Super Retail Group

2012 ANNUAL REPORT

SUPERCHEAP AUTO

BCF™
BOATING ▪ CAMPING ▪ FISHING

GOLDCROSS cycles

Ray's Outdoors
SINCE 1958

FCO
FISHING - CAMPING - OUTDOORS

REBEL
SPORT

AMART
ALL SPORTS

NAME OF ENTITY
Super Retail Group Limited

ABN OR EQUIVALENT COMPANY REFERENCE
ABN 81 108 676 204

REGISTERED OFFICE
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LAWNTON QLD 4501
Telephone (07) 3482 7500
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SHARE REGISTRY
Link Market Services
Level 12, 680 George Street
SYDNEY NSW 2000

BANKERS
Australia and New Zealand Banking Group Limited
HSBC
Commonwealth Bank of Australia
National Australia Bank

AUDITORS
PricewaterhouseCoopers

SOLICITORS
Mallesons Stephen Jaques

STOCK EXCHANGE LISTING
Super Retail Group Limited shares are quoted on the Australian Securities Exchange

WEBSITE
www.superretailgroup.com

THE ANNUAL GENERAL MEETING
The Annual General Meeting of the Shareholders of Super Retail Group Limited will be held at the Community Centre, Kedron Wavell Services Club, 375 Hamilton Road, Chermside South, Queensland on Monday, 22 October 2012 at 11.30am.

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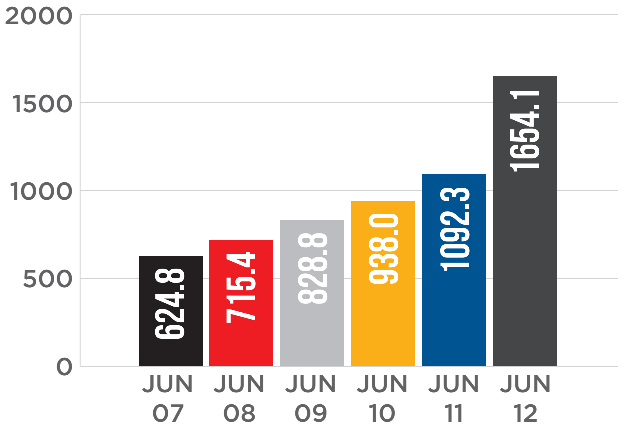
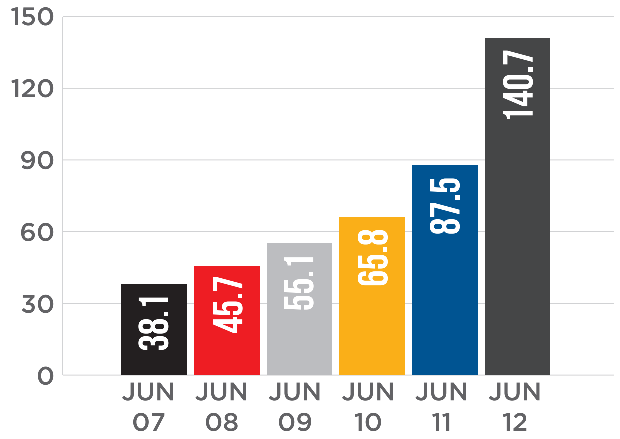
PERFORMANCE TRENDS

SALES ($m)

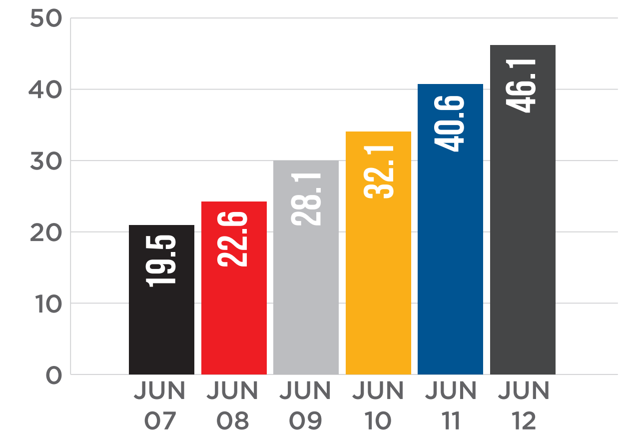


EBIT ($m)*



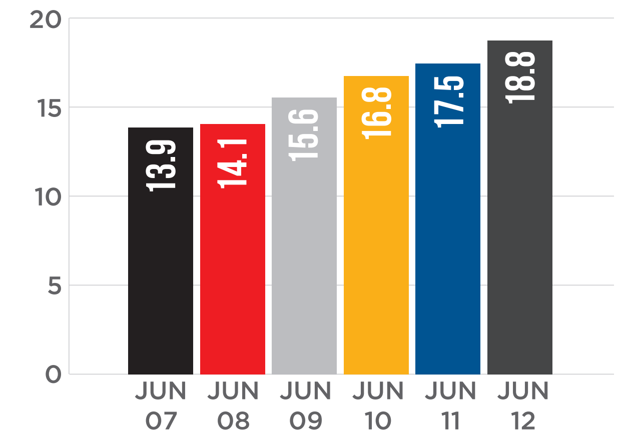
*excludes goodwill impairment charge in 2010

EPS (¢)*

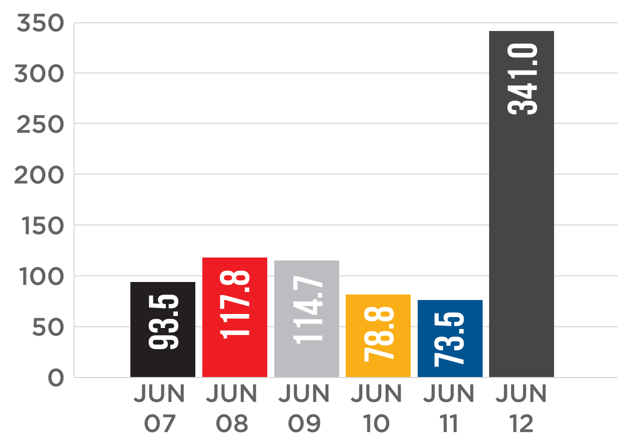


*historical EPS adjusted to take into account the bonus element in the 2011 entitlement offer

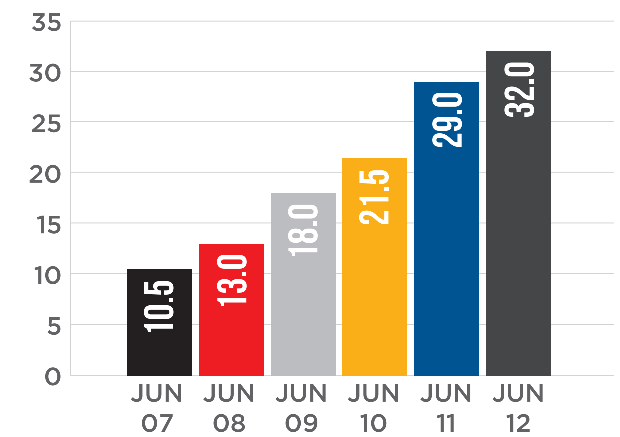
POST TAX ROC (%)



NET DEBT ($m)



DIVIDEND (¢)



CHAIRMAN AND MANAGING DIRECTOR'S REPORT

2012 marks the 40th anniversary of the company that has evolved from distributing battery chargers out of the home of our founders Reg and Hazel Rowe to the group of leading retail businesses it is today. We are proud that in such a milestone year, we have been able to maintain the continued success and progress of our company and to be able to report another strong set of financial results.

In 2003, we started to build the foundations to expand the Group's operations beyond that of our business retailing auto products. Our move into the retailing of outdoor leisure products and most recently the retailing of sports products was foreshadowed at an executive team strategy planning workshop held in that year.

We put in place a plan that included both the ongoing organic development of our existing businesses but also the acquisition of market leading retail businesses in relevant and connected retail categories. Each of our businesses retail products that our customers predominantly use as part of their leisure experiences – in many cases we are selling products to help our customers enjoy their passion whether it's the car that's their pride and joy, taking the family fishing or training to take part in a triathlon.

We also set about building an organisation in which our various individual retail businesses could derive synergy benefits from the scale and capability of the Group's sourcing, supply chain, marketing and IT infrastructure and operations. This has allowed each business to develop a stronger offer for its respective group of customers than it would have been able to do as a standalone business.

The 2012 Financial Year has seen the Group take a major step forward with the acquisition of the Rebel Sport and Amart All Sports businesses at the end of October 2011. We thank our shareholders for the support of the capital raising to partially fund the acquisition. We are confident that we have acquired a business that, although it is already the clear market leader, has the potential for significant growth over the coming years.

The focus on store development, sourcing and range management, supply chain improvements and business capability development has continued to drive the performance of our Auto and Leisure Retail businesses which have again enjoyed successful years. We have also made good progress in developing our integrated multi-channel retail capabilities including the Group wide launch of a customer contact centre, dynamic freight costing, a click and collect service and mobile enabled websites.

The foundation stone of performance across the Group continues to be the Group's culture and the commitment and passion of our team members. We now employ around 11,500 team members across the Group and on behalf of all shareholders, we would like to thank all members of the team for their huge efforts and their ongoing contribution to our success.

GROUP RESULTS

Sales grew by 51.4% to $1.65 billion and profit after tax grew by 50% to $83.5 million. This strong growth has been achieved through a combination of the organic growth of our Auto and Leisure Retail businesses and the post-acquisition contribution of the Sports Retailing businesses, which has been consolidated from 30 October 2011. Costs of $11.7 million associated with the acquisition of the Sports Retailing businesses were expensed during the year. Excluding these non-recurring costs, underlying profit after tax of $95.0 million was 71% higher than the prior year.

Solid like for like sales growth, continued underlying improvement in gross margins and further reduction in operating costs as a percentage of sales all contributed to the strong organic growth in profit in our existing businesses. This has been achieved through the continued focus on new product introduction, sourcing and supply chain initiatives, and the further development of our integrated multi-channel customer offer.

We invested close to $60 million in capital expenditure projects across the Group, with $13 million invested in our multi-channel capability development projects and $31 million in new and refurbished stores. The total cash amount invested in acquiring the Sports Retailing businesses was $633 million. As a result, Group net debt stood at $341 million at 30 June 2012, an increase of $267 million compared to the prior year.

The Board has declared a fully franked final dividend of 19.0 cents per share. As a result, the fully franked dividends declared for the full year are 32.0 cents per share, an increase of 3.0 cents per share (10.3%) over the prior year. The current policy of distributing between 55% and 65% of underlying net profit after tax in the form of dividends will enable the Group to balance investing in growth opportunities, gradually paying down debt and increasing dividends to shareholders.

AUTO AND CYCLE RETAILING

Divisional sales at $755.8 million were 6.7% higher than the prior comparative period with like for like sales growth being 3.7%. Divisional EBIT at $72.2 million was 13.5% higher than the prior comparative period.

The Supercheap Auto business has had another strong year with like for like sales growth of 3.9% and further expansion of EBIT margins, which are now running at over 10.5% of sales. Gross margin improvement was again a key contributor to the increase in profitability, growing by 0.3% points over the prior comparative period.

The business once again achieved like for like growth in transaction numbers, units sold and average unit value. The work done over the past six years to reposition the Supercheap Auto brand through the store refurbishment program, improved product quality and presentation and through partnering with the world's best automotive and tool product brands continues to drive this performance.

Nine new stores were opened during the year while two stores were closed and 41 stores were refurbished including three as Superstores. At 30 June the business had 281 stores with potential to grow to around 320 stores over the next five years. The business plans to refurbish another 50 stores in the coming two years and to convert another 10 stores to Superstores.

The Electrical and Power categories delivered particularly strong growth through a number of new product and ranging initiatives whilst the Car Care and Car Audio/ Visual categories also continued to perform extremely well. Sales growth was relatively consistent across all the states of Australia and in New Zealand, although the business performed most strongly in areas with mining activity.

Towards the end of the year, the business launched its loyalty program Supercheap Auto Club Plus in the New Zealand market. This exciting initiative will provide the opportunity for the business to gain a deeper understanding of its customers and to develop another marketing channel to drive sales. It is expected that the loyalty program will be launched in Australia by the final quarter of the 2012 calendar year.

At the end of the year, the business announced the launch of its new trade customer offer Auto Trade Direct. This offer is targeted towards auto mechanics and will provide a parts and accessories delivery service operating from a small number of designated hub stores. This offering will again be trialled in New Zealand before being launched in Australia.

Although the Goldcross Cycles business continued to track below expectations, many of the initiatives introduced over the last two years have generated positive outcomes. Gross margin improved by 6.4% points to 41.2% while inventory per store reduced by over 20%. This reflected the successful launch of a number of private brand products, improvements in range management and a number of supply chain efficiencies.

However, like for like sales continued to decline by 3.2% partly through continued price deflation across the Cycle market and partly through the planned scaling back of clearance promotions. The business EBIT loss was $4.5 million, an improvement of $2.0 million compared to the prior period.

The biggest impact on profitability continues to be the weak sales per square metre being achieved in the business, primarily as a result of the number of stores that are oversize. Consequently, we plan to convert the larger Goldcross Cycles stores into Amart All Sports stores and to retain a 130m2 to 150m2 Goldcross Cycles outlet in these stores as a store within a store concept. It is expected that up to six stores will be converted in the coming year, which should see the business move closer to a break even position. The link to the Amart All Sports business and the fact that cycling is predominantly a sport and leisure activity will see the Goldcross Cycles business transfer to the Sports Retailing division in the coming year.

LEISURE RETAILING

Divisional sales at $456.3 million were 18.8% higher than the comparative period with like for like sales growth across the division at 6.5%.

Divisional EBIT at $32.8 million was 2.5% higher than the prior comparative period reflecting the $2.5 million of costs associated with developing and launching the new FCO Fishing Camping Outdoors business in New Zealand in November 2011 and FCO's post launch trading losses of $1.7 million. Excluding FCO, Divisional EBIT on a comparable basis grew by 15.6%.

BCF Boating Camping Fishing continued to perform strongly with high single digit like for like sales growth and an improvement in gross margin. BCF also achieved like for like growth in transaction numbers, units sold and average unit value. There are now close to one million members of the BCF Club – the business' loyalty program.

The Fishing category performed extremely well, benefitting from the high volume of fish stock across the country after the last two years' wet weather, a number of new product initiatives and the work done to tailor the range to local demand at a store level. The business also performed consistently well across the country.

Thirteen new BCF stores were opened during the year taking total store numbers to 91. Expectations for future total store numbers have increased to around 120 as the business expects to be able to operate a number of smaller format stores at around 800m2 in regional locations.

The work started last year to refresh the Ray's Outdoors business continued through the year. The business achieved low single digit like for like sales growth driven by an increase in transaction numbers and average item value. However, gross margin was lower than the prior period as the business introduced a higher proportion of international branded product and cleared aged inventory.

The 4x4 category performed well following the introduction of extended product ranges and the performance of the Footwear category was also encouraging reflecting the partnership with a number of major brands such as Merrell, Columbia and North Face. The Apparel range has also been redesigned and sales of the 2012 Winter range are promising.

The business opened seven and closed five stores during the year to bring total stores trading to 52. The business will commence a program of store refurbishments in the next year as the current store fit-out and design has become dated. The business expects to be able to develop a network of 75 stores across Australia.

The division launched its new business FCO Fishing Camping Outdoors in New Zealand in November 2011. The business takes elements of both the BCF and Ray's Outdoors businesses to provide a customer offer designed specifically for the New Zealand market.

By the end of the year, the business had opened 13 stores all in the North Island. It is management's plan to bed down and fine tune the performance of these stores before committing further capital to store roll-out. It is anticipated that there is the potential for up to 25 FCO stores.

Early performance was encouraging as the business traded well during the summer period but was slower than expected in the autumn/early winter period. Customer conversion and membership of the FCO loyalty program were pleasing whilst gross margins tracked ahead of expectations.

Customer numbers fell below expectations with research indicating that customers' understanding of the full breadth of products available in the stores is limited so a marketing push is underway to highlight the spread of product categories.

SPORTS RETAILING

The Rebel Sport and Amart All Sports businesses were acquired with effect from 30 October 2011.

The contribution from the businesses during the balance of the year was ahead of expectations at the time of acquisition with divisional sales of $441.9 million and EBIT of $54.5 million.

The initial focus of management post acquisition has been to reenergise and engage the team, clear aged inventory, establish a focus on like for like sales growth, rebuild relationships with trade partners, integrate the business within the Group and to develop the strategies to grow the businesses over the next five years.

Good progress has been made in all areas. Like for like sales growth in the 35 weeks post acquisition was 5.8% which compared favourably to the 3% decline in like for like sales in the first 17 weeks of the year pre acquisition.

A major driver of the improvement in sales was the clearance of aged inventory which was reduced to around 5% of total inventory by the end of the year. Underlying performance was pleasing and reflected the more competitive pricing and promotional position adopted since acquisition. Sales growth was achieved primarily through growth in customer traffic and conversion whilst average transaction value was below the prior period reflecting the changes in pricing and promotion.

Despite these factors, gross margin at 46.8% were in line with those achieved prior to acquisition. The value of aged inventory at the time of acquisition was identified during due diligence and appropriate valuation adjustments were processed in the acquisition balance sheet.

The Footwear and Apparel categories both performed strongly despite the increased competition from international websites. Performance was reasonably strong across all regions with the important New South Wales business improving through the period from quite a depressed position at the time of acquisition.

The business closed the two stores trading under the brand Performance Sports with the space being reallocated to the Rebel Sport brand. Two Rebel Sport stores were opened post acquisition whilst one Rebel Sport and one Amart All Sports store were closed. At 30 June, there were 91 Rebel Sport stores and 35 Amart All Sports stores trading across Australia. The business expects to be able to develop a network of around 100 Rebel Sport and 85 Amart All Sports stores.

Work has been completed on the brand strategies for both businesses and future store design work is in progress. The business expects to refurbish a number of stores in the coming year and will test a number of new concepts before a wider roll-out. Management believes there are significant opportunities to improve the shopping experience for customers.

