SUPER RETAIL GROUP LIMITED (SUL)
INTERIM REPORT

FOR THE 26 WEEK PERIOD ENDED 29 DECEMBER 2018

SECTION A

APPENDIX 4D
INTERIM REPORT

SUPER RETAIL GROUP LIMITED (SUL)

ABN 81 108 676 204

Statutory Results

Current Reporting Period: From 1 July to 29 December 2018 (26 weeks)

Previous Reporting Period: From 2 July to 30 December 2017 (26 weeks)

Results for Announcement to the Market

	Statutory Results $m	Comparison to December 2017 $m
Revenue from ordinary activities	1,403.2	Up 6.0% from 1,323.7
Profit from ordinary activities after tax attributable to members	71.7	Down 0.7% from 72.2
Net profit for the period attributable to members	71.7	Down 0.7% from 72.2

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

This report is based on the consolidated interim financial statements which have been reviewed by the auditor. The review report, which was unqualified, is included within the Company's Interim Financial Report for the 26 weeks ending 29 December 2018 which accompanies this Appendix 4D.

For a brief explanation of the figures above please refer to the Results Announcement for the period ended 29 December 2018 and the Directors' Report, which forms part of the Interim Financial Report.

Dividends – Ordinary Shares

	Amount per share	Franked amount per share
2018 Final dividend	27.5¢	27.5¢
2019 Interim dividend [1]	21.5¢	21.5¢
Record date for determining entitlements to the interim dividend	25 February 2019	

[1]Declared 13 February 2019, payable 28 March 2019.

Net Tangible Assets per Security

	December 2018 Cents	Restated June 2018 Cents
Net tangible assets per security	($0.10)	($0.20)

Foreign Entities

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

Control gained or lost over entities during the period

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

(b) Names of entities where control was lost in the period
Youcamp Pty Ltd – date ceased control 7 December 2018.

SECTION B

SUPER RETAIL GROUP LIMITED

INTERIM FINANCIAL REPORT

FOR THE 26 WEEK PERIOD ENDED 29 DECEMBER 2018

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DIRECTORS' REPORT

The Directors of Super Retail Group Limited present the Interim Financial Report for the 26 week period ended 29 December 2018.

Directors

The Directors of the Company at any time during or since the end of the period, up to the date of this report are:

Directors:
Sally Pitkin
(Independent Non-Executive Chair)
Peter Birtles
(Group Managing Director and Chief Executive Officer)
Reginald Rowe
(Non-Executive Director)
Diana Eilert
(Independent Non-Executive)
Launa Inman
(Independent Non-Executive)
Howard Mowlem
(Independent Non-Executive)
Peter Everingham
(Independent Non-Executive)

Financial and Operational Review

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

a) Group Results

Sales for the period were $1,403.2 million (2017: $1,323.7 million), an increase of 6.0 per cent.

The reported Net Profit After Tax for the period attributable to Owners of Super Retail Group Limited was $71.7 million (2017: $72.2 million), a decrease of 0.7 per cent.

Normalised Net Profit After Tax for the period was $81.6 million (2017: $74.9 million), an increase of 8.9 per cent.

During the reporting period, the Group completed a comprehensive review of employment arrangements across the business. This review identified an underpayment of overtime and some allowances to retail managers. This underpayment is in addition to the discovery of a related underpayment of overtime and allowances for team members involved in store set-up activities identified and recognised in the previous financial year.

An estimate has been completed for the period between financial years 2013 to 2018 totalling $30.0 million after tax. The annual amounts were not material to profit for any of the individual years to which they related. A total of $24.0 million after tax is included in the restatement of retained earnings as required by AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.* In addition, $6.0 million after tax of compensatory interest has been recognised in the current period.

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

Financial Performance	29 December 2018 $m	30 December 2017 $m
Profit for the period	**71.7**	**71.5**
Loss for the period attributable to non-controlling interests	0.0	0.7
Profit for the period attributable to Owners of Super Retail Group Limited	**71.7**	**72.2**
Autoguru net loss from associate accounted for using the equity method	1.3	-
Youcamp net loss on divestment	0.6	-
Costs associated with remediation of set-up team wages underpayment	2.0	-
Compensatory interest associated with retail managers' wages underpayment	6.0	-
Sports business restructuring costs	-	2.7
Normalised net profit after tax	**81.6**	**74.9**

Financial and Operational Review (continued)

Store Movements

	Stores 30/06/2018	Opened	Closed/Converted	Stores 29/12/2018
Supercheap Auto	319	4	-	323
BCF	134	3	(1)	136
Macpac	54	6	(1)	59
Rays	9	-	-	9
Rebel	159	4	(2)	161
Group	**675**	**17**	**(4)**	**688**

b) Auto Retailing

The divisional total sales increased by 2.7 per cent to $530.8 million with like for like sales growth of 1.8 per cent, driven by growth in average transaction value. A key contributor to the like for like growth was the digital sales increase of 23 per cent on the previous corresponding period. During the period the Supercheap Auto website was successfully re-platformed to Salesforce Commerce Cloud.

Like for like sales growth was achieved in all categories except for Tools and Outdoors which experienced strong competition. Auto Maintenance category delivered the strongest growth supported by strong marketing campaigns.

Segment EBIT grew by 2.5 per cent to $57.1 million, this growth was supported by sound growth in gross margins offset by increased investment in omni-retailing and store costs to support the brands' increased focus on service delivery. Segment EBIT margins remained consistent with the prior comparative period.

