the 8.3% delivered in the prior comparative period.

EBIT grew by 5.5% to $38.4 million and EBITDA grew by 8.5% to $46.2 million.

Gross margin at 46.3% was 0.1% point below the prior comparative period with an underlying improvement partly offset by a short period of challenges during the implementation of the Group's ERP system into the division.

Cash Flow and Net Debt

Operating cash flow pre store investment and business acquisition costs at $172.1 million was $54.5 million lower than the prior comparative period, although the prior period had approximately $75 million of timing benefits. Group Operating Cash Flow continues to exceed EBITDA reflecting the focus on working capital reduction.

Closing Net Debt of $293.4 million was $35.9 million lower than at the end of June 2013, reflecting the strong underlying cash generation across the Group. The Group invested a further $37.3million in new and refurbished stores during the half and $39.2 million in general capital expenditure projects mainly associated with multi-channel business capability development.

Net debt is comfortably within the Group's facility limits and all associated banking covenants have been achieved. During the period the Group modified its core debt facility by increasing the facility to $600m and extending tenor on improved terms including the facility becoming unsecured.

The Group Strategy and Material Business Risks remain consistent with those disclosed in the 2013 Annual Report.

Dividends

On 19 February 2014, the Directors declared a dividend of 18.5 cents fully franked. The dividend will be paid on 3 April 2014.

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 Financial Report. 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	**P A Birtles**
Director	Director

Brisbane
19 February 2014

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Auditor's Independence Declaration

As lead auditor for the review of Super Retail Group Limited for the half-year ended 28 December 2013, 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.

MK Graham
Partner
PricewaterhouseCoopers

Brisbane
19 February 2014

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CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
For the 26 weeks ended 28 December 2013

	Notes	Consolidated entity (Interim) 28 December 2013 $m	29 December 2012 $m
Revenue and other income			
Revenue from continuing operations	3	**1,096.5**	1,036.8
Other income	4	**1.1**	1.1
Total revenues and other income		**1,097.6**	1,037.9
Expenses			
Cost of sales of goods		**610.4**	578.7
Other expenses from ordinary activities:			
- selling and distribution		**138.4**	119.7
- marketing		**52.0**	51.6
- occupancy		**84.3**	76.0
- administration		**111.2**	112.1
Finance costs expense		**13.1**	13.5
Share of net loss of associates accounted for using the equity method		**0.2**	-
Total Expenses		**1,009.6**	951.6
Profit before income tax		**88.0**	86.3
Income tax expense	6	**(26.4)**	(25.7)
Profit attributable to Owners of Super Retail Group Limited		**61.6**	60.6
Other comprehensive income			
Cash flow hedges		**(1.3)**	(1.1)
Exchange differences on translation of foreign operations		**4.5**	-
Other comprehensive (loss)/income for the half year, net of tax		**3.2**	(1.1)
Total comprehensive income for the half year		**64.8**	59.5
Total comprehensive income for the year is attributable to:			
Owners of Super Retail Group Limited		**64.8**	59.5
Earnings per share for profit attributable to the ordinary equity holders of the company			
		Cents	Cents
Basic earnings per share		**31.3**	30.9
Diluted earnings per share		**31.1**	30.7

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 28 December 2013

	Notes	Consolidated entity (Interim) 28 December 2013 $m	29 June 2013 $m
ASSETS			
Current assets			
Cash and cash equivalents	7	**62.7**	22.3
Trade and other receivables	8	**46.1**	42.3
Inventories	9	**511.8**	452.6
Total current assets		**620.6**	517.2
Non-current assets			
Investments accounted for using the equity method		**5.3**	-
Property, plant and equipment	10	**201.9**	192.6
Intangible assets	11	**794.2**	769.7
Total non-current assets		**1,001.4**	962.3
Total assets		**1,622.0**	1,479.5
LIABILITIES			
Current liabilities			
Trade and other payables	12	**383.6**	274.3
Borrowings	13	**3.1**	3.3
Current tax liabilities	14	**7.8**	7.8
Provisions	15	**29.4**	27.9
Total current liabilities		**423.9**	313.3
Non-current liabilities			
Trade and other payables	16	**25.5**	22.8
Borrowings	17	**353.0**	348.3
Deferred tax liabilities	18	**53.1**	53.5
Provisions	19	**11.0**	10.1
Total non-current liabilities		**442.6**	434.7
Total liabilities		**866.5**	748.0
Net assets		**755.5**	731.5
EQUITY			
Contributed equity	20	**542.3**	542.3
Reserves		**13.2**	9.5
Retained earnings		**200.0**	179.7
Total equity attributable to equity holders of Super Retail Group Limited		**755.5**	731.5