The synergy benefits anticipated at the time of acquisition are on track with a number of purchasing and supply chain benefits already realised in addition to a reduction in executive management positions. The business will implement Super Retail Group's Enterprise Resource Planning system in the coming year and will begin to source a number of its own private brand products through the Group's International Operations team rather than through third party agents.

GROUP COSTS

Group costs for the period were $18.8 million including $11.7 million associated with the acquisition and integration of the Sports Retailing businesses. The balance of the costs include $1.9 million in unutilised distribution centre, store and office space across the Group, $0.8 million in multi-channel development costs and $4.4 million of public company costs.

GROUP LOGISTICS AND SOURCING

The Group has continued to invest in developing its logistics operations to provide more efficient support for the Group's businesses. The warehouse management systems were successfully upgraded and towards the end of the year, the New Zealand logistics operations were successfully relocated into a larger distribution centre.

The Group has completed a review of its requirements for the next 10 years and has determined that within the next two years a new distribution centre will be established in Sydney whilst the two Brisbane distribution centres will be relocated into one larger centre. This will enable the Group to fully support the requirements of the Sports Retailing businesses, the anticipated increase in private branded and exclusive product and to generate freight savings for both the Group and its Trade Partners. At the same time, the Group will be able to reduce its requirement for expensive off-site storage at peak times.

The Group's International Operations team based in China has again significantly increased their contribution to the Group with an increase in the value of product sourced directly to around $85 million and through increasing the number of pre shipment inspections managed by the team. The team has also worked with its Australian colleagues to establish scan pack arrangements for apparel items to go direct to store from China. The team has also established a sport products sourcing unit to support the Sports Retailing division.

REVIEW OF FINANCIAL POSITION

Cash flow from operations was $135.2 million, an increase of $64.3 million over the prior period, reflecting the growth in existing businesses plus the contribution of the Sports Retailing businesses post acquisition. Cash flow from operations pre investment in new store inventory and set up costs was $179.7 million which was $84.4 million higher than the prior period.

Despite this pleasing performance, there remains significant opportunity to generate working capital efficiencies particularly in the Leisure Retailing division.

Group capital expenditure was $60.2 million which included $30.6 million in new and refurbished store fitout, $13.1 million in multi-channel development projects, $7.3 million in information technology projects, $2.4 million in supply chain development projects, $1.3 million in the Sports Retailing SAP project and $5.5 million in general capital projects.

The Group extended its debt facilities to $500 million at the time of the Sport Retailing acquisition and utilised $296 million to partly fund the acquisition. The revised facilities include a number of tranches which are renewable at various intervals over the next two to five years. At the end of June, Group Net Debt was $341 million, comfortably within the Group's facility limits and associated banking covenants.

CORPORATE SOCIAL RESPONSIBILITY

The Group has maintained its support for a variety of charities raising funds for research into childhood diseases in particular selling product in store to support BrAshA-T Ataxia Telangiectasia Limited, Sids and Kids, Canteen and @Heart. The Group is particularly passionate about the support it provides to BrAshA-T which raises funds for research into Ataxia Telangiectasia an extremely rare but very serious degenerative condition.

Supercheap Auto provides support to a range of safe driving campaigns and is supporting an education program aimed at school age drivers. BCF and Ray's Outdoors raised funds for the Coastguard and Cancer Council respectively through encouraging their customers to round up for charity. Rebel and Amart All Sports supported a range of national and local charities with Rebel running its annual fund raising dinner.

The Group has continued to work on its sustainability initiatives including the reduction and recycling of packaging material, power consumption and plastic bag usage and through the rollout of car battery and engine oil recycling arrangements in its Supercheap Auto business. The Group achieved a 10% improvement in the amount of packaging material recycled and collected nearly over 10,000 car batteries during the year.

The Group and its businesses are signatories to the Australian Packaging Covenant (APC) and have developed a series of initiatives to ensure we meet targets committed to under our APC action plan. In 2012, we received a 3.7 star rating from the APC indicating that the Group has made solid progress in meeting its targets.

TEAM MEMBERS

The Group now employs around 11,500 team members operating from nearly 600 sites across Australia, New Zealand and China. We are very pleased that team retention levels continue to improve and now sit at 71.5% - a big step forward from the 59% achieved in 2006.

We conducted a Group wide engagement survey for the first time in 2011 and achieved an engagement score of 60%, which compared to the Retail industry average of 55%. Whilst this is a pleasing result, there is room to improve and areas such as Recognition, Change Management, Career Opportunities and Line Manager capability were identified as areas for focus.

The Group's safety performance has improved through the year benefitting from the increased focus on safe working practices across the Group's retail teams introduced towards the end of last year.

The Group's five key performance indicators in the area of team members cover the areas of Attraction, Engagement, Retention, Succession and Safety and good progress was made in all areas.

We would like to recognise all members of our team for their commitment and contribution to their part of the Group each and every day.

LOOKING FORWARD

Our focus over the coming year will be to continue the growth in sales and the improvement in margins and working capital efficiency of each of our existing businesses. At the same time, we will continue to work on developing our multi-channel capabilities to enable our businesses to provide our customers with an engaging offer that inspires them to continue to shop with us in store or on line at whatever time of day or at whatever location suits them.

We are confident that we can continue to deliver solid like for like sales growth even if retail conditions remain subdued and we expect to be able to open around 10 new stores across all of our divisions.

We will continue to develop our loyalty programs across the Group and increasingly use data analytics to develop relevant targeted marketing campaigns. We will plan to launch a new offer for the trade mechanic customer in our Auto Retailing division.

We have many initiatives underway to drive the performance of our businesses and to build our capabilities and we look forward to reporting on our progress in the coming years.

R J Wright
Chairman

P A Birtles
Managing Director and Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

The Board of Super Retail Group Limited (the Company) are accountable to shareholders for the proper management of the business of the Company in a manner consistent with the Company's responsibility to meet its obligations to all stakeholders.

The Board is therefore committed to ensuring that the Company's business is conducted in accordance with the highest standards of corporate governance. In this statement, the Company and its controlled entities together are referred to as the Group.

The Board has adopted a corporate governance framework comprising principles and policies which comply in all material respects with the ASX Corporate Governance Council's Principles and Recommendations (2nd Edition) with 2010 Amendments (ASX Principles) and the Corporations Act 2001 (Cth). All these practices unless otherwise stated were in place for the reported period.

The policies and charters referred to in this statement are available from the Corporate Governance page in the Investor Centre section of the Company's website (www.superretailgroup.com.au/investor-centre). The Board continually reviews developments in corporate governance to ensure its policies and charters remain consistent with current laws and best practice.

As at 30 June 2012, and to the date of the signing of this report, the Company's main corporate governance practices are as follows:

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board of Directors

The Board of Directors, working with senior management, is responsible to shareholders for the overall management of the Company's business and affairs. The Directors' overriding objective is to increase shareholder value within an appropriate framework which protects the rights and interests of company shareholders and ensures the Group is properly managed.

The responsibilities of the Board include:

- approving the Company's goals and strategic direction;
- monitoring financial performance, including adopting annual budgets and approving the Group's financial statements;
- ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
- selecting the Managing Director and reviewing the performance of senior management; and
- ensuring significant business risks are identified and appropriately managed.

The Board delegates responsibility for day-to-day management of the Company to the Managing Director.

EVALUATION OF SENIOR EXECUTIVES

All senior executives complete a performance and development review every six months. The review process is conducted by the Managing Director and includes the following:

- assessment against a set of key performance criteria, including both financial and non-financial performance measures;
- feedback on their performance over the review period and a rating based on that performance; and
- monitoring and revision as appropriate of the executive's development plan which is tailored to support the executive's ongoing contribution to the Company.

The Managing Director provides a summary of the performance evaluation of senior executives to the Human Resources and Remuneration Committee. The performance evaluation in accordance with the abovementioned process has taken place during this reporting period.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The constitution of the Company provides that the number of Directors is to be not less than three nor more than eight. The Board is currently comprised of five directors, four of whom (including the Chairman) hold their positions in a non-executive capacity.

The Board operates in accordance with the broad principles set out in its charter which is available on the Company's website.

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the Board's relationship with the Company's senior executives.

The Managing Director is responsible for implementing Group strategies and policies.

The composition of the Board is reviewed annually by the Board Nomination Committee to ensure that it has available an appropriate mix of skills and experience to ensure the interests of shareholders are served. The Board Nomination Committee charter, which is available on the Company's website, includes the Company's policy and procedure for selection and appointment of new directors.

Details of the members of the Board, their experience, expertise, qualifications and independent status are profiled in the Directors' Report on pages 15 to 29.

Directors' Independence

As stated there are five Directors, three of whom are Independent Non-Executive Directors (including the Chairman). The predominance of Independent Non-Executive Directors clearly separates the Board from the Company's executive management and enshrines board independence. The structure also provides the Company with the benefit of a diverse range of experience, qualifications and professional skills.

The Board has adopted the independence definition suggested by the ASX Corporate Governance Council and as such three of the Company's Directors (namely Mr Robert Wright, Ms Sally Pitkin and Mr R John Skippen) are considered to be independent by reference to that definition.

Independent Professional Advice

The Board (and each individual Director) is entitled to seek independent professional advice consistent with Corporate Governance Practices at the Company's expense (subject to the reasonableness of the costs and Board consent) in the conduct of its duties for the Company.

Performance Assessment

The Board undertakes an annual performance evaluation of itself that compares the performance of the Board with the requirements of the Board Charter, sets the goals and objectives of the Board for the upcoming year and effects any improvements to the Board Charter that are necessary or desirable. This evaluation is conducted by the Board and includes consideration of the annual assessment of the effectiveness of the Board. This assessment commenced in June 2012 and was concluded in August 2012.

The evaluation of individual Board Committees is carried out as and when needed.

Financial Reporting

The Board is provided with monthly reports from management on the financial performance of the Company. The monthly reports include details of all key financial measures reported against budgets approved by the Board. The Company's financial report preparation and approval process for each financial year involves both the Managing Director / Chief Executive Officer and the Chief Financial Officer making the following certifications to the Board that:

- the Company's financial reports and accompanying notes represent a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Board Committees

The Board has established three committees to assist it in carrying out its responsibilities, the Board Nomination Committee, the Human Resources and Remuneration Committee and the Audit and Risk Committee.

Each Committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. All matters determined by Committees are submitted to the full Board as recommendations for Board decision.

Minutes of committee meetings are tabled at the subsequent Board meeting. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The Company has developed a statement of values and a Code of Conduct ("the Code") which has been fully endorsed by the Board and applies to all Directors and team members. The Code is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. This is supported by the Company's integrity policy and system of reporting activity suspected of breaching the Code to the Company Secretary.

A copy of the Code is available on the Company's website.

Dealing in Shares

The Company has a formal written policy for Directors and officers with respect to trading in the Company's securities ("Trading Policy"). Directors and senior management (and their associates) are prohibited from engaging in short-term trading of Company securities.

The policy also restricts the trading of Company securities to three "window" periods (between 24 hours and 30 working days following the release of the annual results, the release of the half-yearly results and the close of the annual general meeting) and such other times as the Board permits. In addition, Directors must notify the Chairman before they buy or sell Company securities and confirm once the transaction is complete.

In all instances, buying or selling Company shares is not permitted at any time by any person who possesses price sensitive information not available to the market.

A copy of the Trading Policy is available on the Company's website.

Ethical Sourcing Policy

The Company has developed an Ethical Sourcing Policy that applies to all its businesses and brands.

The policy incorporates both environmental and socioeconomic criteria for all imported products sourced directly or through agents. The policy encourages trade partners and agents to improve their social and environmental practices, and protect our corporate reputation and that of our individual businesses and brands.

Diversity Policy

The Board recognises the many benefits that may be derived by companies that successfully foster a culture of diversity and is committed to creating a fair and inclusive environment.

Information on diversity, including gender diversity is set out in the Directors' Report under the heading 'Remuneration and Diversity report'.

A copy of the Diversity Policy is available on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit and Risk Committee

The existence of the Audit and Risk Committee is considered by the Company to be a key element of its corporate governance program and part of the Company's commitment to best practice in the area of corporate governance.

The Audit and Risk Committee consists of the following Independent Non-Executive Directors:

R J Skippen (Chairman)
R J Wright
S A Pitkin

All members of the Audit and Risk Committee are financially literate and have the requisite financial expertise. Some members have an in-depth understanding of the industry in which the Company operates.

Details of these Directors' qualifications and attendance at Audit and Risk Committee meetings are set out in the Director's Report on pages 15 to 29.

The Audit and Risk Committee operates in accordance with a charter and in a manner compliant with ASX Listing Rule 12.7. The charter is available on the Company's website.

The Audit and Risk Committee supports the full Board and essentially acts in a review and advisory capacity. The Committee is considered to be a more efficient forum than the full Board for focusing on particular issues relevant to:

- verifying and safeguarding the integrity of the Company's financial reporting including the review, assessment and approval of the half-year financial report, the annual report and all other financial information published by the Company or released to the market;
- establishing a sound system of risk oversight and management, and internal control; and
- establishing a sound system of compliance with laws and regulations, internal compliance guidelines, policies, procedures and control systems and prescribed internal standards of behaviour.

This Committee provides ongoing assurance in the areas of:

- financial administration and reporting;
- audit control and independence; and
- accounting policies and standards.

External Auditors

The Company's Audit and Risk Committee's policy is to appoint external auditors who demonstrate quality and independence.

The Audit and Risk Committee:

- recommends to the Board the appointment of External Auditors and their fee;
- reviews the performance of the External Auditors;
- establishes processes to ensure the independence and competence of the External Auditors' Audit Managers;
- oversees and appraises the quality of audits conducted by the External Auditors;
- approves External Audit yearly audit plans for the

- Company and its subsidiaries and oversees the scope of audits to be conducted; and
- ensures that no management restrictions are placed upon access to relevant information or personnel by External Auditors.

The performance of the External Auditor is reviewed annually. In 2012 the Group undertook a tender in relation to external audit services to ensure audit services provided to the Group are in line with market benchmarks in terms of scope, quality and cost effectiveness. Based on this process PWC, the incumbent auditor had its contract extended for three more years.

An analysis of fees paid to the External Auditors, including a break-down of fees for non-audit services is provided in Note 28 to the financial statements. It is the policy of the External Auditors to provide an annual declaration of their independence to the Audit and Risk Committee.

The External Auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

PRINCIPLE 5 AND 6: MAKE TIMELY AND BALANCED DISCLOSURES AND RESPECTS THE RIGHTS OF SHAREHOLDERS

Continuous Disclosure and Shareholder Communication

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is available on the Company's website.

The Company Secretary is the person responsible for communications with the Australian Securities Exchange (ASX).

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Audit and Risk Committee provides oversight and direction to the Company's risk management, compliance and internal control systems, including:

- legal compliance;
- internal controls; and
- risk oversight and management.

Risk Management

The Managing Director and senior executives are instructed and empowered by the Board to implement risk management strategies, report to the Board and the Audit and Risk Committee on developments related to risk, and suggest to the Board new and revised strategies for mitigating risk.

The Group Risk Manager is responsible for providing counsel and direction in risk management across the Group. This includes counsel on the refinement, implementation and monitoring of a comprehensive and integrated risk management framework based on unit manager ownership of risk with independent monitoring. The Group Risk Manager reports directly to the Group's Chief Financial Officer with an indirect reporting line to the Chairman of the Audit and Risk Committee.

Internal Audit

The role of Internal Audit as part of the Group's risk management framework is to understand the key risks of the organisation and to examine and evaluate the adequacy and effectiveness of the system of risk management and internal controls used by management. Internal Audit carries out regular systematic monitoring of control activities and reports to both relevant business unit management and the Audit and Risk Committee.

Typically, the audit methodology includes performing risk assessments of the area under review, undertaking audit tests, including selecting and testing audit samples, reviewing progress made on previously reported audit findings and discussing internal control or compliance issues with line management, and reaching agreement on the actions to be taken.

Health and Safety

The Company aims to provide and maintain a safe and healthy work environment. The Company acts to meet this commitment by implementing work practices and procedures throughout the Group that comply with the relevant regulations governing the workplace. Team Members are expected to take all practical measures to ensure a safe and healthy working environment in keeping with their defined responsibilities and applicable law.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee is comprised of the non-executive directors.

The Committee operates in accordance with its charter which is available on the Company's website, and described in the Remuneration and Diversity report.

The Board has charged the Human Resources and Remuneration Committee with corporate governance and oversight responsibilities in relation to the Company's people strategy including remuneration components, performance measurements and accountability frameworks, recruitment, retention, talent management and succession planning.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description.

Further information on directors' and executives' remuneration is set out in the Directors' Report under the heading 'Remuneration and Diversity report'. In accordance with Company policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements. Details of this policy can be found on the Company's website.

Employee Share Plans

The Company considers share plans to be an effective ownership, long-term performance and team retention vehicle. It encourages all Team Members to participate in its schemes, which offer the ability to acquire shares via:

- an externally administered tax exempt plan which makes on market purchases; and
- an internally administered rights (including options) plan offered to select executives.

At the time of this report, approximately 684 team members participated in one or both plans.

ANNUAL REPORT

Super Retail Group Limited
for the period ended 30 June 2012

Directors' Report

Your Directors present their report on the consolidated entity consisting of Super Retail Group Limited and the entities it controlled at the end of, or during, the period ended 30 June 2012.

Directors

The following persons were Directors of Super Retail Group Limited during the period and up to the date of this report.

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

Information on qualifications and experience of Directors is included on pages 16 to 17.

