

**APPENDIX 4E
PRELIMINARY FINAL REPORT**

**SUPER RETAIL GROUP LIMITED (SUL)
Formerly Super Cheap Auto Group Limited**

ABN 81 108 676 204

Statutory Results

Current Reporting Period: From 4 July 2010 to 2 July 2011 (52 weeks)
Previous Reporting Period: From 28 June 2009 to 3 July 2010 (53 weeks)

Results for Announcement to the Market

	Statutory Results \$'000	Comparison to 2010 Statutory Results \$'000		
Revenue from ordinary activities	1,093,398	Up	16.5%	to \$1,093,398
Profit from ordinary activities after tax attributable to members	55,599	Up	46.1%	to \$55,599
Net profit for the period attributable to members	55,599	Up	46.1%	to \$55,599

Dividends

	Amount Per Share	Franked Amount Per Share
Interim dividend – Current Period	11.5¢	11.5¢
Final dividend – Current Period Declared 18 August 2011 (payable 26 September 2011)	17.5¢	17.5¢

Record date for determining entitlements to the final dividend	29 August 2011
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Brief explanation of figures reported above to enable the figures to be understood

Refer press release

Audit

This report is based on accounts which have been audited. The audit report, which was unqualified, will be made available with the Company's Financial Report.

Details of Annual General Meeting

Place Kedron Wavell Services Club, Long Tan Room, 375 Hamilton Road, Chermside South, Queensland

Date Wednesday, 26 October 2011

Time 11.00 am

**Approximate date the annual report will
be available:** 26 September 2011

Super Retail Group Limited
Formerly Super Cheap Auto Group Limited
Income statements
For the period ended 2 July 2011

		Consolidated	
		2011	2010
Notes		\$'000	\$'000
Revenue from continuing operations	3	1,093,398	938,602
Other income	4	1,359	163
Total revenues and other income		1,094,757	938,765
Cost of sales of goods		(598,067)	(535,825)
Other expenses from ordinary activities			
- selling and distribution		(138,415)	(112,502)
- marketing		(51,188)	(43,462)
- occupancy		(90,307)	(74,716)
- administration		(128,155)	(107,903)
Finance costs expense		(10,973)	(10,477)
Total expenses		(1,017,105)	(884,885)
Profit before income tax		77,652	53,880
Income tax (expense)/benefit	6	(22,053)	(15,827)
Profit attributable to Members of Super Retail Group Limited		55,599	38,053
Other comprehensive income			
Cash flow hedges	22	(3,414)	(1,274)
Exchange differences on translation of foreign operations	22	(1,200)	526
Income tax relating to components of other comprehensive income		0	0
Other comprehensive income for the year, net of tax		(4,614)	(748)
Total comprehensive income for the year		50,985	37,305
Total comprehensive income for the year is attributable to: Owners of Super Retail Group Limited		50,985	37,305
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share		43.1	34.0
Diluted earnings per share		42.5	33.0

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

Super Retail Group Limited
Formerly Super Cheap Auto Group Limited
Statement of Financial Position
As at 2 July 2011

		Consolidated	
	Notes	2011	2010
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	25,697	30,200
Trade and other receivables	8	22,160	22,195
Inventories	9	292,874	253,101
Total current assets		340,731	305,496
Non-current assets			
Property, plant and equipment	10	109,277	105,309
Deferred tax assets	11	10,789	7,611
Intangible assets	12	111,251	103,830
Total non-current assets		231,317	216,750
Total assets		572,048	522,246
LIABILITIES			
Current liabilities			
Trade and other payables	13	122,373	99,563
Borrowings	14	32	10,096
Current tax liabilities	15	11,013	7,694
Provisions	16	12,286	11,781
Total current liabilities		145,704	129,134
Non-current liabilities			
Trade and other payables	17	15,538	13,217
Borrowings	18	99,143	98,912
Deferred tax liabilities	19	0	0
Provisions	20	7,983	10,426
Total non-current liabilities		122,664	122,555
Total liabilities		268,368	251,689
Net assets		303,680	270,557
EQUITY			
Contributed equity	21	194,541	182,158
Reserves	22	(3,239)	158
Retained profits	22	112,378	88,241
Capital and reserves attributable to equity holders of Super Retail Group Limited		303,680	270,557