Customer engagement with the SCA Club Plus has been strong with total active Club Plus members growing to 1.5 million in the period.

c) Outdoor Retailing

The Outdoor division contains BCF, Macpac and Rays. Macpac was not owned in the prior comparative period. Rays had nine remaining stores at period end which will convert to Macpac in the second half of the financial year. The Outdoor division delivered segment EBIT of $22.9 million which was $6.5 million above the prior comparative period.

Total division sales increased $49.4 million on the prior comparative period. Sales increased in BCF due to like for like sales growth of 2.1%, Macpac contributed $51.4 million of sales and Rays sales declined $8.2 million due to the decline in store numbers from fifteen in the prior year to nine in the current period.

BCF experienced like for like growth in the Apparel and Camping categories due to product range reviews. Online sales grew by 9.5 per cent with growth in home delivery. BCF realised lower gross margins due to higher promotional activities resulting in an EBIT decline by $4.4 million for the period. Rays EBIT loss was lower than the prior comparative period as the remaining stores represents the highest performing stores.

Macpac delivered an EBIT contribution of $8.7 million due to strong like for like sales performance of 10.8 per cent and an increase in new stores.

d) Sports Retailing

Total divisional sales increased by 4.0 per cent to $523.9 million. Like for like sales growth of 3.2 per cent was driven by growth in all key metrics of units, transactions and average transaction value. The major categories of Clothing, Fitness and Footwear all experienced strong like for like growth as a result of successful new season ranges and product innovation.

Segment EBIT grew by 5.2 per cent to $54.4 million, with segment EBIT margin of 10.4 per cent. The segment EBIT growth of $2.7 million compared to the prior comparative period has been assisted by cost synergies flowing from the transition to a single brand.

e) Group and Unallocated

Group costs at $9.9 million were $0.3 million lower than the prior comparative period. Group costs include corporate activities, un-utilised Distribution Centre (DC) space and investment in the Group's digital initiatives. Corporate costs increased by $0.3 million and excess storage costs have increased by $0.1 million compared to the prior comparative period.

Investment in the Group's digital initiatives of $0.5 million have declined by $0.5 million.

Financial and Operational Review (continued)

f) Cash Flow and Net Debt

The Group continued to deliver strong operating cash flows of $235.4 million. This has funded capital investment $40.4 million in general capital expenditure projects, predominantly in information technology to support omni-retailing projects.

Inventory investment increased $71.3 million compared to December 2017 which has been impacted by the introduction of Macpac contributing $39.1 million and an increase in inventory levels in BCF and Rebel to maximise sales through the summer and Christmas season.

Closing net debt of $294.0 million was $94.8 million higher than the prior comparative period mainly as a result of the Macpac acquisition in the second half of the 2018 financial year at a net cash cost of $133.8 million, partly offset by the Group's working capital initiatives.

The Group Strategy and Material Business Risks remain consistent with those disclosed in the 2018 Annual Report.

Dividends

On 13 February 2019, the Directors declared a dividend of 21.5 cents fully franked. The dividend will be paid on 28 March 2019.

Rounding of Amounts

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is included at page 6 of this report.

Signed in accordance with a resolution of Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors:

S A Pitkin
Chair

P A Birtles
Group Managing Director and Chief Executive Officer

Brisbane
13 February 2019

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Auditor's Independence Declaration

As lead auditor for the review of Super Retail Group Limited for the period 1 July 2018 to 29 December 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

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

K Challenor

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
13 February 2019

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 26 weeks period ended 29 December 2018

	Notes	29 December 2018 $m	30 December 2017 $m
Revenue from continuing operations		**1,403.2**	1,323.7
Other income from continuing operations		**1.4**	0.4
Total revenues and other income		**1,404.6**	1,324.1
Expenses			
Cost of sales of goods		**(773.2)**	(732.5)
Other expenses from ordinary activities			
- selling and distribution		**(187.8)**	(169.4)
- marketing		**(51.7)**	(53.1)
- occupancy		**(103.9)**	(104.0)
- administration		**(175.5)**	(156.0)
Net finance costs	4	**(11.0)**	(8.4)
Share of net loss of associates and joint ventures	4	**(1.4)**	-
Total expenses		**(1,304.5)**	(1,223.4)
Profit before income tax		**100.1**	100.7
Income tax expense	5	**(28.4)**	(29.2)
Profit for the period		**71.7**	71.5
Profit for the period is attributable to:			
Owners of Super Retail Group Limited		**71.7**	72.2
Non-controlling interests		**-**	(0.7)
		71.7	71.5
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**(1.7)**	0.6
Exchange differences on translation of foreign operations		**2.9**	(0.6)
Other comprehensive income for the period, net of tax		**1.2**	-
Total comprehensive income for the period		**72.9**	71.5
Total comprehensive income for the period is attributable to:			
Owners of Super Retail Group Limited		**72.9**	72.2
Non-controlling interests		**-**	(0.7)
		72.9	71.5
Earnings per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic earnings per share		**36.3**	36.6
Diluted earnings per share		**36.0**	36.3