Principal activities

During the period, the principal continuing activities of the Group consisted of:
- retailing of auto parts and accessories, tools and equipment
- retailing of boating, camping, outdoor entertainment and fishing equipment and apparel
- wholesale, retail and distribution of bicycles and bicycle accessories
- retailing of sporting equipment and apparel

Dividends – Super Retail Group Limited

The Directors declared a fully franked dividend of 19.0 cents per share be paid on 3 October 2012 (total dividend, fully franked - $37,269,064). This will take the total dividends paid and payable to 32.0 cents for the 2012 year which is a 3.0 cent per share increase on 2011. The following fully franked dividends of the parent entity have also been paid, declared or recommended since the end of the preceding period:

Dividend	Payment Date	$
2011 final fully franked dividend (17.5¢ per share)	19 September 2011	22,833,786
2012 interim fully franked dividend (13¢ per share)	3 April 2012	25,331,097
		48,164,883

Review of operations

Revenue from trading operations for the year was $1,655,474,000 (2011: $1,093,398,000). During the year, the consolidated entity opened nine new Supercheap Auto stores and closed two stores in Australia, this resulted in Supercheap Auto trading with 281 stores at the end of the period. BCF opened 13 stores during the period taking total trading stores to 91; Goldcross Cycles closed one store during the period taking total trading stores to 19 at the end of the period and Ray's Outdoors opened seven stores and closed five stores taking Ray's Outdoors total trading stores to 52. In addition, the Group launched the FCO Fishing Camping Outdoors business in New Zealand with 13 stores trading by 30 June 2012. At the end of the financial year, the Group was trading from 582 stores.

Rebel Group Limited was acquired with an effective date of 30 October 2011 for a net cash outlay of $620.4 million. The acquisition comprised 90 Rebel stores, 36 A-Mart All Sports stores and two Performance Sports stores. The acquisition was funded through a $334 million entitlement offer and an increase in the Group's debt facilities of $310 million. Acquisition costs of $11.1 million were expensed in the current period and transaction costs of $7.8 million relating to capital raising were booked against equity.

The net profit of the Group (consisting of Super Retail Group Limited and the entities it controlled at the end of, or during, the period) for the period ended 30 June 2012, after providing for income tax, amounted to $83,521,000 (2011: $55,599,000).

A review of the operations for the 52 weeks to 30 June 2012 is set out in pages 3 to 7 of this report.

Significant changes in the state of affairs

Contributed equity increased by $326,421,067 for capital raising relating to the Rebel acquisition and $18,872,410 as the result of dividend reinvestment plan and share options plan. Details of the changes in contributed equity are disclosed in note 24 to the financial statements.

Matters subsequent to the end of the financial year

Since 30 June 2012 Super Retail Group Limited does not have any matters subsequent to the end of the financial year to be disclosed.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group's environmental obligations are regulated under State, Territory and Federal Law. The Group has a policy of complying with its environmental performance obligations. All environmental performance obligations are monitored by the Board. No environmental breaches have been notified to the consolidated entity during the period ended 30 June 2012.

Directors and Directors' interests

The Directors of Super Retail Group Limited in office at the date of this report are listed below together with details of their relevant interest in the securities of the Company at that date.

R J Wright, BCom, FCPA, MAICD. *Independent Chairman Non-Executive.* Age 63
Experience and expertise
Appointed Chairman on 28 October 2009 and has been an Independent Non-Executive Director for 8 years 3 months. Director of a number of major Retail companies over the last 20 years.

Other current directorships
Chairman and Non-executive director of SAI Global Limited (director since 2003). Chairman and Non–executive director of APA Ethane Limited (director since 2008) which is the responsible entity of the registered investment schemes that comprise Ethane Pipeline Income Fund, the securities in which are quoted on the ASX. Non–executive director of Australian Pipeline Limited since 2000.

Former directorships in the last 3 years
Chairman and non-executive director of Dexion Limited (March 2005 – August 2010) and RCL Group (formerly Babcock & Brown Residential Land Partners Group) (May 2006 – February 2012).

Special responsibilities
Chairman of the Board
Chairman of the Board Nomination Committee
Member of the Audit and Risk Committee
Member of the Human Resources and Remuneration Committee

Interest in shares and options
71,149 ordinary shares in Super Retail Group Limited

P A Birtles. BSc, ACA *Managing Director and Chief Executive Officer.* Age 48
Experience and expertise
Managing Director and Chief Executive Officer for 6 years and 8 months. Previously Chief Financial Officer for 4 years 8 months and Company Secretary for 1 year 5 months.

Other current directorships
Non-executive director of GWA Group Limited

Former directorships in the last 3 years
None

Special responsibilities
Managing Director and Chief Executive Officer
Member of the Board Nomination Committee

Interests in shares and options
1,892,596 ordinary shares in Super Retail Group Limited
300,000 performance rights over ordinary shares in Super Retail Group Limited

R A Rowe. *Non-Executive Director.* Age 68
Experience and expertise
Founder of the business in 1972. Non-executive director for 8 years 4 months. Previously 8 years as Chairman and 24 years as Managing Director.

Other current directorships
Director of a number of private family companies.

Former directorships in the last 3 years
None.

Special responsibilities
Member of the Board Nomination Committee
Member of the Human Resources and Remuneration Committee

Interests in shares and options
56,954,670 ordinary shares in Super Retail Group Limited.

R J Skippen, ACA *Independent Non-Executive Director.* Age 64
Experience and expertise
Independent Non-Executive Director for 3 years 9 months. John was the former Finance Director of Harvey Norman Holdings Ltd for 12 years and has over 30 years' experience as a chartered accountant.

Other current directorships
Non-Executive Director of Flexigroup Limited and Emerging Leaders Investment Limited. Chairman and Non-Executive Director of Slater & Gordon Limited.

Former directorships in the last 3 years
Non-Executive Director of Mint Wireless Limited (November 2007 – September 2008) and Briscoe Group Limited (NZ) (March 2004 – September 2011).

Special responsibilities
Chairman of the Audit and Risk Committee
Member of the Board Nomination Committee
Member of the Human Resources and Remuneration Committee

Interest in shares and options
Nil.

S A Pitkin, LLM, LLB FAICD *Independent Non-Executive Director.* Age 53
Experience and expertise
Independent Non-Executive Director for 2 years. Sally is an experienced Non-Executive Director and lawyer and a former partner of Clayton Utz.

Other current directorships
Non-Executive Director of Billabong International Limited

Former directorships in the last 3 years
Aristocrat Limited (June 2005 – May 2011)

Special responsibilities
Chair of the Human Resources and Remuneration Committee
Member of the Audit and Risk Committee
Member of the Board Nomination Committee

Interest in shares and options
25,053 ordinary shares in Super Retail Group Limited

Company Secretary
The Company Secretary is Mr R W Dawkins, B.Bus (Acct), Grad. Dip. AppCorpGov, ACIS, ACSA. Mr Dawkins commenced with Super Retail Group Limited as the Property Services Manager in July 2001 and was appointed Company Secretary in December 2010.

Meetings of directors
The number of meetings of the Company's Board of Directors and each Board Committee held during the period ended 30 June 2012 is set out below:

	Full meetings directors		Meetings of Committees: Audit & Risk		Board Nomination		Human Resource & Remuneration	
	A	B	A	B	A	B	A	B
R J Wright	11	11	3	3	1	1	2	2
P A Birtles	11	11	n/a	n/a	1	1	2	2
R A Rowe	11	11	n/a	n/a	1	1	2	2
R J Skippen	11	11	3	3	1	1	2	2
S A Pitkin	11	11	3	3	1	1	2	2

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the Committee during the year

Proceedings on behalf of the Company
No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-Audit Services
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated 2012 $	Entity 2011 $
Assurance Services		
PricewaterhouseCoopers Australian firm		
Remuneration for audit services	**568,314**	424,468
Total remuneration for assurance services	**568,314**	424,468
Taxation Services		
Total remuneration for taxation services	**236,005**	269,749
Advisory Services		
Total remuneration for advisory services	**0**	144,157

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 30.

Loans to directors and executives
There are no loans to directors or executives as at 30 June 2012 and no loans were made during the period.

Remuneration and Diversity report

Introduction

One of Super Retail Group's core principles is that the attraction, development and retention of loyal and passionate team members provide a competitive advantage which is fundamental to the long term success of the Group. The maintenance of a workplace culture and the development of people practices that support this principle are strategic priorities for the Group.

The development of people practices covers a number of areas including attraction, diversity, learning and development, engagement, workplace health and safety, talent and succession management and remuneration and benefits.

Remuneration and benefits practices are set in the context of an overall policy to provide market competitive remuneration arrangements which support the attraction, development and retention of loyal and passionate team members and that are aligned with the interests of shareholders.

Remuneration Policy

Super Retail Group is committed to creating a high performance culture. Our philosophy is to provide flexible and competitive market based total remuneration arrangements that are linked to the performance of the Group and its businesses and support services.

The key elements of the policy are:

- To provide competitive total remuneration arrangements that enables the Group to attract and retain high performing team members and to reward them for their contribution to the success of the Group.
- To align remuneration arrangements with the delivery of sustainable value to the Group's shareholders.
- To maintain a pay for performance environment through linking incentive pay opportunities to the achievement of specific, measurable business goals.
- To position our base salaries at or around the median and our performance incentives in the 2nd quartile of relevant market remuneration levels.
- To provide arrangements with the flexibility to recognise individuals based on performance, experience and qualifications.
- To provide equitable, fair and consistent pay arrangements across the Group through a systematic methodology involving job value and market positioning.

Remuneration can include a number of different elements such as base pay, superannuation, short term incentives, long term incentives, tools of trade, study and relocation assistance, share plans and novated lease arrangements. The elements of the total remuneration package may vary according to the job role, team members experience and performance and market practice.

Role of the Human Resources and Remuneration Committee

The primary objective of the Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to the Group's people strategy including remuneration components, performance measurements and accountability frameworks, recruitment, retention, talent management and succession planning.

The Committee undertakes an annual review of the Group's remuneration strategy and remuneration policy to facilitate understanding of the overall approach to remuneration and to confirm alignment with the Group's business strategy and compliance with regulatory standards.

The Committee reviews and recommends to the Board for approval remuneration arrangements for the Chief Executive Officer and other senior Executives. The Committee will review the arrangements on an annual basis, obtaining independent external remuneration advice where appropriate.

The Committee undertakes an annual review of the Group's performance management system to confirm the integrity of systems and processes in making incentive based payments. The Committee will also verify compliance with vesting or exercise requirements for equity based rewards.

The Committee establishes the policy for the remuneration arrangements for Non Executive Directors, reviewing remuneration arrangements annually, obtaining independent external remuneration advice where appropriate.

The Committee reviews and recommends to the Board for approval the Remuneration Report and any other report required to be produced for shareholders to meet regulatory requirements.

Remuneration and Diversity report (continued)

Non Executive Directors Remuneration Structure

Fees to Non Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The level of fees are reviewed annually by the Human Resources and Remuneration Committee and are based on the median of fees paid for comparative Non Executive Director roles in similarly sized publicly listed companies operating in the retail and consumer goods industry.

The Human Resources and Remuneration Committee engaged the services of Deloittes as an independent remuneration consultant to prepare comparative information for review to ensure that fees are market based and fairly represent the responsibilities and time spent by the Directors on Company matters.

Additional fees are paid to the Chairs of the Audit and Risk and the Human Resources and Remuneration Committees. This reflects the additional time commitment required by the Chairs of these committees.

Non Executive Director Fees are determined within an aggregate Directors' fee pool approved by shareholders. The current pool of $800,000 was approved on 26 October 2011.

Non Executive Directors' fees are inclusive of superannuation contributions. Non Executive Directors do not receive shares, performance rights or share options as part of their remuneration. Non Executive Directors may opt each year to receive a proportion of their remuneration in Super Retail Group Limited shares, which would be acquired on market.

Directors Fees

The Directors' fees are inclusive of Committee fees. Fees for year to 29 June 2013 were approved on 26 July 2012, while fees for the year to 30 June 2012 were approved on 17 August 2011.

The following fees apply:

	2012	2013
	$	$
Chairman	**160,000**	200,000
Other Non Executive Directors	**90,500**	105,000
Committee Chair	**10,000**	10,000

Senior Executive Remuneration Structure

The Senior Executive Remuneration Structure is reviewed annually by the Human Resources and Remuneration Committee. The Committee ensure that the Remuneration Structure is consistent with market practice.

Senior Executive Remuneration consists of 3 elements:

- Base Salary Package (inclusive of superannuation contributions, car allowance and other benefits)
- Short Term Incentive (STI)
- Long Term Incentive (LTI)

The mix of remuneration between fixed and variable components is varied in line with the seniority of the role and the relative responsibilities of the role for driving business performance and for developing and implementing business strategy.

For the years to 30 June 2012 and 29 June 2013, the following mix of remuneration applies.

	Fixed	STI	LTI
Chief Executive Officer	40%	28%	32%
Divisional Managing Directors	45%	27%	28%
Chief Financial Officer	50%	25%	25%
General Manager Group Logistics	55%	22%	23%

Remuneration and Diversity report (continued)

Senior Executive Remuneration Structure (continued)

The tables assume that a full STI is received and that the LTI fully vests – the actual reward is dependant on the achievement of performance targets.

The LTI component is based on the notional monetary value at the time of grant. This notional valuation may differ from the accounting valuation which considers probability of vesting and other factors.

Base Salary Package

The Group's intent is to offer senior executives a base salary package that reflects the median market base salary package for a comparable role in a similarly sized publicly listed company operating in the retail and consumer goods industry. The senior executive's performance and experience are also considered in determining the base salary package.

The base salary package consists of base pay and superannuation and may include prescribed non-financial benefits at the executives' discretion on a salary sacrifice basis.

Base salary packages are reviewed annually. There is no guaranteed base salary increase in any senior executive's service contract.

Market information is sourced from market remuneration surveys and from a review of the annual reports of benchmark listed companies.

All senior executive base salary proposals are reviewed and assessed by the Human Resources and Remuneration Committee. Using this information the Human Resources and Remuneration Committee then make recommendations to the Board.

Short Term Incentive (STI)

Senior executives are invited to participate in a short term incentive scheme that rewards executives for the achievement of performance targets that are consistent with the Group's approved business plan and that are aligned to delivering sustainable value to shareholders.

The Human Resources and Remuneration Committee recommends to the Board an annual profit before tax target. In setting this target, the Committee considers the profit projections set out in the Group's approved business plan and investor expectations.

For the year to 30 June 2012, the profit before tax target of $112.5 million was 45% higher than the profit before tax achieved in the period to 2 July 2011. This target reflected the budgeted contribution of the Rebel Group which was acquired on 30 October 2011. The target reflected an underlying increase in Group profit of circa 10%, which was determined to be an appropriately demanding target in the context of the existing retail environment.

Should profit before tax exceed the profit target, an STI bonus pool is created to a value of 20% of the amount that company profit exceeds the target.

Senior executives have the opportunity to share in the STI bonus pool up to the maximum value of between 40% and 70% of their base salary in accordance with the Senior Executive Remuneration Structure outlined above.

The level of participation is dependant on the achievement of 12 Key Performance Indicators (KPIs) relevant to their area of responsibility. The 12 KPIs cover the achievement of financial and operational results and the successful implementation of strategic and people development initiatives. The KPIs are consistent with the overall performance targets set out in the Group's business plan.

The Human Resources and Remuneration Committee is responsible for assessing whether the KPIs are achieved and for approving short term incentive payments. The Committee receives reports from management to assist in the assessment.

Remuneration and Diversity report (continued)

Long Term Incentive (LTI)

The Group's remuneration structure aims to align long term incentives for senior executives with the delivery of sustainable value to shareholders. The alignment of interests is important in ensuring that senior executives are focused on delivering sustainable returns to shareholders, whilst allowing the Group to attract and retain senior executives of a high calibre.

In October 2009, the Group's shareholders approved the establishment of the Super Retail Group Limited Performance Rights Plan (PRP).

The PRP links the long term remuneration of senior executives with the economic benefit derived by shareholders over a three to five year period.

Participation in the PRP is by invitation only and only those senior executives invited by the Board are able to participate.

The PRP allows for the annual grant of Performance Rights to senior executives. The grant of Performance Rights entitles the senior executive to be granted an equivalent number of shares upon vesting of those Performance Rights. The vesting of Performance Rights is subject to the satisfaction of performance conditions.

The performance conditions will be satisfied if the Group achieves both certain earnings per share increases and return on capital hurdles over a three year period as determined by the Board or its nominee.

The Board consider that the combination of earnings per share growth and maintenance of return on capital ensure that executives maintain a focus on value creating growth which will deliver sustainable returns for shareholders.

The issues of Performance Rights are subject to the following performance conditions over a three year period ending 30 June:

a) 10% cumulative earnings per share growth; and
b) Return on capital of more than 15%

If a Performance Right has not lapsed and the performance conditions have been satisfied, Performance Rights will vest in accordance with the following schedule:

Time after grant of Performance Right	% of Performance Rights that vest
3 years	50%
4 years	25%
5 years	25%

The notional value of Performance Rights granted to each senior executive is based on the share price of the Group at the time of grant. The number of Performance Rights granted to each senior executive is determined in accordance with the Executive Remuneration Structure outlined above and have a value of between 42% and 80% of their base salary. This value of Performance Rights for grant purposes may differ from the accounting valuation which considers probability of vesting and other factors.

Remuneration and Diversity report (continued)

Relationship of Remuneration to Company Performance

The performance of the Group and remuneration paid to key management personnel over the last 6 years is summarised in the following table:

	2007	2008	2009	2010	2011	2012
Company Performance						
Sales ($m)	624.8	715.4	828.8	938.0	1,092.3	1,654.1
Profit before tax ($m)	31.3	36.8	41.9	53.9	77.7	120.1
Post Tax ROC (%)	13.9	14.1	15.6	16.8	17.5	18.8
Earnings Per Share (¢)	19.5	22.6	28.1	32.1	40.6	46.1
Dividends Per Share (¢)	10.5	13.0	18.0	21.5	29.0	32.0
30 June Share Price ($)	4.20	2.33	3.61	5.27	7.00	7.19
Remuneration Paid to Key Management Personnel						
Base Salary Package	1.8	1.9	2.1	2.2	2.5	3.0
Short Term Incentive	0.8	0.2	0.8	1.1	1.0	1.0
Long Term Incentive	0.2	0.2	0.2	0.4	0.7	1.1
Total	2.8	2.3	3.1	3.7	4.2	5.1

Since 2007 earnings per share have increased by 136%, dividends per share have increased by 205% and the share price has increased by 71%.

During the same period, total remuneration paid to key management personnel has increased by 82% whilst Base Salary has increased by 67%. The major driver of increase in total remuneration has been incentive pay reflecting the strong performance of the Group over the last five years.

Total remuneration paid to key management personnel as a proportion of profit before tax was 10% in 2006 and had reduced to 4.3% in 2012.

