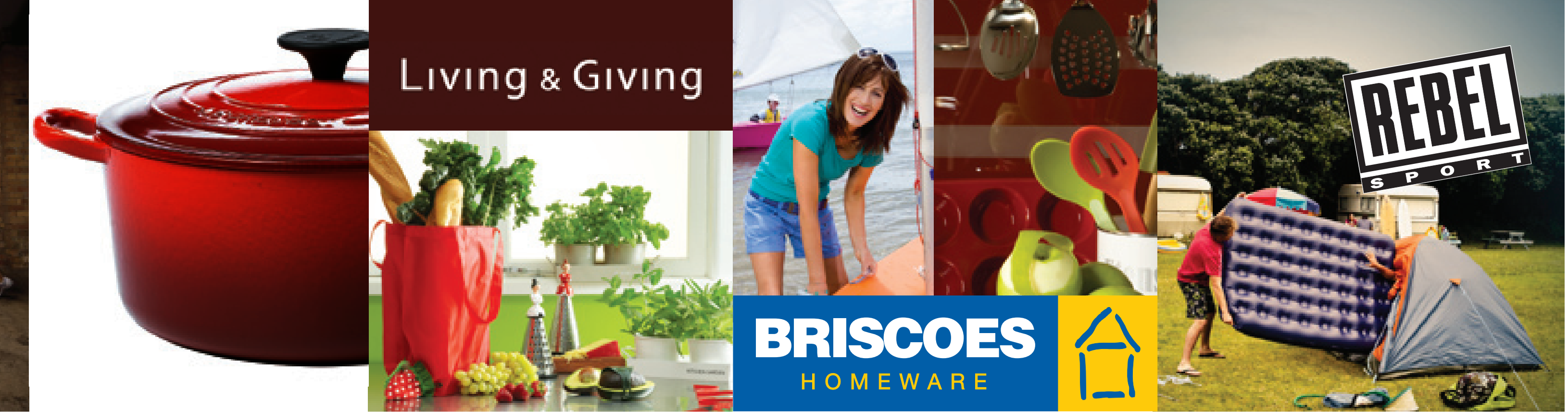
BRISCOE
GROUP LIMITED

Annual Report
for the period ended 31 January 2010

Contents



Key Facts

	Audited period ending 31 January 2010 $000	Audited period ending 25 January 2009 $000	Audited period ended 27 January 2008 $000	Audited period ended 28 January 2007 $000	Audited year ended 31 January 2006 $000
Trading Results					
Sales Revenue	**416,686**	388,467	407,750	372,078	343,511
Gross profit margin	**39.9%**	38.6%	40.4%	40.8%	40.2%
Earnings before interest and tax (EBIT)	**30,118**	15,113	31,774	36,252	34,579
Net profit after tax (NPAT)	**21,026**	11,634	22,441	26,048	24,772
Net cash flows from operating activities	**14,910**	28,099	22,672	45,802	29,331
Financial Position and Statistics					
Shareholders' funds	**127,621**	121,550	117,979	112,062	103,207
Total assets	**173,707**	177,184	180,389	172,391	142,128
EBIT per share	**14.2c**	7.1c	15.0c	17.1c	16.3c
NPAT per share	**9.9c**	5.5c	10.6c	12.3c	11.7c
Operating cashflow per share	**7.0c**	13.2c	10.7c	21.6c	13.8c
Current ratio	**2.8:1**	2.3:1	2.0:1	2.0:1	2.7:1
Shareholders' funds to total assets	**73.5%**	68.6%	65.4%	65.0%	72.6%
Store Numbers					
Homeware	**58**	57	54	48	37
Sporting Goods	**32**	32	32	27	21
Briscoe Group	**90**	89	86	75	58
Total Store Area (m²)					
Homeware	**94,852**	94,602	92,214	87,249	77,058
Sporting Goods	**53,714**	53,714	53,812	47,948	42,116
Briscoe Group	**148,566**	148,316	146,026	135,197	119,174

Chairman's Review

We are pleased to present the Directors' Reports on the financial and operational performance of Briscoe Group Limited for the 53 week period ended 31 January 2010.

The 2009-10 year was one of substantial growth for the Group, despite a continuation of the very challenging and competitive retail environment that had adversely affected retailers so severely the year before.

Central to the strong recovery we have achieved were several significant structural, strategic and cost-reduction initiatives we took leading into and during the recession, as well as huge commitment and much hard work to deliver results.

The major restructuring of operational and merchandising activities provided key managers with greater ownership of and accountability for their areas of responsibility, and they responded with substantial improvements in operating performance. The profit centre structure for stores is enabling more flexibility in the allocation of resources across brands and the "profit-sharing" arrangements that we put in place have certainly been a win-win for the high performing managers as well as for the Group and its shareholders.

Our investment in new technology in 2008 and 2009, has contributed to the success with increased ability to control inventories and refine product ranges.

Complementing these has been the streamlining of our marketing operations and a drive to improve the shopping experience for customers.

Notwithstanding numerous changes we have made to Living & Giving, these stores continued to struggle under the pressure of continued low levels of discretionary spending. Eight Living & Giving stores and the brand as a whole failed to reach the standards we had set to justify their book values, and consequently we made an impairment adjustment for the year of $1.86 million.

While we are proud of what has been achieved, your directors and senior management are far from complacent. There is still much to do, but we believe we have a strong foundation in place from which the Group can develop and prosper.

The Group remains in a strong financial position to weather the ongoing volatile economic environment. Indeed with no debt and a strong cash balance it continues to be favorably positioned to take advantage of investment opportunities should they present as well as maximising organic growth opportunities that we believe would improve shareholder wealth.

The Board is keen to pursue further growth initiatives for the homewares and sporting goods operations, and to extend the Group's reach into new geographical areas. Opportunities for further expansion through acquisition or store rollout will continue to be evaluated on the basis of their potential to add value to Briscoe Group and its shareholders.

Financial performance

Sales revenue was $416.69 million, compared with $388.47 million previously. On a same-store basis, sales increased for the year by 4.7 percent.

Gross profit increased 10.9 percent, from $150.09 million to $166.46 million, equating to a gross profit margin of 39.9 percent compared with 38.6 percent for the previous year. Net profit after tax (NPAT) was $21.03 million, 80.7 percent higher than the $11.63 million earned in the previous year.

The results were for the 53 week period from 26 January 2009 to 31 January 2010.

Inventories were $63.35 million at 31 January 2010, a $5.89 million increase on the previous year-end total, reflecting the realignment of inventory levels for the increased consumer demand experienced during the second half of 2009-10 as stronger sales trends for the Group emerged.

Net cash inflows from operating activities were $14.91 million, $13.19 million below the previous year, primarily as a result of increased payments made in relation to GST and to suppliers, arising from the later financial year-end date.

Net cash outflows from investing activities were $6.68 million reflecting investment made during the year, primarily in relation to property purchased in Palmerston North.

Dividend

The directors have resolved to pay a final dividend of 5.00 cents per share (cps), fully imputed. When added to the interim dividend of 2.00 cps, this brings the total dividend for the year to 7.00cps, representing 71% of the Group's tax paid earnings. During the last four years the Group has paid out 72% of tax paid earnings.

The directors approved a final dividend payment date of 31 March 2010, earlier than in previous years, to take advantage of the ability to impute the final dividend at 33% rather than the reduced 30% rate that will apply for any dividends paid after 31 March 2010. The share register closed to determine entitlements to the dividend at 5 pm on 24 March 2010.

Executive Share Option Plan

The Board is of the view that all shareholders benefit from the issue to key senior executives of long-term, appropriately-priced share options that crystallise only on delivery of increased shareholder value. In 2003 the Group established an Executive Share Option Plan to issue options to selected senior executives and, subject to shareholder approval, to Executive Directors. The Board intends to issue up to a further 1,505,000 options in the current 2010-11 financial year. This will result in the total number of share options issued under the scheme since its inception and still exercisable being equivalent to 3.1% percent of the current issued share capital.

The first three tranches of options, issued in 2003, 2004 and 2005, have now lapsed with no options being exercised. The fourth tranche became exercisable at a price of $1.48 each from 16 October 2009. Of the 1,090,000 options issued in that tranche, 1,020,000 are still exercisable as the holders remain employed by the Group. The holders have until 16 October 2010 to exercise them. Disclosures will continue to be made in relation to the share options issued by the Group as and when options are exercised or lapse.

Further details of the Executive Share Options Plan can be found in Note 21 (page 43) of the financial statements contained within this Annual Report.

Community Sponsorship

At Briscoe Group we continue to be aware of the need to be a responsible and socially aware employer. We have continued our support of *Cure Kids* as our charity of choice as we continue to believe it is a cause that best fits our values.

During the year Alaister Wall, Deputy Managing Director of Briscoe Group was appointed to the Board of Cure Kids, reinforcing our commitment to this incredible charity as it strives to find cures for every disease affecting kiwi children (and their families) and improve their quality of life along the way.

In addition to our alignment with Cure Kids we support a wide variety of local community based charities, sports clubs and other initiatives by donating product to support fundraising efforts.

Directors, Management and Staff

In addition to participating in formal monthly Board meetings throughout the year, the directors attended other meetings of directors and regular meetings of the Board's Audit and Human Resources Committees.

On behalf of my fellow directors, I wish to acknowledge the enormous contributions of all managers, profit partners and other employees to the Group's performance during the year. Their contributions are sincerely appreciated.

Rosanne Meo

Rosanne Meo, CHAIRMAN

Managing Director's Review of Operations

Introduction

During the 2009-10 financial year, Briscoe Group continued to drive benefits from improved cost and inventory management initiatives put in place during the second half of the 2008-09 financial year.

Against a tough economic background it was more important than ever to tailor product ranges and promotional offers in all retail brands to provide our customers with value for money. To achieve this goal every promotion was scrutinised to ensure that the offers presented to potential customers showcased excellent deals as clearly as possible.

By better utilising the data available through our SAP merchandise system improvements to starting margins were made in many categories. The benefit of a stronger New Zealand dollar also helped to boost margins on imported products. While much of this margin was re-invested to enable more aggressive promotions, an improvement in margin performance year on year was still achieved against a tough trading background.

By controlling costs and enhancing margins while growing sales through aggressive promotion the Group has produced a significantly better profit result than the previous year.

A key contributor to the improved performance has been the positive way management in stores and support office have accepted and responded to the profit centre structure implemented at the start of the year. The opportunity for management to create and share incremental profit has changed the way managers view their areas of responsibility.

For the 'Senior Profit Partners' responsible for the store profit centres this change has driven true ownership of sales, margin and costs within their areas of control.

We have been encouraged by improved sales driven by initiatives taken to share best practice across stores. By making better use of the best experts across all stores in a profit centre improvements in costs and operational standards have been achieved. Better use of all resources has resulted in improved customer service, better product presentation and product availability. Ultimately these improvements have resulted in higher sales and margin.

For members of the merchandise team the opportunity to share in incremental gross profit dollars generated has resulted in much clearer focus on range reviews, product availability, sell through and final margins.

The merchandise team and the store profit partners have the common goal of creating incremental profit and through the 'Buying Steering Committee' process the most passionate and experienced store operators have met with the merchandise team throughout the year with the sole purpose of improving the product ranges on offer to our customers.

The quality of communication between operations and merchandise has improved throughout the year and improvements driven by the Buying Steering Committees are seen as a key method to continue to improve performance during the coming year.

For the senior management team the change has helped to create a much clearer focus on the elimination of non-productive costs and the optimisation of every dollar spent. The senior executive group directly affects the performance of every function and the way they have driven and supported the team throughout the year has been a major contributor to the Group's improved performance.

The amount and quality of analysis that happens on a day to day basis has increased in every area of our business, resulting in better visibility of issues and opportunities.