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

CONSOLIDATED BALANCE SHEET

As at 29 December 2018

	Notes	29 December 2018 $m	30 June 2018 Restated* $m	2 July 2017 Restated* $m
ASSETS				
Current assets				
Cash and cash equivalents		**63.4**	15.2	19.9
Trade and other receivables	6	**43.0**	23.8	42.6
Inventories		**617.9**	545.5	481.5
Derivative financial instruments		**5.4**	6.8	-
Total current assets		**729.7**	591.3	544.0
Non-current assets				
Property, plant and equipment	7	**265.6**	270.4	264.5
Intangible assets	8	**890.9**	891.6	750.1
Other financial assets	15(b)	**8.3**	9.3	-
Total non-current assets		**1,164.8**	1,171.3	1,014.6
Total assets		**1,894.5**	1,762.6	1,558.6
LIABILITIES				
Current liabilities				
Trade and other payables	9	**526.8**	342.3	253.7
Interest-bearing liabilities	10	**3.3**	3.0	2.6
Current tax liabilities		**12.1**	9.6	1.5
Provisions	11	**111.8**	105.0	96.3
Derivative financial instruments		**2.2**	1.5	3.1
Total current liabilities		**656.2**	461.4	357.2
Non-current liabilities				
Trade and other payables	9	**48.8**	49.1	44.2
Interest-bearing liabilities	10	**354.1**	435.1	398.0
Deferred tax liabilities		**18.3**	20.1	7.1
Provisions	11	**21.4**	21.7	21.5
Total non-current liabilities		**442.6**	526.0	470.8
Total liabilities		**1,098.8**	987.4	828.0
NET ASSETS		**795.7**	775.2	730.6
EQUITY				
Contributed equity	12	**542.3**	542.3	542.3
Reserves		**12.9**	10.3	3.5
Retained earnings		**240.8**	223.3	186.7
Capital and reserves attributable to owners of Super Retail Group Limited		**796.0**	775.9	732.5
Non-controlling interests		**(0.3)**	(0.7)	(1.9)
TOTAL EQUITY		**795.7**	775.2	730.6

* Refer note 2(c) for details regarding the restatement as a result of a prior period error.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 26 weeks ended 29 December 2018

	Notes	Contributed Equity $m	Reserves $m	Retained Earnings Restated* $m	Total Restated* $m	Non-Controlling Interests $m	Total Equity Restated* $m
Balance at 1 July 2017		542.3	3.5	210.7	756.5	(1.9)	754.6
Correction of prior period error (net of tax)		-	-	(24.0)	(24.0)	-	(24.0)
Restated total equity at the beginning of the financial period		542.3	3.5	186.7	732.5	(1.9)	730.6
Profit for the period		-	-	72.2	72.2	(0.7)	71.5
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	72.2	72.2	(0.7)	71.5
Transactions with owners in their capacity as owners							
Dividends provided for or paid		-	-	(49.3)	(49.3)	-	(49.3)
Employee performance rights		-	(0.3)	-	(0.3)	-	(0.3)
Change in ownership interest in controlled entities	15(a)	-	(0.2)	-	(0.2)	0.2	-
		-	(0.5)	(49.3)	(49.8)	0.2	(49.6)
Balance at 30 December 2017		542.3	3.0	209.6	754.9	(2.4)	752.5
Balance at 30 June 2018		**542.3**	**10.3**	**247.3**	**799.9**	**(0.7)**	**799.2**
Correction of prior period error (net of tax)		**-**	**-**	**(24.0)**	**(24.0)**	**-**	**(24.0)**
Restated total equity at the beginning of the financial period		**542.3**	**10.3**	**223.3**	**775.9**	**(0.7)**	**775.2**
Profit for the period		**-**	**-**	**71.7**	**71.7**	**-**	**71.7**
Other comprehensive income for the period		**-**	**1.2**	**-**	**1.2**	**-**	**1.2**
Total comprehensive income for the period		**-**	**1.2**	**71.7**	**72.9**	**-**	**72.9**
Transactions with owners in their capacity as owners							
Dividends provided for or paid		**-**	**-**	**(54.2)**	**(54.2)**	**-**	**(54.2)**
Employee performance rights		**-**	**1.2**	**-**	**1.2**	**-**	**1.2**
Transactions with non-controlling interests	15(a)	**-**	**0.2**	**-**	**0.2**	**0.4**	**0.6**
		-	**1.4**	**(54.2)**	**(52.8)**	**0.4**	**(52.4)**
Balance at 29 December 2018		**542.3**	**12.9**	**240.8**	**796.0**	**(0.3)**	**795.7**

* Refer note 2(c) for details regarding the restatement as a result of a prior period error.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 26 weeks ended 29 December 2018

	29 December 2018 $m	30 December 2017 $m
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**1,522.0**	1,441.8
Payments to suppliers and employees (inclusive of goods and services tax)	**(1,132.6)**	(1,023.1)
Rental payments:		
- external	**(121.0)**	(99.1)
- related parties	**(6.0)**	(4.9)
Income taxes paid	**(27.0)**	(21.0)
Net cash inflow from operating activities	**235.4**	293.7
Cash flows from investing activities		
Payments for property, plant and equipment and software	**(40.4)**	(56.3)
Payments for acquisitions of investments in associates/joint ventures	**(0.4)**	(0.3)
Net cash (outflow) from investing activities	**(40.8)**	(56.6)
Cash flows from financing activities		
Proceeds from borrowings	**563.0**	318.0
Repayment of borrowings	**(641.0)**	(487.9)
Finance lease payments	**(1.7)**	(1.4)
Borrowing costs paid	**(2.3)**	-
Interest paid	**(10.5)**	(5.9)
Dividend paid to Company's shareholders	**(54.3)**	(49.3)
Net cash (outflow) from financing activities	**(146.8)**	(226.5)
Net increase in cash and cash equivalents	**47.8**	10.6
Cash and cash equivalents at the beginning of the period	**15.2**	19.9
Effects of exchange rate changes on cash and cash equivalents	**0.4**	(0.2)
Cash and cash equivalents at the end of the interim period	**63.4**	30.3

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

1. Reporting entity

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

The condensed consolidated interim financial report of the Company as at and for the period ended 29 December 2018 comprises: the Company and its subsidiaries (together referred to as the Group, and individually as Group entities).