Details of remuneration of the Group

Amounts of remuneration
Details of the remuneration of the directors and key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and the six highest paid executives of Super Retail Group Limited are set out in the following tables.

The key management personnel of the Group includes the directors and the following executive officers, (being those who are responsible for developing and implementing the Group's strategy):

- P A Birtles, Managing Director
- D F Ajala, Managing Director - Auto & Cycle Retailing
- S J Doyle, Managing Director - Leisure Retailing
- E A Berchtold, Managing Director – Sports Retailing
- G G Carroll, Chief Financial Officer
- G L Chad, General Manager, Group Logistics

The highest paid executives for the period ended 30 June 2012 were as follows:

- P A Birtles
- D F Ajala
- S J Doyle
- E A Berchtold
- G G Carroll
- G L Chad

Remuneration and Diversity report (continued)

2012	Short-term benefits			Post-employment benefits	Share-based payment		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Options $	Performance Rights $	Total $
Non-executive directors							
R J Wright *Chairman*	146,789	0	0	13,211	0	0	160,000
R A Rowe	35,881	0	0	54,119	0	0	90,000
R J Skippen	91,743	0	0	8,257	0	0	100,000
S A Pitkin	91,743	0	0	8,257	0	0	100,000
Sub-total non-executive directors	**366,156**	**0**	**0**	**83,844**	**0**	**0**	**450,000**
Executive directors							
P A Birtles	856,810	367,500	2,415	15,775	0	477,180	1,719,680
Other key management personnel							
D F Ajala	425,100	184,500	0	24,900	0	193,354	827,854
S J Doyle	387,492	128,650	11,733	15,775	0	177,500	721,150
E A Berchtold	219,901	118,663	19,615	17,508	0	0	375,687
G G Carroll	359,225	116,250	0	15,775	0	129,260	617,510
G L Chad	309,128	100,100	27,132	48,740	0	128,730	613,830
Totals	**2,923,812**	**1,015,663**	**60,895**	**222,317**	**0**	**1,103,024**	**5,325,711**

2011	Short-term benefits			Post-employment benefits	Share-based payment		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Options $	Performance Rights $	Total $
Non-executive directors							
R J Wright *Chairman*	127,659	0	0	12,341	0	0	140,000
R A Rowe	31,932	0	0	50,568	0	0	82,500
D D McDonough (resigned 31 August 2010)	5,208	0	0	9,396	0	0	14,604
R J Skippen	71,000	0	0	20,000	0	0	91,000
S A Pitkin	75,688	0	0	6,812	0	0	82,500
Sub-total non-executive directors	**311,487**	**0**	**0**	**99,117**	**0**	**0**	**410,604**
Executive directors							
P A Birtles	794,886	416,625	2,415	27,699	21,532	307,167	1,570,324
Other key management personnel							
D F Ajala	392,947	195,500	5,104	26,949	3,992	115,187	739,679
S J Doyle	359,846	179,400	14,954	15,199	3,992	105,413	678,804
E A Berchtold	0	0	0	0	0	0	0
G G Carroll	307,801	119,510	0	15,199	8,096	73,917	524,523
G L Chad	292,007	135,975	27,893	47,600	3,010	83,784	590,269
Totals	**2,458,974**	**1,047,010**	**50,366**	**231,763**	**40,622**	**685,468**	**4,514,203**

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		**At Risk – STI**		**At Risk – LTI**	
Name	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
P A Birtles	50.88%	52.54%	21.37%	26.53%	27.75%	20.93%
D F Ajala	54.36%	57.46%	22.29%	26.43%	23.35%	16.11%
S J Doyle	57.55%	57.45%	17.84%	26.43%	24.61%	16.12%
E A Berchtold	68.41%	-	31.59%	-	-	-
G G Carroll	60.73%	61.58%	18.83%	22.78%	20.44%	15.64%
G L Chad	62.72%	62.26%	16.31%	23.04%	20.97%	14.70%

Remuneration and Diversity report (continued)

Service Agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Each of these agreements provide for the provision of performance related cash bonuses, other benefits and when eligible, participation in the Executive Performance Rights and Option Plans.

All contracts with executives may be terminated early by either party with three months notice, subject to termination payments as detailed below:-

P A Birtles, Managing Director

Term of Agreement – 2 years and 11 months commencing 27 January 2011

Base salary, inclusive of superannuation, for the period ended 30 June 2012 of $875,000 to be reviewed annually by the Human Resource and Remuneration Committee.

Payment of a termination benefit on early termination by the Company, other than for cause, equal to 12 months base salary if the termination is effective more than 12 months before the expiry date or 9 months base salary if the termination is effective within 12 months before the expiry date.

D F Ajala, Managing Director - Auto & Cycle Retailing

Term of Agreement - 3 years and 8 months commencing 27 January 2011

Base salary, inclusive of superannuation, for the period ended 30 June 2012 of $450,000 to be reviewed annually by the Human Resource and Remuneration Committee.

Payment of a termination benefit on early termination by the Company, other than for cause, equal to 6 months base salary if the termination is effective more than 12 months before the expiry date or 3 months base salary if the termination is effective within 12 months before the expiry date.

S J Doyle, Managing Director - Leisure Retailing

Term of Agreement - 4 years and 8 months commencing 27 January 2011

Base salary, inclusive of superannuation, for the period ended 30 June 2012 of $415,000 to be reviewed annually by the Human Resource and Remuneration Committee.

Payment of a termination benefit on early termination by the Company, other than for cause, equal to 6 months base salary if the termination is effective more than 12 months before the expiry date or 3 months base salary if the termination is effective within 12 months before the expiry date.

E A Berchtold, Managing Director – Sports Retailing

Term of Agreement – 4 years and 11 months commencing 5 November 2011

Base salary, inclusive of superannuation, for the period ended 30 June 2012 of $430,000 to be reviewed annually by the Human Resource and Remuneration Committee.

G G Carroll, Chief Financial Officer

Term of Agreement - 5 years and 5 months commencing 17 April 2011

Base salary, inclusive of superannuation, for the period ended 30 June 2012 of $375,000 to be reviewed annually by the Human Resource and Remuneration Committee.

Payment of a termination benefit on early termination by the Company, other than for cause, equal to 6 months base salary if the termination is effective more than 12 months before the expiry date or 3 months base salary if the termination is effective within 12 months before the expiry date.

G L Chad, General Manager Group Logistics

Base salary, inclusive of superannuation, for the period ended 30 June 2012 of $385,000 to be reviewed annually by the Human Resource and Remuneration Committee.

Payment of a termination benefit on early termination by the Company, other than for cause, equal to 3 months base salary.

Remuneration and Diversity report (continued)

Details of remuneration: Short Term Incentives
Cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed “short term incentives” above. For each cash bonus included in the above tables, the percentage of the available bonus that was paid and the percentage that was forfeited because the person did not meet the performance criteria are set out below. No part of the bonuses are payable in future years.

	Short Term Incentives	
Name	**Paid %**	**Forfeited %**
P A Birtles	60	40
D F Ajala	68	32
S J Doyle	52	48
E A Berchtold	68	32
G G Carroll	62	38
G L Chad	65	35

Share based compensation

Performance Rights
Performance rights vest progressively from 3 to 5 years after the date of grant. The issues of Performance Rights are subject to achieving two performance conditions over a three year period ending 30 June (i) 10% cumulative earnings per share growth and (ii) return on capital of more than 15%.

The performance rights do not give the right to participate in any other share issue of the Company or any other entity.

The table below lists the performance rights provided as remuneration to each Director of Super Retail Group Limited and each of the key management personnel of the Group. There were no lapsed performance rights in the period.

Name	**Number of Performance Rights granted during the period**	**Value of Performance Rights at Grant Date**	**Number of Performance Rights vested during the period**
	2012	2012	2012
Directors of Super Retail Group Limited			
R J Wright	0	0	0
R A Rowe	0	0	0
R J Skippen	0	0	0
S A Pitkin	0	0	0
P A Birtles	100,000	609,000	0
Other Key Management Personnel			
D F Ajala	45,977	280,000	0
S J Doyle	42,401	258,222	0
E A Berchtold	0	0	0
G G Carroll	30,788	187,499	0
G L Chad	26,437	161,001	0

The above performance rights are valued using the share price at time of granting. The performance rights granted in the current reporting period were valued using a share price of $6.09. The performance rights are expensed over a 5-year period in-line with the vesting conditions of the rights. Plan participants may not enter into any transaction designed to remove the “at risk” aspect of the performance rights before they vest.

Shares under option
No options were granted or vested during the period.

Remuneration and Diversity report (continued)

Shares provided on exercise of remuneration options
The table below lists the ordinary shares in the Company issued during the year as a result of the exercise of remuneration options. No performance rights were exercisable during the year.

Name	Date of Exercise of Options	Number of Ordinary Shares Issued on Exercise of Options During the Year	Market Value at Exercise Date*
P A Birtles	27/09/2011	200,000	722,800
S J Doyle	5/3/12-12/3/2012	200,000	930,400
G G Carroll	11/08/2011	100,000	395,000
G L Chad	16/08/2011	50,000	197,600

* The value at exercise date of options exercised during the period was determined using the 5-day average Group share price.

Unissued shares under performance rights and options plans
Unissued ordinary shares of Super Retail Group Limited under the performance rights plan at the date of this report are as follows:

Grant date	Vesting Date*	Value per Performance Right at Grant Date	Number of Performance Rights
1 September 2009	*	$5.15	339,683
1 September 2010	*	$5.85	347,758
1 September 2011	*	$6.09	453,151
			1,140,592

* Performance rights vest progressively 3 to 5 years after grant date and have no expiry date.

Plan participants may not enter into any transaction designed to remove the “at risk” aspect of performance rights on share options.

Unissued ordinary shares of Super Retail Group Limited under option at the date of this report are as follows:

Grant date	Exercise date	Exercise Price	Value per option at grant date	Number under option
27 January 2006	5 January 2011	$2.44	$0.38	50,000
23 August 2007	24 July 2010	$4.37	$0.93	60,000
1 August 2008	1 August 2011	$2.49	$0.65	40,000
				150,000

Shares issued on the exercise of options
The following ordinary shares of Super Retail Group Limited were issued during the year ended 30 June 2012 on the exercise of options granted under the Super Retail Group Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
27 January 2006	$2.44	200,000
17 April 2006	$2.25	100,000
1 July 2006	$2.25	300,000
26 October 2006	$2.44	200,000
23 August 2007	$4.37	40,000
1 August 2008	$2.49	140,000

The exercise of the options is subject to the satisfaction of a qualifying hurdle. For the options granted prior to 23 August 2007, the qualifying hurdle requires cumulative annual growth of 10% in Earnings Per Share (pre amortisation) from the IPO Prospectus forecast Earnings Per Share (pre amortisation) for the year ending 30 June 2005 (being 17.2 cents) through to each of the years prior to the options being exercised. For the options granted in August 2007 and August 2008, the relevant start dates for measurement of the 10% cumulative annual growth in Earnings Per Share are 30 June 2007 and 28 June 2008 respectively. Exercise of options is subject to being employed by the Group.

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Insurance of officers
During the financial year, Super Retail Group Limited paid a premium of $75,735 to insure the directors and secretaries of the Company and its controlled entities, and the general managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Diversity
Super Retail Group recognises its talented and diverse workforce as a key competitive advantage. Our business performance is a reflection of the quality and skill of our people and behaviours that are aligned to our Group Values. We are firmly committed to developing policies, practices and ways of working that support diversity. We strive to ensure strong business growth and performance whilst providing an environment that makes the Super Retail Group a great place to work.

Central to achieving this goal is an inclusive work environment and culture that allows Team Members to contribute their full potential, through recognising and supporting their diverse strengths and needs. We want to be known as a diversity conscious employer recognising, appreciating, valuing and utilising the unique talents and contributions of all individuals.

The company has developed a diversity policy that links directly to the company's corporate vision and strategies. The objectives of the policy are:

- For our workforce to be representative of our customer base
- To recognise, value and engage the diverse skills, cultural values and backgrounds of our Team Members
- To enhance the opportunities for Team Members to participate and contribute to the work of the Super Retail Group
- To maintain a focus on workplace health and safety by providing appropriate employment arrangements
- To proactively prevent and eliminate harassment and unlawful discrimination in the workplace
- To ensure that workplace structures, conditions, systems and procedures, foster diversity and allow Team Members to manage work and personal life
- To promote awareness of the value of diversity in the workplace
- To enhance attraction, development and retention of Team Members
- To be recognised as a great place to work and a preferred employer in the specialty retail sector and;
- To provide suitable employment opportunities for disabled and disadvantaged Team Members

Gender Diversity
The nature of the products that are sold through the Group's stores attracts a customer base that is significantly skewed towards male customers. Across the Group around 80% of customers are males.

The company is proud that its culture and inclusive policies have created a workforce in which females represent 38% of the workforce at 30 June 2012. 35% of middle and senior management positions and 22% of senior management positions are held by females at 30 June 2012.

The company has set targets of 33% of middle and senior management positions and 30% of senior management and Board positions to be held by females by June 2015.

To promote diversity, the company has implemented the following initiatives:
- Paid maternity leave
- Parental leave information packs
- Part time work opportunities
- Monitoring of remuneration for gender differences
- Appointment of females into senior non traditional roles – e.g., General Manager Retail Operations, Retail Operations Manager, Distribution Centre Manager.

The following initiatives are being implemented in the coming year:
- Shortlisting of candidates for middle and senior management vacancies in line with 2015 diversity targets
- Participation in leadership development programs to be in line with 2015 diversity targets
- Further development of flexible work practices
- Development of childcare and aged-care information packs
- Quarterly reporting and review of diversity performance
- Inclusion of diversity in induction and management development programs

Rounding of amounts
The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Directors.

R J Wright
Chairman

P A Birtles
Director

Brisbane
21 August 2012

Auditor's Independence Declaration

As lead auditor for the audit of Super Retail Group Limited for the year ended 30 June 2012, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Cameron Henry
Partner
PricewaterhouseCoopers

21 August 2012

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Super Retail Group Limited ABN 81 108 676 204
Annual financial report – 30 June 2012

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Super Retail Group Limited and its subsidiaries. The financial report is presented in the Australian currency.

Super Retail Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

751 Gympie Road, Lawnton, Queensland, 4501

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 15 to 29, which is not part of this financial report.

The financial report was authorised for issue by the directors on 21 August 2012. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.superretailgroup.com.au.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Super Retail Group Limited
For the period ended 30 June 2012

	Notes	Consolidated 2012 $'000	2011 $'000
Revenue from continuing operations	5	**1,655,474**	1,093,398
Other income	6	**916**	1,359
Total revenues and other income		**1,656,390**	1,094,757
Cost of sales of goods		**(927,679)**	(598,067)
Other expenses from ordinary activities			
- selling and distribution		**(208,154)**	(138,415)
- marketing		**(76,891)**	(51,188)
- occupancy		**(124,584)**	(90,307)
- administration		**(176,982)**	(128,155)
Finance costs expense		**(21,995)**	(10,973)
Total expenses		**(1,536,285)**	(1,017,105)
Profit before income tax		**120,105**	77,652
Income tax (expense)/benefit	8	**(36,584)**	(22,053)
Profit attributable to Members of Super Retail Group Limited		**83,521**	55,599
Other comprehensive income			
Cash flow hedges	25	**360**	(3,414)
Exchange differences on translation of foreign operations	25	**301**	(1,200)
Other comprehensive income for the year, net of tax		**661**	(4,614)
Total comprehensive income for the year		**84,182**	50,985
Total comprehensive income for the year is attributable to:			
Owners of Super Retail Group Limited		**84,182**	50,985
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	37	**46.1**	40.6
Diluted earnings per share	37	**45.8**	40.1

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Super Retail Group Limited
As at 30 June 2012

	Notes	Consolidated 2012 $'000	2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**47,043**	25,697
Trade and other receivables	10	**28,532**	22,160
Inventories	11	**416,719**	292,874
Total current assets		**492,294**	340,731
Non-current assets			
Property, plant and equipment	12	**170,863**	109,277
Deferred tax assets	13	**0**	10,789
Intangible assets	14	**722,350**	111,251
Total non-current assets		**893,213**	231,317
Total assets		**1,385,507**	572,048
LIABILITIES			
Current liabilities			
Trade and other payables	15	**197,888**	122,373
Borrowings	16	**8**	32
Current tax liabilities	17	**9,199**	11,013
Provisions	18	**19,832**	12,286
Total current liabilities		**226,927**	145,704
Non-current liabilities			
Trade and other payables	19	**17,527**	15,538
Borrowings	20	**388,009**	99,143
Deferred tax liabilities	22	**54,718**	0
Provisions	23	**9,463**	7,983
Total non-current liabilities		**469,717**	122,664
Total liabilities		**696,644**	268,368
Net assets		**688,863**	303,680
EQUITY			
Contributed equity	24	**541,835**	194,541
Reserves	25	**(706)**	(3,239)
Retained profits	25	**147,734**	112,378
Total equity attributable to equity holders of Super Retail Group Limited		**688,863**	303,680

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Super Retail Group Limited
For the period ended 30 June 2012

	Notes	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 3 July 2010		**182,158**	**158**	**88,241**	**270,557**
Profit for the year		0	0	55,599	55,599
Other comprehensive income		0	(4,614)	0	(4,614)
Total comprehensive income for the year		**0**	**(4,614)**	**55,599**	**50,985**
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	24	12,383	0	0	12,383
Dividends provided for or paid	26	0	0	(31,462)	(31,462)
Employee share options and performance rights	25	0	1,217	0	1,217
		12,383	1,217	(31,462)	(17,862)
Balance at 2 July 2011		**194,541**	**(3,239)**	**112,378**	**303,680**
Profit for the year		0	0	83,521	83,521
Other comprehensive income		0	661	0	661
Total comprehensive income for the year		**0**	**661**	**83,521**	**84,182**
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	24	347,294	0	0	347,294
Dividends provided for or paid	26	0	0	(48,165)	(48,165)
Employee share options and performance rights	25	0	1,872	0	1,872
		347,294	1,872	(48,165)	301,001
Balance at 30 June 2012		**541,835**	**(706)**	**147,734**	**688,863**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Super Retail Group Limited
For the period ended 30 June 2012

	Notes	Consolidated 2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,825,528**	1,207,864
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,506,423)**	(1,023,148)
Rental payments			
- external		**(140,200)**	(82,519)
- related parties		**(9,350)**	(10,384)
Income taxes paid		**(34,308)**	(20,911)
Net cash (outflow) inflow from operating activities	36	**135,247**	70,902
Cash flows from investing activities			
Payments for property, plant and equipment		**(60,380)**	(37,647)
Proceeds from sale of property, plant and equipment		**171**	1,129
Payments for purchase of subsidiary, net of cash acquired		**(621,704)**	0
Net cash (outflow) inflow from investing activities		**(681,913)**	(36,518)
Cash flows from financing activities			
Proceeds from borrowings		**998,405**	241,591
Repayment of borrowings		**(710,860)**	(251,667)
Interest paid		**(16,720)**	(9,894)
Dividends paid to company's shareholders	26	**(31,692)**	(20,797)
Proceeds from issue of shares		**328,820**	1,966
Net cash inflow (outflow) from financing activities		**567,953**	(38,801)
Net increase (decrease) in cash and cash equivalents		**21,287**	(4,417)
Cash and cash equivalents at the beginning of the financial year		**25,697**	30,200
Effects of exchange rate changes on cash and cash equivalents		**59**	(86)
Cash and cash equivalents at end of year	9	**47,043**	25,697

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUPER RETAIL GROUP LIMITED

FOR THE PERIOD ENDED
30 JUNE 2012

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Super Retail Group Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Compliance with IFRS

Consolidated financial statements and notes of Super Retail Group Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention, unless otherwise stated.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Super Retail Group Limited (the "Company" or "parent entity") as at 30 June 2012 and the results of its controlled entities for the period then ended. Super Retail Group Limited and its controlled entities comprise the "consolidated entity". The effects of all transactions between entities in the consolidated entity are fully eliminated.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Divisional Managing Directors, who are responsible for allocating resources and assessing performance of the operating segments.