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 26 weeks ended 28 December 2013

	Contributed Equity $m	Reserves $m	Retained Earnings $m	Total $m
Balance at 1 July 2012	541.8	(0.7)	147.8	688.9
Profit attributable to members for the period	-	-	60.6	60.6
Other comprehensive income for the period	-	(1.1)	-	(1.1)
Total comprehensive income for the period	-	(1.1)	60.6	59.5
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction cost	0.2	-	-	0.2
Dividends provided for or paid	-	-	(37.3)	(37.3)
Employee share options and performance rights	-	1.3	-	1.3
	0.2	1.3	(37.3)	(35.8)
Balance at 29 December 2012	**542.0**	**(0.5)**	**171.1**	**712.6**
Balance at 30 June 2013	542.3	9.5	179.7	731.5
Profit attributable to members for the period	-	-	61.6	61.6
Other comprehensive income for the period	-	3.2	-	3.2
Total comprehensive income for the period	**-**	**3.2**	**61.6**	**64.8**
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction cost	-	-	-	-
Dividends provided for or paid	-	-	(41.3)	(41.3)
Employee share options and performance rights	-	0.5	-	0.5
	-	0.5	(41.3)	(40.8)
Balance at 28 December 2013	**542.3**	**13.2**	**200.0**	**755.5**

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

CONSOLIDATED CASH FLOW STATEMENT
For the 26 weeks ended 28 December 2013

	Notes	Consolidated entity (Interim)	
		28 December 2013 $m	**29 December 2012 $m**
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,200.7**	1,120.3
Payments to suppliers and employees (inclusive of goods and services tax)		**(921.2)**	(798.2)
Rental payments:			
- external		**(91.0)**	(86.4)
- related parties		**(5.4)**	(5.3)
Income taxes paid		**(26.3)**	(24.0)
Net cash inflow from operating activities	24	**156.8**	206.4
Cash flows from investing activities			
Payments for business acquired (net of cash acquired)		**(4.2)**	(6.0)
Payments for property, plant, equipment and software		**(61.2)**	(53.2)
Net cash (outflow) from investing activities		**(65.4)**	(59.2)
Cash flows from financing activities			
Proceeds from borrowings		**441.4**	263.8
Repayments of borrowings		**(438.3)**	(308.9)
Interest paid		**(13.1)**	(13.3)
Dividend paid to company's shareholders		**(41.3)**	(37.3)
Proceeds from issue of shares		**-**	0.2
Net cash inflow/(outflow) from financing activities		**(51.3)**	(95.5)
Net increase/(decrease) in cash and cash equivalents		**40.1**	51.7
Cash and cash equivalents at the beginning of the period		**22.3**	47.0
Effects of exchange rate changes on cash and cash equivalents		**0.3**	-
Cash and cash equivalents at the end of the financial period	7	**62.7**	98.7

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 26 WEEKS ENDED 28 DECEMBER 2013

1. Basis of preparation of interim financial report

This condensed consolidated financial report for the 26 week period ended 28 December 2013 has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB134: Interim Financial Reporting.

The condensed consolidated financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the period ended 29 June 2013 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.

New and amended standards adopted by the group

The Group has applied the following standards and amendments for first time in the annual reporting period ending 28 June 2014:

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period

- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle and

- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities

The adoption of AASB 11, AASB 13 and AASB 119 resulted in an immaterial impact and therefore no adjustments to the amounts recognised in the financial statements. These are explained and summarised below. The other standards only affected the disclosures in the notes to the financial statements.

Change in accounting policy: consolidated financial statements and joint arrangements
AASB 10 Consolidated Financial Statements was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements and in Interpretation 112 Consolidation – Special Purpose Entities.

The Group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

VBM Retail Pty Limited was previously accounted for as a jointly controlled entity using the proportionate consolidation method. Under AASB11 VBM Retail Pty Limited is now accounted for using the equity method. The impact of this change is immaterial and comparative figures have not been restated.