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

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

2. Basis of preparation of interim financial report

This condensed consolidated interim financial report for the 26 week period ended 29 December 2018 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard *AASB 134: Interim Financial Reporting.*

The condensed consolidated interim financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this interim financial report be read in conjunction with the annual financial report for the period ended 30 June 2018 and any public announcements made by Super Retail Group Limited and its controlled entities during the interim reporting period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated below. Where applicable, various comparative balances have been reclassified to align with current period presentation. These amendments have no material impact on the consolidated financial statements.

(a) New and amended standards adopted by the Group

The following new accounting standards and amendments to accounting standards became applicable in the current reporting period:

AASB 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers

These standards did not have significant impact on the Group's accounting policies and did not require retrospective adjustments. The impact of the adoption of these standards and the new accounting policies are disclosed below.

AASB 9 Financial Instruments

Impact of adoption

This standard addresses the classification, measurement and de-recognition of financial assets and financial liabilities and new rules for hedge accounting. There are no significant impacts on the Group's consolidated financial statements resulting from the application of AASB 9.

Accounting policies applied from 1 July 2018

Investments and other financial assets

From 1 July 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

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

(a) New and amended standards adopted by the Group (continued)

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

From 1 July 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derivatives and hedging

As permitted by AASB 9, the Group continues to apply the hedge accounting under AASB 139 instead of the requirements of the new standard. Therefore the accounting policy in respect of derivatives and hedge accounting is as disclosed in note 15 of the Group's 2018 Annual Report.

IFRS 15 Revenue from Contracts with Customers

Impact of adoption

This standard establishes the reporting principles relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. There are no significant impacts on the Group's consolidated financial statements resulting from the application of IFRS 15.

Accounting policies applied from 1 July 2018

Sale of goods – retail

Revenue from the sale of goods is recognised when a Group entity sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the goods. It is the Group's policy to sell its products to the end customer with a right of return within a reasonable period at the Group's discretion. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in inventories) are recognised for the products expected to be returned. Historical evidence is used to estimate such returns at the time of sale at a portfolio level (expected value method). Assumptions and the estimated amount of returns are reassessed at each reporting date.

(b) Impact of standards issued but not yet applied by the Group

IFRS 16 Leases – effective 1 July 2019

IFRS 16 introduces a single lessee accounting model requiring a lessee to recognise assets and liabilities for all leases with a term of more than 12 months where they are not considered of low value. A right-of-use asset will be recognised representing the right to use the underlying leased asset and a lease liability representing the obligations to make lease payments. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability.

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

(b) Impact of standards issued but not yet applied by the Group (continued)

The classification of cash flows will also be affected as operating lease payments under AASB 117 (which will be superseded by IFRS 16) are presented as operating cash flows, whereas under IFRS 16, the lease payments will be split into a principal and an interest portion which will be presented as financing cash flows.

This standard will materially impact the Group's consolidated financial statements at transition and in future years, as the Group's operating leases (primarily in relation to store, distribution centre, office leases and motor vehicles) are recognised on balance sheet.

Note 31 of the Group's 2018 Annual Report reflects that as at 30 June 2018, the Group had lease commitments for property and motor vehicles before the straight lining adjustment of $1,009.1 million (1 July 2017: $993.1 million). A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, though the Group expects to retain the classification of existing contracts as leases under current accounting standards ('grandfathering'). As such the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16.

A reliable estimate of the financial impact on the Group is still dependent on the finalisation of a number of areas, including:
- Choice of transition method;
- Selection of discount rates;
- Estimates of lease-term for leases with options; and
- Assessment of completeness of data.

During the reporting period, the implementation plan for the new leases standard has continued in a number of areas including:

- Identification of leases and contracts that could be determined to include a lease;
- Collation of lease data required for the calculation of the impact assessment;
- Identification of areas of complexity or judgement relevant to the Group; and
- Identification of necessary changes to systems and processes required to enable reporting and accounting in accordance with the new standard.

The Group is also about to begin the process of implementing new lease accounting software with the specific purpose of accounting for the Group's lease portfolio. Work is currently underway on data collection in preparation for data loading and testing, and amendments to processes. This will continue throughout the second half of the 2019 financial year to prepare the system and processes for go-live on 30 June 2019.

(c) Correction of prior period error

During the reporting period, the Group completed a comprehensive review of employment arrangements across the business. This review identified an underpayment of overtime and some allowances to retail managers. This underpayment is in addition to the discovery of a related underpayment of overtime and allowances for team members involved in store set-up activities identified and recognised in the previous financial year.

An estimate has been completed for the period betweenti financial years 2013 to 2018 totalling $30.0 million after tax. The annual amounts were not material to profit for any of the individual years to which they related. A total of $24.0 million after tax is included in the restatement of retained earnings as required by AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.* In addition, $6.0 million after tax of compensatory interest has been recognised in the current period. There was no material impact on the 30 December 2017 half year interim period.