(d) Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arise in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

A deferred tax liability is recognised in relation to some of the Group's indefinite life intangibles. The tax base assumed in determining the amount of the deferred tax liability is the capital cost base of the assets. As the assets are indefinite life in nature it was determined the assets would not be recovered through use but rather through sale.

Tax Consolidation Legislation

Super Retail Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Super Retail Group Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

Investment allowances

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Super Retail Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of goods – retail

Revenue from the sale of goods is recognised when a Group entity sells a product to the customer pursuant to sales orders and when the associated risk and rewards have passed to the customer. Retail sales are usually by credit card or in cash.

(ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Interest income on impaired loans is recognised using the original effective interest rate.

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement 30 days from the end of the month after sale. Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any impairment loss is included within “Administration” in the income statement.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs comprise direct purchase costs and an appropriate proportion of supply chain variable and fixed overhead expenditure. Costs are assigned to individual items of stock on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(i) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(j) Financial assets

Classification
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date.

(ii) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iv) Subsequent measurement
Loans and receivables are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or "Administration" in the period in which they arise.

(k) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

(i) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the income periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(ii) Net investment hedges
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expenses.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

(iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(l) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

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. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. 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.

(m) Property, plant & equipment

Each class of property, plant and equipment is carried at historical cost, less any accumulated depreciation or amortisation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation and amortisation of property, plant and equipment

Depreciation and amortisation are calculated on a straight line basis for accounting and on a diminishing value basis for tax. Depreciation and amortisation allocates the cost of an item of property, plant and equipment net of residual values over the expected useful life of each asset to the consolidated entity. Estimates of remaining useful lives and residual values are reviewed and adjusted, if appropriate, at each statement of financial position date. The depreciation rates used for each class of assets are:

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(n) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values as at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or debt. Contingent payments classified as debt are subsequently remeasured through profit or loss.

Acquisition-related costs are expensed as incurred.

(o) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of goodwill, this is the cash generating unit level.

(p) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease term.

(q) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or business at the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill and intangibles acquired in business combinations are not amortised. Instead, they are tested for impairment annually, or more frequently if events or changes in circumstances indicated that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

(ii) Trademarks and licences
Trademarks and licences have an indefinite useful life and are carried at cost less impairment losses.

(iii) Computer software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

(iv) Brand names
Brand names that are acquired as part of a business combination are recognised separately from goodwill. These assets are carried at their fair value at the date of acquisition less impairment losses. Brand names are valued using the relief from royalty method. Amortisation is calculated based on the timing of projected cash flows of the assets over their estimated useful lives, which is 20 years or indefinite.

(v) Supplier Agreements
Supplier agreements are acquired as part of a business combination and are recognised separately from goodwill. These assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Supplier agreements have been valued using the multi-period excess earnings method. Amortisation is calculated based on timing of projected cash flows of the assets over their estimated useful lives which is 20 years.

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

(r) Trade and other payables

Trade and other creditors are payables for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid at that date. The amounts are unsecured and are normally paid within sixty days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

(t) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial period but not distributed at balance date.

(v) Employee benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred.

(iv) Share-based payments
Share-based compensation benefits are provided to certain employees via the Super Retail Group Executive Option Plan and Super Retail Group Performance Rights Plan.

The fair value of options and performance rights granted under these plans are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

For share options, the fair value at grant date is determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Performance rights are valued using the 3 month weighted average share price as at the grant date.

Upon exercise of the options and performance rights, the balance of the share-based payments reserve relating to those options remains in the share based reserve.

(v) Profit-sharing and bonus plans
The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(w) Finance costs

Finance costs are recognised in the period in which these are incurred and are expensed in the period to which the costs relate. Generally costs such as discounts and premiums incurred in raising borrowings are amortised on an effective yield basis over the period of the borrowing. Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance lease charges;

(x) Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand, cash at bank and at call deposits with banks or financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(y) Goods and Services Tax

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flow.

(z) Make good requirements in relation to leased premises.

Make good costs arising from contractual obligations in lease agreements are recognised as provisions at the inception of the agreement. A corresponding asset is taken up in property, plant and equipment at that time. Expected future payments are discounted using appropriate market yields at reporting date.

(aa) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:-

- the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 37).

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(ab) Rounding of amounts

The economic entity is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

(ac) Financial year

As allowed under Section 323D(2) of the *Corporations Act 2001*, the Directors have determined the financial year to be a fixed period of 52 calendar or 53 calendar weeks. For the period to 30 June 2012, the Group is reporting on the 52 week period that began 3 July 2011 and ended 30 June 2012. For the period to 2 July 2011, the Group is reporting on the period commencing 4 July 2010 and ended 2 July 2011.

(ad) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

AASB 10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in other Entities, revised* AASB 127 *Separate Financial Statements and* AASB 128 *Investments in Associates and Joint Ventures and* AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation – Special Purpose Entities.* The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. While the Group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments.

The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

AASB 2012-5 Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 cycle (effective for annual periods beginning on or after 1 January 2013). The Group does not expect that any adjustments will be necessary as the result of applying the revised rules.

AASB 2012-3 Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities and AASB 2012-2 Disclosures -Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014 and 1 January 2013 respectively)

The AASB approved amendments to the application guidance in AASB 132 Financial Instruments: Presentation, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the entity's current offsetting arrangements. However, the AASB has also introduced more extensive disclosure requirements into AASB 7 which will apply from 1 January 2013. When they become applicable, the Group will have to provide a number of additional disclosures in relation to its offsetting arrangements. The Group intends to apply the new rules for the first time in the financial year commencing 1 July 2013.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

(ae) Parent entity financial information

The financial information for the parent entity, Super Retail Group Limited, disclosed in note 40 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of Super Retail Group Limited.

(ii) Tax consolidation legislation
Super Retail Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Super Retail Group Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Super Retail Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Super Retail Group Limited for any current tax payable assumed and are compensated by Super Retail Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Super Retail Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

2 Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The Board has approved written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the United States dollar and New Zealand dollar.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity’s functional currency.

The Group’s risk management policy is to hedge between 40% and 75% of anticipated US dollar purchases for the subsequent 4 months and up to 40% of anticipated US dollar purchases for the subsequent 5 to 12 month period.

Forward contracts and currency options are used to manage foreign exchange risk. The Group’s exposure to foreign currency risk at the end of the reporting period is:

	30 June 2012 USD $'000	2 July 2011 USD $'000
Trade receivables	**917**	779
Trade payables	**10,670**	9,763
Forward exchange contracts		
- buy foreign currency (cash flow hedges)	**60,000**	64,000

Group sensitivity

Based on the financial instruments held at 30 June 2012, had the Australian dollar weakened/strengthened by 10% against other currencies with all other variables held constant, the impact on the Group’s post-tax profit would have been nil, on the basis that the financial instruments would have been designated as cash flow hedges and the impact upon the foreign exchange movements of other financial assets and liabilities is negligible.

2 Financial risk management (continued)

Equity would have been $5,858,000 lower/$7,160,000 higher (2011: $2,951,000 lower/$3,606,000 higher) had the Australian dollar weakened/strengthened by 10% against other currencies, arising mainly from forward foreign exchange contracts designated as cash flow hedges. The impact on other Group assets and liabilities as a result of movements in exchange rates are not material.

A sensitivity of 10% was selected following review of historic trends.

(ii) Cash flow and fair value interest rate risk

Group sensitivity

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2012 and 2011, the Group's borrowings were at variable rates and were denominated in Australian dollars.

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	30 June 2012 Balance $'000	2 July 2011 Balance $'000
Bank overdrafts and bank loans	**390,000**	100,000
Interest rate swaps	**140,000**	40,000

An analysis by maturities is provided in (c) below.

The Group risk management policy is to maintain fixed interest rate hedges of approximately 40% of anticipated debt levels over a 3 year period. The Group utilises interest rate swaps to hedge its interest rate exposure on borrowings.

At 30 June 2012, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit and equity for the year would have been $1,750,000 lower/higher (2011: $560,000 lower/higher), mainly as a result of higher/lower interest expense on bank loans.

(b) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Financing arrangements

The Group entity had access to the following undrawn borrowing facilities at the reporting date. These funds can be drawn in Australian dollars at any time subject to the continuing compliance with specified bank covenants.

	Consolidated	
	2012 $'000	2011 $'000
Floating rate		
- Cash advances	**110,000**	90,000

2 Financial risk management (continued)

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been calculated using spot rates applicable at the reporting date.

Group – at 30 June 2012	Less than 6 months $'000	6-12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets) / liabilities $'000
Non-derivatives							
Trade & other payables	197,888	0	0	0	0	197,888	197,888
Borrowings (excluding finance leases)	12,488	12,488	414,976	0	0	439,952	390,000
Finance lease liabilities	7	1	0	0	0	8	8
Total non-derivatives	210,383	12,489	414,976	0	0	637,848	587,896
Derivatives							
Net settled (IRS)	(759)	(759)	(1,239)	0	0	(2,757)	(282)
Gross settled							
- (inflow)	(39,374)	(19,687)	0	0	0	(59,061)	0
- outflow	39,389	20,005	0	0	0	59,394	310
Total derivatives	(744)	(441)	(1,239)	0	0	(2,424)	28

Group – at 2 July 2011	Less than 6 months $'000	6-12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets) / liabilities $'000
Non-derivatives							
Trade & other payables	122,373	0	0	0	0	122,373	122,373
Borrowings (excluding finance leases)	3,413	3,413	106,825	0	0	113,651	100,000
Finance lease liabilities	16	16	8	0	0	40	40
Total non-derivatives	125,802	3,429	106,833	0	0	236,064	222,413
Derivatives							
Net settled (IRS)	(78)	(61)	34	0	0	(105)	(142)
Gross settled							
- (inflow)	(44,298)	(15,388)	0	0	0	(59,686)	0
- outflow	48,001	16,340	0	0	0	64,341	0
Total derivatives	3,625	891	34	0	0	4,550	(142)

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position 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.

2 Financial risk management (continued)

The following tables present the Group's entity's assets and liabilities measured and recognised at fair value at 30 June 2012.

Group – at 30 June 2012	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Derivatives used for hedging	0	418	0	418
Total assets	0	418	0	418
Liabilities				
Derivatives used for hedging	0	(3,877)	0	(3,877)
Total liabilities	0	(3,877)	0	(3,877)

Group – at 2 July 2011	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Derivatives used for hedging	0	142	0	142
Total assets	0	142	0	142
Liabilities				
Derivatives used for hedging	0	(4,115)	0	(4,115)
Total liabilities	0	(4,115)	0	(4,115)

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.

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. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise debt investments and derivative financial instruments. In the circumstances where a valuation technique for these instruments is based on significant observable inputs, such instruments are included in level 3.

The carrying amounts 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. The fair value of the current borrowings approximates the carrying amount, as the impact of discount is not significant.

(e) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest-rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

2 Financial risk management (continued)

	Consolidated entity			
	Carrying amount		**Fair value**	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Carrying amounts and fair values of financial assets and financial liabilities at statement of financial position date:				
Financial assets				
Cash and deposits	**47,043**	25,697	**47,043**	25,697
Receivables	**28,114**	22,018	**28,114**	22,018
Forward exchange contracts *	**418**	0	**418**	0
Interest rate swaps *	**0**	142	**0**	142
Non-traded financial assets	**75,575**	47,857	**75,575**	47,857
Financial liabilities				
Trade and other payables	**(203,211)**	(129,271)	**(203,211)**	(129,271)
Commercial bill and other financing	**(388,017)**	(99,175)	**(388,017)**	(99,175)
Forward exchange contracts *	**(107)**	(4,115)	**(107)**	(4,115)
Interest rate swaps *	**(3,769)**	0	**(3,769)**	0
Non-traded financial liabilities	**(595,104)**	(232,561)	**(595,104)**	(232,561)

*These amounts are unrealised gains and losses which have been included in the carrying amount and fair value in the statement of financial position as financial assets and liabilities.
With the exception of the forward exchange contracts and interest rate swaps, none of the financial assets and liabilities are readily traded on organised markets in the standardised form.
Where assets are carried at amounts above the fair value these amounts have not been written down as it is intended to hold these assets to maturity.
Fair value is exclusive of costs that would be incurred on realisation of an asset and inclusive of costs that would be incurred on settlement of a liability.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position, and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts and interest rate swaps is the fair value of these contracts.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(o). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 14 for details of these assumptions.

(ii) Estimated value of intangible assets relating to acquisitions
The Group has allocated portions of the cost of acquisition to various intangible assets, such as brand names and supply agreements. Brand names have been valued using the relief from royalty method. Supplier agreements have been valued using the multi-period excess earnings method. The calculations require the use of assumptions. In addition, the value of liability of put options granted as part of acquisitions has been estimated.

(iii) Estimated value of make good provision
The Group has estimated the present value of the estimated expenditure required to remove any leasehold improvements and return leasehold premises to their original state, in addition to the likelihood of this occurring. These costs have been capitalised as part of the cost of the leasehold improvements. This provision was re-assessed during the year which resulted in a $2m release.

4 Segment information

(a) Description of segments

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

This results in the following business segments:

Auto & Cycle Retailing: Retail and distribution of motor vehicle spare parts and bicycle accessories, tools and equipment.
Leisure Retailing: Retail and distribution of boating, camping, fishing, outdoor equipment and apparel.
Sports Retailing: Retail and distribution of sporting equipment and apparel (as a result of the Rebel Group acquisition).

(b) Segment information provided to the Divisional Managing Directors

The segment information provided to the Divisional Managing Directors for the reportable segments for the year ended 30 June 2012 is as follows:

2012	Auto & Cycle Retailing $'000	Leisure Retailing $'000	Sports Retailing $'000	Total continuing operations $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Segment Revenue						
Sales to external customers	757,949	456,271	441,909	1,656,129	119	1,656,248
Inter segment sales	(2,139)	0	0	(2,139)	0	(2,139)
Total sales revenue	755,810	456,271	441,909	1,653,990	119	1,654,109
Other revenue/income	51	22	703	776	1,505	2,281
Total revenue and other income	755,861	456,293	442,612	1,654,766	1,624	1,656,390
Segment result (pre-borrowing costs and impairment)	72,186	32,832	54,477	159,495	(17,318)	142,177
Finance costs						(21,995)
Impairment of goodwill	(77)					(77)
Profit before income tax						120,105
Income tax expense						(36,584)
Profit for the period						83,521
Segment Assets & Liabilities						
Segment assets	428,062	234,346	186,966	849,374	536,133	1,385,507
Unallocated assets					0	0
Total assets						1,385,507
Segment liabilities	(277,899)	(178,161)	(148,539)	(605,599)	16,706	(588,893)
Unallocated liabilities					(107,751)	(107,751)
Total liabilities						(696,644)
Acquisitions of property, plant and equipment and other non-current segment assets	17,755	15,097	656,238	689,090	21,815	710,905
Depreciation and amortisation expense	17,628	9,188	8,395	35,211	193	35,404
Goodwill impairment	77					77
Other non-cash expenses						1,873

The segment information provided to the Divisional Managing Directors for the reportable segments for the year ended 2 July 2011 is as follows:

2011	Auto & Cycle Retailing $'000	Leisure Retailing $'000	Sports Retailing $'000	Total continuing operations $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Segment Revenue						
Sales to external customers	713,332	384,368	0	1,097,700	0	1,097,700
Inter segment sales	(5,099)	(280)	0	(5,379)	0	(5,379)
Total sales revenue	708,233	384,088	0	1,092,321	0	1,092,321
Other revenue/income	1,772	391	0	2,163	273	2,436
Total revenue and other income	710,005	384,479	0	1,094,484	273	1,094,757
Segment result (pre-borrowing costs and impairment)	63,611	32,042	0	95,653	(7,028)	88,625
Finance costs						(10,973)
Impairment of goodwill						0
Profit before income tax						77,652
Income tax expense						(22,053)
Profit for the period						55,599
Segment Assets & Liabilities						
Segment assets	366,253	171,597	0	537,850	34,198	572,048
Unallocated assets					0	0
Total assets						572,048
Segment liabilities	(206,162)	(115,187)	0	(321,349)	160,587	(160,762)
Unallocated liabilities					(107,606)	(107,606)
Total liabilities						(268,368)
Acquisitions of property, plant and equipment and other non-current segment assets	13,673	13,067	0	26,740	11,889	38,629
Depreciation and amortisation expense	(15,797)	(6,860)	0	(22,657)	(145)	(22,802)
Goodwill impairment						0
Other non-cash expenses						1,222

(c) Other information

The consolidated entity's divisions are operated in two main geographical areas.

