BRISCOE
GROUP LIMITED

Annual Report
for the period ended 29 January 2012

Contents

Key Facts

	Audited period ending 29 January 2012 $000	Audited period ending 30 January 2011 $000	Audited period ending 31 January 2010 $000	Audited period ended 25 January 2009 $000	Audited period ended 27 January 2008 $000
Trading Results					
Sales Revenue	**438,037**	419,294	416,686	388,467	407,750
Gross profit margin	**39.5%**	39.8%	39.9%	38.6%	40.4%
Earnings before interest and tax (EBIT)	**36,666**	32,755	30,118	15,113	31,774
Net profit after tax (NPAT)	**27,529**	21,612	21,026	11,634	22,441
Net cash flows from operating activities	**42,030**	45,264	14,910	28,099	22,672
Financial Position and Statistics					
Shareholders' funds	**141,212**	131,886	127,621	121,550	117,979
Total assets	**207,305**	191,119	173,707	177,184	180,389
EBIT per share	**17.2c**	15.4c	14.2c	7.1c	15.0c
NPAT per share	**12.9c**	10.2c	9.9c	5.5c	10.6c
Operating cashflow per share	**19.7c**	21.3c	7.0c	13.2c	10.7c
Current ratio	**2.4:1**	2.5:1	2.7:1	2.3:1	2.0:1
Shareholders' funds to total assets	**68.1%**	69.0%	73.5%	68.6%	65.4%
Store Numbers					
Homeware	**47**	54	58	57	54
Sporting Goods	**32**	32	32	32	32
Briscoe Group	**79**	86	90	89	86
Total Store Area (m^2)					
Homeware	**90,615**	93,964	94,852	94,602	92,214
Sporting Goods	**51,417**	53,204	53,714	53,714	53,812
Briscoe Group	**142,032**	147,168	148,566	148,316	146,026

Chairman's Review

We are pleased to present the Directors' Reports on the financial and operational performance of Briscoe Group Limited for the 52 week period ended 29 January 2012.

The 2011-12 year was again one of substantial growth for the Group and despite a continuation of the very challenging and competitive retail market in which the Group operates, we were delighted to announce, during March, a record full year profit for the Group. This result continues the strong profit growth generated by the Group for the previous two years and reflects the importance we place on managing the basics of the business as well as initiatives implemented during that time. Our constant focus on inventory management, cost control, promotional planning and operational structure, has been especially important and successful during the tough economic times encountered. This year's result represents an increase of 137% over the Net Profit After Tax (NPAT) achieved only three years ago at the height of the Global Financial Crisis and 27% ahead of last year's reported NPAT.

We strive to provide the customer with great product at exceptional prices, delivered through the best possible shopping experience. This past year presented some extraordinary events and challenges for the Group to contend with in delivering on these.

The Christchurch earthquakes shocked us all and our team in Canterbury has certainly risen to the challenge magnificently throughout this trying and difficult time.

The Rugby World Cup was a brilliant success for New Zealand on many levels and our Rebel Sport team took advantage of this opportunity superbly. We felt it was extremely important to support Kiwi sporting consumers by taking a stand against the differential pricing of the All Blacks replica jerseys. Feedback was overwhelmingly supportive of the actions the Managing Director took to reduce the jersey prices.

Our investment in new technology continued last year with the launch of fully transactional websites for all three of the Group's brands. This initiative provides a highly relevant and contemporary additional sales channel for our brands and offers an alternative shopping experience for our customers.

Notwithstanding numerous changes we have made to Living & Giving, a number of these stores continued to struggle, under the pressure of continued low levels of discretionary spending. Six of these stores were closed during the year as the leases expired and we will continue to closely monitor the performance of the remaining stores and make appropriate decisions as leases come up for renewal.

The Group is in a very strong financial position with $95 million of cash balances at year end and no interest-bearing liabilities. During the year we purchased properties for the Group in Nelson and Wellington, invested substantially in our ongoing store refurbishment programme, established our new websites and made increased levels of distributions to shareholders. We are currently progressing or considering proposals for additional property purchases and various Group expansion initiatives, and are active in pursuing and evaluating opportunities to generate increased future returns. Expansion through acquisition or store rollout will continue to be evaluated on the basis of the potential to add value to Briscoe Group and its shareholders.

Financial performance

Sales revenue was $438.04 million, compared with $419.29 million previously. On a same store same day basis, sales increased for the year by 8.0 percent.

Gross profit increased from $166.75 million to $173.10 million, equating to a gross profit margin of 39.5 percent compared with 39.8 percent for the previous year.

NPAT was $27.53 million compared to the $21.61 million for last year, an improvement of 27.4 percent on last year's reported NPAT.

The results were for the 52 week period from 31 January 2011 to 29 January 2012 compared to the 52 week period last year from 1 February 2010 to 30 January 2011.

Inventories were $62.06 million at 29 January 2012, being slightly below the $63.18 million reported for last year, reflecting the lower store numbers and also the constant focus on inventory that the Group has at all operating levels.

Net cash inflows from operating activities were $42.03 million, $3.23 million below those of last year, primarily as a result of higher total payments made to suppliers during the year due to differences in the timing of financial year end cut-off dates.

Net cash outflows from investing activities were $10.44 million reflecting the capital investment made in store relocations and refurbishments, web-store development and property purchases during the year.

Dividend

The directors have resolved to pay a final dividend of 6.50 cents per share (cps), fully imputed. When added to the interim dividend of 3.50 cps, this brings the total dividend for the year to 10.00 cps, representing 77% of the Group's tax paid earnings. During the last four years the Group has paid out 79% of tax paid earnings.

The directors have approved the final dividend payment date of 29 March 2012 and the share register will close to determine entitlements to the dividend at 5 pm on 23 March 2012.

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 1,600,000 options in the current 2012-13 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 2.8 percent of the current issued share capital.

The first four tranches of options, issued between 2003 and 2006 have now lapsed with no options being exercised. The fifth tranche expired on 14 December 2011 with 432,500 options being exercised from the original 1,139,000 options issued. The sixth tranche became exercisable at a price of $0.74 each from 28 November 2011. Of the 1,430,000 options issued in that tranche, 215,000 are still exercisable at the time of writing this report. The holders have until 28 November 2012 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 44) of the financial statements contained within this Annual Report.

Community Sponsorship

We pride ourselves on Briscoe Group being a responsible and socially aware corporate citizen. *Cure Kids*, as our charity of choice, is a cause that fits our values. Cure Kids has been funding life-saving research for 40 years and more than $26 million has been invested to improve the lives of children in New Zealand and around the world.