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

Super Retail Group Limited
Formerly Super Cheap Auto Group Limited
Statements of changes in equity
For the period ended 2 July 2011

Notes	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 27 June 2009	84,627	42	71,685	156,354
Profit for the year	0	0	38,053	38,053
Other comprehensive income	0	(748)	0	(748)
Total comprehensive income for the year	0	(748)	38,053	37,305
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	22 97,531	0	0	97,531
Dividends provided for or paid	23 0	0	(21,497)	(21,497)
Employee share options and performance rights	22 0	864	0	864
	<u>97,531</u>	<u>864</u>	<u>(21,497)</u>	<u>76,898</u>
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	55,599
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	22 12,383	0	0	12,383
Dividends provided for or paid	23 0	0	(31,462)	(31,462)
Employee share options and performance rights	22 0	1,217	0	1,217
	<u>12,383</u>	<u>1,217</u>	<u>(31,462)</u>	<u>(17,862)</u>
Balance at 2 July 2011	194,541	(3,239)	112,378	303,680

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

Super Retail Group Limited
Formerly Super Cheap Auto Group Limited
Cash Flow statements
For the period ended 2 July 2011

	Notes	2011 \$'000	Consolidated 2010 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,207,864	1,040,615
Payments to suppliers and employees (inclusive of goods and services tax)		(1,023,148)	(891,068)
Rental payments			
- external		(82,519)	(72,736)
- related parties		(10,384)	(10,346)
Income taxes paid		(20,911)	(13,905)
Net cash (outflow) inflow from operating activities		70,902	52,560
Cash flows from investing activities			
Payments for property, plant and equipment		(37,647)	(27,136)
Proceeds from sale of property, plant and equipment		1,129	86
Payments for purchase of subsidiary, net of cash acquired		0	(52,943)
Net cash (outflow) inflow from investing activities		(36,518)	(79,993)
Cash flows from financing activities			
Proceeds from borrowings		241,591	313,920
Payments for borrowings		(251,667)	(336,358)
Interest paid		(9,894)	(10,714)
Dividends paid to company's shareholders	22	(20,797)	(14,395)
Proceeds from issue of shares		1,966	88,390
Net cash inflow (outflow) from financing activities		(38,801)	40,843
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		30,200	16,810
Effects of exchange rate changes on cash and cash equivalents		(86)	(20)
Cash and cash equivalents at end of year	7	25,697	30,200

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011

1 Basis of preparation

This Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This financial report covers the consolidated entity of Super Retail Group Limited (formerly Super Cheap Auto Group Limited) and its controlled entities and Super Retail Group Limited as an individual parent entity.

2 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Chief Operating Officers that are used to make strategic decisions.

The Chief Operating Officers consider the business from 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.

(b) Segment information provided to the Chief Operating Officers

The segment information provided to the Chief Operating Officers for the reportable segments for the year ended 2 July 2011 is as follows:

2011	Auto & Cycle Retailing \$'000	Leisure Retailing \$'000	Total continuing operations \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Segment Revenue					
Sales to external customers	713,332	384,368	1,097,700	0	1,097,700
Inter segment sales	(5,099)	(280)	(5,379)	0	(5,379)
Total sales revenue					1,092,321
Other revenue/income	1,772	391	2,163	273	2,436
Total revenue and other income					1,094,757
Segment result (pre-borrowing costs and impairment)	63,611	32,042	96,653	(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	537,850	34,198	572,048
Unallocated assets				0	0
Total assets					572,048
Segment liabilities	(206,162)	(115,187)	(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	26,740	11,889	38,629
Depreciation and amortisation expense	(15,797)	(6,860)	(22,657)	(145)	(22,802)
Goodwill impairment					0
Other non-cash expenses					1,222

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

2 Segment information (continued)

The segment information provided to the Chief Operating Officers for the reportable segments for the year ended 3 July 2010 is as follows:

2010	Auto & Cycle Retailing \$'000	Leisure Retailing \$'000	Total continuing operations \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Segment Revenue					
Sales to external customers	687,856	254,005	941,861	0	941,861
Inter segment sales	(3,061)	(792)	(3,853)	0	(3,853)
Total sales revenue					938,008
Other revenue/income	284	130	414	343	757
Total revenue and other income					938,765
Segment result (pre-borrowing costs and impairment)	48,180	21,290	69,470	(3,113)	66,357
Finance costs				(10,477)	(10,477)
Impairment of goodwill	(2,000)	0	(2,000)	0	(2,000)
Profit before income tax					53,880
Income tax expense					(15,827)
Profit for the period					38,053
Segment Assets & Liabilities					
Segment assets	319,796	154,766	474,562	47,684	522,246
Unallocated assets				0	0
Total assets					522,246
Segment liabilities	(161,422)	(96,563)	(257,985)	115,208	(142,777)
Unallocated liabilities				(108,912)	(108,912)
Total liabilities					(251,689)
Acquisitions of property, plant and equipment and other non-current segment assets	16,605	48,809	65,414	5,420	70,834
Depreciation and amortisation expense	(15,609)	(4,976)	(20,585)	(145)	(20,730)
Goodwill impairment	(2,000)				(2,000)
Other non-cash expenses					784

(c) Other information

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

Australia

The home country of the parent entity. The two areas of operation are (i) automotive, bicycles and accessories (ii) boating, camping, outdoor entertainment and fishing.

New Zealand

Supercheap Auto and FCO operate in New Zealand.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

3 Revenue

	2011	Consolidated
	\$'000	2010
		\$'000
From continuing operations		
<i>Sales revenue</i>		
Sale of goods	1,092,321	938,008
	1,092,321	938,008
<i>Other revenue</i>		
Interest	1,077	594
	1,077	594
	1,093,398	938,602

4 Other Income

	2011	Consolidated
	\$'000	2010
		\$'000
Other income	1,359	163
	1,359	163

5 Expenses

	2011	Consolidated
	\$'000	2010
		\$'000
Profit before income tax includes the following specific gains and expenses:		
<i>Expenses</i>		
Net loss on disposal of property, plant and equipment	294	516
<i>Depreciation</i>		
Computer systems	5,306	5,402
Plant and equipment	13,864	12,275
Motor vehicles	30	35
Total depreciation	19,200	17,712
<i>Amortisation and Impairment</i>		
Computer software	3,457	2,873
Brand name	125	125
Goodwill	0	2,000
Supplier agreement	20	20
	3,602	5,018
<i>Finance costs</i>		
Interest and finance charges	10,859	12,564
Other finance costs (a)	0	(2,201)
Accretion of put option	114	114
Finance costs expensed	10,973	10,477
<i>Employee benefits expense</i>		
Superannuation expense	12,273	10,749
Salaries and wages	192,436	158,895
	204,709	169,644
<i>Rental expense relating to operating leases</i>		
Lease expenses	90,879	71,832
Equipment hire	4,907	4,174
Total rental expense relating to operating leases	95,786	76,006
<i>Foreign exchange gains and losses</i>		
Net foreign exchange (gains)/losses	(1,419)	2,323

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

5 Expenses (continued)

(a) Other finance costs

A market-to-market loss on a \$60,000,000 swap was \$2,201,000 as at 27 June 2009 and was included as a finance cost expense in the 2009 year as the swap was deemed to be ineffective as a cash flow hedge for the period. The loss was reversed in the 2010 year due to the expiry of the swap, reducing finance cost expense by \$2,201,000 in 2010.

6 Income tax expense

	Consolidated	
	2011	2010
	\$'000	\$'000
(a) Income tax expense		
Current tax	23,975	17,867
Deferred tax	(1,807)	(1,652)
Adjustments for current tax of prior period	(115)	(388)
	22,053	15,827
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 11)	(1,771)	(1,614)
(Decrease) increase in deferred tax liabilities (note 19)	(36)	(38)
	(1,807)	(1,652)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	77,652	53,880
Tax at the Australian tax rate of 30% (2010 - 30%)	23,296	16,164
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax consolidation adjustments re NZ branch	(44)	(39)
Investment allowance	0	(199)
Goodwill impairment	0	600
R & D credits	(1,207)	(434)
Sundry items	123	123
	22,168	16,215
Adjustments for current tax of prior periods	(115)	(388)
Income tax expense	22,053	15,827
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 11 and 19)	(1,228)	(1,137)
	(1,228)	(1,137)
Tax expense (income) relating to items of other comprehensive income		
Cash flow hedges	(1,463)	(548)
	(1,463)	(548)

(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.