Australia
The home country of the parent entity. The three areas of operation are (i) automotive, bicycles and accessories (ii) boating, camping, outdoor entertainment and fishing (iii) sporting equipment and apparel.

New Zealand
Supercheap Auto and FCO operate in New Zealand.

5 Revenue

	Consolidated 2012 $'000	2011 $'000
From continuing operations		
Sales revenue		
Sale of goods	**1,654,109**	1,092,321
	1,654,109	1,092,321
Other revenue		
Interest	**1,365**	1,077
	1,365	1,077
	1,655,474	1,093,398

6 Other Income

	Consolidated 2012 $'000	2011 $'000
Other income	**916**	1,359
	916	1,359

7 Expenses

	Consolidated 2012 $'000	2011 $'000
Profit before income tax includes the following specific gains and expenses:		
Expenses		
Net loss on disposal of property, plant and equipment	**786**	294
Depreciation		
Plant and equipment	**23,409**	13,864
Motor vehicles	**244**	30
Computer systems	**6,844**	5,306
Total depreciation	**30,497**	19,200
Amortisation and Impairment		
Computer software	**4,685**	3,457
Brand name	**125**	125
Goodwill	**77**	0
Supplier agreement	**20**	20
	4,907	3,602
Finance costs		
Interest and finance charges	**22,335**	10,859
Accretion of put option	**(340)**	114
Finance costs expensed	**21,995**	10,973
Employee benefits expense		
Superannuation expense	**19,038**	12,273
Salaries and wages	**270,519**	192,436
	289,557	204,709
Rental expense relating to operating leases		
Lease expenses	**137,408**	90,879
Equipment hire	**8,146**	4,907
Total rental expense relating to operating leases	**145,554**	95,786
Foreign exchange gains and losses		
Net foreign exchange gains	**250**	1,419

8 Income tax expense

	Consolidated 2012 $'000	2011 $'000
(a) Income tax expense		
Current tax	**35,089**	23,975
Deferred tax	**1,505**	(1,807)
Adjustments for current tax of prior period	**(10)**	(115)
	36,584	22,053
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 13)	**(396)**	(1,771)
(Decrease) increase in deferred tax liabilities (note 22)	**1,901**	(36)
	1,505	(1,807)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	**120,105**	77,652
Tax at the Australian tax rate of 30% (2011 - 30%)	**36,032**	23,296
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax consolidation adjustments re NZ branch	**(382)**	(44)
Business acquisition costs	**3,371**	0
Goodwill impairment	**23**	0
R & D credits	**(2,672)**	(1,207)
Sundry items	**51**	123
	36,423	22,168
Difference in overseas tax rates	**171**	0
Adjustments for current tax of prior periods	**(10)**	(115)
Income tax expense	**36,584**	22,053
Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity		
Net deferred tax – debited/(credited) directly to equity (notes 13 and 22)	**(1,328)**	(1,228)
	(1,328)	(1,228)
Tax expense (income) relating to items of other comprehensive income		
Cash flow hedges	**154**	(1,463)
	154	(1,463)

(c) Tax consolidation legislation

Super Retail Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(d).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Super Retail Group Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Super Retail Group Limited for any current tax payable assumed and are compensated by Super Retail Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Super Retail Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

9 Current assets - Cash and cash equivalents

	Consolidated	
	2012	2011
	$'000	$'000
Cash at bank and in hand	**47,043**	25,697

10 Current assets - Trade and other receivables

	Consolidated	
	2012	2011
	$'000	$'000
Trade receivables	**18,051**	13,176
Provision for impairment of receivables (a)	**(219)**	(268)
	17,832	12,908
Other receivables	**4,219**	3,777
Tax receivable	**703**	1,818
Prepayments	**5,778**	3,657
	28,532	22,160

(a) Impaired trade receivables

As at 30 June 2012 current trade receivables of the Group with a nominal value of $219,000 (2011: $268,000) were impaired and provided for. The individually impaired receivables mainly relate to wholesalers who the Group no longer trade with.

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2012	2011
	$'000	$'000
As at 30 June 2012	**(268)**	(210)
Provision for impairment recognised during the year	**(14)**	(236)
Receivables written off during the year as uncollectible	**63**	178
	(219)	(268)

The creation and release of the provision for impaired receivables has been included in “Administration” in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As of 30 June 2012, trade receivables of $4,009,000 (2011: $3,586,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2012	2011
	$'000	$'000
0 to 3 months	**3,230**	2,435
3 to 6 months	**297**	668
Over 6 months	**482**	483
	4,009	3,586

11 Current assets – Inventories

	Consolidated 2012 $'000	2011 $'000
Finished goods		
- at lower of cost or net realisable value	**416,719**	292,874

(a) Inventory expense

Inventories recognised as expense during the year ended 30 June 2012 amounted to $897,904,000 (2011: $583,164,000).

Write-downs of inventories to net realisable value recognised as an expense/(benefit) during the year ended 30 June 2012 amounted to ($735,000) (2011: ($1,388,000)). The benefit has been included in 'costs of sales of goods' in the income statement.

12 Non-current assets – Property, plant and equipment

	Consolidated 2012 $'000	2011 $'000
Plant and equipment, at cost	**237,903**	160,141
Less accumulated depreciation	**(85,354)**	(63,964)
Net plant and equipment	**152,549**	96,177
Motor vehicles, at cost	**1,588**	266
Less accumulated depreciation	**(367)**	(240)
Net motor vehicles	**1,221**	26
Computer systems, at cost	**52,426**	45,805
Less accumulated depreciation	**(35,333)**	(32,731)
Net computer equipment	**17,093**	13,074
Total net property, plant and equipment	**170,863**	109,277

Assets pledged as security are detailed in Note 20

	Plant and equipment $'000	Motor vehicles $'000	Computer systems $'000	Total $'000
Reconciliations - consolidated entity				
Carrying amounts at 3 July 2011	96,177	26	13,074	109,277
Additions	48,928	62	6,902	55,892
Business acquisitions	33,485	1,499	4,011	38,995
Disposals	(2,736)	(122)	(66)	(2,924)
Depreciation and amortisation	(23,409)	(244)	(6,844)	(30,497)
Foreign currency exchange differences	104	0	16	120
Carrying amounts at 30 June 2012	152,549	1,221	17,093	170,863
Reconciliations - consolidated entity				
Carrying amounts at 4 July 2010	89,965	661	14,683	105,309
Additions	23,084	0	4,522	27,606
Business acquisitions	185	(413)	(668)	(896)
Disposals	(3,390)	(197)	(157)	(3,744)
Depreciation and amortisation	(13,864)	(30)	(5,306)	(19,200)
Foreign currency exchange differences	197	5	0	202
Carrying amounts at 2 July 2011	96,177	26	13,074	109,277

13 Non-current assets - Deferred tax assets

	Consolidated	
	2012	2011
	$'000	$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Doubtful debts	**66**	85
Prepayments	**275**	0
Employee benefits	**8,765**	5,779
Accruals	**1,206**	312
Inventories	**1,858**	2,137
Deferred make good provision	**1,584**	257
Straight line lease adjustment	**5,024**	4,662
Deferred income	**86**	127
Depreciation	**5,782**	2,512
Provision for warranties and legal costs	**0**	13
Tax losses	**844**	0
	25,490	15,884
Amounts recognised directly in equity		
Cash flow hedges	**1,131**	1,235
Foreign exchange revaluation reserve	**32**	0
Share placement costs	**1,836**	354
	28,489	17,473
Set off with deferred tax liabilities (note 22)	**(28,489)**	(6,684)
Net deferred tax assets	**0**	10,789
Movements:		
Opening balance	**17,473**	14,559
Credited/(charged) to the income statement	**396**	1,771
Credited/(charged) to equity	**1,410**	1,000
Acquired in acquisition	**9,210**	143
Closing balance	**28,489**	17,473
Deferred tax assets to be recovered after more than 12 months	**23,835**	14,543
Deferred tax assets to be recovered within 12 months	**4,654**	2,930
	28,489	17,473

14 Non-current assets – Intangible assets

	Consolidated 2012 $'000	Consolidated 2011 $'000
Goodwill at cost	**440,264**	78,452
Less accumulated impairment charge	**(2,077)**	(2,000)
Net goodwill	**438,187**	76,452
Trademarks, at cost	**14**	14
Less accumulated depreciation	**0**	0
Net trademarks	**14**	14
Computer software	**41,808**	32,614
Less accumulated amortisation	**(24,979)**	(20,294)
Net computer software	**16,829**	12,320
Brand names at cost	**267,500**	22,500
Less amortisation	**(500)**	(375)
Net brand names	**267,000**	22,125
Supplier agreement	**400**	400
Less amortisation	**(80)**	(60)
Net supplier agreement	**320**	340
Total net intangibles	**722,350**	111,251

	Goodwill $'000	Trademarks $'000	Computer Software $'000	Brand Name $'000	Supplier Agreement $'000	Totals $'000
Reconciliations – consolidated entity – 2012						
Carrying amounts at 3 July 2011	76,452	14	12,320	22,125	340	111,251
Additions	0	0	6,842	0	0	6,842
Business acquisitions	361,812	0	2,364	245,000	0	609,176
Disposals/Revision in provisional accounting	0	0	(12)	0	0	(12)
Amortisation/Impairment charge	(77)	0	(4,685)	(125)	(20)	(4,907)
Carrying amounts at 30 June 2012	438,187	14	16,829	267,000	320	722,350

	Goodwill $'000	Trademarks $'000	Computer Software $'000	Brand Name $'000	Supplier Agreement $'000	Totals $'000
Reconciliations – consolidated entity – 2011						
Carrying amounts at 4 July 2010	74,701	14	6,505	22,250	360	103,830
Additions	0	0	9,455	0	0	9,455
Disposals/Revision in provisional accounting	1,751	0	(183)	0	0	1,568
Amortisation/Impairment charge	0	0	(3,457)	(125)	(20)	(3,602)
Carrying amounts at 2 July 2011	76,452	14	12,320	22,125	340	111,251

Amortisation of $4,907,000 (2011: $3,602,000) is included in “Administration” in the consolidated income statement.

(a) Impairment tests for goodwill

Goodwill is allocated to the Group’s cash-generating units (CGUs) identified according to the group of assets based on acquisition.

14 Non-current assets – Intangible assets (continued)

A CGU level summary of the goodwill allocation is presented below:-

2012	Supercheap Auto $'000	BCF $'000	Goldcross Cycles $'000	Ray's Outdoors $'000	Rebel Group $'000	Total $'000
Goodwill	45,336	12,950	7,877	11,002	361,022	438,187

2011	Supercheap Auto $'000	BCF $'000	Goldcross Cycles $'000	Ray's Outdoors $'000	Total $'000
Goodwill	45,336	12,950	7,954	10,212	76,452

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Goodwill allocation presented for Goldcross Cycles includes goodwill for Riders Cycles.

Goodwill allocation presented for Rebel Group includes Rebel Sport and A-Mart All Sports.

(b) Key assumptions used for value-in-use calculations

The following assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted gross margin 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 discount rates used are pre-tax. The factors used by each business segment is shown below.

	Growth rate		Discount rate	
	2012	2011	**2012**	2011
	%	%	**%**	%
Supercheap Auto	**3.0**	3.0	**12**	15
BCF	**5.0**	5.0	**12**	15
Goldcross Cycles	**5.0**	10.0	**12**	15
Ray's Outdoors	**10.0**	10.0	**12**	15
Rebel Group	*	*	*	*

* A value-in-use calculation was not performed for the Rebel Group due to an external valuation being performed as at the date of acquisition. As with the other business segments, performance of the Rebel Group will be assessed on an ongoing basis.

The initial two year's of a store operating growth rate is assumed to be 10% for Supercheap Auto, BCF and Ray's Outdoors and 5% for Goldcross Cycles.

(c) Useful life for brands

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

No amortisation is provided against the carrying value of the purchased Ray's Outdoors, Rebel Sport and A-Mart All Sports brands on the basis that they are considered to have an indefinite useful life.

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

- the strong recognition of the Ray's Outdoors, Rebel Sports and A-Mart All Sports brands; and
- there are currently no legal, technical or commercial factors indicating that the life should be considered limited.

15 Current liabilities - Trade and other payables

	Consolidated	
	2012	2011
	$'000	$'000
Trade payables	**130,672**	83,050
Other payables	**67,200**	39,305
Loans from related parties	**16**	18
	197,888	122,373

16 Current liabilities – Borrowings

	Consolidated	
	2012	2011
	$'000	$'000
Secured		
Finance leases	**8**	32
Total current liabilities – secured interest bearing liabilities	**8**	32
Unsecured		
Related parties	**0**	0
Unsecured bank financing	**0**	0
Total current liabilities – unsecured interest bearing liabilities	**0**	0
Total current liabilities – interest bearing liabilities	**8**	32

(a) Cash Advances

Cash advances have been drawn as a source of short-term financing on a needs basis.

(b) Interest rate risk exposures

Details of the Group's exposure to interest rate changes on borrowings are set out in note 21.

(c) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 21.

(d) Security

Details of the security relating to each of the secured liabilities and further information on the bank overdrafts and bank loans are set out in note 20.

17 Current liabilities – Current tax liabilities

	Consolidated	
	2012	2011
	$'000	$'000
Income tax payable	**9,199**	11,013

18 Current liabilities – Provisions

	Consolidated	
	2012	2011
	$'000	$'000
Put option provision[(a)]	**409**	871
Provision for warranties[(b)]	**0**	44
Make good provision[(c)]	**119**	460
Employee benefits[(d)]	**19,304**	10,911
	19,832	12,286

(a) Put Option Provision

The put option relates to the acquisition of Oceania Bicycles Pty Ltd. As part of this acquisition, Super Retail Group Limited has granted the vendor an option to sell the remaining 50% to the Group at an agreed EBITA multiple. This option can be exercised at any time up to 10 years from acquisition.

(b) Provision for Warranties

Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at balance date. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends.

(c) Make good provision

Provision is made for costs arising from contractual obligations in lease agreements at the inception of the agreement. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of the leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

(d) Employee benefits

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service.

(e) Movements in provisions

Refer to Note 23 for a consolidated movement in provisions analysis.

19 Non-current liabilities – Trade and Other Payables

	Consolidated	
	2012	2011
	$'000	$'000
Straight line lease adjustment	**17,527**	15,538

20 Non-current liabilities – Borrowings

	Consolidated	
	2012	2011
	$'000	$'000
Secured		
Finance lease	**0**	8
Bank debt funding facility	**390,000**	100,000
Less borrowing costs capitalised, net	**(1,991)**	(865)
	388,009	99,143

The facilities are secured by first registered floating company charges over all the assets and undertakings of Super Retail Group Limited and all its wholly-owned subsidiaries in favour of ANZ Banking Group Limited, HSBC, Commonwealth Bank of Australia and National Australia Bank and by cross guarantees and indemnities between Super Retail Group Limited and all its wholly-owned subsidiaries in favour of ANZ Banking Group Limited, HSBC, Commonwealth Bank of Australia and National Australia Bank. Financial covenants are provided by Super Retail Group Limited with respect to leverage, gearing, fixed charges coverage and shareholder funds.

20 Non-current liabilities – Borrowings (continued)

The carrying amount of assets pledged as security are equal to those shown in the consolidated statement of financial position.

	Consolidated	
	2012 $'000	2011 $'000
Financing arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
Total facilities		
- Bank debt funding facility	**500,000**	190,000
- Multi-option facility (including indemnity/guarantee)	**17,000**	7,000
Totals	**517,000**	197,000
Facilities used at balance date		
- Bank debt funding facility	**390,000**	100,000
- Multi-option facility (including indemnity/guarantee)	**8,264**	3,350
Totals	**398,264**	103,350
Unused balance of facilities at balance date		
- Bank debt funding facility	**110,000**	90,000
- Multi-option facility (including indemnity/guarantee)	**8,736**	3,650
Totals	**118,736**	93,650

In addition, the Company has access to a $89.5 million (2011: $132 million) transactional facility for clean credit and foreign currency dealings.

Current interest rates on bank loans of the economic entity are 5.63% - 6.62% (2011: 6.71% - 6.88%).

Fair Value
Refer to Note 2 for the carrying amounts and fair values of borrowings at the end of reporting period.

Risk exposures
Information about the group's exposure to interest rate and foreign currency changes is provided in Note 2.

21 Derivative Financial instruments

Derivative financial instruments
The Group is party to derivative financial instruments in the normal course of business in order to hedge exposures to foreign exchange and interest rate changes.

Foreign exchange contracts
The economic entity retails products including some that have been imported from South East Asia. In order to protect against exchange rate movements, the economic entity has entered into forward exchange rate contracts to purchase United States Dollars. The contracts are timed to mature in line with forecasted payments for imports and cover forecast purchases for the coming four months on a rolling basis.

21 Derivative Financial instruments (continued)

At balance date the following amounts were committed on foreign currency forward exchange contracts:

	Consolidated entity	
	2012 $000	2011 $000
Buy United States dollars and sell Australian dollars with maturity		
- 0 to 6 months	**40,000**	47,500
- 7 to 12 months	**20,000**	16,500

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the statement of financial position by the related amount deferred in equity. In the year ended 30 June 2012, no hedges were designated as ineffective (2011: nil).

Gains and losses arising from hedging contracts terminated prior to maturity are also carried forward until the designated hedged transaction occurs.

The following gains, losses and costs have been deferred as at the balance date:		
- unrealised gains/(losses) on foreign exchange contracts (a)	**310**	(4,115)
- unrealised gains/(losses) on interest rate swaps (b)	**(3,769)**	142
- total gains/(losses)	**(3,459)**	(3,973)
- realised losses and costs	**0**	0
- unrealised losses and costs on interest rate swaps	**0**	0
- total losses and costs	**0**	0
Net gains/(losses and costs)	**(3,459)**	(3,973)

(a) Included in other receivables under note 10
(b) Included in other payables under note 15

Interest rate swap contracts
Bank loans of the economic entity currently bear an average variable interest rate of 6.40% (2011: 6.83%). It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the economic entity has entered into interest rate swap contracts, under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in other debtors or other creditors.