As part of the half year result we reported that our marketing team had been significantly reduced. We are pleased to report that this change has continued to produce positive results. By necessity, the senior managers involved in the marketing process stay clearly focused on getting the best result from every promotional event. The cooperation between marketing, merchandise and operations ensures that all promotions are supported by the stores and the merchandise team to deliver optimum results.

Our business is promotionally focused and under this structure every promotion is evaluated to ensure we

are getting the biggest 'bang' for the money invested to promote the business.

All of the initiatives outlined in last year's report and those mentioned in the half year report will continue to improve our business in this financial year and beyond. The clear and common focus on creating incremental EBIT has aligned the goals of the entire management team at Briscoe Group. Our people are empowered to make decisions and are comfortable taking ownership of the outcomes.

Homeware

Improved value for money and aggressive promotions offering our customers outstanding deals were our drive throughout the year for Briscoes Homeware.

All of our competitors continued to discount and promote heavily and it was important for Briscoes Homeware to retain or grow market share. Management believe this goal has been achieved.

Successful promotions are central to the success of Briscoes Homeware and the team has worked hard to refresh the promotional programme to ensure that promotions stand out in a crowded market. By constantly reviewing the creative treatments and by maximising the use of Tammy (the 'face' of Briscoes) successful promotional events have been created to which customers have responded enthusiastically.

The merchandise team continued to review their ranges every quarter with non-performing product marked down and cleared quickly from stores.

By continuing to improve the quality and quantity of the merchandise imported directly by the Group, we were able to present customers with better quality products at better prices while retaining or enhancing margins.

The performance of the distribution centre continued to improve enabling a smoother flow of significantly higher volumes of directly imported product into stores. We are confident of being able to make further improvements in the coming year.

No new Briscoes Homeware stores were opened during the year as we concentrated on getting the best from our existing locations.

The tough market conditions continued to make trading difficult for our specialty homeware stores, Urban Loft and Living & Giving. As part of the reported first half result an impairment adjustment of $0.83 million was made for under-performing assets associated with these stores, and we have included in the full year result a further impairment adjustment of $1.03 million.

During the year we incorporated the Living & Giving product range into the Urban Loft site at Britomart (Downtown Auckland). This allowed us to regularly promote the Britomart site through the Living & Giving promotional programme and helped to improve performance at this site while allowing us to significantly reduce marketing costs.

We will continue to focus our energies on reducing costs wherever possible while continuing to experiment with product range and promotions to drive specialty store sales.

Sporting goods

This has been a year of recovery for Rebel Sport.

Our goal for the year was to source better merchandise ranges while improving the in-store availability of the most popular size and colour options for customers.

The SAP merchandise system has been invaluable in supporting the achievement of this goal.

By using automated replenishment to order stock on a

weekly basis for stores we have consistently achieved improved availability of top selling product. Regular range reviews have forced slow moving product out of store ranges.

The promotional programme for Rebel Sport has been refreshed to try to enhance the market positioning and presence of the Rebel Sport brand. Our continued sponsorship of the Rebel Sport Super 14 along with the use of high profile sports people like Sebastian Chabal and David Tua have helped to keep Rebel Sport's awareness high in the minds of our target market.

People and Performance

This has been a year of change for most of the managers in stores and support functions and we are delighted with the way they have positively responded to the challenges we have set them. Having tasted success we are confident they will continue to relish new challenges in the years ahead.

Through the store profit centre structure there is now a smaller number of our most experienced retailers with responsibility for our stores. Their support structure of 'Junior Profit Partners' and 'Department Managers' provides an excellent training ground to develop future leaders. The formal training programmes available support this profit centre structure and help to build entrepreneurial expertise.

Priorities and outlook for 2010-11

The economic indicators are still difficult to read and we are cautious about the year ahead but hopeful that conditions will start to improve.

With an uncertain economic outlook it remains important that the Group continues to focus on maximising the return from every resource employed within the business. Our goal remains to offer customers excellent value for money across the best ranges of quality branded products that we can source.

We believe that the structure now in place and the strong relationships maintained with our supply partners give us a solid base to continue to analyse and improve performance in all areas.

In addition to the initiatives already in place we will invest resource to more accurately challenge the use of retail store space. To do this, the Group has recently purchased leading edge software, which will enable us to create better plans to optimise the space allocations, layouts and product adjacencies within stores. This initiative will initially focus on Briscoes Homeware stores but will quickly flow into Rebel Sport and Living & Giving. By undertaking this work we aim to improve returns per square metre. Profit partners will use this information to quickly make changes to the physical layout of the stores within their profit centres to improve the shopping experience for customers.

The Group's store opening / refurbishment programme for 2010-11 will see a step up from last year's rather subdued level as the storm of economic downturn was weathered. By the end of this year the existing Briscoes Homeware and Rebel Sport stores at Palmerston North will be relocated to our newly purchased site and full refurbishments are planned for Rebel Sport stores at Botany and Wellington City as well as for Briscoes Homeware stores at Botany and Salisbury Street, Christchurch. We will also continue to look for opportunities in the main centres to establish large format Briscoes Homeware stores, to build on the successes we are achieving at Panmure.

Our focus remains on improving returns to our shareholders. The changes we have made to the business over the last year have started to deliver positive results and many of the people responsible for driving these changes have started to reap the financial rewards that accompany this success.

We believe that our profit centre structure will continue to drive benefits for the business throughout the coming years.

Rod Duke
GROUP MANAGING DIRECTOR

Financial Statements

The Board of Directors is pleased to present the Financial Statements for Briscoe Group Limited for the 53 week period ended 31 January 2010. The Financial Statements presented are signed for, and on behalf of, the Board, and were authorised for issue on the date below.

Rosanne Meo
CHAIRMAN

Rod Duke
GROUP MANAGING DIRECTOR

9 March 2010

Income Statements

For the 53 week period ended 31 January 2010

	Notes	Group **Period ended 31 January 2010 $000**	Group Period ended 25 January 2009 $000	Parent **Period ended 31 January 2010 $000**	Parent Period ended 25 January 2009 $000
Sales revenue		**416,686**	388,467	**–**	–
Cost of goods sold		**(250,227)**	(238,380)	**–**	–
Gross profit		**166,459**	150,087	**–**	–
Other operating income	5	**116**	121	**23,200**	22,689
Store expenses		**(86,805)**	(84,188)	**–**	–
Administration expenses		**(49,652)**	(50,907)	**(10,484)**	(10,018)
Operating profit		**30,118**	15,113	**12,716**	12,671
Net finance income	5	**1,187**	1,644	**945**	1,466
Profit before income tax	5	**31,305**	16,757	**13,661**	14,137
Income tax expense	6	**(10,279)**	(5,123)	**(702)**	(827)
Net profit attributable to shareholders		**21,026**	11,634	**12,959**	13,310
Earnings per share for profit attributable to shareholders:					
Basic earnings per share (cents)	7	**9.9**	5.5	**6.1**	6.3
Diluted earnings per share (cents)	7	**9.7**	5.4	**6.0**	6.2

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

Statements of Comprehensive Income

For the 53 week period ended 31 January 2010

	Notes	Group		Parent	
		Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Net Profit attributable to shareholders		**21,026**	11,634	**12,959**	13,310
Other comprehensive income:					
Fair value loss/(gain) recycled to income statement		**1,454**	(1,337)	–	–
Fair value (loss)/gain taken to the cashflow hedge reserve		**(6,515)**	6,143	–	–
Deferred tax on fair value hedge taken to income statement	14	**(436)**	397	–	–
Deferred tax on fair value transfers to cashflow hedge reserve	14	**1,954**	(1,843)	–	–
Total other comprehensive income		**(3,543)**	3,360	–	–
Total comprehensive income attributable to shareholders		**17,483**	14,994	**12,959**	13,310

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

Statements of Changes in Equity

For the 53 week period ended 31 January 2010

Group	Notes	Share capital $000	Cashflow hedge reserve $000	Share options reserve $000	Retained earnings $000	Total equity $000
Balance at 27 January 2008		40,625	(99)	440	77,013	117,979
Net profit attributable to shareholders		–	–	–	11,634	11,634
Other comprehensive income:						
Fair value loss/(gain) recycled to income statement		–	(1,337)	–	–	(1,337)
Fair value (loss)/gain taken to the cashflow hedge reserve		–	6,143	–	–	6,143
Deferred tax on fair value hedge taken to income statement	14	–	397	–	–	397
Deferred tax on fair value transfers to cashflow hedge reserve	14	–	(1,843)	–	–	(1,843)
Total comprehensive income for the period		–	3,360	–	11,634	14,994
Dividends paid	20	–	–	–	(11,668)	(11,668)
Share options charged to income statement	21	–	–	245	–	245
Transfer for share options lapsed and forfeited	21	–	–	(199)	199	–
Balance at 25 January 2009		40,625	3,261	486	77,178	121,550
Net profit attributable to shareholders		**–**	**–**	**–**	**21,026**	**21,026**
Other comprehensive income:						
Fair value loss/(gain) recycled to income statement		**–**	**1,454**	**–**	**–**	**1,454**
Fair value (loss)/gain taken to the cash hedge reserve		**–**	**(6,515)**	**–**	**–**	**(6,515)**
Deferred tax on fair value hedge taken to income statement	14	**–**	**(436)**	**–**	**–**	**(436)**
Deferred tax on fair value transfers to hedge reserve	14	**–**	**1,954**	**–**	**–**	**1,954**
Total comprehensive income for the period		**–**	**(3,543)**	**–**	**21,026**	**17,483**
Dividends paid	20	**–**	**–**	**–**	**(11,668)**	**(11,668)**
Share options charged to income statement	21	**–**	**–**	**256**	**–**	**256**
Transfer for share options lapsed and forfeited	21	**–**	**–**	**(162)**	**162**	**–**
Balance at 31 January 2010		**40,625**	**(282)**	**580**	**86,698**	**127,621**

Parent	Notes	Share capital $000	Cashflow hedge reserve $000	Share options reserve $000	Retained earnings $000	Total equity $000
Balance at 27 January 2008		40,625	–	440	6,357	47,422
Net profit attributable to shareholders		–	–	–	13,310	13,310
Total comprehensive income for the period		–	–	–	13,310	13,310
Dividends paid	20	–	–	–	(11,668)	(11,668)
Share options charged to income statement	21	–	–	245	–	245
Transfer for share options lapsed and forfeited	21	–	–	(199)	199	–
Balance at 25 January 2009		40,625	–	486	8,198	49,309
Net profit attributable to shareholders		**–**	**–**	**–**	**12,959**	**12,959**
Total comprehensive income for the period		**–**	**–**	**–**	**12,959**	**12,959**
Dividends paid	20	**–**	**–**	**–**	**(11,668)**	**(11,668)**
Share options charged to income statement	21	**–**	**–**	**256**	**–**	**256**
Transfer for share options lapsed and forfeited	21	**–**	**–**	**(162)**	**162**	**–**
Balance at 31 January 2010		**40,625**	**–**	**580**	**9,651**	**50,856**