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. The funding amounts are recognised as current intercompany receivables or payables.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

7 Current assets - Cash and cash equivalents

	Consolidated	
	2011	2010
	\$'000	\$'000
Cash at bank and in hand	<u>25,697</u>	<u>30,200</u>

8 Current assets - Trade and other receivables

	Consolidated	
	2011	2010
	\$'000	\$'000
Trade receivables	13,176	10,969
Provision for impairment of receivables (a)	(268)	(210)
	<u>12,908</u>	<u>10,759</u>
Other receivables	3,777	2,030
Tax receivable	1,818	548
Prepayments	3,657	8,858
	<u>22,160</u>	<u>22,195</u>

(a) Impaired trade receivables

As at 2 July 2011 current trade receivables of the Group with a nominal value of \$268,000 (2010: \$210,000) were impaired. The amount of the provision was \$268,000 (2010: \$210,000). The individually impaired receivables mainly relate to wholesalers who are in unexpectedly difficult economic situations.

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

	Consolidated	
	2011	2010
	\$'000	\$'000
As at 3 July 2010	(210)	(347)
Provision for impairment recognised during the year	(236)	(947)
Receivables written off during the year as uncollectible	178	1,084
	<u>(268)</u>	<u>(210)</u>

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 2 July 2011, trade receivables of \$3,586,000 (2010: \$3,009,000) 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	
	2011	2010
	\$'000	\$'000
0 to 3 months	2,435	1,588
3 to 6 months	668	333
Over 6 months	483	1,088
	<u>3,586</u>	<u>3,009</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

9 Current assets – Inventories

	Consolidated	
	2011	2010
	\$'000	\$'000
Finished goods		
- at lower of cost or net realisable value	292,874	253,101

(a) Inventory expense

Inventories recognised as expense during the year ended 2 July 2011 amounted to \$583,164,000 (2010: \$518,626,000).

Write-downs of inventories to net realisable value recognised as an expense/(benefit) during the year ended 2 July 2011 amounted to (\$1,388,000) (2010: (\$1,323,000)). The benefit has been included in 'costs of sales of goods' in the income statement.

10 Non-current assets – Property, plant and equipment

	Consolidated	
	2011	2010
	\$'000	\$'000
Plant and equipment, at cost	160,141	141,546
Less accumulated depreciation	(63,964)	(51,581)
Net plant and equipment	96,177	89,965
Motor vehicles, at cost	266	912
Less accumulated depreciation	(240)	(251)
Net motor vehicles	26	661
Computer systems, at cost	45,805	42,377
Less accumulated depreciation	(32,731)	(27,694)
Net computer equipment	13,074	14,683
Total net property, plant and equipment	109,277	105,309

Assets pledged as security are detailed in Note 18

	Plant and equipment	Motor vehicles	Computer systems	Total
	\$'000	\$'000	\$'000	\$'000
Reconciliations - consolidated entity				
Carrying amounts at 4 July 2010	89,965	661	14,683	105,309
Additions	23,084	0	4,522	27,606
Disposals	(3,390)	(197)	(157)	(3,774)
Business acquisitions	185	(413)	(668)	(896)
Depreciation and amortisation	(13,864)	(30)	(5,306)	(19,200)
Foreign currency exchange differences	197	5	0	186
Carrying amounts at 2 July 2011	96,177	26	13,074	109,277
Reconciliations - consolidated entity				
Carrying amounts at 28 June 2009	73,200	70	14,678	87,948
Additions	18,643	0	4,467	23,110
Disposals	(439)	(32)	(118)	(589)
Business acquisitions	10,965	658	1,079	12,702
Depreciation and amortisation	(12,275)	(35)	(5,402)	(17,712)
Foreign currency exchange differences	(129)	0	(21)	(150)
Carrying amounts at 3 July 2010	89,965	661	14,683	105,309