Briscoe Group has played a major part in their successes, having raised $2.5 million over the past 8 years. We proudly take part in a number of fundraising initiatives including; the "Add a Dollar" retail campaign, "Ticket to Hope" – a weekend for children who have illnesses that Cure Kids-funded research is striving to cure, "Red Nose Day" and Briscoe Group also hosted its annual golf day.

Alaister Wall, Deputy Managing Director of Briscoe Group continues as a director on the Board of Cure Kids, with support for the charity also coming from throughout the Group and from Group suppliers and other parties we work with.

Vicki Lee, Cure Kids CEO, recently spoke about Briscoe Group's ongoing involvement with Cure Kids. "We are incredibly grateful to the team at Briscoe Group – through the passion and commitment of your staff, we are able to help search for cures for the cruel illnesses affecting our Kiwi kids. You are playing a really important part in helping to improve, prolong and ultimately save the lives of not only our children but our children's children's grandchildren. You deserve to feel very proud about that."

As well as our alignment with Cure Kids we support a wide variety of local communities 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 employees to the Group's performance during the year. Their contributions are sincerely appreciated.

Rosanne Meo

Dame Rosanne Meo, CHAIRMAN

Managing Director's Review of Operations

Introduction

We are really pleased to have again improved the profits of the Group despite a continuation of the challenging retail environment we have faced for several years. This continued growth is the result of the consistent way we have managed the "basics" of the business, and of the success of the initiatives we implemented over the last three years, focusing on stock management and incentivisation of store management using a profit centre structure, as well as cost control and promotional planning.

Our inventory management continues to strengthen and this is reflected in increases in stock-turn across all of the Group's retail brands. By remaining focused on controlling stock assortments and stock levels the problems caused by unseasonable weather, which have affected a number of competitors during the summer trading period, have been mitigated. We remain committed to offering the best range of brands to our customers at the best prices and the relentless focus on stock management underpins this key goal.

The Profit Centre structure has continued to mature and as the store based Business Managers have improved their skill levels the results from many of the profit centres have improved. The levels of commitment and focus, which are driven at a local store level by our business model, have helped our stores gain a competitive edge over competitors.

The high New Zealand dollar throughout the year has again allowed the Group to invest in aggressive promotions without significant damage to our gross profit rate. Reinvesting the benefits driven by the strong dollar has helped the Group to increase market share by keeping compelling propositions on offer to customers throughout the year.

The Rugby World Cup presented both opportunities and challenges for our retail brands. Rebel Sport performed exceptionally well during the third quarter buoyed by sales of All Blacks and other licensed merchandise while the homeware division had to work harder to attract customers when so much disposable income was flowing into rugby or entertainment related areas. We were pleased with the performance of both divisions during the period of the Rugby World Cup.

Last year saw all three retail brands launch fully transactional websites. Early sales for the sites are encouraging and we look forward to growing sales through this important channel.

Our teams in Christchurch continued to work hard throughout the year to maintain the offer and service standards to customers despite numerous significant earthquake aftershocks. We are very proud of the team and the results they have produced during this prolonged period where trading has been difficult. The Briscoes Homeware store in Salisbury Street was demolished earlier in the year and we are delighted that construction is now underway on the same site to rebuild this store.

Having produced a record profit the Group's profit share scheme will once again provide significant rewards to a wide range of operational and support team members. This scheme can be expected to contribute to continuing the focus on further improving returns to shareholders in the coming year and beyond.

Homeware

In a tough trading environment Briscoes Homeware's promotional programme continued to drive customers into stores. During the year marketing spend was reallocated to add an additional layer to our promotional programme. We produced a television campaign to promote range and quality that improved customers' perception of Briscoes Homeware by allowing Tammy (the "Briscoes lady") to showcase added value products in inspirational settings without the normal reference to product and price. This layer of activity coupled with the normal aggressive promotional campaigns kept Briscoes Homeware front of mind with our customers.

During the year we relocated the Briscoes Homeware store in Nelson. The planned space realignment projects at Albany and Henderson were completed and are producing encouraging results. An equivalent project at Botany was partially completed prior to Christmas with the balance of work completed by the end of February. All of these major projects have delivered an improved experience to customers shopping at these locations.

As planned, we continued to close loss-making Living & Giving stores as leases allowed. During the year we exited stores at Tauranga, Britomart, Atrium, Botany Downs, Napier and Invercargill. Whenever possible the team from the closed Living & Giving stores were absorbed into our other local stores. The closures have been effectively managed with all stocks cleared on site prior to closure. Seven Living & Giving stores plus the web-site remain. Our goal is for this brand to become an increasingly strong web-based business supported by a small number of profitable bricks and mortar stores.

Sporting Goods

The highlight of the year for Rebel Sport was undoubtedly the interest and excitement in sport generated by the Rugby World Cup. While sales of licensed Rugby World Cup product were good it was critically important to manage stocks carefully to ensure that the event grew profit and not just sales. We did a great job in achieving this while at the same time, keeping inventories clean throughout the year.

The entrance to the market of a new outdoor retailer has resulted in increased competition in the fishing, camping and outdoor categories. Our offer in these categories at Rebel Sport remains relevant to our target customers and we will continue to drive growth in these areas.

The Rebel Sport stores at Nelson and Taupo were both relocated during the year. The Nelson store moved to a smaller site adjacent to the Briscoes Homeware store while the Taupo store relocated to new bigger premises enabling an improved product offering and higher sales and profit performance for this store. The planned space reductions at Albany, Henderson and Botany were all completed prior to Christmas. These stores are trading well from the reduced space with positive feedback

from customers. The Rebel Sport store at Colombo Street in Christchurch was closed for a short period in January 2012 to allow for minor repairs due to damage experienced during the December 2011 aftershocks. The store has reopened but due to its position close to the central business district, trading is still negatively impacted.

People and performance

Improving store standards is always a key focus for all stores because it has an immediate impact on our customers. To help drive the pace of this improvement a store-based training and development programme is being introduced this year to drive continuous learning and improvement. The programme is being developed, owned and delivered jointly by our Human Resources and Operations teams. During the first half of the year we will trial and develop the programme in a number of test stores before rolling out the programme to the rest of the business during the second half of the year and beyond.

Priorities and outlook for 2012/13

Profit growth will continue to be the focus, built around doing the basics even better than we do currently. Throughout the previous three years we have realised the benefits driven by focusing on people and product management.

Having successfully launched transactional websites for all three of the Group's retail brands, our goal is to significantly grow sales through this channel by making it convenient, easy and enjoyable for customers to shop on-line. Throughout the year we will increase the level of marketing to encourage customers to take advantage of these sites.