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

Balance Sheets

As at 31 January 2010

		Group		Parent	
		31 January 2010	25 January 2009	**31 January 2010**	25 January 2009
	Notes	**$000**	$000	**$000**	$000
EQUITY					
Share capital	19	**40,625**	40,625	**40,625**	40,625
Cashflow hedge reserve	3(c),8	**(282)**	3,261	**–**	–
Share options reserve	21	**580**	486	**580**	486
Retained earnings		**86,698**	77,178	**9,651**	8,198
TOTAL EQUITY		**127,621**	121,550	**50,856**	49,309
LIABILITIES					
Non-current liabilities					
Employee benefits	17	**461**	427	**73**	66
Total non-current liabilities		**461**	427	**73**	66
Current liabilities					
Trade and other payables	15	**33,230**	50,426	**957**	992
Provisions	16	**53**	49	**–**	–
Employee benefits	17	**7,716**	3,937	**1,782**	716
Due to related parties	22	**–**	–	**–**	373
Taxation payable	14	**3,873**	795	**13**	258
Derivative financial instruments	3(c)	**753**	–	**–**	–
Total current liabilities		**45,625**	55,207	**2,752**	2,339
TOTAL LIABILITIES		**46,086**	55,634	**2,825**	2,405
TOTAL EQUITY AND LIABILITIES		**173,707**	177,184	**53,681**	51,714
ASSETS					
Non-current assets					
Investments in subsidiaries	11	–	–	**2,783**	2,783
Property, plant and equipment	12	**44,096**	46,330	**–**	–
Intangible assets	13	**1,412**	2,797	**–**	–
Deferred tax	14	**2,691**	381	**183**	186
Total non current assets		**48,199**	49,508	**2,966**	2,969
Current assets					
Cash and cash equivalents	8	**59,250**	63,291	**37,669**	48,227
Trade and other receivables	9	**2,310**	2,629	**629**	518
Due from related parties	22	**–**	–	**12,417**	–
Inventories	10	**63,353**	57,460	**–**	–
Derivative financial instruments	3(c)	**595**	4,296	**–**	–
Total current assets		**125,508**	127,676	**50,715**	48,745
TOTAL ASSETS		**173,707**	177,184	**53,681**	51,714

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of Cash Flows

For the 53 week period ended 31 January 2010

		Group		Parent	
		Period ended 31 January 2010	Period ended 25 January 2009	**Period ended 31 January 2010**	Period ended 25 January 2009
	Notes	**$000**	$000	**$000**	$000
OPERATING ACTIVITIES					
Cash was provided from					
Receipts from customers		**417,099**	389,191	**–**	–
Rent received		**111**	116	**–**	–
Dividends received		**5**	5	**11,668**	11,668
Interest received		**1,251**	1,711	**1,005**	1,530
Management fees received		**–**	–	**11,455**	10,907
Net GST received		**–**	–	**318**	407
		418,466	391,023	**24,446**	24,512
Cash was applied to					
Payments to suppliers		**(338,936)**	(306,344)	**(3,475)**	(3,613)
Payments to employees		**(43,617)**	(45,486)	**(5,697)**	(5,812)
Interest paid		**(5)**	(7)	**(5)**	(7)
Net GST paid		**(13,006)**	(8,933)	**–**	–
Income tax paid		**(7,992)**	(2,154)	**(944)**	(387)
		(403,556)	(362,924)	**(10,121)**	(9,819)
Net cash inflows from operating activities		**14,910**	28,099	**14,325**	14,693
INVESTMENT ACTIVITIES					
Cash was provided from					
Proceeds from sale of property, plant and equipment		**16**	51	**–**	–
		16	51	**–**	–
Cash was applied to					
Purchase of property, plant and equipment	12	**(6,358)**	(2,372)	**–**	–
Purchase of intangible assets	13	**(335)**	(579)	**–**	–
		(6,693)	(2,951)	**–**	–
Net cash (outflows) from investment activities		**(6,677)**	(2,900)	**–**	–
FINANCING ACTIVITIES					
Cash was provided from					
Repayment of advances from subsidiaries		**–**	–	**–**	7,725
		–	–	**–**	7,725
Cash was applied to					
Advances to subsidiaries		**–**	–	**(13,215)**	–
Dividends paid	20	**(11,668)**	(11,668)	**(11,668)**	(11,668)
		(11,668)	(11,668)	**(24,883)**	(11,668)
Net cash (outflows) from financing activities		**(11,668)**	(11,668)	**(24,883)**	(3,943)
Net increase (decrease) in cash and cash equivalents		**(3,435)**	13,531	**(10,558)**	10,750
Cash and cash equivalents at beginning of period		**63,291**	49,361	**48,227**	37,477
Foreign cash balance cash flow hedge adjustment		**(606)**	399	**–**	–
Cash and cash equivalents at period end	8	**59,250**	63,291	**37,669**	48,227

Statements of Cash Flows continued

For the 53 week period ended 31 January 2010

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT				
Reported net profit attributable to shareholders	**21,026**	11,634	**12,959**	13,310
Items not involving cash flows				
Depreciation and amortisation expense	**8,435**	8,975	**–**	–
Adjustment for fixed increase leases	**187**	187	–	–
Asset impairment adjustment	**1,857**	–	**–**	–
Bad debts written off and movement in doubtful debts	**28**	33	**–**	–
Amortisation of executive share options cost	**256**	245	**256**	245
Loss on disposal of assets	**3**	55	**–**	–
	10,766	9,495	**256**	245
Impact of changes in working capital items				
Decrease (increase) in trade and other receivables	**291**	1,198	**(111)**	186
Decrease (increase) in inventories	**(5,893)**	10,366	**–**	–
Increase (decrease) in taxation payable	**3,078**	2,854	**(245)**	508
Increase (decrease) in trade payables	**(14,523)**	(6,087)	**(228)**	(5)
Increase (decrease) in other payables and accruals	**165**	(1,361)	**1,694**	449
	(16,882)	6,970	**1,110**	1,138
	14,910	28,099	**14,325**	14,693

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

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

1. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The financial statements also comply with International Financial Reporting Standards (IFRS).

(a) Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Entities reporting

Briscoe Group Limited ('Company' or 'Parent') and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity. The Company and its subsidiaries are designated as profit-oriented entities for financial reporting purposes.

The financial statements of the Parent are for the Company as a separate legal entity.

Reporting period

These financial statements are in respect of the 53 week period 26 January 2009 to 31 January 2010 and provide balance sheets as at 31 January 2010. The comparative period is in respect of the 52 week period 28 January 2008 to 25 January 2009.

Statutory base

Briscoe Group Limited is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978. The Company is also listed on the New Zealand Stock Exchange (NZSX).

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Directors regularly review all accounting policies and areas of judgement in presenting the financial statements.

Estimates

The Group tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1(h) and as disclosed in Note 13.

The Group also reviews at each reporting date, whether the provisions for inventory obsolescence and store shrinkage calculated in accordance with the accounting policy stated in Note 1(k), are adequate.

Judgements

The Group assesses whether there are indications for certain trigger events which may indicate that an impairment in property, plant and equipment values exist.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Briscoe Group Limited as at balance date of 31 January 2010 and the results of all subsidiaries for the 53 week period then ended.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(c) Segment reporting

An operating segment is a component of an entity that engages in business activities which earns revenue and incurs expenses and for which the chief operating decision maker (CODM) reviews the operating results on a regular basis and makes decisions on resource allocation. The Group has determined its CODM to be the group of executives comprising the Managing Director, Chief Operating Officer and Chief Financial Officer on the basis that it is this group which determines the allocation of resources to segments and assesses their performance.

The reportable operating segments of the Group have been determined based on the components of the Group that the CODM monitors in making decisions about operating matters. Such components have been identified on the basis of internal reports that the CODM reviews regularly in order to allocate resources and to assess the performance of the entity.

The Group is organised into two reportable operating segments, namely homeware and sporting goods, reflecting the different retail sectors solely in New Zealand, within which the Group operates. The corporate structure of the Group also reflects these segments with its two trading subsidiaries, Briscoes (NZ) Limited and The Sports Authority Limited. Financial details of these segments are outlined in Note 4.

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency.

Transactions and balances

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

(e) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of Goods and Services Tax (GST), rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sales of goods – retail

Sales of goods are recognised when a Group entity sells a product to a customer. Retail sales are usually in cash or by credit card.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(f) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Deferred tax is not recognised in relation to brands where they are deemed to have an indefinite life.

(g) Leases

The Group is the lessee

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

The Group is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the period of the lease.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables arise from sales made to customers on credit or through the collection of purchasing rebates from suppliers not otherwise deducted from suppliers' payable accounts.

Trade receivable balances are reviewed on an ongoing basis. Debts known to be uncollectible are written off. A provision for impaired receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and inconsistency in timing of payments are considered indicators that the collection of a particular trade receivable is doubtful. The amount of the provision is the difference between an asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the income statement.

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

(k) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using a weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(l) Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are recognised initially at fair value plus transaction costs and are subsequently measured at amortised cost. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet. An assessment is made at each balance date as to whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment testing of trade receivables is described in Note 9.

(m) Derivatives

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

Certain subsidiaries document at the inception of a transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. These subsidiaries also document their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

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

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

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

Derivatives that do not qualify for hedge accounting

Hedge accounting has not been adopted for some hedges including certain derivative instruments that do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the income statement.

(n) Fair value estimation

The fair value of financial assets and financial liabilities is estimated for recognition, measurement and disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The fair value of forward exchange contracts is determined by mark to market valuations using forward exchange market rates at the balance date.

(o) Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations for payment of cash flows have expired or have been transferred and the Group has transferred substantially all of the obligations.

(p) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and any impairment adjustments. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Freehold Buildings — 33 years
- Plant and equipment — 2 – 15 years
- Furniture, fittings and office equipment — 8 – 15 years

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are included in the income statement.

(q) Intangible assets

Brands

Brands are valued independently as part of the fair value of a business acquired from third parties where the brand has a value which is substantial and long-term and where the brand can be sold separately from the rest of the business acquired. Brands are amortised over their estimated lives, except where it is considered that the economic useful life is indefinite.

Indefinite life brands are subject to an annual impairment review.

Software

Software costs have a finite useful life. Software costs are capitalised and amortised over the estimated useful economic life of 2 to 5 years.

(r) Trade and other payables

Trade and other payable amounts represent liabilities for goods and services provided to the Group prior to the end of a financial period, which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. They are initially recognised at fair value then subsequently recognised at amortised cost using the effective interest method.

(s) Goods and Services Tax (GST)

The income statement, statement of comprehensive income and statement of cash flow have been prepared exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of trade receivables and trade payables, which include GST invoiced.

(t) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(u) Share capital

Ordinary shares are classified as capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

(v) Deferred landlord contributions

Landlord contributions to fit-out costs are capitalised as deferred contributions and amortised to the income statement over the period of the lease.

(w) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

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

Equity settled share based compensation

The Executive Share Option Plan allows Group employees to be granted options to acquire shares of the Parent. The fair value of options granted is recognised as an employee expense in the income statement with a corresponding increase in the share options reserve. The fair value is measured at grant date and spread over the vesting periods. The fair value of the options granted is measured using the Black Scholes valuation model, taking into account the terms and conditions upon which the options are granted. When options are exercised the amount in the share options reserve relating to those options, together with the exercise price paid by an employee, is transferred to share capital.

(x) Dividends

Provision is made for the amount of any dividend declared on or before the balance date but not distributed at balance date.

(y) Earnings per share

Basic earnings per share is computed by dividing net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period.

Diluted earnings per share is computed by dividing net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period, adjusted to include the potentially dilutive effect if share options to issue ordinary shares were exercised and converted into shares.

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

(z) Statements of cash flows

The following are the definitions of the terms used in the statements of cash flows:

- Cash comprises cash and bank balances;
- Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and investments;
- Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Loans to and from the Parent and subsidiaries are treated as financing cash flows. Dividends paid are included in financing activities; and
- Operating activities include all transactions and other activities that are not investing or financing activities.

2. Accounting standards

The following new standards and amendments to standards are mandatory and are required to be applied for the first time for financial years beginning on or after 1 January 2009.

- ***NZ IAS 1: Presentation of Financial Statements (revised)***

  The revised standard requires 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements; an income statement and a statement of comprehensive income.

- ***NZ IFRS 8: Operating Segments***

  NZ IFRS 8 replaces NZ IAS 14 Segment reporting. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Application of NZ IFRS 8 did not identify any new operating segments. Refer Note 4 for further information.

- ***NZ IFRS 7: Financial instruments – Disclosures (amendment)***

  The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

  - Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
  - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2),
  - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

  This change in accounting policy results in additional disclosure only (refer Note 3.1(c)).