1. Basis of preparation of interim financial report (continued)

Change in accounting policy: employee benefits
The adoption of the revised AASB119 Employee Benefits has also changed the accounting for the Group's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, this did change the measurement of these obligations, as the entire obligation is now measured on a discounted basis. However, the impact of this change was immaterial since the majority of the leave is still expected to be taken within a short period after the end of the reporting period.

Change in accounting policy: fair value measurement
AASB 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Previously the fair value of financial liabilities (including derivatives) was measured on the basis that the financial liability would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial liabilities should be determined based on a transfer value to a third party market participant. As a result of this change, the fair value of derivative liabilities has changed on transition to AASB 13, largely due to incorporating credit risk into the valuation.

As required under AASB 13, the change to the fair value of the derivative liabilities is applied prospectively, in the same way as a change in an accounting estimate. As a consequence, this has had an immaterial impact on the financial statements as at 28 December 2013. Comparative amounts have not been restated.

2. Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Group Managing Director that are used to make strategic decisions.

This results in the following business segments:

Auto: Retail and distribution of motor vehicle spare parts, tools and equipment.

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

Sports: Retail and distribution of sporting equipment, bicycle accessories and apparel.

(b) Segment information provided to the Group Managing Director

The segment information provided to the Group Managing Director for the reportable segments for the period ended 28 December 2013 is set out on the following page.

Notes to the Consolidated Financial Statements (continued)

2. Segment information (continued)

Half-year 2013/14	Auto $m	Leisure $m	Sports $m	Total continuing operations $m	Inter-segment eliminations/ unallocated $m	Consolidated $m
Sales to external customers	**415.0**	**306.9**	**370.2**	**1,092.1**	**4.8**	**1,096.9**
Inter segment sales	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Other revenue/income	**0.7**	**-**	**0.4**	**1.1**	**-**	**1.1**
Total sales revenue	**415.7**	**306.9**	**370.6**	**1,093.2**	**4.4**	**1,097.6**
Segment result (pre-borrowing costs)	**44.9**	**24.4**	**38.4**	**107.7**	**(6.6)**	**101.1**
Finance costs						**(13.1)**
Profit before income tax						**88.0**
Income tax expense						**(26.4)**
Profit for the period						**61.6**
Depreciation and amortisation expense	**9.6**	**6.7**	**7.8**	**24.1**	**-**	**24.1**

Half-year 2012/13	Auto $m	Leisure $m	Sports $m	Total continuing operations $m	Inter-segment eliminations/ unallocated $m	Consolidated $m
Sales to external customers	400.2	283.9	348.4	1,032.5	5.2	1,037.7
Inter segment sales	-	-	-	-	(0.9)	(0.9)
Other revenue/income	0.7	-	0.4	1.1	-	1.1
Total sales revenue	400.9	283.9	348.8	1,033.6	4.3	1,037.9
Segment result (pre-borrowing costs)	41.0	26.6	36.4	104.0	(4.2)	99.8
Finance costs						(13.5)
Profit before income tax						86.3
Income tax expense						(25.7)
Profit for the period						60.6
Depreciation and amortisation expense	8.3	5.0	6.2	19.5	0.1	19.6

Notes to the Consolidated Financial Statements (continued)

	Consolidated entity (Interim) 28 December 2013 $m	29 December 2012 $m
3. Revenue		
From continuing operations:		
Sale of goods	**1,096.5**	1,036.8
4. Other income		
Insurance proceeds	**0.6**	0.7
Other income	**0.5**	0.4
	1.1	1.1
5. Income and expenses		
Profit before income tax includes the following specific gains and expenses:		
Expenses		
Net loss on disposal of property, plant and equipment	**0.2**	0.4
Depreciation		
Plant and equipment	**14.3**	13.2
Motor vehicles	**0.1**	0.2
Computer systems	**4.3**	3.4
Total depreciation	**18.7**	16.8
Amortisation		
Computer software	**5.4**	2.7
Brand name	**-**	0.1
Total amortisation	**5.4**	2.8
Borrowing costs		
Interest and finance charges	**13.3**	14.0
Accretion of put option	**-**	-
Interest revenue	**(0.2)**	(0.5)
Finance costs expensed	**13.1**	13.5
Rental expense relating to operating leases		
Lease expenses	**88.9**	82.7
Equipment hire	**5.4**	6.2
Total rental expense relating to operating leases	**94.3**	88.9
Foreign exchange gains and losses		
Net foreign exchange loss/(gains)	**1.3**	(1.0)
Employee benefits expense		
Superannuation expense	**13.5**	11.6
Salaries and wages	**181.3**	166.9
	194.8	178.5