During this year we will undertake a significant number of property development projects. The relocation of Rebel Sport Hamilton Central, a new Rebel Sport store in Blenheim, and the re-build of our iconic Briscoes Homeware store at Salisbury Street in Christchurch are major projects that are planned to take place during the second and third quarters of the year. Major and minor refits of stores throughout the country will also occur, prioritised by anticipated returns. A key focus will be to replace the checkouts in ten stores with new units that free up valuable retail space while improving the customer service experience.

We do not envisage any significant changes during this year to the overall economic retailing environment, which we expect will continue to be difficult and volatile. However, we are pleased with the start we have made to our financial year and expect to continue to strengthen our position as New Zealand's leading retailer of homeware and sporting goods.

Rod Duke
GROUP MANAGING DIRECTOR

Financial Statements

The Board of Directors is pleased to present the Financial Statements for Briscoe Group Limited for the 52 week period ended 29 January 2012. The Financial Statements presented are signed for, and on behalf of, the Board, and were authorised for issue on the date below.

Dame Rosanne Meo	Rod Duke
CHAIRMAN	GROUP MANAGING DIRECTOR

9 March 2012

Income Statements

For the 52 week period ended 29 January 2012

	Notes	**Group** **Period ended 29 January 2012 $000**	Group Period ended 30 January 2011 $000	**Parent** **Period ended 29 January 2012 $000**	Parent Period ended 30 January 2011 $000
Sales revenue		**438,037**	419,294	**–**	–
Cost of goods sold		**(264,933)**	(252,548)	**–**	–
Gross profit		**173,104**	166,746	**–**	–
Other operating income	5	**81**	101	**35,570**	29,112
Store expenses		**(82,898)**	(83,365)	**–**	–
Administration expenses		**(53,621)**	(50,727)	**(14,062)**	(11,036)
Operating profit		**36,666**	32,755	**21,508**	18,076
Net finance income	5	**1,697**	1,415	**1,056**	1,034
Profit before income tax	5	**38,363**	34,170	**22,564**	19,110
Income tax expense	6	**(10,834)**	(12,558)	**(806)**	(782)
Net profit attributable to shareholders		**27,529**	21,612	**21,758**	18,328
Earnings per share for profit attributable to shareholders:					
Basic earnings per share (cents)	7	**13.0**	10.2	**10.2**	8.6
Diluted earnings per share (cents)	7	**12.6**	9.9	**10.0**	8.4

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

Statements of Comprehensive Income

For the 52 week period ended 29 January 2012

		Group		Parent	
		Period ended 29 January 2012	Period ended 30 January 2011	**Period ended 29 January 2012**	Period ended 30 January 2011
	Notes	**$000**	$000	**$000**	$000
Net Profit attributable to shareholders		**27,529**	21,612	**21,758**	18,328
Other comprehensive income:					
Fair value loss recycled to income statement		**3,963**	2,608	**–**	–
Fair value loss taken to the cashflow hedge reserve		**(3,103)**	(3,625)	**–**	–
Deferred tax on fair value hedge taken to income statement	14	**(1,110)**	(782)	**–**	–
Deferred tax on fair value transfers to cashflow hedge reserve	14	**869**	1,059	**–**	–
Total other comprehensive income		**619**	(740)	**–**	–
Total comprehensive income attributable to shareholders		**28,148**	20,872	**21,758**	18,328

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

Statements of Changes in Equity

For the 52 week period ended 29 January 2012

Group	Notes	Share capital $000	Cashflow hedge reserve $000	Share options reserve $000	Retained earnings $000	Total equity $000
Balance at 31 January 2010		40,625	(282)	580	86,698	127,621
Net profit attributable to shareholders		–	–	–	21,612	21,612
Other comprehensive income:						
Fair value loss recycled to income statement		–	2,608	–	–	2,608
Fair value loss taken to the cashflow hedge reserve		–	(3,625)	–	–	(3,625)
Deferred tax on fair value hedge taken to income statement	14	–	(782)	–	–	(782)
Deferred tax on fair value transfers to cashflow hedge reserve	14	–	1,059	–	–	1,059
Total comprehensive income for the period		–	(740)	–	21,612	20,872
Transactions with owners:						
Dividends paid	20	–	–	–	(16,972)	(16,972)
Share options charged to income statement	21	–	–	365	–	365
Transfer for share options lapsed and forfeited	21	–	–	(309)	309	–
Balance at 30 January 2011		40,625	(1,022)	636	91,647	131,886
Net profit attributable to shareholders		**–**	**–**	**–**	**27,529**	**27,529**
Other comprehensive income:						
Fair value loss recycled to income statement		**–**	**3,963**	**–**	**–**	**3,963**
Fair value loss taken to the cashflow hedge reserve		**–**	**(3,103)**	**–**	**–**	**(3,103)**
Deferred tax on fair value hedge taken to income statement	14	**–**	**(1,110)**	**–**	**–**	**(1,110)**
Deferred tax on fair value transfers to cashflow hedge reserve	14	**–**	**869**	**–**	**–**	**869**
Total comprehensive income for the period		**–**	**619**	**–**	**27,529**	**28,148**
Transactions with owners:						
Dividends paid	20	**–**	**–**	**–**	**(20,169)**	**(20,169)**
Share options charged to income statement	21	**–**	**–**	**406**	**–**	**406**
Share options exercised	21	**1,107**	**–**	**(166)**	**–**	**941**
Transfer for share options lapsed and forfeited	21	**–**	**–**	**(216)**	**216**	**–**
Balance at 29 January 2012		**41,732**	**(403)**	**660**	**99,223**	**141,212**

Parent	Notes	Share capital $000	Cashflow hedge reserve $000	Share options reserve $000	Retained earnings $000	Total equity $000
Balance at 31 January 2010		40,625	–	580	9,651	50,856
Net profit attributable to shareholders		–	–	–	18,328	18,328
Total comprehensive income for the period		–	–	–	18,328	18,328
Transactions with owners:						
Dividends paid	20	–	–	–	(16,972)	(16,972)
Share options charged to income statement	21	–	–	365	–	365
Transfer for share options lapsed and forfeited	21	–	–	(309)	309	–
Balance at 30 January 2011		40,625	–	636	11,316	52,577
Net profit attributable to shareholders		**–**	**–**	**–**	**21,758**	**21,758**
Total comprehensive income for the period		**–**	**–**	**–**	**21,758**	**21,758**
Transactions with owners:						
Dividends paid	20	**–**	**–**	**–**	**(20,169)**	**(20,169)**
Share options charged to income statement	21	**–**	**–**	**406**	**–**	**406**
Share options exercised	21	**1,107**	**–**	**(166)**	**–**	**941**
Transfer for share options lapsed and forfeited	21	**–**	**–**	**(216)**	**216**	**–**
Balance at 29 January 2012		**41,732**	**–**	**660**	**13,121**	**55,513**