The following are standards, amendments and interpretations to existing standards applicable to the Group but are not yet effective and have not been early adopted by the Group:

- ***NZ IFRS 3: Business Combinations (Revised) and NZ IAS 27: Consolidated and Separate Financial Statements (Revised)***

  Effective for annual periods on or after 1 July 2009. The amendment includes a number of updates including the requirement that all costs relating to a business combination must be expensed and subsequent re-measurement of the business combination must be put through the income statement. Both standards must be adopted at the same time. Impact is dependent on acquisition activity.

  This standard has been amended in a number of areas, of which the significant amendments are as follows;

  - Transaction costs incurred in connection with the business combination are expensed when incurred and are no longer included in the cost of the acquisition.
  - An acquirer must recognise contingent consideration at fair value at the acquisition date. Subsequent changes in the fair value of such contingent consideration will often affect the income statement.
  - The acquirer must recognise either the entire goodwill inherent in the acquiree, independent of whether a 100% interest is acquired (full goodwill method), or only the portion of the total goodwill which corresponds to the proportionate interest acquired (as currently the case under NZ IFRS 3).

- ***NZ IAS 1: Presentation of financial statements (amendment)***

  The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group will apply NZ IAS 1 (amendment) from 1 February 2010. It is not expected to have a material impact on the Group's financial statements.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to various financial risks including, liquidity risk, credit risk and market risk (including currency risk and cash flow interest rate risk). The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. The Group uses certain derivative financial instruments to hedge certain risk exposures.

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

(a) Liquidity risk

Liquidity risk is the risk that an unforeseen event or miscalculation in the required liquidity level will result in the Group foregoing investment opportunities or not being able to meet its obligations in an orderly manner, and therefore gives rise to lower investment income or to higher borrowing costs than otherwise. Prudent liquidity risk management includes maintaining sufficient cash, and ensuring the availability of adequate amounts of funding from credit facilities.

The Group's liquidity exposure is managed by ensuring sufficient levels of liquid assets and committed facilities are maintained based on regular monitoring of a rolling 3-month daily cash requirement forecast. Taking into account the present levels of cash held by the business, this risk is considered by management to be low. The Group's liquidity position fluctuates throughout the year, being strongest immediately after the end of year trading period. The months leading up to Christmas trading put the greatest strain on Group cash flows due to the build up of inventory as well as the interim dividend payment. The Group has an overdraft facility of $500,000 but to date this has not been utilised.

The table below analyses the Group's financial liabilities and gross-settled derivatives into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The cash flow hedge 'outflow' amounts disclosed in the table are the contractual undiscounted cash flows liable for payment by the Group in relation to all forward foreign exchange contracts in place at balance date. The cash flow hedge 'inflow' amounts represent the corresponding injection of foreign currency back to the Group as a result of the gross settlement on those contracts, converted using the forward rate at balance date. The carrying value shown is the net amount of derivative financial liabilities and assets as shown in the balance sheet.

Trade payables are shown at carrying value in the table. No discounting has been applied as the impact of discounting is not significant.

Group

As at 31 January 2010	**Less than 3 months $000**	**3-5 months $000**	**6-8 months $000**	**9-12 months $000**	**Total $000**	**Carrying Value $000**
Trade and other payables	**(33,230)**	**–**	**–**	**–**	**(33,230)**	**(33,230)**
Forward foreign exchange contracts						
Cash flow hedges:						
– outflow	**(8,748)**	**(5,913)**	**(8,413)**	**(145)**	**(23,219)**	**–**
– inflow	**8,185**	**6,085**	**8,646**	**145**	**23,061**	**–**
– Net	**(563)**	**172**	**233**	**–**	**(158)**	**(158)**

As at 25 January 2009	**Less than 3 months $000**	**3-5 months $000**	**6-8 months $000**	**9-12 months $000**	**Total $000**	**Carrying Value $000**
Trade and other payables	(50,426)	–	–	–	(50,426)	(50,426)
Forward foreign exchange contracts						
Cash flow hedges:						
– outflow	(5,193)	(4,030)	(4,967)	(3,665)	(17,855)	–
– inflow	7,313	5,240	5,744	3,854	22,151	–
– Net	2,120	1,210	777	189	4,296	4,296

The cash flow hedges inflow amounts use the forward rate at balance date.

Parent

As at 31 January 2010	Less than 3 months $000	3-5 months $000	6-8 months $000	9-12 months $000	Total $000	Carrying Value $000
Trade and other payables	**(957)**	**–**	**–**	**–**	**(957)**	**(957)**

As at 25 January 2009	Less than 3 months $000	3-5 months $000	6-8 months $000	9-12 months $000	Total $000	Carrying Value $000
Trade and other payables	(992)	–	–	–	(992)	(992)

There are no financial derivative liabilities or assets in the name of the Parent.

(b) Credit risk

Credit risk refers to the risk of a counterparty failing to discharge an obligation. In the normal course of its business, Briscoe Group incurs credit risk from trade receivables and transactions with financial institutions. The Group places its cash, short-term investments and derivative financial instruments with only high credit quality financial institutions. Sales to retail customers are settled predominantly in cash or by using major credit cards. Less than 1% of reported sales give rise to trade receivables. The Group holds no collateral over its trade receivables. (Refer also to Notes 1.(j) and 9).

(c) Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from currency exposures primarily to the US dollar, in respect of purchases of inventory directly from overseas suppliers.

Management work to Board-approved Group Treasury Risk Management Policies to manage the Group's foreign exchange risk. The current policy requires hedging of both committed and forecasted foreign currency payment levels across the current and subsequent three calendar quarters. The policy is to cover 100% of committed purchases but lower levels of coverage for forecasted purchases depending on which quarter the forecasted exposure relates to. Hedging is reviewed regularly by management and reported to the Board monthly.

The Group uses forward foreign exchange contracts and maintains short-term holdings of foreign currencies in denominated foreign currency bank accounts, with major financial institutions only, to hedge its foreign exchange risk arising from future purchases.

The following table shows the fair value of forward foreign exchange contracts held by the Group as derivative financial instruments at balance date:

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Current assets				
Forward foreign exchange contracts	**595**	4,296	**–**	–
Total current derivative financial instrument assets	**595**	4,296	**–**	–
Current liabilities				
Forward foreign exchange contracts	**753**	–	**–**	–
Total current derivative financial instrument liabilities	**753**	–	**–**	–

Forward foreign exchange contracts – cash flow hedges

Forward foreign exchange contracts are used for hedging committed or highly probable forecast purchases of inventory for the ensuing financial year. The contracts are timed to mature when major shipments of inventory are scheduled to be dispatched and the liability settled. The cash flows are expected to occur at various dates within one year from balance date. Where forward foreign exchange contracts have been designated and tested as an effective hedge the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income. These gains or losses are released to the income statement at various dates over the subsequent financial year as the inventory for which the hedge exists, is sold.

At balance date these contracts are represented by assets of $594,584 (2009: $4,295,583) and liabilities of $753,426 (2009: Nil) and together are included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net loss of $111,189 (2009: net gain $3,006,908). The cash flow hedge reserve also consists of gains and losses, net of deferred tax, from foreign currencies used as hedges, as a net loss of $170,354 (2009: net gain of $254,094), refer Note 8.

When forward foreign exchange contracts are not designated and tested as an effective hedge, the gain or loss on the forward foreign exchange contract is recognised in the income statement. At balance date there are no such contracts in place (2009: Nil).

Fair value hierarchy

The only financial instruments held by the Group in relation to fair value measurements are over the counter derivatives. These derivatives have all been determined to be within level 2 of the fair value hierarchy as all significant inputs required to ascertain the fair value of these derivatives are observable (refer Note 1(n) and Note 2).

Interest rate risk

The Group has no interest-bearing liabilities therefore its exposure to interest rate risk arises only from the impact on income and operating cash flows as a result of interest-bearing assets, such as cash deposits. The Group’s short to medium liquidity position is monitored daily by management and surplus funds placed on call or short-term deposit with major financial institutions only.

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

Sensitivity analysis

Based on historical movements and volatilities and review of current economic commentary management believes that the following movements are reasonably possible over the next 12 month period:

- Proportional foreign exchange rate movement of -10% (depreciation of NZD) and +10% (appreciation of NZD) against the USD, from the year-end rate of 0.7049,
- A shift of between +1% and -0.5% in market interest rates from the year-end deposit rate of 2.50%.

If these movements were to occur, the positive / (negative) impact on consolidated profit and on consolidated equity for each category of financial instrument held at balance date is presented below.

	Carrying amount	Interest rate				Foreign exchange rate			
		-0.5%		+1%		-10%		+10%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial Assets:									
Cash and cash equivalents[1.]	59,250	(296)	(296)	593	593	–	–	–	–
Trade receivables[2.]	1,063	–	–	–	–	–	–	–	–
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[3.]	595	–	–	–	–	–	2,107	–	(1,703)
Financial liabilities:									
Trade and other payables[4.]	33,230	–	–	–	–	–	–	–	–
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[3.]	753	–	–	–	–	–	492	–	(406)
Total increase / (decrease)		**(296)**	**(296)**	**593**	**593**	**–**	**2,599**	**–**	**(2,109)**

1. *Cash and cash equivalents include deposits at call which are at floating interest rates. The sensitivity to a +1% movement in interest rates is $592,503. For a -0.5% movement in interest rates the sensitivity is ($296,252).*
2. *All trade receivables are denominated in NZD and are non-interest bearing.*
3. *Derivatives designated as cashflow hedges are foreign exchange contracts used to hedge against the NZD:USD foreign exchange risk arising from foreign denominated future purchases. Based on outputs from a derivative valuation model, a -/+10% shift in the NZD:USD foreign exchange rate has an impact of $2,598,819 / ($2,109,044) on derivative valuation. There is no profit and loss sensitivity as the hedges are 100% effective.*
4. *All trade and other payables are denominated in NZD and are non-interest bearing. Product imported directly by the Group is prepaid before inventory is receipted and therefore does not give rise to a foreign currency liability.*

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

As at 31 January 2010	Group Loans and receivables $000	Group Derivatives used for hedging $000	Group Total $000	Parent Loans and receivables $000	Parent Derivatives used for hedging $000	Parent Total $000
Assets as per balance sheet						
Cash and cash equivalents	**59,250**	**–**	**59,250**	**37,669**	**–**	**37,669**
Trade receivables	**1,063**	**–**	**1,063**	**–**	**–**	**–**
Due from related parties	**–**	**–**	**–**	**12,417**	**–**	**12,417**
Derivative financial instruments	**–**	**595**	**595**	**–**	**–**	**–**
Total	**60,313**	**595**	**60,908**	**50,086**	**–**	**50,086**

	Other financial liabilities at amortised cost $000	Derivatives used for hedging $000	Total $000	Other financial liabilities at amortised cost $000	Derivatives used for hedging $000	Total $000
Liabilities as per balance sheet						
Trade and other payables	**33,230**	**–**	**33,230**	**957**	**–**	**957**
Derivative financial instruments	**–**	**753**	**753**	**–**	**–**	**–**
Total	**33,230**	**753**	**33,983**	**957**	**–**	**957**

As at 25 January 2009	Group Loans and receivables $000	Group Derivatives used for hedging $000	Group Total $000	Parent Loans and receivables $000	Parent Derivatives used for hedging $000	Parent Total $000
Assets per balance sheet						
Cash and cash equivalents	63,291	–	63,291	48,227	–	48,227
Trade receivables	1,642	–	1,642	–	–	–
Derivative financial instruments	–	4,296	4,296	–	–	–
Total	64,933	4,296	69,229	48,227	–	48,227

	Other financial liabilities at amortised cost $000	Derivatives used for hedging $000	Total $000	Other financial liabilities at amortised cost $000	Derivatives used for hedging $000	Total $000
Liabilities as per balance sheet						
Trade and other payables	50,426	–	50,426	992	–	992
Due to related parties	–	–	–	373	–	373
Total	50,426	–	50,426	1,365	–	1,365

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

3.2 Capital risk management

The Group's objectives when managing capital are to maximise shareholder wealth whilst ensuring that the Group continues to safeguard its ability to continue as a going concern. In order to meet these objectives the Group may adjust the amount of dividend payment made to shareholders. There are no specific banking or other arrangements which require the Group to maintain specified equity levels.