Critical accounting estimates and judgements have been made in the calculations as to the number of overtime hours, allowance payments and the valuation based on assumed work patterns. Any revisions of the estimates will be recognised in the period the revisions are identified.

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

(c) Correction of prior period error (continued)

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance sheet (extract)	As previously stated 30 June 2018 $m	Increase/ (decrease) 30 June 2018 $m	Restated 30 June 2018 $m	As previously stated 2 July 2017 $m	Increase/ (decrease) 2 July 2017 $m	Restated 2 July 2017 $m
Provisions – current	71.0	34.0	105.0	62.3	34.0	96.3
Deferred tax liabilities	30.1	(10.0)	20.1	17.1	(10.0)	7.1
Net assets	799.2	(24.0)	775.2	754.6	(24.0)	730.6
Retained earnings	247.3	(24.0)	223.3	210.7	(24.0)	186.7
Total equity	799.2	(24.0)	775.2	754.6	(24.0)	730.6

There was no profit and loss impact for the half year ended 30 December 2017, and no impact on basic or diluted earnings per share.

3. Segment information

(a) Description of segments

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

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

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

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

For the period ended 29 December 2018	Auto $m	Outdoor $m	Sports $m	Total continuing operations $m	Inter-segment eliminations/ unallocated $m	Consolidated $m
Segment Revenue and Other Income						
External segment revenue[1]	**530.8**	**348.5**	**523.9**	**1,403.2**	**-**	**1,403.2**
Inter segment sales	**-**	**-**	**-**	**-**	**-**	**-**
Other income	**0.1**	**0.1**	**1.1**	**1.3**	**0.1**	**1.4**
Total segment revenue and other income	**530.9**	**348.6**	**525.0**	**1,404.5**	**0.1**	**1,404.6**
Segment EBITDA[2]	**74.3**	**33.5**	**68.2**	**176.0**	**(9.8)**	**166.2**
Segment depreciation and amortisation	**(17.2)**	**(10.6)**	**(13.8)**	**(41.6)**	**(0.1)**	**(41.7)**
Segment EBIT result	**57.1**	**22.9**	**54.4**	**134.4**	**(9.9)**	**124.5**
Net finance costs						**(11.0)**
Total segment NPBT						**113.5**
Segment income tax expense[3]						**(31.9)**
Normalised NPAT						**81.6**
Other items not included in the total segment NPAT[4]						**(9.9)**
Profit for the period						**71.7**
Profit for the period attributable to:						
Owners of Super Retail Group Limited						**71.7**
Non-controlling interests						**-**
Profit for the period						**71.7**

[1] Includes non-controlling interest (NCI) revenue of nil.

[2] Adjusted for $11.5 million of compensatory interest and remediation costs associated with prior years' wages underpayment, $1.3 million of equity accounted Autoguru losses and net loss on divestment of Youcamp $0.6 million.

[3] Segment income tax expense of $31.9 million excludes $3.5 million relating to the tax effect of compensatory interest and remediation costs associated with prior years' wages underpayment.

[4] Includes $8.6 million of compensatory interest, $2.9 million of remediation costs associated with set up team's wages underpayment, $1.3 million of equity accounted Autoguru losses and net loss on divestment of Youcamp $0.6 million and the related income tax effect of $3.5 million.

Other items not included in total segment NPAT – 2018

Autoguru
During the 2018 financial year, the Group ceased to control Autoguru and now accounts for its share in this associate using the equity method. Equity accounted losses relating to Autoguru amount to $1.3 million during the period and have been excluded from normalised NPAT.

Loss on divestment – Youcamp
During the period the Group sold its shares in Youcamp – refer note 15 (a). The net loss on divestment was $0.6 million before tax (nil tax) and has been excluded from normalised NPAT.

Set-up team wages remediation
During the period the Group has incurred costs associated with the continuing remediation of team members that should have received additional amounts to the amounts paid. Remediation costs incurred during the period were $2.9 million before tax ($0.9 million tax).

Retail managers wages remediation
The Group has recognised $8.6 million before tax ($2.6 million tax) of compensatory interest related to prior years' wages underpayments – refer note 2(c).

3. Segment information (continued)

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

For the period ended 30 December 2017	Auto $m	Outdoor $m	Sports $m	Total continuing operations $m	Inter-segment eliminations/ unallocated $m	Consolidated $m
Segment Revenue and Other Income						
External segment revenue[1]	516.7	299.1	503.8	1,319.6	4.8	1,324.4
Inter segment sales	-	-	-	-	(0.7)	(0.7)
Other income	0.1	-	0.3	0.4	-	0.4
Total segment revenue and other income	516.8	299.1	504.1	1,320.0	4.1	1,324.1
Segment EBITDA[2]	71.0	25.3	63.0	159.3	(10.0)	149.3
Segment depreciation and amortisation[3]	(15.3)	(8.9)	(11.3)	(35.5)	(0.2)	(35.7)
Segment EBIT result	55.7	16.4	51.7	123.8	(10.2)	113.6
Net finance costs[4]						(8.4)
Total segment NPBT						105.2
Segment income tax expense						(30.3)
Normalised NPAT						74.9
Other items not included in the total segment NPAT[5]						(2.7)
Profit for the period						72.2
Profit for the period attributable to:						
Owners of Super Retail Group Limited						72.2
Non-controlling interests						(0.7)
Profit for the period						71.5

(1) Includes non-controlling interest (NCI) revenue of $0.7 million.
(2) Adjusted for NCI operating expenses of $1.0 million.
(3) Adjusted for NCI depreciation of $0.1 million.
(4) Adjusted for NCI interest of nil.
(5) Includes $3.8 million of business restructuring costs and the related income tax effect of $1.1 million.