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

Balance Sheets

As at 29 January 2012

		Group		Parent	
		29 January 2012	30 January 2011	**29 January 2012**	30 January 2011
	Notes	**$000**	$000	**$000**	$000
EQUITY					
Share capital	19	**41,732**	40,625	**41,732**	40,625
Cashflow hedge reserve	3(c),8	**(403)**	(1,022)	**–**	–
Share options reserve	21	**660**	636	**660**	636
Retained earnings		**99,223**	91,647	**13,121**	11,316
TOTAL EQUITY		**141,212**	131,886	**55,513**	52,577
LIABILITIES					
Non-current liabilities					
Employee benefits	17	**572**	518	**170**	102
Total non-current liabilities		**572**	518	**170**	102
Current liabilities					
Trade and other payables	15	**54,674**	49,891	**1,297**	619
Due to related parties	22	**–**	–	**7,280**	–
Provisions	16	**84**	92	**–**	–
Employee benefits	17	**7,109**	5,604	**2,061**	1,557
Taxation payable	14	**3,001**	1,892	**–**	–
Derivative financial instruments	3(c)	**653**	1,236	**–**	–
Total current liabilities		**65,521**	58,715	**10,638**	2,176
TOTAL LIABILITIES		**66,093**	59,233	**10,808**	2,278
TOTAL EQUITY AND LIABILITIES		**207,305**	191,119	**66,321**	54,855
ASSETS					
Non-current assets					
Investments in subsidiaries	11	**–**	–	**2,783**	2,783
Property, plant and equipment	12	**45,144**	42,201	**–**	–
Intangible assets	13	**1,254**	520	**–**	–
Deferred tax	14	**770**	544	**267**	159
Total non current assets		**47,168**	43,265	**3,050**	2,942
Current assets					
Cash and cash equivalents	8	**95,337**	82,794	**24,005**	31,655
Trade and other receivables	9	**2,622**	1,862	**1,039**	687
Due from related parties	22	**–**	–	**38,011**	19,288
Inventories	10	**62,057**	63,177	**–**	–
Taxation receivable	14	**–**	–	**216**	283
Derivative financial instruments	3(c)	**121**	21	**–**	–
Total current assets		**160,137**	147,854	**63,271**	51,913
TOTAL ASSETS		**207,305**	191,119	**66,321**	54,855

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

Statements of Cash Flows

For the 52 week period ended 29 January 2012

		Group		Parent	
		Period ended 29 January 2012	Period ended 30 January 2011	**Period ended 29 January 2012**	Period ended 30 January 2011
	Notes	**$000**	$000	**$000**	$000
OPERATING ACTIVITIES					
Cash was provided from					
Receipts from customers		**437,516**	419,862	**–**	–
Rent received		**76**	96	**–**	–
Dividends received		**5**	5	**20,169**	16,972
Interest received		**1,690**	1,151	**1,080**	822
Management fees received		**–**	–	**15,214**	11,525
Net GST received		**–**	–	**382**	345
		439,287	421,114	**36,845**	29,664
Cash was applied to					
Payments to suppliers		**(327,816)**	(303,694)	**(5,231)**	(3,498)
Payments to employees		**(46,157)**	(47,442)	**(7,742)**	(7,278)
Interest paid		**(33)**	(6)	**(4)**	(6)
Net GST paid		**(13,059)**	(12,592)	**–**	–
Income tax paid		**(10,192)**	(12,116)	**(847)**	(1,054)
		(397,257)	(375,850)	**(13,824)**	(11,836)
Net cash inflows from operating activities		**42,030**	45,264	**23,021**	17,828
INVESTMENT ACTIVITIES					
Cash was provided from					
Proceeds from sale of property, plant and equipment		**82**	8	**–**	–
		82	8	**–**	–
Cash was applied to					
Purchase of property, plant and equipment	12	**(9,340)**	(4,539)	**–**	–
Purchase of intangible assets	13	**(1,178)**	(256)	**–**	–
		(10,518)	(4,795)	**–**	–
Net cash (outflows) from investment activities		**(10,436)**	(4,787)	**–**	–
FINANCING ACTIVITIES					
Cash was provided from					
Issue of new shares	19	**941**	–	**941**	–
		941	–	**941**	–
Cash was applied to					
Advances to subsidiaries		**–**	–	**(11,443)**	(6,870)
Dividends paid	20	**(20,169)**	(16,972)	**(20,169)**	(16,972)
		(20,169)	(16,972)	**(31,612)**	(23,842)
Net cash (outflows) from financing activities		**(19,228)**	(16,972)	**(30,671)**	(23,842)
Net increase (decrease) in cash and cash equivalents		**12,366**	23,505	**(7,650)**	(6,014)
Cash and cash equivalents at beginning of period		**82,794**	59,250	**31,655**	37,669
Foreign cash balance cash flow hedge adjustment		**177**	39	**–**	–
Cash and cash equivalents at period end	8	**95,337**	82,794	**24,005**	31,655

Statements of Cash Flows continued

For the 52 week period ended 29 January 2012

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT				
Reported net profit attributable to shareholders	**27,529**	21,612	**21,758**	18,328
Items not involving cash flows				
Depreciation and amortisation expense	**6,203**	7,319	**–**	–
Adjustment for fixed increase leases	**(143)**	(191)	**–**	–
Impact of statutory change in depreciation on buildings	**(95)**	2,484	**–**	–
Bad debts and movement in doubtful debts	**27**	28	**–**	–
Inventory adjustments	**601**	(896)	**–**	–
Amortisation of executive share options cost	**406**	365	**406**	365
(Gain)/loss on disposal of assets	**(34)**	255	**–**	–
	6,965	9,364	**406**	365
Impact of changes in working capital items				
Decrease (increase) in trade and other receivables	**(787)**	420	**(352)**	(58)
Decrease (increase) in inventories	**519**	1,072	**–**	–
Increase (decrease) in taxation payable	**1,109**	(1,981)	**67**	(297)
Increase (decrease) in trade payables	**3,498**	17,528	**256**	138
Increase (decrease) in other payables and accruals	**3,197**	(2,751)	**886**	(648)
	7,536	14,288	**857**	(865)
	42,030	45,264	**23,021**	17,828

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

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

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 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 52 week period 31 January 2011 to 29 January 2012 and provide balance sheets as at 29 January 2012. The comparative period is in respect of the 52 week period 1 February 2010 to 30 January 2011. The Group operates on a weekly trading and reporting cycle resulting in 52 weeks for most years with a 53 week year occurring once every 6 years.