4. Segment information

The Group has two reportable operating segments that are defined by the retail sectors within which the Group operates, namely homeware and sporting goods. The following is an analysis of the Group's revenue and results by operating segment. Revenue reported below is generated purely in New Zealand from sales to external customers and due to the nature of the retail businesses there is no reliance on any individual customer. There were no inter-segment sales in the period. (2009: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1.

Information regarding the operations of each reportable operating segment is included over the page. Segment profit represents the profit earned by each segment and reflects the income statements associated with the two trading subsidiary companies, Briscoes (NZ) Limited and The Sports Authority Limited.

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

For the period ended 31 January 2010	Homewares $000	Sporting goods $000	Eliminations/ Unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	**286,149**	**130,537**	**–**	**416,686**
Gross profit	**115,221**	**51,238**	**–**	**166,459**
Earnings before interest and tax	**23,399**	**5,670**	**1,049**	**30,118**
Finance income	**84**	**158**	**945**	**1,187**
Income tax expense	**(7,728)**	**(1,849)**	**(702)**	**(10,279)**
Net profit after tax	**15,755**	**3,979**	**1,292**	**21,026**
BALANCE SHEET				
Assets	**88,830**	**47,160**	**37,716**	**173,706**
Liabilities	**40,747**	**15,696**	**(10,358)**	**46,085**
Other segmental items:				
Acquisitions of property, plant and equipment, intangibles and investments	**6,293**	**400**	**–**	**6,693**
Depreciation and amortisation	**5,530**	**2,905**	**–**	**8,435**
Impairment of property, plant and equipment, intangibles and investments	**1,857**	**–**	**–**	**1,857**

For the period ended 25 January 2009	Homewares $000	Sporting goods $000	Eliminations/ Unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	267,398	121,069	–	388,467
Gross profit	104,421	45,666	–	150,087
Earnings before interest and tax	14,403	(293)	1,003	15,113
Finance income	65	113	1,466	1,644
Income tax expense	(4,341)	45	(827)	(5,123)
Net profit after tax	10,127	(135)	1,642	11,634
BALANCE SHEET				
Assets	86,128	43,526	47,530	177,184
Liabilities	38,335	15,936	1,363	55,634
Other segmental items:				
Acquisitions of property, plant and equipment, intangibles and investments	2,644	307	–	2,951
Depreciation and amortisation expense	5,901	3,074	–	8,975

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

5. Income and expenses

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Profit before income tax includes the following specific income and expenses:				
Income				
Rental income	**111**	116	**–**	–
Dividends received	**5**	5	**11,668**	11,668
Management fees	**–**	–	**11,532**	11,021
Finance income	**1,192**	1,652	**950**	1,474
Expenses				
Operating lease rental expense	**28,409**	26,026	**–**	–
Bad debts written off	**83**	119	**–**	–
Amounts paid to auditors:				
Statutory Audit	**80**	78	**80**	78
Half year review	**20**	19	**20**	19
Other assurance services	**6**	–	**6**	–
Directors' fees	**160**	160	**160**	160
Share options expense	**256**	245	**256**	245
Wages, salaries and other short term benefits	**47,430**	46,005	**6,771**	6,341
Loss on disposal of property, plant and equipment	**3**	55	**–**	–
Inventory writedown expense	**1,361**	2,192	**–**	–
Finance expense	**5**	8	**5**	8
Depreciation of property, plant and equipment	**7,153**	7,729	**–**	–
Amortisation of software costs	**1,282**	1,246	**–**	–
Fixed asset impairment adjustment	**1,424**	–	**–**	–
Intangible asset impairment adjustment	**433**	–	**–**	–

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

6. Income tax expense

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
(a) Income tax expense				
Current tax expense:				
Current tax	**10,157**	4,610	**521**	781
Adjustments for prior years	**914**	398	**178**	114
	11,071	5,008	**699**	895
Deferred tax expense:				
(Increase) / Decrease in future tax benefit current year	**(97)**	422	**160**	33
Reduction in tax rate	**–**	91	**–**	11
Adjustments for prior years	**(695)**	(398)	**(157)**	(112)
	(792)	115	**3**	(68)
Total income tax expense	**10,279**	5,123	**702**	827
(b) Reconciliation of income tax expense to tax rate applicable to profits				
Profit before income tax expense	**31,305**	16,757	**13,661**	14,137
Tax at the corporate rate of 30% (2009: 30%)	**9,392**	5,027	**4,098**	4,241
Tax effect of amounts which are either non-deductible or non-assessable in calculating taxable income:				
Income not subject to tax	**(17)**	(18)	**(3,500)**	(3,500)
Expenses not deductible for tax	**685**	114	**83**	84
Prior period adjustments	**219**	–	**21**	2
Total income tax expense	**10,279**	5,123	**702**	827

The Group has no tax losses (2009: Nil) and no unrecognised temporary differences (2009: Nil).

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

7. Earnings per share

Basic earnings per share is computed by dividing net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period.

Diluted earnings per share is computed by dividing net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period, adjusted to include the potentially dilutive effect if share options to issue ordinary shares were exercised and converted into shares.

	Group		Parent	
	Period ended 31 January 2010	Period ended 25 January 2009	**Period ended 31 January 2010**	Period ended 25 January 2009
Net profit attributable to shareholders ($000)	**21,026**	11,634	**12,959**	13,310
Basic				
Weighted average number of ordinary shares on issue (thousands)	**212,150**	212,150	**212,150**	212,150
Basic earnings per share	**9.9 cents**	5.5 cents	**6.1 cents**	6.3 cents
Diluted				
Weighted average number of ordinary shares on issue adjusted for share options issued but not exercised (thousands)	**216,545**	215,736	**216,545**	215,736
Diluted earnings per share	**9.7 cents**	5.4 cents	**6.0 cents**	6.2 cents

8. Cash and cash equivalents

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Cash at bank or in hand	**59,250**	63,291	**37,669**	48,227

The carrying amount for cash and cash equivalents equals the fair value.

At 31 January 2010 the Group had purchased foreign currency equivalent of NZD 3.626 million (2009: NZD 1.441 million) which is included in the table above. The foreign currency in which the Group primarily deals is the US dollar.

Foreign currency cash – cash flow hedges (cash flow hedge reserve)

These cash balances are used for hedging committed or highly probable forecast purchases of inventory for the ensuing financial year. The foreign currency purchases are held and allocated by calendar quarter to the highly probable forecast purchases which are timed to mature when major shipments of inventory are scheduled to be dispatched and the liability settled. The cash flows are expected to occur at various dates within one year from balance date.

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

Where foreign currency balances have been designated and tested as an effective hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income. These gains or losses are released to the income statement at various dates over the subsequent financial year as the inventory for which the hedge exists, is sold. At balance date foreign currency losses of $243,363 (2009: gains of $362,892) in relation to foreign currency balances, were included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net loss of $170,354 (2009: net gain of $254,094). The cash flow hedge reserve also consists of gains and losses, net of deferred tax, from forward foreign exchange contracts used as hedges, as a net loss of $111,189 (2009: net gain of $3,006,908), refer note 3(c).

When foreign currency balances are not designated and tested as an effective hedge, the gain or loss as at balance date is recognised in the income statement. At balance date there are no such balances (2009: Nil).

9. Trade and other receivables

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Trade receivables	**1,069**	1,668	**–**	–
Provision for impaired receivables	**(6)**	(26)	**–**	–
Net trade receivables	**1,063**	1,642	**–**	–
Other receivables	**1,247**	987	**629**	518
Total trade and other receivables	**2,310**	2,629	**629**	518

The fair value of trade and other receivables approximates their carrying value.

No interest is charged on trade receivables.

As at 31 January 2010, trade receivables of $180,807 (2009: $177,171) were past due but not considered impaired. These relate to a number of accounts for which there is no recent history of default. The aging analysis of these receivables is shown below:

Receivables past due not impaired	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Months past due:				
0-3	**180**	171	**–**	–
4-6	**1**	3	**–**	–
6 +	**–**	3	**–**	–
Total	**181**	177	**–**	–

There are no receivables that would otherwise be past due or impaired whose terms have been renegotiated.

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

As at 31 January 2010, trade receivables of $6,072 (2009: $25,960) were considered impaired. The amount of the provision is $6,072 (2009: $25,960). The individually impaired receivables mainly relate to debtors who are experiencing financial difficulties. The aging of these impaired receivables which have been provided for is shown below:

Receivables impaired	**Group**		**Parent**	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Months past due:				
0-3	**4**	7	**–**	–
4-6	**–**	15	**–**	–
6 +	**2**	4	**–**	–
Total	**6**	26	**–**	–

Movements in the provision for impaired receivables are shown below:

	Group		**Parent**	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Opening balance	**26**	60	**–**	–
Provision for impaired receivables	**6**	80	**–**	–
Receivables written off during the year	**(21)**	(68)	**–**	–
Unused amounts reversed	**(5)**	(46)	**–**	–
Closing balance	**6**	26	**–**	–

The creation and release of provision for impaired receivables have been included in 'store expenses' in the income statement. Amounts charged to the provision are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above. The Group does not hold any collateral as security.

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

10. Inventories

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Finished goods	**66,727**	60,006	**–**	–
Inventory adjustments	**(3,374)**	(2,546)	**–**	–
Net inventories	**63,353**	57,460	**–**	–

Inventory adjustments are provided at period end for stock obsolescence and store inventory shrinkage.

11. Investments in subsidiaries

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
(a) Investments				
Shares in subsidiaries	**–**	–	**2,783**	2,783
Total Investments	**–**	–	**2,783**	2,783

(b) Principal subsidiaries

Name	**Activity**	**2010 Interest**	**2009 Interest**
Briscoes (New Zealand) Limited	Homeware retail	**100%**	100%
The Sports Authority Limited (trading as Rebel Sport)	Sporting goods retail	**100%**	100%
Rebel Sport Limited	Name protection	**100%**	100%
Living and Giving Limited	Name protection	**100%**	100%

All companies above were incorporated in New Zealand and have a balance date consistent with that of the Parent as outlined in the accounting policies.

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

12. Property, plant and equipment

Group	Freehold land $000	Freehold buildings $000	Plant and equipment $000	Total $000
At 27 January 2008				
Cost	9,324	11,016	74,264	94,604
Accumulated depreciation	–	(1,755)	(40,962)	(42,717)
Accumulated impairment	–	–	(148)	(148)
Net book value	9,324	9,261	33,154	51,739
Period ended 25 January 2009				
Opening net book value	9,324	9,261	33,154	51,739
Additions	–	39	2,333	2,372
Disposals	–	–	(52)	(52)
Depreciation charge	–	(340)	(7,389)	(7,729)
Closing net book value	9,324	8,960	28,046	46,330
At 25 January 2009				
Cost	9,324	11,055	75,555	95,934
Accumulated depreciation	–	(2,095)	(47,368)	(49,463)
Accumulated impairment	–	–	(141)	(141)
Net book value	9,324	8,960	28,046	46,330
Period ended 31 January 2010				
Opening net book value	**9,324**	**8,960**	**28,046**	**46,330**
Additions	**3,722**	**1,170**	**1,466**	**6,358**
Disposals	**–**	**–**	**(15)**	**(15)**
Depreciation charge	**–**	**(354)**	**(6,799)**	**(7,153)**
Impairment adjustment	**–**	**–**	**(1,424)**	**(1,424)**
Closing net book value	**13,046**	**9,776**	**21,274**	**44,096**
At 31 January 2010				
Cost	**13,046**	**12,225**	**76,989**	**102,260**
Accumulated depreciation	**–**	**(2,449)**	**(54,234)**	**(56,683)**
Accumulated impairment	**–**	**–**	**(1,481)**	**(1,481)**
Net book value	**13,046**	**9,776**	**21,274**	**44,096**

The Parent has no property, plant and equipment.