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 2 JULY 2011 (continued)**

11 Non-current assets - Deferred tax assets

	Consolidated	
	2011	2010
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Doubtful debts	85	63
Employee benefits	5,779	4,569
Accruals	312	103
Inventories	2,137	2,100
Deferred make good provision	257	1,175
Straight line lease adjustment	4,662	3,965
Deferred income	127	107
Depreciation	2,512	1,875
Provision for warranties and legal costs	13	13
	15,884	13,970
<i>Amounts recognised directly in equity</i>		
Cash flow hedges	1,235	0
Share placement costs	354	589
	17,473	14,559
Set off with deferred tax liabilities (note 19)	(6,684)	(6,948)
Net deferred tax assets	10,789	7,611
Movements:		
Opening balance	14,559	11,206
Credited/(charged) to the income statement	1,771	1,614
Credited/(charged) to equity	1,000	589
Foreign exchange on translation of NZ subsidiary	0	0
Acquired in acquisition	143	1,150
Closing balance	17,473	14,559
Deferred tax assets to be recovered after more than 12 months	14,543	12,013
Deferred tax assets to be recovered within 12 months	2,930	2,546
	17,473	14,559

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

12 Non-current assets – Intangible assets

	Consolidated	
	2011 \$'000	2010 \$'000
Goodwill at cost	78,452	76,701
Less impairment charge	(2,000)	(2,000)
Net goodwill	<u>76,452</u>	<u>74,701</u>
Trademarks, at cost	14	14
Less accumulated depreciation	0	0
Net trademarks	<u>14</u>	<u>14</u>
Computer software	32,614	23,356
Less accumulated amortisation	(20,294)	(16,851)
Net computer software	<u>12,320</u>	<u>6,505</u>
Brand names at cost	22,500	22,500
Less amortisation	(375)	(250)
Net brand names	<u>22,125</u>	<u>22,250</u>
Supplier agreement	400	400
Less amortisation	(60)	(40)
Net supplier agreement	<u>340</u>	<u>360</u>
Total net intangibles	<u>111,251</u>	<u>103,830</u>

	Goodwill \$'000	Trademarks \$'000	Computer Software \$'000	Brand Name \$'000	Supplier Agreement \$'000	Totals \$'000
Reconciliations – consolidated entity - 2010						
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)
Foreign currency exchange differences	0	0	0	0	0	0
Carrying amounts at 2 July 2011	<u>76,452</u>	<u>14</u>	<u>12,320</u>	<u>22,125</u>	<u>340</u>	<u>111,251</u>

Amortisation of \$3,602,000 (2010: \$5,018,000) is included in "Administration" in the consolidated income statement.

	Goodwill \$'000	Trademarks \$'000	Computer Software \$'000	Brand Name \$'000	Supplier Agreement \$'000	Totals \$'000
Reconciliations – consolidated entity - 2010						
Carrying amounts at 28 June 2009	67,280	14	5,358	2,375	380	75,407
Acquisitions	9,421	0	0	20,000	0	29,421
Additions	0	0	4,033	0	0	4,033
Disposals/Revision in provisional accounting	0	0	(24)	0	0	(24)
Amortisation/Impairment charge	(2,000)	0	(2,873)	(125)	(20)	(5,018)
Foreign currency exchange differences	0	0	11	0	0	11
Carrying amounts at 3 July 2010	<u>74,701</u>	<u>14</u>	<u>6,505</u>	<u>22,250</u>	<u>360</u>	<u>103,830</u>

(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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

12 Non-current assets – Intangible assets (continued)

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

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

2010	Supercheap Auto \$'000	BCF \$'000	Goldcross Cycles \$'000	Ray's Outdoors \$'000	Total \$'000
Goodwill	45,336	12,950	7,954	8,461	74,701

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 Victor Cycles and Riders Cycles.

(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	
	2011	2010	2011	2010
	%	%	%	%
Supercheap Auto	3	3.0	15	15
BCF	5	5.0	15	15
Goldcross Cycles	10	10.0	15	15
Ray's Outdoors	10	-	15	-

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

(c) Impairment charge

An impairment charge of \$2,000,000 arose in the Goldcross Cycles CGU for the period ended 3 July 2010 following a review of sales and gross margin performance against business plan expectations in December 2009. No class of asset other than goodwill was impaired. This has been included in the Auto & Cycle Retailing segment in note 2.