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 tangible and intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1(h) and as disclosed in Notes 12 and 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. If outcomes within the next financial year are significantly different from assumptions, this could result in adjustments to carrying amounts of the asset or liability affected.

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 as disclosed in Note 12.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Briscoe Group Limited as at 29 January 2012 and the results of all subsidiaries for the 52 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 Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this 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 CODM reviews finance income on a net basis.

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 Parent holding company is not considered to be a reportable operating segment and as such eliminations and unallocated amounts within Note 4 are primarily attributable to the Parent. The corporate structure of the Group also reflects these segments with its two trading subsidiaries, Briscoes (NZ) Limited and The Sports Authority Limited (trading as Rebel Sport). Financial details of these segments are outlined in Note 4.

(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 period-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-proportionate basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

(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 New Zealand, being 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

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 and whenever there is an indication of an impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

(k) Inventories

Inventories are stated at the lower of cost and 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. Regular purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset.

(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.

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

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.

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 estimated residual values, over their estimated useful lives, as follows:

- Freehold Buildings 33 years
- Plant and equipment 3 – 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 tested for impairment annually and whenever there is an indication that the brand may be impaired.

Software

Software costs have a finite useful life. Software costs are capitalised and amortised on a straight-line basis over the estimated useful economic life of 2 to 5 years. All software has been acquired externally.

(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 statements, statements of comprehensive income and statements of cash flows have been prepared exclusive of GST. All items in the balance sheets are stated net of GST, with the exception of trade receivables and trade payables, which include GST invoiced.

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

(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.

(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.

(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 (Note 1(i));
- 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 were applied during the period;

- ***NZ IAS 24: Related Party (Revised)***
  The revised standard clarifies and simplifies the definition of a related party which may result in additional related parties being identified. Management have reviewed the clarification and no further related parties have been identified for the Group. There are no changes in the presentation of these financial statements as a result of the revised standard.

Certain new standards, amendments and interpretations of existing standards have been published that are mandatory for later periods and which the Company has not early adopted. These will be applied by the Company in the mandatory periods listed below. The key item applicable to the Company is:

- ***NZ IFRS 9: Financial Instruments*** (mandatory for periods beginning on or after 1 January 2013)
  The amended standard replaces the multiple classification and measurements models in *IAS 39 Financial Instruments: Recognition and Measurements* with a single model that has only two classification categories of financial assets; amortised cost and fair value. The classification model is driven by the entity's business model for managing the financial assets and the contractual cashflow characteristics of the financial assets. This will affect future financial statements through disclosure only as the recognition and measurement guidance relating to financial liabilities is unchanged from NZ IAS 39. The Group will apply this standard in the 2013/14 financial year.

There are no other standards, amendments or interpretations to existing standards which have been issued, but are not yet effective, which are expected to impact the Group.

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 (such as 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.

(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 forward foreign exchange contracts 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 and affects profit when the underlying inventory to which the derivatives relate, is sold.

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

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

Group **As at 29 January 2012**	**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	**(54,674)**	**–**	**–**	**–**	**(54,674)**	**(54,674)**
Forward foreign exchange contracts						
Cash flow hedges:						
– outflow	**(14,326)**	**(9,499)**	**(3,029)**	**(313)**	**(27,167)**	
– inflow	**13,730**	**9,516**	**3,079**	**310**	**26,635**	
– Net	**(596)**	**17**	**50**	**(3)**	**(532)**	**(532)**

As at 30 January 2011	**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	(49,891)	–	–	–	(49,891)	(49,891)
Forward foreign exchange contracts						
Cash flow hedges:						
– outflow	(8,662)	(8,564)	(10,477)	(1,676)	(29,379)	
– inflow	8,117	8,182	10,209	1,656	28,164	
– Net	(545)	(382)	(268)	(20)	(1,215)	(1,215)

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

Parent **As at 29 January 2012**	**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	**(1,297)**	**–**	**–**	**–**	**(1,297)**	**(1,297)**

As at 30 January 2011	**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	(619)	–	–	–	(619)	(619)

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 rated, Board approved 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 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Current assets				
Forward foreign exchange contracts	**121**	21	**–**	–
Total current derivative financial instrument assets	**121**	21	**–**	–
Current liabilities				
Forward foreign exchange contracts	**653**	1,236	**–**	–
Total current derivative financial instrument liabilities	**653**	1,236	**–**	–

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 $121,038 (2011: $21,141) and liabilities of $653,339 (2011: $1,236,152) and together are included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net loss of $383,257 (2011: net loss $874,808). 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 $20,157 (2011: net loss of $147,329), 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 (2011: Nil).

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

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 (2011: level 2) as all significant inputs required to ascertain the fair value of these derivatives are observable (refer Note 1(n)). The carrying value is a reasonable approximation for fair value for trade and other receivables, trade and other payables and related parties payables and receivables.

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 term liquidity position is monitored daily by management and surplus funds placed on call or short-term deposit with high credit rated, Board approved financial institutions only.

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

Sensitivity analysis

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

- Proportional foreign exchange rate movement of –15% (depreciation of NZD) and +10% (appreciation of NZD) against the USD, from the year-end rate of 0.8225,
- A shift of between +1% and -0.5% in market interest rates from the year-end weighted average deposit rate of 3.00%.

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

As at 29 January 2012

Group	Carrying amount	Interest rate				Foreign exchange rate			
		-0.5%		+1%		-15%		+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.]	95,337	(477)	(477)	953	953	–	87	–	(45)
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	121	–	–	–	–	–	1,482	–	(695)
Financial liabilities:									
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	653	–	–	–	–	–	3,446	–	(1,672)
Total increase / (decrease)		(477)	(477)	953	953	–	5,015	–	(2,412)

Receivables and payables have not been included above as they are denominated in NZD and are non-interest bearing and therefore not subject to market risk.

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 $953,367. For a -0.5% movement in interest rates the sensitivity is ($476,684).*
2. *Derivatives designated as cashflow hedges are foreign exchange contracts and foreign currencies 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 -15% / +10% shift in the NZD:USD foreign exchange rate has an impact of $5,014,799 / ($2,412,139) on derivative valuation. There is no profit and loss sensitivity as the hedges are 100% effective.*

As at 29 January 2012

Parent	Carrying amount	Interest rate			
		-0.5%		+1%	
		Profit	Equity	Profit	Equity
	$000	$000	$000	$000	$000
Financial assets:					
Cash and cash equivalents[1.]	24,005	(120)	(120)	240	240
Total increase / (decrease)		(120)	(120)	240	240

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 $240,051. For a -0.5% movement in interest rates the sensitivity is ($120,026).*

As at 30 January 2011

Group

	Carrying amount	Interest rate -0.5%		Interest rate +1%		Foreign exchange rate -10%		Foreign exchange rate +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.]	82,794	(414)	(414)	828	828	–	367	–	(189)
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	21	–	–	–	–	–	473	–	(238)
Financial liabilities:									
Derivatives – designated as. cashflow hedges (Forward foreign exchange contracts)[2.]	1,236	–	–	–	–	–	4,588	–	(2,338)
Total increase / (decrease)		(414)	(414)	828	828	–	5,428	–	(2,765)

Receivables and payables have not been included above as they are denominated in NZD and are non-interest bearing and therefore not subject to market risk.