The Directors, having taken into consideration purchase offers, independent and government valuations and other known factors, have assessed the fair market value of freehold land and buildings to be $31.90 million (2009: $28.76 million).

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

Impairment tests

For the purposes of assessing impairment, a cash generating unit ('CGU') is defined as the property, plant and equipment that can be grouped at the lowest level for which there are separately identifiable cash flows. Typically a CGU will represent a group of assets directly attributable to a specific store. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount.

Impairment testing is performed when certain trigger events indicate that an impairment in asset values may exist. The primary impairment indicator is the significant underperformance of a CGU in relation to management's expectations. During this financial period the economic downturn has resulted in a number of CGUs significantly underperforming. For these CGUs, value-in-use is calculated using pre-tax cash flow projections based on financial forecasts and assumptions prepared by management covering a five year period. A terminal growth rate in perpetuity is adopted to take account of cash flows beyond the five year period. The key assumptions used for the value-in-use calculations are as follows:

- Revenue growth 3.0% to 9.9% (2009: 2.7% to 16.1%)
- Pre-tax discount rate 15.6% (2009: 13.0%)
- Terminal growth rate 2.5% (2009: 3.0%)

The revenue growth rates adopted reflect management's expectations. The discount rate used reflects management's estimate of the company's weighted average cost of capital and the terminal growth rate reflects management's estimate of the future rate of inflation.

Based on the indicators and assumptions outlined above, eight CGUs associated with Living & Giving stores were determined to have asset carrying values in excess of the greater of either the CGU's value-in-use calculation or the fair value less costs to sell of the CGU's assets. Therefore an impairment adjustment equal to each of the impaired CGU's asset carrying values, totaling $1,424,016 (2009: Nil) has been recognised in the income statement and is included within 'store expenses'.

As part of the impairment testing process management have considered reasonably possible changes to key assumptions and believe that no further impairment adjustment to any other CGU is required.

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13. Intangible assets

Group	Computer Software $000	Brands $000	Total $000
At 27 January 2008			
Cost	4,552	433	4,985
Accumulated amortisation	(1,467)	–	(1,467)
Net book amount	3,085	433	3,518
Period ended 25 January 2009			
Opening net book amount	3,085	433	3,518
Additions	579	–	579
Disposals	(54)	–	(54)
Amortisation charge	(1,246)	–	(1,246)
Closing net book amount	2,364	433	2,797
At 25 January 2009			
Cost	4,853	433	5,286
Accumulated amortisation	(2,489)	–	(2,489)
Net book amount	2,364	433	2,797
Period ended 31 January 2010			
Opening net book amount	**2,364**	**433**	**2,797**
Additions	**335**	**–**	**335**
Disposals	**(5)**	**–**	**(5)**
Amortisation charge	**(1,282)**	**–**	**(1,282)**
Impairment adjustment	**–**	**(433)**	**(433)**
Closing net book amount	**1,412**	**–**	**1,412**
At 31 January 2010			
Cost	**5,107**	**433**	**5,540**
Accumulated amortisation	**(3,695)**	**–**	**(3,695)**
Accumulated impairment	**–**	**(433)**	**(433)**
Net book amount	**1,412**	**–**	**1,412**

The Parent has no intangible assets.

Notes to the Financial Statements

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Impairment tests for indefinite life brands

For the purposes of assessing impairment in relation to a brand value with an indefinite life, the carrying amount of the brand is compared to its recoverable amount. An impairment loss is recognised for the amount by which the carrying value exceeds its recoverable amount.

On an annual basis, the recoverable amount of a brand is determined based on value-in-use calculations specific to the cash generating unit (CGU) associated with that brand. The defined CGU for the Living & Giving brand incorporates all Living & Giving stores. These calculations use pre-tax cash flow projections based on financial budgets and forecasts prepared by management covering a five year period. A terminal growth rate in perpetuity is adopted to take account of cash flows beyond the five year period. The key assumptions used for the value-in-use calculations for this brand are as follows:

- Revenue growth rate: 3.0% to 9.9% (2009: 2.7% to 16.1%)
- Pre-tax discount rate: 15.6% (2009: 13.0%)
- Terminal growth rate: 2.5% (2009: 3.0%)

The growth rates adopted reflect management's expectations. The discount rate used reflects management's estimate of the company's weighted average cost of capital and the terminal growth rate reflects management's estimate of the future rate of inflation.

Based on the indicators and assumptions outlined above, the Living & Giving brand value was determined to have a carrying value in excess of the CGU's value-in-use calculation. Therefore an impairment adjustment of $433,130 (2009: Nil) has been recognised in the income statement and is included within 'store expenses'.

14. Taxation

(a) Deferred tax benefit

Group

	Depreciation $000	Provisions $000	Deritative financial instruments $000	Total $000
At 27 January 2008	296	1,597	49	1,942
Credited/(charged) to the income statement	33	(148)	–	(115)
Charged to other comprehensive income	–	–	(1,446)	(1,446)
At 25 January 2009	329	1,449	(1,397)	381
Credited to the income statement	**769**	**23**	**–**	**792**
Credited to other comprehensive income	**–**	**–**	**1,518**	**1,518**
At 31 January 2010	**1,098**	**1,472**	**121**	**2,691**

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

Parent	Depreciation $000	Provisions $000	Derivative financial instruments $000	Total $000
At 27 January 2008	–	118	–	118
Credited to the income statement	–	68	–	68
At 25 January 2009	–	186	–	186
Charged to the income statement	**–**	**(3)**	**–**	**(3)**
At 31 January 2010	**–**	**183**	**–**	**183**

Net deferred tax asset / (liability)	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Deferred tax assets				
– to be recovered within 12 months	**1,062**	927	**161**	186
– to be recovered after more than 12 months	**1,811**	851	**22**	–
	2,873	1,778	**183**	186
Deferred tax liabilities				
– to be settled within 12 months	**(182)**	(1,397)	**–**	–
– to be settled after more than 12 months	**–**	–	**–**	–
	(182)	(1,397)	**–**	–
Deferred tax asset (net)	**2,691**	381	**183**	186

(b) Taxation payable	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Movements:				
Balance at beginning of period	**(795)**	2,059	**(258)**	250
Current tax	**(11,071)**	(5,008)	**(699)**	(895)
Tax paid	**7,877**	2,044	**828**	277
Foreign investor tax credit (FITC)	**116**	110	**116**	110
Balance at end of period	**(3,873)**	(795)	**(13)**	(258)

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

15. Trade and other payables

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Trade payables	**22,472**	36,995	**60**	288
Other payables and accruals	**10,758**	13,431	**897**	704
Total trade and other payables	**33,230**	50,426	**957**	992

The fair value of trade and other payables approximates their carrying value. No interest is paid on payables.

16. Provisions

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Balance at beginning of period	**49**	35	**–**	–
Charged to income statement	**53**	49	**–**	–
Used during the period	**(49)**	(35)	**–**	–
Balance at end of period	**53**	49	**–**	–

The returned inventory provision relates to sales made to customers for goods directly imported by the Group, which are subsequently returned by customers.

17. Employee benefits

Employee benefits include provision for annual leave, long service leave, sick leave and bonuses.

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
(a) Non-current liabilities				
Balance at beginning of period	**427**	349	**66**	39
Charged to income statement	**82**	141	**7**	48
Used during the period	**(48)**	(63)	**–**	(21)
Balance at end of period	**461**	427	**73**	66
(b) Current liabilities				
Balance at beginning of period	**3,937**	3,741	**716**	459
Charged to income statement	**8,639**	4,996	**1,758**	632
Used during the period	**(4,860)**	(4,800)	**(692)**	(375)
Balance at end of period	**7,716**	3,937	**1,782**	716

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

18. Imputation credits

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Imputation credit account balance	**39,671**	37,332	**5,051**	4,169
Imputation credit account movements:				
Balance at beginning of period	**37,332**	40,936	**4,169**	3,742
Tax payments, net of refunds	**7,968**	2,027	**766**	313
Credits attached to dividends received	**2**	2	**5,747**	5,747
Distributed and disposed	**(5,631)**	(5,633)	**(5,631)**	(5,633)
Balance at end of period	**39,671**	37,332	**5,051**	4,169

19. Share capital

	Group and Parent			
	No. of authorised shares		Share capital	
	Period ended 31 January 2010 Shares	Period ended 25 January 2009 Shares	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Opening ordinary shares	**212,150,000**	212,150,000	**40,625**	40,625
Balance at end of period	**212,150,000**	212,150,000	**40,625**	40,625

All shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights.

No shares were issued during the period ended 31 January 2010 (2009: Nil).

20. Dividends

	Group and Parent			
	Period ended 31 January 2010 Cents per share	Period ended 25 January 2009 Cents per share	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Interim dividend for the period ended 31 January 2010	**2.00**	–	**4,243**	–
Final dividend for the period ended 25 January 2009	**3.50**	–	**7,425**	–
Interim dividend for the period ended 25 January 2009	**–**	1.00	**–**	2,121
Final dividend for the period ended 27 January 2008	**–**	4.50	**–**	9,547
	5.50	5.50	**11,668**	11,668

All dividends paid were fully imputed. Supplementary dividends of $116,280 (2009: $110,314) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

21. Executive share options

On 25 July 2003 the Board approved an Executive Share Option Plan to issue options to selected senior executives and, subject to shareholder approval, to Executive Directors. Options may be exercised in part or in full by the holder three years after the date of issue, and lapse after four years if not exercised. Each option entitles the holder to one ordinary share in the capital of the Company. The exercise price is determined by the Board but is generally set by reference to the weighted average market price of ordinary shares in the Company for the period of five business days before and five business days after, as the Board in its discretion sees fit, either:

(a) the date on which allocations are decided by the Board; or

(b) the date on which allocations are made.

Payment must be made in full for all options exercised on the dates they are exercised.

During the financial year the Company issued 1,560,000 options (2009: 1,430,000) to senior executives.

The fair value of these options is estimated at $564,876 (2009: $229,658) under the Black Scholes valuation model using the following inputs and assumptions:

- Risk free interest rate 4.77% (2009: 5.32%)
- Expected dividend yield 5.07% (2009: 5.07%)
- Expected life (years) 3.38 (2009: 3)
- Expected share volatility 41.00% (2009: 34.50%)
- Share price at grant date $1.18 (2009: $0.74)
- Exercise price $0.95 (2009: $0.74)

The estimated fair value for each tranche of options issued is amortised over the vesting period of three years, from the grant date. The Company has recognised a compensatory expense in the income statement of $256,159 (2009: $245,237) which represents this amortisation.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Period ended 31 January 2010		Period ended 25 January 2009	
	Average exercise price $ per share	**Options 000**	Average exercise price $ per share	Options 000
Balance at beginning of year	**1.16**	**4,159**	1.39	3,634
Issued	**0.95**	**1,560**	0.74	1,430
Forfeited	**1.38**	**(2)**	1.41	(95)
Exercised	**–**	**–**	–	–
Lapsed	**1.24**	**(615)**	1.38	(810)
Balance at end of year	**1.09**	**5,102**	1.16	4,159

Of the 5,102,000 outstanding options, 1,020,000 are currently exercisable (2009: 615,000).

Share options outstanding at the end of the year have the following expiry dates, exercise dates and exercise prices:

Expiry Month		Exercise Month		Exercise Price	Period ended 31 January 2010 000	Period ended 25 January 2009 000
November	2009	November	2008	$1.24	**–**	615
October	2010	October	2009	$1.48	**1,020**	1,020
December	2011	December	2010	$1.38	**1,092**	1,094
December	2012	December	2011	$0.74	**1,430**	1,430
November	2013	November	2012	$0.95	**1,560**	–
Total share options outstanding					**5,102**	4,159

Share options reserve	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000
Balance at beginning of year	**486**	440	**486**	440
Current year amortisation	**256**	245	**256**	245
Options forfeited and lapsed transferred to retained earnings	**(162)**	(199)	**(162)**	(199)
Balance at end of year	**580**	486	**580**	486

22. Related party transactions

During the period the Company advanced and repaid loans to its subsidiaries by way of internal current accounts. In presenting the financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Parent have been eliminated. All transactions with related parties were in the normal course of business and provided on commercial terms.