	Consolidated entity (Interim) 28 December 2013 $m	29 December 2012 $m

6. Income tax

	28 December 2013 $m	29 December 2012 $m
Income tax expense		
Current tax	**27.0**	27.7
Deferred tax	**(0.1)**	(3.0)
Adjustments for current tax of prior periods	**(0.5)**	1.0
	26.4	**25.7**
Deferred income tax (revenue) expense included in income tax expense comprises:		
(Increase) in deferred tax assets	**(1.4)**	(3.4)
Increase/(decrease) in deferred tax liabilities	**1.3**	0.4
	(0.1)	(3.0)

7. Current assets – cash and cash equivalents

	28 December 2013 $m	29 June 2013 $m
Cash at bank and in hand	**62.7**	22.3

8. Current assets – trade and other receivables

Trade receivables	**24.3**	26.4
Provision for impairment of receivables	**(0.2)**	(0.2)
	24.1	26.2
Other receivables	**9.0**	9.9
Tax receivable	**-**	-
Prepayments	**13.0**	6.2
	46.1	42.3

9. Current assets – inventories

Finished goods, at lower of cost or net realisable value	**511.8**	452.6

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

Plant and equipment - at cost	**298.2**	277.1
Less accumulated depreciation	**(120.7)**	(106.4)
Net plant and equipment	**177.5**	170.7
Motor vehicles – at cost	**1.0**	1.0
Less accumulated depreciation	**(0.6)**	(0.5)
Net motor vehicles	**0.4**	0.5
Computer systems – at cost	**73.7**	66.8
Less accumulated depreciation	**(49.7)**	(45.4)
Net computer equipment	**24.0**	21.4
Total net property, plant and equipment	**201.9**	192.6

	Consolidated entity (Interim) 28 December 2013 $m	29 June 2013 $m

11. Non-current assets – intangible assets

	28 December 2013 $m	29 June 2013 $m
Goodwill at cost	**443.4**	445.6
Less accumulated impairment charge	**(2.1)**	(2.1)
Net goodwill	**441.3**	443.5
Computer software at cost	**123.3**	91.2
Less accumulated amortisation	**(37.6)**	(32.2)
Net computer software	**85.7**	59.0
Brand names at cost	**267.5**	267.5
Less amortisation	**(0.6)**	(0.6)
Net brand names	**266.9**	266.9
Supplier agreement at cost	**0.4**	0.4
Less amortisation	**(0.1)**	(0.1)
Net supplier agreement	**0.3**	0.3
Total net intangibles	**794.2**	769.7

12. Current liabilities – trade and other payables

	28 December 2013 $m	29 June 2013 $m
Trade payables	**281.7**	199.7
Other payables	**101.9**	74.6
	383.6	274.3

13. Current liabilities – borrowings

	28 December 2013 $m	29 June 2013 $m
Secured		
Finance leases	**3.1**	3.3
Total current liabilities – secured interest bearing liabilities	**3.1**	3.3

Notes to the Consolidated Financial Statements (continued)

	Consolidated entity (Interim) 28 December 2013 $m	29 June 2013 $m

14. Current liabilities – tax liabilities

Income tax payable	**7.8**	7.8

15. Current liabilities – provisions

Employee benefits	**26.3**	23.9
Surplus leases	**1.3**	2.4
Make good provision	**1.3**	1.1
Put option provision	**0.5**	0.5
	29.4	27.9

16. Non-current liabilities – trade and other payables

Straight line lease adjustment	**25.5**	22.8

17. Non-current liabilities – borrowings

Secured		
Finance Lease	**3.6**	5.0
Bank Loans	**-**	344.5
Less borrowing costs capitalised, net	**-**	(1.2)
	3.6	348.3
Unsecured		
Bank Loans	**351.5**	-
Less borrowing costs capitalised, net	**(2.1)**	-
	349.4	-
Total non-current interest bearing liabilities	**353.0**	348.3

Secured interest bearing liabilities

Total secured interest bearing liabilities (current and non-current) are:		
Finance lease	**6.7**	8.3
Cash advance	**-**	343.3
Total current and non-current secured interest bearing liabilities	**6.7**	351.6