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 $827,942. For a -0.5% movement in interest rates the sensitivity is ($413,971).*
2. *Derivatives designated as cashflow hedges are foreign exchange contracts and foreign currencies 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 -15% / +10% shift in the NZD:USD foreign exchange rate has an impact of $5,428,160 / ($2,765,025) on derivative valuation. There is no profit and loss sensitivity as the hedges are 100% effective.*

As at 30 January 2011

Parent	Carrying amount	Interest rate -0.5%		Interest rate +1%	
		Profit	Equity	Profit	Equity
	$000	$000	$000	$000	$000
Financial assets:					
Cash and cash equivalents[1.]	31,655	(158)	(158)	316	316
Total increase / (decrease)		(158)	(158)	316	316

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 $316,550. For a -0.5% movement in interest rates the sensitivity is ($158,275).*

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For the 52 week period ended 29 January 2012

Financial instruments by category

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

As at 29 January 2012	**Group**			**Parent**		
	Loans and receivables $000	**Derivatives used for hedging $000**	**Total $000**	**Loans and receivables $000**	**Derivatives used for hedging $000**	**Total $000**
Assets as per balance sheet						
Cash and cash equivalents	**95,337**	**–**	**95,337**	**24,005**	**–**	**24,005**
Trade receivables	**1,678**	**–**	**1,678**	**202**	**–**	**202**
Due from related parties	**–**	**–**	**–**	**30,731**	**–**	**30,731**
Derivative financial instruments	**–**	**121**	**121**	**–**	**–**	**–**
Total	**97,015**	**121**	**97,136**	**54,938**	**–**	**54,938**

	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	**54,674**	**–**	**54,674**	**1,297**	**–**	**1,297**
Derivative financial instruments	**–**	**653**	**653**	**–**	**–**	**–**
Total	**54,674**	**653**	**55,327**	**1,297**	**–**	**1,297**

As at 30 January 2011	Group			Parent		
	Loans and receivables $000	Derivatives used for hedging $000	Total $000	Loans and receivables $000	Derivatives used for hedging $000	Total $000
Assets per balance sheet						
Cash and cash equivalents	82,794	–	82,794	31,655	–	31,655
Trade receivables	1,059	–	1,059	249	–	249
Due from related parties	–	–	–	19,288	–	19,288
Derivative financial instruments	–	21	21	–	–	–
Total	83,853	21	83,874	51,192	–	51,192

	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	49,891	–	49,891	619	–	619
Derivative financial instruments	–	1,236	1,236	–	–	–
Total	49,891	1,236	51,127	619	–	619

3.2 Capital risk management

The Group's objective when managing capital is to optimise the balance between maximising shareholder wealth and ensuring the Group is able to operate competitively with the flexibility to take advantage of growth opportunities as they arise. In order to meet these objectives the Group may adjust the amount of dividend payment made to shareholders and/or seek to raise capital through debt and/or equity. 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 solely 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 (2011: 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 below. 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 (trading as Rebel Sport).

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

For the period ended 29 January 2012	**Homeware $000**	**Sporting goods $000**	**Eliminations/ Unallocated $000**	**Total Group $000**
INCOME STATEMENT				
Total sales revenue	**294,442**	**143,595**	**–**	**438,037**
Gross profit	**117,589**	**55,515**	**–**	**173,104**
Earnings before interest and tax	**26,169**	**9,158**	**1,339**	**36,666**
Net finance income	**11**	**630**	**1,056**	**1,697**
Income tax expense	**(7,267)**	**(2,761)**	**(806)**	**(10,834)**
Net profit after tax	**18,913**	**7,027**	**1,589**	**27,529**
BALANCE SHEET ITEMS:				
Assets	**124,555**	**65,147**	**17,603**	**207,305**
Liabilities	**79,704**	**21,517**	**(35,128)**	**66,093**
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	**8,185**	**2,333**	**–**	**10,518**
Depreciation and amortisation	**4,072**	**2,131**	**–**	**6,203**

For the period ended 30 January 2011	Homeware $000	Sporting goods $000	Eliminations/ Unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	286,693	132,601	–	419,294
Gross profit	114,952	51,794	–	166,746
Earnings before interest and tax	24,534	7,117	1,104	32,755
Net finance income	24	357	1,034	1,415
Income tax expense	(9,440)	(2,336)	(782)	(12,558)
Net profit after tax	15,118	5,138	1,356	21,612
BALANCE SHEET ITEMS:				
Assets	102,277	57,171	31,671	191,119
Liabilities	56,818	20,568	(18,153)	59,233
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	3,504	1,291	–	4,795
Depreciation and amortisation expense	4,771	2,548	–	7,319
Impact of statutory change in depreciation on buildings included in income tax expense	2,484	–	–	2,484

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

5. Income and expenses

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Profit before income tax includes the following specific income and expenses:				
Income				
Rental income	**76**	96	**–**	–
Dividends received	**5**	5	**20,169**	16,972
Management fees	**–**	–	**15,401**	12,140
Finance income	**1,730**	1,421	**1,060**	1,040
Expenses				
Operating lease rental expense	**26,736**	28,295	**–**	–
Bad debts written off	**27**	27	**–**	–
Amounts paid to auditors:				
Statutory Audit	**80**	80	**80**	80
Half year review	**20**	20	**20**	20
Other assurance services	**–**	–	**–**	–
Directors' fees	**170**	176	**170**	176
Share options expense (refer Note 21)	**406**	365	**406**	365
Wages, salaries and other short term benefits	**48,122**	45,926	**8,720**	7,265
(Gain) / loss on disposal of property, plant and equipment	**(34)**	255	**–**	–
Inventory writedown expense	**1,580**	1,260	**–**	–
Finance expense	**33**	6	**4**	6
Depreciation of property, plant and equipment	**5,760**	6,171	**–**	–
Amortisation of software costs	**443**	1,148	**–**	–