Material transactions between the Company and its subsidiaries were:

	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	**7,825**	7,554
The Sports Authority Limited	**3,707**	3,467
Total management fees	**11,532**	11,021
Dividends received by the Company from Briscoes (NZ) Limited	**11,668**	11,668

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

Material amounts outstanding between the Company and its subsidiaries at year end were:

	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000
Loan (to) / from the Company (from) / to Briscoes (NZ) Limited	**10,808**	(300)
Loan (to) / from the Company (from) / to The Sports Authority Limited	**1,609**	(73)
Total loans (to) / from the Company (from) / to subsidiaries	**12,417**	(373)

In addition the Group undertook transactions with the related interests of the majority shareholder as detailed below:

- The RA Duke Trust, of which Mr RA Duke and Mr AJ Wall are trustees, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments of $547,999 (2009: $535,479) from the Group, under an agreement to lease premises to The Sports Authority Limited.
- The RA Duke Trust received dividends of $8,750,225 (2009: $8,749,275).
- Patricia Duke, spouse of the Managing Director, received payments of $65,000 (2009: $65,000) in relation to her employment as an overseas buying specialist with Briscoe Group Limited.
- The Hualian Trust, of which Patricia Duke is a trustee, received dividends of $69,575 (2009: $69,228)

Directors received directors' fees and dividends in relation to their personally held shares as detailed below:

	Period ended 31 January 2010		Period ended 25 January 2009	
	Directors' Fees $000	**Dividends $000**	Directors' Fees $000	Dividends $000
Executive Director				
Mr RA Duke	**–**	**–**	–	–
Mr AJ Wall	**–**	**12**	–	12
Non Executive Directors				
Mr SH Johnstone	**40**	**55**	40	55
Ms RP Meo	**80**	**–**	80	–
Mr RJ Skippen	**40**	**–**	40	–
	160	**67**	160	67

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

The following Directors received dividends in relation to their non-beneficially held shares as detailed below:

	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000
Executive Director		
Mr RA Duke[1.]	**8,750**	8,749
Mr AJ Wall[2.]	**68**	68
Non Executive Directors		
Mr SH Johnstone	**–**	–
Ms RP Meo[3.]	**6**	6
Mr RJ Skippen	**–**	–
	8,824	8,823

1. *The RA Duke Trust, of which Mr RA Duke and Mr AJ Wall are trustees, received dividends of $8,750,225 during the period (2009: $8,749,275)*
2. *The Tunusa Trust, of which Mr AJ Wall is a trustee, received dividends of $67,650 during the period (2009: $67,650).*
3. *Shares previously personally held by Ms RP Meo are now held in trust.*

Key management compensation was as follows:

	Group		**Parent**	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Salaries and other short term employee benefits	**2,673**	1,924	**2,673**	1,924
Share options benefit	**111**	114	**111**	114
Directors' fees	**160**	160	**160**	160
Total benefits	**2,944**	2,198	**2,944**	2,198

Key management includes the Directors of the Company and those employees who the Company have deemed to have disclosure obligations under Section 19T of the Securities Markets Act 1988. The amounts disclosed reflect the changes made to Section 19T effective from 9 October 2008. Comparatives have been amended to also reflect this.

In the 2009 Annual Report Directors' fees were disclosed separately from key management compensation in the related party transactions note.

Key management did not receive any termination benefits during the period (2009: Nil). In addition key management did not receive and are not entitled to receive any post employment or long term benefits (2009: Nil).

Notes to the Financial Statements

For the 53 week period ended 31 January 2010

23. Capital expenditure commitments

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Commitments at the end of the period not provided for in the financial statements	**25**	185	**–**	–

24. Operating lease rental commitments

	Group		Parent	
	Period ended 31 January 2010 $000	Period ended 25 January 2009 $000	**Period ended 31 January 2010 $000**	Period ended 25 January 2009 $000
Lease commitments expire as follows:				
Within one year	**24,837**	24,247	**–**	–
One to two years	**21,464**	21,036	**–**	–
Two to five years	**39,808**	43,381	**–**	–
Beyond five years	**15,050**	23,827	**–**	–
Total operating lease rental commitments	**101,159**	112,491	**–**	–

The Group leases various retail outlets under non-cancellable operating lease agreements. The leases reflect normal commercial arrangements with varying terms, escalation clauses and renewal rights.

25. Contingent liabilities

There were no contingent liabilities as at 31 January 2010 (2009: Nil).

26. Events after balance date

On 9 March 2010 the Directors resolved to provide for a final dividend to be paid in respect of the year ended 31 January 2010. The dividend will be paid at a rate of 5.00 cents per share on issue as at 24 March 2010, with full imputation credits attached.

Auditors' Report

PRICEWATERHOUSECOOPERS

Auditors' Report
To the shareholders of Briscoe Group Limited

We have audited the financial statements on pages 7 to 47. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the period ended 31 January 2010 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 13 to 21.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205 (1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Directors' Responsibilities
The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 January 2010 and their financial performance and cash flows for the period ended on that date.

Auditors' Responsibilities
We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion
An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

(a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
(b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditors and providers of other assurance services.

Unqualified Opinion
We have obtained all the information and explanations we have required.

In our opinion:

(a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
(b) the financial statements on pages 7 to 47:
    (i) comply with generally accepted accounting practice in New Zealand;
    (ii) comply with International Financial Reporting Standards; and
    (iii) give a true and fair view of the financial position of the Company and Group as at 31 January 2010 and their financial performance and cash flows for the period ended on that date.

Our audit was completed on 9 March 2010 and our unqualified opinion is expressed as at that date.

Chartered Accountants

Auckland

Corporate Governance

Role of the Board

The Board of Directors ("the Board") of Briscoe Group Limited ("the Company") is elected by shareholders to oversee the management of the Company and its subsidiaries and to direct performance in the long term best interests of the Company and its shareholders.
The focus of the Board is the creation of company and shareholder value and ensuring the Company is managed in accordance with best practice. Corporate governance is continually reviewed and updated in accordance with good business practice.

The principal responsibilities of the Board are to:

- establish the Company's objectives and review the major strategies for achieving these objectives;
- establish an overall policy framework within which the Company conducts its business;
- review management's performance including approval of and monitoring against budget;
- ensure that Group financial statements are prepared and presented to give a true and fair view of the Group's financial position, financial performance and cash flows;
- ensure effective policies and procedures are in place to safeguard the integrity of the Company's financial reporting;
- ensure that any significant risks facing the Company are identified and that appropriate risk management programmes are in place to control and report on these risks;
- ensure that the Group operates in accordance with New Zealand laws, regulations, the listing rules (including the continuous disclosure regime), professional standards and contractual obligations; and
- report to shareholders and other key stakeholders.

The Board has delegated day-to-day management of the Company to the Group Managing Director and other executives of the Company. Operational and administrative policies relative to the Company's business are in place and the Company has an internal audit system for monitoring the Company's operational policies and practices.
The Chairman, Managing Director and Deputy Managing Director determine the agenda for Board meetings. On a monthly basis, the Board receives operational reports summarising the Company's activities including key performance indicators. In addition, the Board receives regular briefings from the management team on key strategic and performance issues either as part of regular Board meetings or in specific briefing sessions.

Board Membership

The Company's constitution sets out policies and procedures on the operation of the Board including the appointment and removal of Directors. The NZSX Listing Rules and the Company's constitution provide that a minimum of three Directors is required, of whom at least two shall be independent. Currently the Board comprises five Directors, being an independent Non-Executive Chairman, the Group Managing Director, the Deputy Managing Director and two independent Non-Executive Directors.
The Board acknowledges the importance of independent Directors in ensuring an optimal balance between Board members who are able to bring a wide range of business experience and skills and those with direct company knowledge and operational responsibility.
Under the constitution, one third of Directors must retire by rotation at the Annual Meeting each year but, if eligible, may offer themselves for re-election. The Group Managing Director, in his capacity as an executive director, is exempt from the requirement to retire by rotation.
Pursuant to NZSX Listing Rule 3.3.5, the Company is required to make an announcement to the market advising the closing date for Director nominations. That announcement must be no less than 10 business days prior to the closing date and the closing date must be not more than 2 months prior to the Annual Meeting.
The Board undertakes to meet at least ten times during the financial year. For the year ending 31 January 2010 the Board met twelve times.
Profiles of the current Directors appear on page 52 of this report.

Board Review

The Board annually reviews its performance, and that of Board committees, to ensure that the Board and its committees are performing satisfactorily and meeting their respective objectives. In addition, the performance of individual Directors is also subject to review with a particular emphasis on those Board members who are due to retire by rotation and wish to seek re-election. The review process also assists with the process of identifying the training needs, if any, of Board members to ensure that they remain current on how to best perform their duties as a director.

Board Committees

There are two formally constituted committees to provide specific input and guidance to particular areas of corporate governance; the Audit Committee and the Human Resources Committee.

The committees meet as required and operate under specific charters which are reviewed and approved by the Board annually, setting out committees' roles and responsibilities. In order to fulfil its responsibilities, each committee is empowered to seek any information it requires from employees and to obtain such independent legal or other professional advice it may deem necessary. The proceedings of the committees are reported to the Board. These charters are published on our website at www.briscoegroup.co.nz.

Audit Committee

The Audit Committee comprises three independent Directors – Stuart Johnstone (Chairman), Rosanne Meo and John Skippen. The Committee assists the Board in fulfilling its responsibilities for Company financial statements and external financial reporting.

The Committee is responsible to the Board for reviewing the Company's accounting policies and financial statements, promoting integrity in financial reporting, reviewing the adequacy and effectiveness of the Company's internal controls and recommending the appointment of, as well as reviewing the performance and recommendations of the external auditors. In turn, the Company's management team makes representations to the Audit Committee and the Board, as to the completeness and accuracy of the Company's financial statements.

The Audit Committee is responsible for determining whether potential engagements of the auditors are appropriate in the context of seeking to prevent audit independence from being impaired (or being seen to be impaired).

The Chief Financial Officer is responsible for the Company's day to day relationship with the auditors, including for ensuring that the Company's business divisions provide the auditors with timely and accurate information and full access to the Company's records. In addition, the auditors are able to communicate directly with the chairman of the Audit Committee at any time.

Human Resources Committee

The Human Resources Committee comprises two independent Directors – Rosanne Meo (Chairman) and Stuart Johnstone, as well as the Group Managing Director, Rod Duke.

The Committee is responsible for ensuring the Company has a sound remuneration policy framework and that there is an environment within which management talent and potential can be identified, assessed and developed.

Nominations and Governance

Briscoe Group does not have a formally constituted Nominations and Governance Committee. The Board views the responsibilities usually associated with this committee as a collective responsibility and those matters are included as part of its primary role of overseeing the management and performance of the Company. Each director undertakes to ensure they have the necessary time and resources required to enable them to meet the responsibilities associated with their directorship. Specific requirements of governance are addressed at Board meetings during the course of the year. These specific requirements include ensuring the Board contains an appropriate mix of skills and experience, making recommendations to the Board on new Directors for nomination, determining the independence of Directors, and ensuring the Company maintains a high level or corporate governance.

Independent Directors

Under the Corporate Governance requirements of NZX Limited ("NZX"), a listed company must identify which of its Directors are determined by the Board to be independent.

The current board and committee memberships are detailed below together with the independence classification as determined by the Board, in accordance with the guidelines issued by NZX. As a relatively small board, there is a clear understanding of the required roles and expectations of the Independent Directors.