Other items not included in total segment NPAT – 2017

Sports
During the December 2017 reporting period the Group completed the program of converting all Amart Sports stores to Rebel in line with the strategy to sustain the Group's position as the market leader in sports retailing. In June 2017 the Group recognised $34.0 million of after tax restructuring costs associated with the rebranding. A further $2.7 million of after tax restructuring costs were incurred during the December 2017 reporting period consistent with the announcement made to the market on 25 July 2017.

	29 December 2018 $m	30 December 2017 $m

4. Expenses from continuing operations

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

	29 December 2018 $m	30 December 2017 $m
Expenses		
Share of net loss from associates and joint ventures accounted for using the equity method	**1.4**	-
Depreciation		
Plant and equipment	**19.9**	18.2
Computer equipment	**7.5**	6.9
Total depreciation	**27.4**	25.1
Amortisation and impairment charge		
Computer software	**14.3**	10.7
Total amortisation and impairment charge	**14.3**	10.7
Net finance costs		
Interest and finance charges	**11.0**	8.4
Net finance costs	**11.0**	8.4
Employee benefits expense		
Superannuation	**18.8**	18.1
Salaries and wages	**259.2**	237.1
Total employee benefits expense	**278.0**	255.2
Rental expense relating to operating leases		
Lease expenses	**112.1**	112.1
Equipment hire	**1.7**	1.9
Total rental expense relating to operating leases	**113.8**	114.0
Foreign exchange gains and losses		
Net foreign exchange loss	**0.5**	-

5. Income tax

Income tax expense

	29 December 2018 $m	30 December 2017 $m
Current tax expense	**29.4**	22.8
Deferred tax (revenue)/expense	**(1.2)**	6.9
Adjustments to tax expense of prior periods	**0.2**	(0.5)
Total income tax expense	**28.4**	29.2
Deferred income tax (revenue)/expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	**(2.0)**	5.9
Increase in deferred tax liabilities	**0.8**	1.0
	(1.2)	6.9

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 29 December 2018 is 28.4%, compared to 29.0% for the six months ended 30 December 2017. The lower tax rate in the current year is the result of the recognition of previously unrecognised tax losses.

	29 December 2018 $m	30 June 2018 $m

6. Trade and other receivables

	29 December 2018 $m	30 June 2018 $m
Current		
Trade receivables	**15.4**	10.0
Provision for impairment of receivables	**(1.3)**	(0.6)
Net trade receivables	**14.1**	9.4
Other receivables	**19.5**	7.7
Prepayments	**9.4**	6.7
Net current trade and other receivables	**43.0**	23.8

7. Property, plant and equipment

	29 December 2018 $m	30 June 2018 $m
Plant and equipment, at cost	**419.1**	407.3
Less accumulated depreciation	**(193.9)**	(180.4)
Net plant and equipment	**225.2**	226.9
Motor vehicles, at cost	**0.6**	0.6
Less accumulated depreciation	**(0.5)**	(0.4)
Net motor vehicles	**0.1**	0.2
Computer equipment, at cost	**107.5**	104.7
Less accumulated depreciation	**(67.2)**	(61.4)
Net computer equipment	**40.3**	43.3
Total net property, plant and equipment	**265.6**	270.4

8. Intangible assets

	29 December 2018 $m	30 June 2018 $m
Goodwill, at cost	**527.2**	528.0
Less accumulated impairment charge	**(2.1)**	(2.1)
Net goodwill	**525.1**	525.9
Computer software, at cost	**228.1**	213.9
Less accumulated amortisation	**(115.6)**	(101.5)
Net computer software	**112.5**	112.4
Brand names, at cost	**311.8**	311.8
Less accumulated amortisation and impairment charge	**(58.5)**	(58.5)
Net brand names	**253.3**	253.3
Total net intangible assets	**890.9**	891.6

8. Intangible assets (continued)

(a) Impairment tests for the useful life for brands

The carrying value of brand names represents purchased brand names for Rebel Sport and Macpac.

No amortisation is provided against the carrying value of the purchased brand names on the basis that they are considered to have indefinite useful lives.

Key factors taken into account in assessing the useful life of brands were:
- the strong recognition of brands; and
- there are currently no legal, technical or commercial factors indicating that the life should be considered limited.

9. Trade and other payables

	29 December 2018 $m	30 June 2018 $m
Current		
Trade payables	**392.5**	255.6
Other payables	**128.0**	81.2
Straight line lease adjustment	**6.3**	5.5
Total current trade and other payables[1]	**526.8**	342.3
Non-current		
Straight line lease adjustment	**48.8**	49.1
Total non-current trade and other payables	**48.8**	49.1

[1] Current trade and other payables at 30 December 2017 was $472.8 million. The trade payables balance is impacted by the increase in inventory purchases required for the peak December sales. In addition, working capital initiatives such as timing the inventory build closer to December has resulted in a higher payables balance.