(d) Useful life for brand

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 brand on the basis that it is 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 brand; and
- there are currently no legal, technical or commercial factors indicating that the life should be considered limited.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

13 Current liabilities - Trade and other payables

	Consolidated	
	2011	2010
	\$'000	\$'000
Trade payables	83,050	70,459
Other payables	39,305	29,084
Loans from related parties	18	20
	<u>122,373</u>	<u>99,563</u>

14 Current liabilities – Borrowings

	Consolidated	
	2011	2010
	\$'000	\$'000
Secured		
Finance leases	32	96
Cash advance	0	10,000
Total current liabilities – secured interest bearing liabilities	<u>32</u>	<u>10,096</u>
Unsecured		
Related parties	0	0
Unsecured bank financing	0	0
Total current liabilities – unsecured interest bearing liabilities	<u>0</u>	<u>0</u>
Total current liabilities – interest bearing liabilities	<u>32</u>	<u>10,096</u>

(a) Cash Advances

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

15 Current liabilities – Current tax liabilities

	Consolidated	
	2011	2010
	\$'000	\$'000
Income tax payable	<u>11,013</u>	<u>7,694</u>

16 Current liabilities – Provisions

	Consolidated	
	2011	2010
	\$'000	\$'000
Put option provision ^(a)	871	758
Provision for warranties ^(b)	44	44
Make good provision ^(c)	460	346
Employee benefits ^(d)	10,911	10,633
	<u>12,286</u>	<u>11,781</u>

(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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

16 Current liabilities – Provisions (continued)

(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.

17 Non-current liabilities – Trade and Other Payables

	Consolidated	
	2011	2010
	\$'000	\$'000
Straight line lease adjustment	15,538	13,217

18 Non-current liabilities – Borrowings

	Consolidated	
	2011	2010
	\$'000	\$'000
Secured		
Finance lease	8	0
Cash advance	100,000	100,000
Less borrowing costs capitalised, net	(865)	(1,088)
	99,143	98,912

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 and Commonwealth Bank of Australia 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 and Commonwealth Bank of Australia. Financial covenants are provided by Super Retail Group Limited with respect to leverage, gearing, fixed charges coverage and tangible net worth.

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

	Consolidated	
	2011	2010
	\$'000	\$'000
Financing arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
Total facilities		
- Bank debt funding facility	190,000	190,000
- Multi-option facility (including indemnity/guarantee)	7,000	7,000
Totals	197,000	197,000
Facilities used at balance date		
- Bank debt funding facility	100,000	110,096
- Multi-option facility (including indemnity/guarantee)	3,030	2,689
Totals	103,030	112,785
Unused balance of facilities at balance date		
- Bank debt funding facility	90,000	79,904
- Multi-option facility (including indemnity/guarantee)	3,970	4,311
Totals	93,970	84,215

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

18 Non-current liabilities – Borrowings (continued)

In addition, the Company has access to a \$132 million (2010: \$122 million) transactional facility for clean credit and foreign currency dealings.

The current interest rates on the financing arrangements are:

- Bank debt funding facility 3.97%- 5.08% (2010: 3.97%-7.09%)

19 Non-current liabilities - Deferred tax liabilities

	Consolidated	
	2011	2010
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Prepayments	3	2
Brand values	6,638	6,675
	<u>6,641</u>	<u>6,677</u>
<i>Amounts recognised directly in equity</i>		
Foreign exchange revaluation reserve	0	0
Cash flow hedges	43	271
	<u>6,684</u>	<u>6,948</u>
Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions	<u>(6,684)</u>	<u>(6,948)</u>
Net deferred tax liabilities	<u>0</u>	<u>0</u>
Movements:		
Opening balance	6,948	1,534
Charged/(credited) to the income statement	(36)	(38)
Charged/(credited) to equity	(228)	(548)
Foreign exchange on translation of NZ subsidiary	0	0
Acquired in acquisition	0	6,000
Closing balance	<u>6,684</u>	<u>6,948</u>
Deferred tax liabilities to be settled after more than 12 months	6,681	6,946
Deferred tax liabilities to be settled within 12 months	3	2
	<u>6,684</u>	<u>6,948</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

20 Non-current liabilities – Provisions

	Consolidated	
	2011 \$'000	2010 \$'000
Make good provision	4,899	8,087
Employee benefits	2,952	2,207
Provision for Oceania future dividend (a)	132	132
	7,983	10,426