During the year the Group was a party to multiple interest rate swaps for a total nominal value of $160,000,000 (2011: $80,000,000) of which $20,000,000 expired on 15 January 2012. The Group also entered into a $20,000,000 three year interest swap with a start date of 15 January 2013. This swap is for a fixed interest rate of 3.53%.

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. Swaps currently in place cover approximately 36% (2011: 20%) of the loan principal outstanding. The average fixed interest rate is 4.49% (2011: 3.97%).

21 Derivative Financial instruments (continued)

Interest rate risk exposures

The economic entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

			Fixed interest maturing in				
	Notes	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $000**	**Non-interest bearing $'000**	**Total $'000**
2012							
Financial assets							
Cash and deposits	9	45,482	0	0	0	1,561	47,043
Receivables	10	0	0	0	0	28,532	28,532
Total financial assets		45,482	0	0	0	30,093	75,575
Weighted average rate of interest		*3.17%*					
Financial liabilities							
Trade and other payables	15, 17	0	0	0	0	207,087	207,087
Commercial bill/cash advance	16, 20	388,017	0	0	0	0	388,017
Employee entitlements	18, 23	0	0	0	0	24,168	24,168
Total financial liabilities		388,017	0	0	0	231,255	619,272
Weighted average rate of interest		*6.40%*					
Net financial assets/ (liabilities)		(342,535)	0	0	0	(201,162)	(543,697)

			Fixed interest maturing in				
	Notes	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $000**	**Non-interest bearing $'000**	**Total $'000**
2011							
Financial assets							
Cash and deposits	9	24,743	0	0	0	954	25,697
Receivables	10	0	0	0	0	22,160	22,160
Total financial assets		24,743	0	0	0	23,114	47,857
Weighted average rate of interest		*4.28%*					
Financial liabilities							
Trade and other payables	15, 17	0	0	0	0	133,386	133,386
Commercial bill/cash advance	16, 20	79,135	20,032	8	0	0	99,175
Employee entitlements	18, 23	0	0	0	0	13,863	13,863
Total financial liabilities		79,135	20,032	8	0	147,249	246,424
Weighted average rate of interest		*6.83%*	*5.77%*	*12.37%*			
Net financial assets/ (liabilities)		(54,392)	(20,032)	(8)	0	(124,135)	(198,567)

22 Non-current liabilities - Deferred tax liabilities

	Consolidated **2012** **$'000**	Consolidated 2011 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Prepayments	**9**	3
Brand values	**80,196**	6,638
Goodwill	**126**	0
Other receivables	**280**	0
Depreciation	**2,471**	0
	83,082	6,641
Amounts recognised directly in equity		
Foreign exchange revaluation reserve	**125**	0
Cash flow hedges	**0**	43
	83,207	6,684
Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions	**(28,489)**	(6,684)
Net deferred tax liabilities	**54,718**	0
Movements:		
Opening balance	**6,684**	6,948
Charged/(credited) to the income statement	**1,901**	(36)
Charged/(credited) to equity	**82**	(228)
Acquired in acquisition	**74,540**	0
Closing balance	**83,207**	6,684
Deferred tax liabilities to be settled after more than 12 months	**82,793**	6,681
Deferred tax liabilities to be settled within 12 months	**414**	3
	83,207	6,684

23 Non-current liabilities – Provisions

	Consolidated **2012** **$'000**	Consolidated 2011 $'000
Make good provision	**4,467**	4,899
Employee benefits	**4,864**	2,952
Provision for Oceania future dividend (a)	**132**	132
	9,463	7,983

(a) Provision for Oceania future dividend
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.

(b) Movements in provisions (consolidated entity) (notes 18 & 23)

	Put option $'000	**Warranties $'000**	**Make good $'000**	**Oceania future dividend $'000**	**Total $'000**
Opening balance as at 3 July 2011	871	44	5,359	132	6,406
Additional provisions recognised	0	0	143	0	143
Indexing of provisions	0	0	55	0	55
Provision released	(462)	(44)	(1,955)	0	(2,461)
Acquisitions	0	0	984	0	984
Closing balance as at 30 June 2012	409	0	4,586	132	5,127

24 Contributed equity

(a) Share Capital

	Parent Entity	
	2012 $'000	2011 $'000
Ordinary shares fully paid	**541,835**	194,541

	Number of Shares	Issue Price	$'000
(b) Movement in ordinary share capital			
Issue of shares on incorporation (8 April 2004)	1	1.00	0
Issue of shares on 23 April 2004	49,697,150	1.69	84,233
Share split on 19 May 2004	56,732,471	0	0
Issue of shares on 8 March 2008	200,000	1.97	394
Dividend reinvestment plan issue on 14 October 2009	714,234	5.35	3,821
Dividend reinvestment plan issue on 17 March 2010	661,137	4.96	3,279
Issue of shares on 4 May 2010	15,900,000	4.80	76,320
Shares issue under share option	612,500	2.36	1,346
Share placement plan on 27 May 2010	2,529,809	4.80	12,143
Shares issue under share option	185,000	2.42	448
Shares issued on 31 May 2010 as consideration for Ray's Outdoors Pty Ltd	300,000	5.16	1,548
Dividend reinvestment plan issue on 1 October 2010	775,040	5.98	4,637
Dividend reinvestment plan issue on 5 April 2011	941,397	6.40	6,028
Shares issue under share option	770,000	2.55	1,966
Dividend reinvestment plan issue on 26 September 2011	1,411,206	5.94	8,385
Institutional equity raising – 17 October 2011	53,166,176	5.34	283,907
Retail equity raising – 21 November 2011	9,428,472	5.34	50,349
Dividend reinvestment plan issue on 3 April 2012	1,148,378	7.04	8,088
Shares issued under share option	980,000	2.45	2,399
Less transaction costs on share issue			(9,810)
Deferred tax credit recognised directly in equity			2,354
Closing balance 30 June 2012	196,152,971		541,835

The October 2011 and November 2011 institutional and retail equity raisings were done to finance the acquisition of Rebel Group Limited.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Dividend reinvestment plan

The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

The ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present, in person or by proxy, at a meeting of shareholders of the parent entity is entitled to one vote and, upon a poll, each share is entitled to one vote.

Options over nil (2011: nil) ordinary shares were issued during the period, with 980,000 (2011: 770,000) options being exercised during the period. Performance rights over 453,151 (2011: 363,427) ordinary shares were issued during the period. Nil performance rights were exercised during the period. Information relating to options outstanding at the end of the financial period are set out in Note 38.

24 Contributed equity (continued)

(c) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors overall capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position (including minority interest) plus net debt.

During 2012 the Group's strategy, which was unchanged from 2011, was to ensure that the gearing ratio remained below 50%. This target ratio range excludes the short-term impact of acquisitions. The gearing ratios at 30 June 2012 and 2 July 2011 were as follows:

	Consolidated	
	2012	2011
	$'000	$'000
Total borrowings	**388,017**	99,175
Less: Cash & cash equivalents	**(47,043)**	(25,697)
Net Debt	**340,974**	73,478
Total Equity	**688,863**	303,680
Total Capital	**1,029,837**	377,158
Gearing Ratio	**33.1%**	19.5%

The increase in the gearing ratio was due to the acquisition of Rebel Group Limited.

The Group monitors ongoing capital on the basis of the fixed charge cover ratio. The ratio is calculated as earnings before finance costs, tax, depreciation, amortisation and store and DC rental expense divided by fixed charge obligations (being finance costs and store and DC rental expenses). Rental expenses are calculated net of straight line lease adjustments, while finance costs exclude non-cash mark-to-market losses or gains on interest rate swaps.

During 2012 the Group's strategy, which was unchanged from 2011, was to maintain a fixed charge cover ratio of around 2.0 times. The fixed charge cover ratios at 30 June 2012 and 2 July 2011 were as follows:

	Consolidated	
	2012	2011
	$'000	$'000
Earnings	**83,521**	55,599
Add: Taxation expense	**36,584**	22,053
Finance costs	**21,995**	10,973
Depreciation and amortisation	**35,404**	22,802
Rental expense	**135,844**	84,486
EBITDAR	**313,348**	195,913
Finance costs (excluding MTM adjustment)	**21,995**	10,973
Rental expense	**135,844**	84,486
Fixed charges	**157,839**	95,459
Fixed charge cover ratio	**1.99**	2.05

The slight reduction in the fixed charge cover ratio in 2012 reflects the financing costs associated with the acquisition of Rebel Group Limited.

25 Reserves and retained profits

	Consolidated	
	2012	2011
	$'000	$'000
Reserves		
Foreign currency translation reserve	**(3,306)**	(3,607)
Share based payments reserve	**5,021**	3,149
Hedging reserve	**(2,421)**	(2,781)
TOTAL	**(706)**	(3,239)
Movements		
Foreign currency translation reserve		
Balance at the beginning of the financial period	**(3,607)**	(2,407)
Net exchange difference on translation of foreign controlled Entity	**301**	(1,200)
Balance at the end of the financial period	**(3,306)**	(3,607)
Share based payments reserve		
Balance at beginning of the financial period	**3,149**	1,932
Options lapsed	**0**	0
Options and performance rights expense	**1,872**	1,217
Balance at the end of the financial period	**5,021**	3,149
Hedging reserve		
Balance of beginning of the financial period	**(2,781)**	633
Revaluation – gross	**514**	(4,877)
Deferred tax	**(154)**	1,463
Balance at the end of the financial period	**(2,421)**	(2,781)
Retained earnings		
Balance at the beginning of the financial period	**112,378**	88,241
Net profit/(loss) for the financial period attributable to shareholders of Super Retail Group Limited	**83,521**	38,053
Dividends provided for or paid	**(48,165)**	(31,462)
Retained profits/(losses) at the end of the financial period	**147,734**	112,378

Nature and purpose of reserves

(i) Hedging reserve - cash flow hedges
The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(k). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(ii) Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of options and performance rights issued but not exercised.

(iii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(e). The reserve is recognised in profit and loss when the net investment is disposed of.

26 Dividends

	Parent Entity	
	2012 $'000	2011 $'000
Ordinary shares		
Dividends paid by Super Retail Group Limited during the reporting period were as follows:		
Interim dividend for the period ended 31 December 2011 of 13 cents (2011: 11.5 cents per share) paid on 27 March 2012. Fully franked based on tax paid @ 30%	**25,331**	14,844
Final dividend for the period ended 2 July 2011 of 17.5 cents per share (2011: 13.0 cents per share) paid on 19 September 2011. Fully franked based on tax paid @ 30%	**22,834**	16,618
Total dividends provided and paid	**48,165**	31,462
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
Paid in cash	**31,692**	20,797
Satisfied by issue of shares	**16,473**	10,665
	48,165	31,462
Dividends not recognised at year end		
Subsequent to year end, the Directors have declared the payment of a final dividend of 19.0 cents per ordinary share (2011: 17.5 cents per ordinary share), fully franked based on tax paid at 30%.		
The aggregate amount of the dividend expected to be paid on 3 October 2012, out of retained profits at 30 June 2012, but not recognised as a liability at year end, is	**37,269**	22,753
Franking credits		
The franked portions of dividends paid after 30 June 2012 will be franked out of existing franking credits and out of franking credits arising from the payments of income tax in the years ending after 30 June 2012.		
Franking credits remaining at balance date available for dividends declared after the current balance date based on a tax rate of 30%	**58,030**	52,124

The above amounts represent the balance of the franking account as at the end of the financial period, adjusted for:

- franking credits that will arise from the payment of the current tax liability; and,
- franking debits that will arise from the payment of the dividend as a liability at the reporting date.

The amount recorded above as the franking credit amount is based on the amount of Australian income tax paid or to be paid in respect of the liability for income tax at the balance date.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $15,972,456 (2011: $9,751,405).

27 Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated 2012 $	2011 $
Short-term employee benefits	**4,000,370**	3,556,350
Post-employment benefits	**222,317**	231,763
Share-based payments	**1,103,024**	726,090
	5,325,711	4,514,203

The key management personnel remuneration in some instances has been paid by a subsidiary.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options
Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration and Diversity Report on pages 19 to 29.

(ii) Performance Rights
Details of performance rights provided as remuneration and shares issued on the exercise of such performance rights, together with terms and conditions of the performance rights, can be found in the Remuneration and Diversity Report on pages 19 to 29.

The number of performance rights over ordinary shares in the Company held during the financial year by each Director of Super Retail Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2012 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Super Retail Group						
R J Wright	0	0	0	0	0	0
R A Rowe	0	0	0	0	0	0
R J Skippen	0	0	0	0	0	0
S A Pitkin	0	0	0	0	0	0
P A Birtles	200,000	100,000	0	0	300,000	0
Other key management personnel of the Group						
D F Ajala	75,160	45,977	0	0	121,137	0
S J Doyle	68,770	42,401	0	0	111,171	0
E A Berchtold	0	0	0	0	0	0
G G Carroll	48,261	30,788	0	0	79,049	0
G L Chad	54,690	26,437	0	0	81,127	0

27 Key management personnel disclosures (continued)

(iii) Option holdings
The numbers of options over ordinary shares in the Company held during the financial year by each Director of Super Retail Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2012 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Super Retail Group Limited						
R J Wright	0	0	0	0	0	0
R A Rowe	0	0	0	0	0	0
R J Skippen	0	0	0	0	0	0
S A Pitkin	0	0	0	0	0	0
P A Birtles	200,000	0	200,000	0	0	0
Other key management personnel of the Group						
D F Ajala	0	0	0	0	0	0
S J Doyle	250,000	0	200,000	0	50,000	50,000
E A Berchtold	0	0	0	0	0	0
G G Carroll	100,000	0	100,000	0	0	0
G L Chad	50,000	0	50,000	0	0	0

No options are vested and unexercisable at the end of the year.

2011 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Super Retail Group Limited						
R J Wright	0	0	0	0	0	0
R A Rowe	0	0	0	0	0	0
D D McDonough (resigned 31 August 2010)	0	0	0	0	0	0
R J Skippen	0	0	0	0	0	0
S A Pitkin	0	0	0	0	0	0
P A Birtles	350,000	0	150,000	0	200,000	200,000
Other key management personnel of the Group						
D F Ajala	135,000	0	135,000	0	0	0
S J Doyle	300,000	0	50,000	0	250,000	250,000
E A Berchtold	0	0	0	0	0	0
G G Carroll	175,000	0	75,000	0	100,000	100,000
G L Chad	87,500	0	37,500	0	50,000	50,000

No options are vested and unexercisable at the end of the year.

(iv) Share holdings
The numbers of shares in the Company held during the financial year by each director of Super Retail Group Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

27 Key management personnel disclosures (continued)

2012 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Super Retail Group Limited **Ordinary shares**				
R J Wright	46,048	0	25,101	71,149
R A Rowe	53,671,326	0	3,926,416	56,954,670
R J Skippen	0	0	0	0
S A Pitkin	10,000	0	15,053	25,053
P A Birtles	1,692,596	200,000	0	1,892,596
Other key management personnel of the Group **Ordinary shares**				
D F Ajala	108,436	0	0	108,436
S J Doyle	23,411	200,000	(188,910)	34,501
E A Berchtold	0	0	0	0
G G Carroll	0	100,000	(10,000)	90,000
G L Chad	75,000	50,000	0	125,000

2011 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Super Retail Group Limited **Ordinary shares**				
R J Wright	44,274	0	1,774	46,048
R A Rowe	53,028,254	0	643,072	53,671,326
D D McDonough (resigned 31 August 2010)	62,083	0	0	62,083
R J Skippen	0	0	0	0
S A Pitkin	0	0	10,000	10,000
P A Birtles	1,542,596	150,000	0	1,692,596
Other key management personnel of the Group **Ordinary shares**				
D F Ajala	165,136	135,000	(191,700)	108,436
S J Doyle	23,411	50,000	(50,000)	23,411
E A Berchtold	0	0	0	0
G G Carroll	0	75,000	(75,000)	0
G L Chad	37,500	37,500	0	75,000

Loans to key management personnel
There were no loans to individuals at any time.

Other transactions with key management personnel
Aggregate amounts of each of the above types of other transactions with key management personnel of Super Retail Group Limited:

	2012 $000	2011 $000
Amounts paid to key management personnel as shareholders		
Dividends	**17,479**	13,510

28 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	Consolidated	
	2012	2011
	$	$
(a) Assurance services		
Audit services		
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**568,314**	424,468
Total remuneration for audit services	**568,314**	424,468
Total remuneration for assurance services	**568,314**	424,468
(b) Taxation services		
PricewaterhouseCoopers Australian firm		
Tax compliance services, including review of company income tax returns	**198,373**	257,749
Customs Advice	**37,632**	12,000
Total remuneration for taxation services	**236,005**	269,749
(c) Advisory services		
PricewaterhouseCoopers Australian firm		
Business Consulting	**0**	144,157
Total remuneration for advisory services	**0**	144,157

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

29 Contingencies

	Consolidated		Parent	
	2012	2011	**2012**	2011
	$000	$000	**$000**	$000
Guarantees				
Guarantees issued by the bankers of the Group in support of various rental arrangements for certain retail outlets. The maximum future rental payments guaranteed amount to:	**8,109**	3,365	**2,341**	1,469

30 Commitments

	Consolidated 2012 $000	2011 $000
Capital commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	**2,303**	854
Later than one year but not later than five years	**0**	0
Later than five years	**0**	0
Total capital commitments	**2,303**	854
Lease commitments		
Commitments in relation to operating lease payments under non-cancellable operating leases are payable as follows:		
Within one year	**150,936**	81,370
Later than one year but not later than five years	**424,728**	226,318
Later than five years	**96,734**	72,291
Less lease straight lining adjustment (note 19)	**(17,527)**	(15,538)
Total lease commitments	**654,421**	364,441
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	**1,481**	1,861
The Group leases various offices, warehouses and retail stores under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated.		
Remuneration commitments		
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	**2,826**	2,270
Later than one year and not later than five years	**6,404**	6,056
Later than five years	**560**	444
	9,790	8,770

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in the Remuneration and Diversity Report on pages 19 to 29 that are not recognised as liabilities and are not included in the key management personnel compensation.