10. Interest-bearing liabilities

	29 December 2018 $m	30 June 2018 $m
Current		
Finance leases – secured by leased asset	**3.3**	3.0
Total current interest-bearing liabilities	**3.3**	3.0
Non-current		
Finance leases - secured by leased asset	**5.5**	6.5
Bank debt funding facility - unsecured[1]	**348.6**	428.6
Total non-current interest-bearing liabilities	**354.1**	435.1

[1] Net of borrowing costs capitalised of $3.4 million (June 2018: $1.4 million).

During the reporting period, the Group undertook a debt facility review. On 21 December 2018 the Group renegotiated its unsecured debt facility to $636.0 million of bank debt funding and $19.0 million of multi-option facility (including indemnity/guarantee), to take advantage of lower interest rates. The refinancing has had no material impact on the statement of comprehensive income.

10. Interest-bearing liabilities (continued)

(a) Reconciliation of liabilities arising from financing activities

	30 June 2018 $m	Cash flows $m	Non-cash – Amortisation and additions $m	29 December 2018 $m
Finance leases	**9.5**	**(1.7)**	**1.0**	**8.8**
Bank debt funding facility[1]	**428.6**	**(80.3)**	**0.3**	**348.6**
Total	**438.1**	**(82.0)**	**1.3**	**357.4**

	1 July 2017 $m	Cash flows $m	Non-cash – Amortisation and additions $m	30 December 2017 $m
Finance leases	11.2	(1.4)	-	9.8
Bank debt funding facility[1]	389.4	(169.9)	0.2	219.7
Total	400.6	(171.3)	0.2	229.5

[1] Net of borrowing costs paid.

11. Provisions

	29 December 2018 $m	30 June 2018 Restated $m
Current		
Employee benefits[a]	**102.0**	94.6
Onerous contracts	**2.8**	4.3
Make good provision	**5.5**	5.0
Other provisions	**1.5**	1.1
Total current provisions	**111.8**	105.0
Non-current		
Employee benefits	**8.9**	8.7
Onerous contracts	**3.2**	4.5
Make good provision	**9.3**	8.5
Total non-current provisions	**21.4**	21.7

(a) Employee Benefits

Provisions for employee benefits includes accrued annual leave, long service leave and accrued bonuses.

In addition the Group has identified that certain salaried team members should have received additional amounts to the amounts paid. At 29 December 2019 there is a provision to recognise payments for additional overtime and allowances to current and former team members of an estimated $53.2 million including interest and penalties (30 June 2018: $44.6 million - restated). Included in the $53.2 million is $42.6 million that relates to the underpayment of overtime and some allowances to retail managers – refer note 2 (c).

This is an estimate and as such judgments have been made in the calculations as to the number of overtime hours, allowance payments and the valuation based on assumed work patterns. Any revisions of the estimates will be recognised in the period the revisions are identified.

12. Contributed equity

(a) Share Capital

Ordinary shares fully paid (197,383,751 ordinary shares as at 29 December 2018)	**542.3**	542.3

(b) Movement in ordinary share capital

	Number of Shares	Issue Price	$m
Balance 1 July 2017	197,240,020		542.3
Shares issued under performance rights	-	-	-
Balance 30 June 2018	197,240,020		542.3
Shares issued under performance rights	143,731	-	-
Closing balance 29 December 2018	**197,383,751**		**542.3**

13. Dividends

	29 December 2018 $m	30 December 2017 $m
Ordinary Shares		
Dividends paid by Super Retail Group Limited during the interim period	**54.2**	49.3
Dividends not recognised at the end of the interim period		
Subsequent to the end of the interim period, the Directors have declared the payment of an interim dividend of 21.5 cents (2017: 21.5 cents) per ordinary share fully franked based on tax paid at 30%. The aggregate amount of the interim dividend expected to be paid on 28 March 2019 (2017: 3 April 2018), out of retained profits at 29 December 2018, but not recognised as a liability at the end of the interim period is	**42.4**	42.4

14. Financial assets and financial liabilities

(a) Financial instruments

The Group holds the following financial instruments:

29 December 2018	Notes	Derivatives used for hedging $m	Financial assets and liabilities at amortised cost $m	Total $m
Financial assets				
Cash and cash equivalents		**-**	**63.4**	**63.4**
Trade and other receivables	6	**-**	**43.0**	**43.0**
Derivative financial instruments		**5.4**	**-**	**5.4**
Total		**5.4**	**106.4**	**111.8**
Financial liabilities				
Trade and other payables	9	**-**	**575.6**	**575.6**
Interest-bearing liabilities	10	**-**	**357.4**	**357.4**
Derivative financial instruments		**2.2**	**-**	**2.2**
Total		**2.2**	**933.0**	**935.2**

14. Financial assets and financial liabilities (continued)

(a) Financial instruments (continued)

30 June 2018	Notes	Derivatives used for hedging $m	Financial assets and liabilities at amortised cost $m	Total $m
Financial assets				
Cash and cash equivalents		-	15.2	15.2
Trade and other receivables	6	-	23.8	23.8
Derivative financial instruments		6.8	-	6.8
Total		6.8	39.0	45.8
Financial liabilities				
Trade and other payables	9	-	391.4	391.4
Interest-bearing liabilities	10	-	438.1	438.1
Derivative financial instruments		1.5	-	1.5
Total		1.5	829.5	831.0

The Group's exposure to various risks associated with the financial instruments is discussed in note 15 of the Group's 2018 Annual Report. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(b) Recognised fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is outlined below.