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

6. Income tax expense

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
(a) Income tax expense				
Current tax expense:				
Current tax	**10,648**	9,660	**753**	543
Adjustments for prior years	**653**	474	**161**	215
	11,301	10,134	**914**	758
Deferred tax expense:				
(Increase) / Decrease in future tax benefit current year	**143**	736	**42**	219
Impact from reduction in tax rate from 30% to 28% (i)	**–**	10	**–**	11
Impact of statutory change in depreciation on buildings (ii)	**–**	2,484	**–**	–
Adjustments for prior years	**(610)**	(806)	**(150)**	(206)
	(467)	2,424	**(108)**	24
Total income tax expense	**10,834**	12,558	**806**	782
(b) Reconciliation of income tax expense to tax rate applicable to profits				
Profit before income tax expense	**38,363**	34,170	**22,564**	19,110
Tax at the corporate rate of 28% (2011: 30%)	**10,742**	10,251	**6,318**	5,733
Tax effect of amounts which are either non-deductible or non-assessable in calculating taxable income:				
Income not subject to tax	**(16)**	(17)	**(5,648)**	(5,092)
Expenses not deductible for tax	**160**	162	**125**	121
Impact of reduction in tax rate from 30% to 28% (i)	**–**	10	**–**	11
Impact of statutory change in depreciation on buildings (ii)	**–**	2,484	**–**	–
Prior period adjustments	**(52)**	(332)	**11**	9
Total income tax expense	**10,834**	12,558	**806**	782

The Group has no tax losses (2011: Nil) and no unrecognised temporary differences (2011: Nil)

(i) As a result of the change in the NZ corporate tax rate from 30% to 28% that was enacted on 27 May 2010 and that became effective from 31 January 2011, the relevant deferred tax balances were re-measured. Deferred tax expected to reverse in the period to 29 January 2012 or later was measured using the effective rate that would apply for the period, being 28%.

(ii) As a result of the change in tax legislation that was enacted on 27 May 2010 and that became effective from 31 January 2011, being the beginning of the 2011/12 income year, the tax depreciation rate on buildings with an estimated useful life of 50 years or more was reduced to 0%. This reduction in the tax depreciation rate significantly reduced the tax base of the Group's buildings as future tax deductions for building depreciation were no longer available. This resulted in an increase to the deferred tax liability in relation to buildings by $2,483,721 which was recognised in the tax expense for the year ended 30 January 2011.

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 29 January 2012	Period ended 30 January 2011	**Period ended 29 January 2012**	Period ended 30 January 2011
Net profit attributable to shareholders ($000)	**27,529**	21,612	**21,758**	18,328
Basic				
Weighted average number of ordinary shares on issue (thousands)	**212,460**	212,150	**212,460**	212,150
Basic earnings per share	**13.0 cents**	10.2 cents	**10.2 cents**	8.6 cents
Diluted				
Weighted average number of ordinary shares on issue adjusted for share options issued but not exercised (thousands)	**217,790**	217,341	**217,790**	217,341
Diluted earnings per share	**12.6 cents**	9.9 cents	**10.0 cents**	8.4 cents

8. Cash and cash equivalents

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Cash at bank or in hand	**95,337**	82,794	**24,005**	31,655

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

At 29 January 2012 the Group had purchased foreign currency equivalent of NZ$ 0.494 million (2011: NZ$ 2.097 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)
Foreign currency 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.

In respect of foreign currency balances that 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 $27,996 (2011: losses of $204,623) 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 $20,157 (2011: net loss of $147,329). The cash flow hedge reserve, net of deferred tax, from forward foreign exchange contracts used as hedges, represents a net loss of $383,257 (2011: net loss of $874,808), refer note 3(c).

In respect of foreign currency balances that 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 (2011: Nil).

9. Trade and other receivables

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Trade receivables	**692**	523	**–**	–
Provision for impaired receivables	**(2)**	(7)	**–**	–
Net trade receivables	**690**	516	**–**	–
Prepayments	**944**	803	**837**	438
Other receivables	**988**	543	**202**	249
Total trade and other receivables	**2,622**	1,862	**1,039**	687

The fair value of trade and other receivables approximates their carrying value.
No interest is charged on trade receivables.

As at 29 January 2012, trade receivables of $20,126 (2011: $37,706) 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 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Months past due:				
0 – 3	**20**	37	**–**	–
4 – 6	**–**	–	**–**	–
6 +	**–**	1	**–**	–
Total	**20**	38	**–**	–

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

As at 29 January 2012, trade receivables of $1,756 (2011: $6,864) were considered impaired. The amount of the provision is $1,756 (2011: $6,864). 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 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Months past due:				
0 – 3	**–**	–	**–**	–
4 – 6	**–**	–	**–**	–
6 +	**2**	7	**–**	–
Total	**2**	7	**–**	–

Movements in the provision for impaired receivables are shown below:

	Group		**Parent**	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Opening balance	**7**	6	**–**	–
Provision for impaired receivables	**2**	5	**–**	–
Receivables written off during the year	**(7)**	(1)	**–**	–
Unused amounts reversed	**–**	(3)	**–**	–
Closing balance	**2**	7	**–**	–

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 stated above. The Group does not hold any collateral as security.

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10. Inventories

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Finished goods	**65,144**	65,752	**–**	–
Inventory adjustments	**(3,087)**	(2,575)	**–**	–
Net inventories	**62,057**	63,177	**–**	–

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

11. Investments in subsidiaries

(a) Investments

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Shares in subsidiaries	**–**	–	**2,783**	2,783
Total Investments in subsidiaries	**–**	–	**2,783**	2,783

(b) Principal subsidiaries

Name	**Activity**	**2012 Interest**	2011 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.

12. Property, plant and equipment

Group	Freehold land $000	Freehold buildings $000	Plant and equipment $000	Total $000
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
Period ended 30 January 2011				
Opening net book value	13,046	9,776	21,274	44,096
Additions	203	722	3,614	4,539
Disposals	–	–	(263)	(263)
Depreciation charge	–	(382)	(5,789)	(6,171)
Closing net book value	13,249	10,116	18,836	42,201
At 30 January 2011				
Cost	13,249	12,947	76,768	102,964
Accumulated depreciation	–	(2,831)	(56,813)	(59,644)
Accumulated impairment	–	–	(1,119)	(1,119)
Net book value	13,249	10,116	18,836	42,201
Period ended 29 January 2012				
Opening net book value	**13,249**	**10,116**	**18,836**	**42,201**
Additions	**2,869**	**1,671**	**4,800**	**9,340**
Disposals	**–**	**–**	**(637)**	**(637)**
Depreciation charge	**–**	**(409)**	**(5,351)**	**(5,760)**
Transfers	**–**	**(90)**	**90**	**–**
Closing net book value	**16,118**	**11,288**	**17,738**	**45,144**
At 29 January 2012				
Cost	**16,118**	**14,453**	**75,878**	**106,449**
Accumulated depreciation	**–**	**(3,165)**	**(57,761)**	**(60,926)**
Accumulated impairment	**–**	**–**	**(379)**	**(379)**
Net book value	**16,118**	**11,288**	**17,738**	**45,144**

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 $36.66 million (2011: $32.14 million).