Finance leases
The Group leases various plant and equipment with a carrying amount of $199,000 (2011: $199,000) under finance leases expiring within three to five years.

	Consolidated 2012 $000	2011 $000
Commitments in relation to finance leases are payable as follows:		
Within one year	**8**	34
Later than one year but not later than five years	**0**	8
Minimum lease payments	**8**	42
Future finance charges	**(0)**	(2)
Total lease liabilities	**8**	40
Representing lease liabilities:		
Current (note 16)	**8**	32
Non-current	**0**	8
	8	40

31 Related party transactions

Transactions with related parties are at arm's length unless otherwise stated.

(a) Parent entities
The parent entity within the Group is Super Retail Group Limited, which is the ultimate Australian parent.

(b) Subsidiaries
Interests in subsidiaries are set out in note 32.

(c) Key Management Personnel
Disclosures relating to key management personnel are set out in note 27.

(d) Directors
The names of the persons who were Directors of Super Retail Group Limited during the financial period are R J Wright, R A Rowe, R J Skippen, S A M Pitkin and P A Birtles.

(e) Amounts due from related parties
Amounts due from Directors of the consolidated entity and their director-related entities are shown below in note 31(g)

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

	Consolidated	
	2012	2011
	$	$
Other Transactions		
- store lease payments – R A Rowe (Director) related property entities	**9,437,318**	9,439,979
- remuneration paid to directors of the ultimate Australian parent entity	**2,169,680**	1,980,928

Rent payable on R A Rowe related properties at year-end was $17,560 (2011: $18,168)

(g) Loans to/(from) Related Parties
Loans to/(from) Directors
There are no loans to or from related parties at 30 June 2012 (2011 :$nil)

32 Investments in controlled entities

			Equity Holding	
	Country of Incorporation	**Class of Shares**	**2012 %**	**2011 %**
Name of Entity				
Super Cheap Auto Pty Ltd[(a)]	Australia	Ordinary	100	100
Super Cheap Auto (New Zealand) Pty Ltd[(b)]	New Zealand	Ordinary	100	100
Super Retail Group Services Pty Ltd[(a)]	Australia	Ordinary	100	100
SRG Leisure Retail Pty Ltd (formerly BCF Australia Pty Ltd[(a)])	Australia	Ordinary	100	100
SCA Equity Plan Pty Ltd[(b)]	Australia	Ordinary	100	100
Goldcross Cycles Pty Ltd[(a)]	Australia	Ordinary	100	100
Oceania Bicycles Pty Ltd	Australia	Ordinary	50	50
Ray's Outdoors Pty Ltd[(a)]	Australia	Ordinary	100	100
Super Retail Group Trading (Shanghai) Ltd	China	Ordinary	100	100
FCO New Zealand Limited	New Zealand	Ordinary	100	100
SRGS Pty Ltd[(a)]	Australia	Ordinary	100	100
Super Retail Commercial Pty Ltd	Australia	Ordinary	100	-
Rebel Group Limited	Australia	Ordinary	100	-

(a) These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.

(b) Investment is held directly by Super Cheap Auto Pty Ltd.

33 Business Combinations

(a) Rebel Group Limited

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

	$'000
Net assets acquired and goodwill are as follows:	
Purchase consideration	
Cash Paid	624,954
Direct costs relating to the acquisition	0
Total purchase consideration	624,954
Provisional allocation of Fair value of net identifiable assets acquired (refer below)	263,932
Goodwill	361,022

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

	$'000
Cash	4,517
Other receivables	415
Prepayments	1,695
Inventory (net of provisions)	102,152
Plant and equipment	38,851
Computer software	2,364
Tax assets	10,011
Brand name	245,000
Trade payables	(35,206)
Other payables	(20,645)
Provisions	(10,682)
Deferred tax liability	(74,540)
	263,932

Acquisition related costs of $11.1 million are included in Administration expenses in the income statement.

The acquired Group contributed revenues of $441.9 million for the period 30 October 2011 to 30 June 2012. If the acquisition had occurred on 3 July 2011, the contribution to the group revenue would have been $619.0 million, while the contribution to Group net profit after tax would have been $50.8 million.

34 Net tangible asset backing

	Consolidated Entity	
	2012 Cents	2011 Cents
Net tangible asset per ordinary share	$0.24	$1.40

35 Deed of cross guarantee

Super Retail Group Limited, Super Cheap Auto Pty Ltd, SRG Leisure Retail Pty Ltd (formerly BCF Australia Pty Ltd), Super Retail Group Services Pty Ltd, Goldcross Cycles Pty Ltd, Ray's Outdoors Pty Ltd, SRGS Pty Ltd, Super Retail Commercial Pty Ltd, Rebel Group Limited and SCA Equity Plan Pty Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. This Deed of Cross Guarantee was amended on 25 June 2012 to include Super Retail Commercial Pty Ltd and Rebel Group Limited and its subsidiaries. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended by Class Orders 98/2017, 00/0321, 01/1087, 02/0248 and 02/1017) issued by the Australian Securities and Investments Commission.

(a) Consolidated Income Statement, Statement of Comprehensive Income and a summary of movements in consolidated retained earnings

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Super Retail Group Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the period ended 30 June 2012 of the Closed Group consisting of Super Retail Group Limited, Super Cheap Auto Pty Ltd, SRG Leisure Retail Pty Ltd (formerly BCF Australia Pty Ltd), Super Retail Group Services Pty Ltd, Goldcross Cycles Pty Ltd, Ray's Outdoors Pty Ltd, SRGS Pty Ltd, Super Retail Commercial Pty Ltd, Rebel Group Limited and its subsidiaries and SCA Equity Plan Pty Ltd.

	Consolidated	
	2012	2011
	$'000	$'000
Income Statement		
Revenue from continuing operations	**1,570,473**	1,020,152
Other income	**871**	1,343
Total revenues and other income	**1,571,344**	1,021,495
Cost of sales of goods	**(868,892)**	(547,326)
Other expenses from ordinary activities		
- selling and distribution	**197,400**	(130,895)
- marketing	**(73,228)**	(49,136)
- occupancy	**(117,272)**	(84,189)
- administration	**(170,588)**	(120,780)
Borrowing costs expense	**(19,792)**	(8,712)
Total expenses	**(1,447,172)**	(941,038)
Profit before income tax	**124,172**	80,457
Income tax (expense)/benefit	**(37,376)**	(22,574)
Profit for the period	**86,796**	57,883
Statement of comprehensive income		
Profit for the year	**86,796**	57,883
Other comprehensive income		
Cash flow hedgings	**661**	(3,414)
Income tax relating to components of other comprehensive income	**0**	0
Other comprehensive income for the year, net of tax	**661**	(3,414)
Total comprehensive income for the year	**87,457**	54,469
Summary of movements in consolidated retained earnings		
Retained profits at the beginning of the financial year	**109,311**	82,890
Profit for the period	**86,796**	57,883
Dividends provided for or paid	**(48,165)**	(31,462)
Retained profits at the end of the financial year	**147,942**	109,311

35 Deed of cross guarantee (continued)

(b) Statement of Financial Position

Set out below is a consolidated statement of financial position as at 30 June 2012 of the Closed Group consisting of Super Retail Group Limited, Super Cheap Auto Pty Ltd, SRG Leisure Retail Pty Ltd (formerly BCF Australia Pty Ltd), Super Retail Group Services Pty Ltd, Goldcross Cycles Pty Ltd, Ray's Outdoors Pty Ltd, SRGS Pty Ltd, Super Retail Commercial Pty Ltd, Rebel Group Limited and its subsidiaries and SCA Equity Plan Pty Ltd.

	Consolidated	
	2012	2011
	$'000	$'000
ASSETS		
Current assets		
Cash and cash equivalents	**43,238**	23,521
Trade and other receivables	**46,838**	18,916
Inventories	**377,927**	267,963
Total current assets	**468,003**	310,400
Non-current assets		
Other financial assets	**401**	401
Property, plant and equipment	**155,210**	101,117
Deferred tax assets	**0**	10,546
Intangible assets	**722,340**	111,242
Total non-current assets	**877,951**	223,306
Total assets	**1,343,954**	533,706
LIABILITIES		
Current liabilities		
Trade and other payables	**160,083**	89,551
Borrowings	**0**	0
Current tax liabilities	**10,132**	11,013
Provisions	**18,752**	11,051
Total current liabilities	**188,967**	111,615
Non-current liabilities		
Trade and other payables	**16,523**	15,538
Borrowings	**388,009**	99,135
Deferred tax liabilities	**55,814**	0
Provisions	**9,096**	7,983
Total non-current liabilities	**469,442**	122,656
Total liabilities	**658,409**	234,271
Net assets	**687,545**	299,435
EQUITY		
Contributed equity	**541,662**	194,541
Reserves	**(2,059)**	(4,417)
Retained profits	**147,942**	109,311
Total equity	**687,545**	299,435

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

	Consolidated	
	2012 $000	2011 $000
Profit from ordinary activities after related income tax	**83,521**	55,599
Depreciation and amortisation	**35,404**	22,802
Net (gain)/loss on sale of non-current assets	**786**	294
Non-cash employee benefits expense/share based payments	**1,872**	1,222
Finance costs	**20,630**	10,973
Change in operating assets and liabilities, net of effects from the purchase of controlled entities and the sale of the service entity		
- (increase)/decrease in receivables	**(4,047)**	(675)
- (increase) in inventories	**(21,279)**	(40,138)
- increase in payables	**17,655**	24,914
- (decrease) in provisions	**(1,317)**	(2,268)
- (decrease)/increase in deferred tax	**2,022**	(1,821)
Net cash inflow from operating activities	**135,247**	70,902

37 Earnings per share

	Consolidated Entity	
	2012 Cents	2011 Cents
Basic earnings per share	**46.1**	40.6
Diluted earnings per share	**45.8**	40.1

Weighted average number of shares used as the denominator

	Consolidated Entity	
	2012 Number	2011 Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	**181,036,618**	136,787,821
Adjustments for calculation of diluted earnings per share options	**1,290,592**	1,792,920
Weighted average potential ordinary shares used as the denominator in calculating diluted earnings per share	**182,327,210**	138,580,740

	2012 $'000	2011 $000
Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
- earnings used in calculating basic earnings per share – net profit after tax	**83,521**	55,599
Diluted earnings per share		
- earnings used in calculating diluted earnings per share – net profit after tax	**83,521**	55,599

(a) Information concerning the classification of securities

(i) Options and Performance Rights

Options and performance rights granted are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

38 Share-based payments

(a) Executive Performance Rights

The Company has established the Super Retail Group Executive Performance Rights Plan ("Performance Rights") to assist in the retention and motivation of executives of Super Retail Group ("Participants").

It is intended that the Performance Rights will enable the Company to retain and attract skilled and experienced executives and provide them with the motivation to enhance the success of the Company.

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

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

Performance Rights issued under the plan may not be transferred unless approved by the Board. The table below summarises rights granted under the plan.

Number of Rights Issued

Grant Date	Balance at start of the year (Number)	Granted during the year (Number)	Exercised during the year (Number)	Forfeited during the year (Number)	Balance at the end of the year (Number)	Unvested at the end of the year (Number)
Consolidated – 2012						
1 September 2009	356,738	0	0	17,055	339,683	339,683
1 September 2010	363,427	0	0	15,669	347,758	347,758
1 September 2011	0	453,151	0	0	453,151	453,151
	720,165	453,151	0	32,724	1,140,592	1,140,592

(b) Executive Option Plan

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

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

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

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

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

38 Share-based payments (continued)

Set out below are summaries of options granted under the plan:

Grant Date	Exercise date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Unvested at end of the year Number
Consolidated – 2012								
27 Jan 2006	5 Jan 2009	$2.44	50,000	0	50,000	0	0	0
27 Jan 2006	5 Jan 2010	$2.44	100,000	0	100,000	0	0	0
27 Jan 2006	5 Jan 2011	$2.44	100,000	0	50,000	0	50,000	0
17 April 2006	17 April 2011	$2.25	100,000	0	100,000	0	0	0
1 July 2006	1 July 2011	$2.25	300,000	0	300,000	0	0	0
26 Oct 2006	1 Feb 2011	$2.44	200,000	0	200,000	0	0	0
23 Aug 2007	24 Jul 2010	$4.37	100,000	0	40,000	0	60,000	0
1 August 2008	1 August 2011	$2.49	180,000	0	140,000	0	40,000	0
Total			1,130,000	0	980,000	0	150,000	0
Weighted average exercise price			$2.55	Nil	$2.45	Nil	$3.23	Nil
Consolidated – 2011								
27 Jan 2006	5 Jan 2009	$2.44	100,000	0	50,000	0	50,000	0
27 Jan 2006	5 Jan 2010	$2.44	135,000	0	35,000	0	100,000	0
27 Jan 2006	5 Jan 2011	$2.44	200,000	0	100,000	0	100,000	0
17 April 2006	17 April 2010	$2.25	75,000	0	75,000	0	0	0
17 April 2006	17 April 2011	$2.25	100,000	0	0	0	100,000	0
1 July 2006	1 July 2009	$2.25	55,000	0	55,000	0	0	0
1 July 2006	1 July 2010	$2.25	225,000	0	225,000	0	0	0
1 July 2006	1 July 2011	$2.25	300,000	0	0	0	300,000	0
26 Oct 2006	1 Feb 2010	$2.44	150,000	0	150,000	0	0	0
26 Oct 2006	1 Feb 2011	$2.44	200,000	0	0	0	200,000	0
23 Aug 2007	24 Jul 2010	$4.37	180,000	0	80,000	0	100,000	0
1 August 2008	1 August 2011	$2.49	220,000	0	0	40,000	180,000	180,000
Total			1,940,000	0	770,000	40,000	1,130,000	180,000
Weighted average exercise price			$2.55	Nil	$2.55		$2.55	$2.49

Fair value of options granted
The fair value at grant date is independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

No options have been granted in the past two financial years.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Expenses arising from share based payments transactions:

	2012 $000	2011 $000
Executive Performance Rights	**1,860**	1,107
Executive Option Plan	**12**	115
	1,872	1,222

39 Events occurring after balance date

No matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years; or

(b) the results of those operations in future financial years; or

(c) the Group's state of affairs in future financial years.

40 Parent entity financial information

Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2012 $'000	2011 $'000
Statement of Financial Position		
Current assets	**284,261**	199,109
Total assets	**1,056,024**	346,862
Current liabilities	**83,038**	13,569
Total liabilities	**475,542**	112,859
Shareholders' equity		
Issued capital	**541,835**	194,541
Reserves		
Share-based payments	**5,021**	3,149
Cash flow hedges	**(2,639)**	100
Retained earnings	**36,265**	36,213
	580,482	234,003
Profit or loss for the year	**48,208**	41,284
Total comprehensive income	**48,208**	41,284

Parent entity contingencies are disclosed in Note 29.

DIRECTORS' DECLARATION
Super Retail Group Limited
For the period ended 30 June 2012

In the directors' opinion:

(a) the financial statements and notes set out on pages 31 to 83 are in accordance with the *Corporations Act 2001,* including:
  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial period ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 35 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 35.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the managing director and chief financial officer required by section 295A of the *Corporations Act 2001.*

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

R J Wright
Director

P A Birtles
Director

Brisbane
21 August 2012

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

Report on the financial report

We have audited the accompanying financial report of Super Retail Group Limited (the company), which comprises the statement of financial position as at 30 June 2012 and comprehensive income statement, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Super Retail Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
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Auditor's opinion

In our opinion:

(a) the financial report of Super Retail Group Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration and Diversity Report

We have audited the remuneration report included in pages 19 to 27 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Super Retail Group Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Cameron Henry
Partner

21 August 2012

The shareholder information set out below was applicable as at 21 August 2012.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary Shareholders	Performance Rights & Option holders
1-1000	1,616	3
1,001-5,000	1,633	3
5,001-10,000	317	0
10,001-100,000	265	12
100,001 and over	45	3

There were 277 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares Number held	Ordinary shares Percentage of issued shares
SCA FT PTY LTD	56,954,670	29.03%
NATIONAL NOMINEES LIMITED	33,684,229	17.17%
J P MORGAN NOMINEES AUSTRALIA LIMITED	26,533,413	13.53%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,060,914	12.77%
BNP PARIBAS NOMS PTY LTD	12,723,890	6.49%
CITICORP NOMINEES PTY LIMITED	6,248,801	3.19%
JP MORGAN NOMINEES AUSTRALIA LIMITED	2,778,595	1.42%
MR PETER ALAN BIRTLES	1,690,000	0.86%
BNP PARIBAS NOMS PTY LTD	1,560,570	0.80%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,191,853	0.61%
CITICORP NOMINEES PTY LIMITED	1,079,649	0.55%
AMP LIFE LIMITED	1,026,412	0.52%
GEOMAR SUPERANNUATION PTY LTD	964,761	0.49%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	884,882	0.45%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	696,165	0.35%
MR ROBERT EDWARD THORN	648,368	0.33%
QUEENSLAND INVESTMENT CORPORATION	626,403	0.32%
EQUITAS NOMINEES PTY LIMITED	556,128	0.28%
EQUITAS NOMINEES PTY LIMITED	549,155	0.28%
EQUITAS NOMINEES PTY LIMITED	547,135	0.28%
	176,005,993	**89.72%**

Super Retail Group Limited wishes to confirm that, in accordance with ASX Listing Rule 4.10.4, the substantial holders in the company as at 21 August 2012 were:-

Name	Ordinary shares Number held	Ordinary shares Percentage of issued shares
SCA FT PTY LTD	56,954,670	29.03%
NATIONAL NOMINEES LIMITED	33,684,229	17.17%
J P MORGAN NOMINEES AUSTRALIA LIMITED	26,533,413	13.53%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,060,914	12.77%
BNP PARIBAS NOMS PTY LTD	12,723,890	6.49%

C. Voting rights

The voting rights relating to each class of equity securities is as follows:

a) Ordinary Shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

b) Options and Performance Rights
No voting rights.

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