18. Non-current liabilities – deferred tax liabilities

Deferred tax liabilities	**88.8**	88.2
Set-off of deferred tax assets pursuant to set-off provisions	**(35.7)**	(34.7)
	53.1	53.5

Movements in deferred balances have been recognised as follows:	
Opening balance	**53.5**
Charged/(credited) to income statement	**0.2**
Charged/(credited) directly to equity	**(0.6)**
Closing deferred tax liability balance	**53.1**

Notes to the Consolidated Financial Statements (continued)

19. Non-current liabilities – provisions

	Consolidated entity (Interim)	
	28 December 2013 $m	**29 June 2013 $m**
Make good provision	**4.8**	4.1
Employee benefits	**6.1**	5.9
Provision for future Oceania dividend	**0.1**	0.1
	11.0	10.1

A provision has been recognised for the present value of the estimated cost of the future dividend required to be paid with respect to Oceania.

20. Contributed equity

(a) Share Capital

	28 December 2013 $m	**29 June 2013 $m**
Ordinary shares fully paid (196,731,620 ordinary shares as at 28 December 2013)	**542.3**	542.3

(b) Movement in ordinary share capital during the half year

	2013/14 Shares	2012/13 Shares	**2013/14 $m**	2012/13 $m
Shares issued under share plans	**258,808**	229,841	**-**	0.2

21. Dividends

	Consolidated entity (Interim)	
	28 December 2013 $m	**29 December 2012 $m**
Ordinary Shares		
Dividends provided for or paid during the half year.	**41.3**	37.3
Dividends not recognised at the end of the half year		
Subsequent to the end of the half year, the Directors have recommended the payment of an interim dividend of 18.5 cents per ordinary share fully franked based on tax paid at 30%. The aggregate amount of the dividend expected to be paid on 3 April 2014, out of retained profits at 28 December 2013, but not recognised as a liability at the end of the half year is	**36.4**	33.4

22. Business combinations

On 22 November 2013, intellectual property, inventory and store assets of fitness equipment retailer, Workout World were acquired for a cash consideration $4.2 million.

23. Events occurring after reporting date

No matters or circumstances have arisen since 28 December 2013 that have significantly affected or may significantly affect the Group's operations or state of affairs in future financial years.

Notes to the Consolidated Financial Statements (continued)

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

	Consolidated entity (Interim)	
	28 December 2013 $m	**29 December 2012 $m**
Profit from ordinary activities after related income tax	**61.6**	60.6
Depreciation and amortisation	**24.1**	19.6
Net loss on sale of non-current assets	**0.2**	0.4
Non-cash employee benefits expense/share based payments	**0.5**	1.3
Finance costs	**13.1**	13.6
Change in operating assets and liabilities, net of effects from the purchase of controlled entities		
- (increase) in receivables	**(2.9)**	(8.3)
- (increase) in inventories	**(55.7)**	(41.4)
- increase in payables	**114.0**	159.7
- increase in provisions	**1.8**	3.9
- (increase)/decrease in deferred tax	**0.1**	(3.0)
Net cash inflow from operating activities	**156.8**	206.4

25. Contingencies

Guarantees		
Guarantees issued by the bankers of Super Retail Group Limited in support of various rental arrangements for certain retail outlets and guarantees issued by Super Retail Group Limited to the bankers of its associate:	**6.1**	5.6

26. Commitments

Capital commitments		
Commitments for the acquisition of computer software, plant and equipment contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	**8.2**	4.4
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
Total capital commitments	**8.2**	4.4

27. Related Party Transactions

During the interim period ended 28 December 2013, Super Retail Group Limited transacted with R A Rowe related property entities for the provision of commercial property leases. All transactions with related parties are at arm's length and are based on normal commercial terms and conditions.

DIRECTORS' DECLARATION

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

(a) the financial statements and notes of the consolidated entity set out on pages 3 to 20 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 28 December 2013 and of its performance, for the period ended on that date; and

  (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

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

On behalf of the Directors

R J Wright
Director

P A Birtles
Director

Brisbane
19 February 2014

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Super Retail Group Limited, which comprises the statement of financial position as at 28 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Super Retail Group Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with 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 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 28 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Super Retail Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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

a) giving a true and fair view of the entity's financial position as at 28 December 2013 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

MK Graham

MK Graham
Partner

Brisbane
19 February 2014