The Group recognises and measures derivatives used for hedging at their fair values classified as a level 2 financial instrument. At 29 December 2018 the Group had derivative financial assets totalling $5.4 million (30 June 2018: $6.8 million) and financial liabilities totalling $2.2 million (30 June 2018: $1.5 million).

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.

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

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

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

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

14. Financial assets and financial liabilities (continued)

(b) Recognised fair value measurements (continued)

(ii) Valuation techniques used to determine fair value

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

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

15. Investments in subsidiaries and other entities

(a) Subsidiaries

The Group's subsidiaries at 29 December 2018 are as detailed in note 26 of the Group's 2018 Annual Report. With the exception of changes to the Group's ownership interest in Youcamp Pty Ltd, detailed below, there were no other changes to the Group's ownership interest in these entities.

Youcamp Pty Ltd – December 2018
On 7 December 2018, the Group entered into an agreement with James Woodford Pty Ltd to sell all of its shares in Youcamp Pty Ltd for a total consideration of $850,000. As a result the Group no longer has an ownership interest in Youcamp and the entity has been deconsolidated from December 2018. On divestment the Group has deconsolidated Youcamp by derecognising the assets and liabilities resulting in a loss on divestment of $0.6 million which has been recognised in the Group's consolidated statement of comprehensive income.

Youcamp Pty Ltd – October 2017
On 13 October 2017, the shareholders of Youcamp Pty Ltd, entered into an agreement to issue shares resulting in an increase in the Group's ownership interest from 51.0% to 58.68%. In recognising the change in ownership, the Group reassessed the value of the Group's non-controlling interest (NCI) held in Equity Reserves at the grant date, 13 October 2017, to reflect the change in NCI from 49.0% to 41.32%. The differential was transferred to a separate NCI Equity Reserve.

(b) Associates and joint ventures

The Group's investments in associates and joint ventures are as disclosed in note 23(b) of the Group's 2018 Annual Report. The only change during the period was to inject additional capital of $425,000 into Autocrew Australia Pty Ltd, a joint venture with Robert Bosch (Australia) Pty Ltd where the Group has a 50% ownership interest. Autocrew intends to open its second workshop by the end of the financial year.

Autocrew Australia Pty Ltd – August 2017
On 15 August 2017 the Group acquired a 50% ownership interest in Autocrew Australia Pty Ltd in joint venture with Robert Bosch (Australia) Pty Ltd for $325,000. The joint venture has been established to open full service auto workshops initially in the Greater Sydney area. The first 'Autocrew – Powered by Supercheap Auto' pilot workshop opened in June 2018 and offers drivers a full automotive service powered by Bosch's superior diagnostic and workshops technology.

16. Contingencies

	29 December 2018 $m	30 June 2018 $m
Guarantees		
Guarantees issued by the bankers of the Group in support of various rental arrangements.		
The maximum future rental payments guaranteed amount to:	**5.0**	5.5

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

17. Commitments

Commitments payable for the acquisition of plant and equipment and computer software, contracted for at the reporting date but not recognised as liabilities payable, total $8.2 million as at 29 December 2018 (30 June 2018: $2.9 million).

18. Finance Leases

The Group leases various plant and equipment with a carrying amount of $9.6 million (30 June 2018: $9.9 million) under finance leases expiring within five years.

	29 December 2018 $m	30 June 2018 $m
Commitments in relation to finance leases are payable as follows:		
Within one year	**3.6**	3.2
Later than one year but not later than five years	**5.6**	6.8
Minimum lease payments	**9.2**	10.0
Future finance charges	**(0.4)**	(0.5)
Total lease liabilities	**8.8**	9.5
Representing lease liabilities:		
Current (note 10)	**3.3**	3.0
Non-current (note 10)	**5.5**	6.5
	8.8	9.5

19. Related party transactions

The nature of related party transactions is consistent with those in the previous financial year. The Group's transactions with related parties are disclosed in note 22 of the Group's 2018 Annual Report. Transactions with related parties are at arm's length unless otherwise stated. Store lease payments made to related parties for the period ended 29 December 2018 are $6,007,523 (30 December 2017: $4,855,067). During the period ended 29 December 2018 there were six payments made in relation to store leases (30 December 2017: five payments).

20. Events occurring after reporting date

No matter or circumstance has arisen since 29 December 2018 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.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the consolidated interim financial statements and notes set out on pages 2 to 24, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of Group's financial position as at 29 December 2018 and of its performance, for the period ended on that date;

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

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

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

S A Pitkin
Chair

P A Birtles
Group Managing Director and Chief Executive Officer

Brisbane
13 February 2019

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

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Super Retail Group Limited (the Company), which comprises the consolidated balance sheet as at 29 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, other explanatory notes and the directors' declaration for Super Retail Group Limited. The Group comprises the Company and the entities it controlled during that period.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with Accounting Standard AASB 134: *Interim Financial Reporting*. As the auditor of Super Retail Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Super Retail Group Limited, does not present fairly, in all material respects, the financial position of the consolidated entity as at 29 December 2018 and of its financial performance and its cash flows for the period ended on that date, in accordance with Accounting Standard AASB 134*: Interim Financial Reporting*

Matters relating to the electronic presentation of the reviewed interim financial report

This review report relates to the interim financial report of the Company for the interim period ended 29 December 2018 included on Super Retail Group Limited's web site. The Company's directors are responsible for the integrity of the Super Retail Group Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed interim financial report to confirm the information included in the reviewed interim financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

KChallenor

Kim Challenor
Partner

Brisbane
13 February 2019