(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 16 & 20)

	Put option \$'000	Warranties \$'000	Make good \$'000	Oceania future dividend \$'000	Total \$'000
Opening balance as at 4 July 2010	758	44	8,433	132	9,367
Additional provisions recognised	0	0	0	0	0
Indexing of provisions	113	0	0	0	113
Provision released	0	0	(3,074)	0	(3,074)
Acquisitions	0	0	0	0	0
Closing balance as at 2 July 2011	871	44	5,359	132	6,406

21 Contributed equity

(a) Share Capital

	Parent Entity	
	2011 \$'000	2010 \$'000
Ordinary shares fully paid	194,541	182,158

	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
			196,163
Less transaction costs on share issue			(1,976)
Deferred tax credit recognised directly in equity			354
Closing balance 2 July 2011	130,018,739		194,541

The purpose of the issue on 27 April 2010 was to finance the acquisition of Ray's Outdoors and provide additional funds to meet capital expenditure and working capital requirements associated with growing the Ray's Outdoors store network.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

21 Contributed equity (continued)

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. Shares issued under the plan at a 2.5% discount to the market price.

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 (2010: nil) ordinary shares were issued during the period, with 797,500 options being exercised during the period. Performance rights over 363,427 (2010: 375,165) ordinary shares were issued during the period. Nil performance rights were exercised during the period.

(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 2011 the Group's strategy, which was unchanged from 2010, 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 2 July 2011 and 3 July 2010 were as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Total borrowings	99,175	109,008
Less: Cash & cash equivalents	(25,697)	(30,200)
Net Debt	73,478	78,808
Total Equity	303,680	270,557
Total Capital	377,158	349,365
Gearing Ratio	19.5%	22.6%

The decrease in the gearing ratio was due to dividend reinvestment plan in place for shareholders as well as a small reduction in debt levels. The Group now has significant capacity to fund its growth plans, including continued expansion of the store network.

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 2011 the Group's strategy, which was unchanged from 2010, was to maintain a fixed charge cover ratio of around 2.0 times. The fixed charge cover ratios at 2 July 2011 and 3 July 2010 were as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Earnings	55,599	38,053
Add: Taxation expense	22,053	15,827
Finance costs	10,973	10,477
Depreciation and amortisation	22,802	22,730
Rental expense	84,486	69,833
EBITDAR	195,913	156,920
Finance costs (excluding MTM adjustment)	10,973	12,678
Rental expense	84,486	69,833
Fixed charges	95,459	82,511
Fixed charge cover ratio	2.05	1.90

The improvement in the fixed charge cover ratio was due to the increased profitability of the Group.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

22 Reserves and retained profits

	Consolidated	
	2011	2010
	\$'000	\$'000
Reserves		
Foreign currency translation reserve	(3,607)	(2,407)
Share based payments reserve	3,149	1,932
Hedging reserve	(2,781)	633
	(3,239)	158
Movements		
Foreign currency translation reserve		
Balance at the beginning of the financial period	(2,407)	(2,933)
Net exchange difference on translation of foreign controlled Entity	(1,200)	526
Balance at the end of the financial period	(3,607)	(2,407)
Share based payments reserve		
Balance at beginning of the financial period	1,932	1,068
Options lapsed	0	0
Options and performance rights expense	1,217	864
Balance at the end of the financial period	3,149	1,932
Hedging reserve		
Balance of beginning of the financial period	633	1,907
Revaluation – gross	(4,877)	(1,822)
Deferred tax	1,463	548
Balance at the end of the financial period	(2,781)	633
Retained earnings		
Balance at the beginning of the financial period	88,241	71,685
Net profit/(loss) for the financial period attributable to shareholders of Super Retail Group Limited	55,599	38,053
Dividends provided for or paid	(31,462)	(21,497)
Retained profits/(losses) at the end of the financial period	112,378	88,241

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. 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. The reserve is recognised in profit and loss when the net investment is disposed of.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