Board Composition as at April 2010

Director	Classification	Committee membership: Audit committee	Committee membership: Human Resources committee
Rosanne Meo	Independent (Chair)	Member	Chair
Rod Duke	Executive	–	Member
Stuart Johnstone	Independent	Chair	Member
John Skippen	Independent	Member	–
Alaister Wall	Executive	–	–

Board Remuneration

Shareholders are asked to approve the level of Director's fees from time to time. In keeping with its views in relation to nominations, rather than have a separate Remuneration Committee (governed by a charter), the Board as a whole takes responsibility for monitoring developments in the New Zealand market and recommending remuneration packages for Directors to the Company's shareholders. Fees are established to be in line with those of New Zealand based organisations of a similar scope and size to the Company.

Code of Conduct

The Board has adopted a corporate Code of Conduct, available on our website www.briscoegroup.co.nz. The Code of Conduct defines the levels of ethical business practice expected of the Board and within the Company (including employees and contractors). The Company ensures that all new employees are aware of the Code of Conduct and are provided with relevant training. In addition, the Code of Conduct addresses compliance standards and procedures, provides mechanisms for reporting unethical behaviour and ensures that disciplinary measures are available to address any violations. It covers:

- Conflicts of interest;
- Confidentiality;
- Payments, gifts and entertainment;
- Trading in company securities;
- Workplace principles;
- Use of company information and assets;
- Obligations to act honestly and in the best interests of the Company as required by law;
- Delegation of authority;
- Accuracy of records;
- Compliance with any applicable laws, regulations and rules; and
- Fair dealing with customers, employees, suppliers and competitors.

The Board is responsible for reviewing the Code of Conduct and adherence to it.

Trading in Briscoe Group Securities

The Company has adopted a formal procedure governing the sale and purchase of the Company's securities by Directors and employees. All Directors and employees must act in accordance with this procedure and the requirements of the Securities Markets Act 1988. The procedure requires employees to obtain the written consent of a Director, or in the case of a Director, of the Chairman of the Board, prior to trading in the Company's shares. Generally, this consent will only be given in respect of trading in the 60 day period following the announcement of the Company's half year and annual results.

Risk Management

As an integral part of its role of overseeing the management of the Company and its subsidiaries, the Board approves the Company's risk management policies and receives regular reports to monitor the Company's risk management performance relative to these policies, with particular emphasis on the following categories of risk:

- *Operating Risks:* risks associated with the Company's business operations and the personnel conducting those operations;

- *Business Risks:* risks associated with the markets and business activities conducted by the Company (including compliance with regulatory requirements); and
- *External Risks:* risks associated with external forces such as interest rate and foreign exchange exposure.

Effective Communication

The Board places great importance on effective communications to the Company's shareholders and employees and the market generally. As a result, in addition to making the required release of annual and half-yearly results, the Company makes quarterly sales releases. The Company regularly reviews its practices to ensure it clearly communicates its goals, strategies and performance. This information is made available to the NZX and also to a variety of media, including by means of the Company's website.

The Board encourages shareholder attendance at the Company's Annual Meeting and welcomes shareholder debate on all matters of significance affecting the Company and its business.

NZX Corporate Governance Best Practice Code

The Company's corporate governance practices conform with the guidelines set down in the NZX Corporate Governance Best Practice Code in almost all respects. The areas in which the Company's practices depart from that Code are confined to the absence of specific training requirements for Directors, the lack of a Nominations Committee and the absence of Director remuneration by means of a performance-based equity remuneration plan. The Board as a whole takes responsibility for monitoring developments in the New Zealand market and recommending remuneration packages for Directors to the Company's shareholders rather than delegating this function to a Remuneration Committee pursuant to a written charter.

General Disclosures

Board of Directors

Rosanne Meo: Chairman (Non-Executive)

Director of AMP Life Limited, Overland Footwear Limited and Kelliher Charitable Trust. Chairman of the Auckland Philharmonia Orchestra.

Rod Duke: Group Managing Director and Deputy Chairman

Group Managing Director since 1991.

Alaister Wall: Deputy Managing Director

Executive of Group since 1982. Director of Cure Kids.

Stuart Johnstone: Director (Non-Executive)

Investment Banker and Company Director.

John Skippen: Director (Non-Executive)

Non-Executive Director of Australian listed companies, Flexi Group Limited and Super Cheap Auto Group Limited.

Subsidiary Companies

Rod Duke and Alaister Wall are Directors of the following subsidiaries: Briscoes (NZ) Limited, The Sports Authority Limited trading as Rebel Sport, Rebel Sport Limited, Living and Giving Limited. Stuart Johnstone is a Director of The Sports Authority Limited.

Financial Statements

The financial statements for the Parent and Group for the year ended 31 January 2010 are shown on pages 7 to 47 in this report.

Changes in Accounting Policies

In preparing these financial statements the accounting policies outlined in Note 1 to the financial statements have been applied.

There were no significant changes in accounting policies during the year.

Principal Activities of the Group

Briscoe Group Limited is a non-trading holding company, but provides management services to its subsidiaries. The principal trading subsidiaries are Briscoes (New Zealand) Limited, a specialist homeware retailer selling leading branded products, and The Sports Authority Limited, trading as Rebel Sport, New Zealand's largest retailer of most leading brands of sporting goods. The subsidiaries are 100% owned by Briscoe Group Limited. There were no changes in company structure during the year.

Review of Operations

A. Results for the Year Ended 31 January 2010

	Group $000	Parent $000
Sales Revenue	416,686	–
Profit Before Income Tax	31,305	13,661
Income Tax	(10,279)	(702)
Profit After Income Tax	21,026	12,959

B. Dividends

Subsequent to balance date, the Directors have declared a final dividend of 5.00 cents per share payable 31 March 2010. Non resident shareholders of the Group will also receive a supplementary dividend of 0.8824 cents per share. Dividends are fully imputed to New Zealand resident shareholders.

Directors

A. Remuneration and all other benefits relating to the year ending 31 January 2010 ($000)

Non Executive Directors	
RP Meo	80
SH Johnstone	40
RJ Skippen	40
Executive Directors	
RA Duke (Managing Director)	631
AJ Wall (Deputy Managing Director)	432

Executive Directors do not receive Directors' fees.

B. Shareholdings

Beneficially Held	As at 12 March 2010
SH Johnstone	1,000,000
AJ Wall	220,000

Non-Beneficially Held	As at 12 March 2010
RA Duke and AJ Wall as Trustees of the RA Duke Trust	159,095,000
RJ Skippen	–
AJ Wall	1,230,000
RP Meo	100,000
SH Johnstone	5,000

C. Share dealings

During the year the Directors did not acquire or dispose of any shares in the Company.

D. Interests in contracts

During the year the following Directors have declared pursuant to Section 140 (1) of the Companies Act 1993 that they be regarded as having an interest in the following transactions:

- Payment of rental of $547,999 (2009: $535,479) on the retail property of which the RA Duke Trust is the owner. (Refer to Note 22 of the financial statements).

E. Interests in Executive Share Options

Executive Share Options Plan (refer to Note 21 of the financial statements). Options outstanding as at balance date are as follows:

	Expiry Date	Exercise Date	Exercise Price	No.
AJ Wall:	Oct 2010	Oct 2009	$1.48	150,000
	Dec 2011	Dec 2010	$1.38	150,000
	Dec 2012	Dec 2011	$0.74	150,000

F. Directors' Insurance

As provided by the Group's Constitution and in accordance with Section 162 of the Companies Act 1993 the Group has arranged Directors' and Officers' Liability Insurance which ensures Directors will incur no monetary loss as a result of actions undertaken by them as Directors provided they act within the law.

G. Directors' and Officers' use of Company Information

During the period the Board received no notices pursuant to Section 145 of the Companies Act 1993 relating to use of Company information.

State of Affairs

The Directors are of the opinion that the state of affairs of the Group is satisfactory. Details of the period under review are included in the Chairman's Review, the Managing Director's Review of Operations and the audited financial statements.

Employee Remuneration

The number of employees within the Group (other than Directors) receiving remuneration and benefits above $100,000, relating to the period ending 31 January 2010, are indicated in the following table:

	Number of Employees
$100,000 – 109,999	7
$110,000 – 119,999	6
$120,000 – 129,999	6
$130,000 – 139,999	4
$140,000 – 149,999	3
$150,000 – 159,999	5
$160,000 – 169,999	1
$200,000 – 209,999	1
$220,000 – 229,999	2
$230,000 – 239,000	1
$250,000 – 259,000	1
$280,000 – 289,999	1
$290,000 – 299,000	1
$320,000 – 329,999	1
$360,000 – 369,999	1
$480,000 – 489,000	1
$510,000 – 519,000	1

Remuneration to Auditors

The fee for the audit of the Group and subsidiaries paid to PricewaterhouseCoopers was $80,000 (2008: $78,000). Fees paid to the auditors for other services provided amounted to $26,000 (2009: $18,500).

Shareholders Information

Holding Range at 12 March 2010

	No. Investors	Total Holdings	%
1-1,000	977	706,244	0.33
1,001-5,000	1,322	3,846,052	1.81
5,001-10,000	340	2,779,204	1.31
10,001-100,000	244	6,569,753	3.10
100,001 and over	29	198,248,747	93.45
	2,912	**212,150,000**	**100%**

Substantial Security Holders

The following information is given pursuant to section 26 of the Securities Markets Act 1988.
The persons who, according to the records of the company maintained pursuant to section 25 of the Securities Markets Act 1988, are substantial security holders of the Company as at 12 March 2010 are as follows:

Substantial Security Holders	No. of shares	Percentage
RA Duke and AJ Wall as Trustees of the RA Duke Trust	159,095,000	75.0%

Top 20 Holder List

As at 12 March 2010

Rank	Holder's Name	Total	%
1	Portfolio Custodian Limited (RA Duke Trust)	159,095,000	74.99
2	New Zealand Central Securities Depository Limited	11,557,001	5.45
3	Portfolio Custodian Limited	6,964,239	3.28
4=	Gerald Harvey	5,250,000	2.47
4=	Harvey Norman Properties (NZ) Ltd	5,250,000	2.47
6	Portfolio Custodian Limited	1,265,000	0.60
7	Alaister John Wall, Beverley Ann Wall and Benedict Douglas Tauber as Trustees of the Tunusa Trust established for the benefit of the family of AJ and BA Wall.	1,230,000	0.58
8	Custodial Services Limited	1,010,000	0.48
9=	Stuart Hamilton Johnstone.	1,000,000	0.47
9=	Hugh Green Investments Limited.	1,000,000	0.47
11	FNZ Custodians Limited	761,167	0.36
12	Gemscott Limited	500,000	0.24
13	Investment Custodial Services Limited	397,096	0.19
14	Keith Arthur William Brunt	300,000	0.14
15	Invia Custodian Pty Limited.	299,997	0.14
16	Alaister John Wall	220,000	0.10
17	Advertising Works Limited.	206,833	0.10
18	Jontee Farms Limited	200,684	0.09
19=	Douglas Gordan Brown.	200,000	0.09
19=	Keith A W Brunt and Glenda Brunt	200,000	0.09

A number of the registered holders listed above hold shares as nominees for, or on behalf of, other parties.

Directory

Directors

Rosanne P Meo (Chairman)
Rodney A Duke
Stuart H Johnstone
R John Skippen
Alaister J Wall

Registered Office

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Solicitors

Simpson Grierson

Bankers

Bank of New Zealand

Auditors

PricewaterhouseCoopers

Share Registrars

Link Market Services Limited
National Bank Chambers
138 Tancred Street
PO Box 384
Ashburton
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Websites

www.briscoegroup.co.nz
www.briscoes.co.nz
www.rebelsport.co.nz
www.livingandgiving.co.nz

Calendar

Annual Balance Date	January
Preliminary Profit Announcement	March
Annual Report Published	April
Final Dividend	31 March 2010
Annual Meeting	20 May 2010
Half Year Results	September
Interim Dividend	October

BRISCOE
GROUP LIMITED