23 Dividends

	Parent Entity	
	2011	2010
	\$'000	\$'000
Ordinary shares		
Dividends paid by Super Retail Group Limited during the reporting period were as follows:		
Interim dividend for the period ended 1 January 2011 of 11.5 cents (2010: 8.5 cents per share) paid on 5 April 2011. Fully franked based on tax paid @ 30%	14,844	9,182
Final dividend for the period ended 3 July 2010 of 13.0 cents per share (2010: 11.5 cents per share) paid on 1 October 2010. Fully franked based on tax paid @ 30%	16,618	12,315
Total dividends provided and paid	31,462	21,497
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
Paid in cash	20,797	14,395
Satisfied by issue of shares	10,665	7,102
	31,462	21,497

Dividends not recognised at year end

Subsequent to year end, the Directors have declared the payment of a final dividend of 17.5 cents per ordinary share (2010: 13.0 cents per ordinary share), fully franked based on tax paid at 30%.

The aggregate amount of the dividend expected to be paid on 26 September 2011, out of retained profits at 2 July 2011, but not recognised as a liability at year end, is

	22,753	16,579
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Franking credits

The franked portions of dividends paid after 2 July 2011 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 2 July 2011.

Franking credits remaining at balance date available for dividends declared after the current balance date based on a tax rate of 30%

	52,681	47,147
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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 \$9,751,405 (2010: \$7,105,371).

24 Net tangible asset backing

	Consolidated Entity	
	2011	2010
	Cents	Cents
Net tangible asset per ordinary share	\$1.40	\$1.28

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

25 Business Combinations

(a) Ray's Outdoors (prior period)

(i) Summary of acquisition

On 31 May 2010, the parent entity acquired 100% of the issued share capital of Ray's Outdoors Pty Ltd.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows: **\$'000**

Purchase consideration	
Cash paid	51,685
Consideration in shares	1,548
Total purchase consideration (referred to (ii) below)	53,233
Less: Provisional allocation of fair value of net identifiable assets acquired (see below)	(43,021)
Goodwill recognised on acquisition	10,212

(ii) Purchase considerations

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value \$'000
Cash	70
Other Receivables	346
Inventory (net of provisions)	26,874
Plant & Equipment	11,104
Brand name	20,000
Deferred make good	702
Tax Assets	1,503
Trade Payables	(7,500)
Provision for Employee Entitlements	(1,864)
Make-good provision	(1,389)
Other Payables	(614)
Deferred tax liability	(6,211)
Net Identifiable Assets Acquired	43,021

Consolidated

**2010
\$'000**

Outflow of cash to acquire subsidiary, net of cash acquired	
Total purchase consideration	53,233
Less: Consideration in shares	(1,548)
Less: Balances acquired	
Cash	(70)
	(1,618)
Outflow of cash	51,615

The Ray's Outdoor acquisition was disclosed provisionally in the financial report for the year ended 3 July 2010. Since this date, the completion statement has been reviewed and adjustments were made to inventory (decrease of \$266,000), provisions for employee entitlements (increase of \$217,000), plant and equipment (decrease of \$896,000), a corresponding increase to tax assets of \$143,000 and gift voucher liability increase of \$515,000.

A corresponding increase has been recognised in goodwill of \$1,751,000.

The goodwill is attributable to Ray's Outdoors strong position and profitability in the outdoor and leisure market and the synergies expected to arise from the acquisition.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JULY 2011 (continued)

25 Business Combinations (continued)

(b) Explore Outdoors (prior period)

Acquisition by controlled entity

On 27 October 2009, BCF Australia Pty Ltd acquired certain assets and assumed certain liabilities of the Explore Outdoors Dubbo business from an entity external to the Group.

Net assets acquired are as follows: \$'000

Purchase consideration	1,331
Cash Paid	1,331
Total purchase consideration	1,331
Less: Provisional allocation of fair value of net identifiable assets acquired (refer below)	371

Goodwill recognised on acquisition 960

The goodwill is attributable to Explore Outdoors Dubbo strong position and profitability in the leisure market and synergies expected to arise after the company's acquisition

Fair value of identifiable net assets acquired \$'000

Inventory (net of provisions)	387
Gift voucher liability	(6)
Employee entitlements	(8)
Other creditors	(2)
Net identifiable assets acquired	371

The amounts recognised by the vendor immediately before acquisition for each class of asset and liability are not significantly different from the fair values included in the table above.

26 Events occurring after balance date

No matter or circumstance has arisen since 2 July 2011 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.