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Christchurch earthquakes

As a result of the Christchurch earthquakes certain fixtures and fittings were damaged. The most severely damaged store was the Briscoes Homeware store at Salisbury Street which was fully demolished by June 2011. This was not a Group owned store. The landlord was fully insured and work is well underway to rebuild the Briscoe Homeware store. The Group fixtures and fittings which were damaged as a result of the earthquakes were fully insured and no significant loss or gain on these is expected.

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.

Based on impairment testing carried out by management, no CGUs (other than those previously identified as requiring an impairment adjustment) within the Group's operating segments 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 no impairment adjustment has been recognised in the income statement (2011: Nil).

13. Intangible assets

Group	Computer Software $000	Brands $000	Total $000
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
Period ended 30 January 2011			
Opening net book amount	1,412	–	1,412
Additions	256	–	256
Disposals	–	–	–
Amortisation charge	(1,148)	–	(1,148)
Impairment adjustment	–	–	–
Closing net book amount	520	–	520
At 30 January 2011			
Cost	5,326	–	5,326
Accumulated amortisation	(4,806)	–	(4,806)
Accumulated impairment	–	–	–
Net book amount	520	–	520
Period ended 29 January 2012			
Opening net book amount	**520**	**–**	**520**
Additions	**1,178**	**–**	**1,178**
Disposals	**(1)**	**–**	**(1)**
Amortisation charge	**(443)**	**–**	**(443)**
Impairment adjustment	**–**	**–**	**–**
Closing net book amount	**1,254**	**–**	**1,254**
At 29 January 2012			
Cost	**6,474**	**–**	**6,474**
Accumulated amortisation	**(5,220)**	**–**	**(5,220)**
Accumulated impairment	**–**	**–**	**–**
Net book amount	**1,254**	**–**	**1,254**

The Parent has no intangible assets.

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.

During the period ended 30 January 2010 the Living & Giving brand was fully impaired which was recognised in the income statement. There were no factors identified that might indicate a reversal of the impairment during the period. (2011: Nil)

14. Taxation

(a) Deferred tax benefit

Group

	Depreciation $000	Provisions $000	Deritative financial instruments $000	Total $000
At 31 January 2010	1,098	1,472	121	2,691
Charged to the income statement	(2,184)	(240)	–	(2,424)
Credited to other comprehensive income	–	–	277	277
At 30 January 2011	(1,086)	1,232	398	544
Credited to the income statement	**109**	**358**	**–**	**467**
Charged to other comprehensive income	**–**	**–**	**(241)**	**(241)**
At 29 January 2012	**(977)**	**1,590**	**157**	**770**

Parent

	Depreciation $000	Provisions $000	Derivative financial instruments $000	Total $000
At 31 January 2010	–	183	–	183
Charged to the income statement	–	(24)	–	(24)
At 30 January 2011	–	159	–	159
Credited to the income statement	**–**	**108**	**–**	**108**
At 29 January 2012	**–**	**267**	**–**	**267**

Net deferred tax asset / (liability)	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Deferred tax assets				
– to be recovered within 12 months	**1,309**	1,205	**220**	131
– to be recovered after more than 12 months	**1,763**	1,784	**47**	28
	3,072	2,989	**267**	159
Deferred tax liabilities				
– to be settled within 12 months	**(106)**	(158)	**–**	–
– to be settled after more than 12 months	**(2,196)**	(2,287)	**–**	–
	(2,302)	(2,445)	**–**	–
Deferred tax asset (net)	**770**	544	**267**	159

(b) Taxation (payable)/receivable	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Movements:				
Balance at beginning of period	**(1,892)**	(3,873)	**283**	(13)
Current tax	**(11,301)**	(10,134)	**(914)**	(758)
Tax paid	**9,923**	11,885	**578**	824
Foreign investor tax credit (FITC)	**269**	230	**269**	230
Balance at end of period	**(3,001)**	(1,892)	**216**	283

15. Trade and other payables

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Trade payables	**43,498**	40,000	**454**	198
Other payables and accruals	**11,176**	9,891	**843**	421
Total trade and other payables	**54,674**	49,891	**1,297**	619

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

16. Provisions

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Balance at beginning of period	**92**	53	**–**	–
Charged to income statement	**84**	92	**–**	–
Used during the period	**(92)**	(53)	**–**	–
Balance at end of period	**84**	92	**–**	–

Provisions shown above relate to returns in relation to sales of goods directly imported by the Group. Provisions relating to inventory, receivables and employee benefits have been treated as part of those specific balances. There are no other provisions relating to these financial statements.

Provisions have been classified as current as they are expected to be fully utilised in the next twelve months.

17. Employee Benefits

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

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
(a) Non-current liabilities				
Balance at beginning of period	**518**	461	**102**	73
Charged to income statement	**135**	122	**78**	33
Used during the period	**(81)**	(65)	**(10)**	(4)
Balance at end of period	**572**	518	**170**	102
(b) Current liabilities				
Balance at beginning of period	**5,604**	7,716	**1,557**	1,782
Charged to income statement	**7,851**	6,600	**1,997**	1,598
Used during the period	**(6,346)**	(8,712)	**(1,493)**	(1,823)
Balance at end of period	**7,109**	5,604	**2,061**	1,557

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

18. Imputation credits

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Imputation credit account balance	**45,347**	43,746	**22,901**	6,010
Imputation credit account movements:				
Balance at beginning of period	**43,746**	39,671	**6,010**	5,051
Tax payments, net of refunds	**9,769**	11,798	**16,648**	731
Credits attached to dividends received	**2**	1	**8,413**	7,952
Distributed and disposed	**(8,170)**	(7,724)	**(8,170)**	(7,724)
Balance at end of period	**45,347**	43,746	**22,901**	6,010

19. Share capital

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 and no par value.

	Group and Parent			
	No. of authorised shares		Share capital	
	Period ended 29 January 2012 Shares	Period ended 30 January 2011 Shares	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Opening ordinary shares	**212,150,000**	212,150,000	**40,625**	40,625
Issue of ordinary shares during the period:				
Exercise of options	**897,500**	–	**1,107**[1.]	–
Balance at end of period	**213,047,500**	212,150,000	**41,732**	40,625

1. *When options are exercised the amount in the share options reserve relating to those options exercised of $165,937 (2011: Nil), together with the exercise price paid by the employee $940,950 (2011: Nil), is transferred to share capital.*

20. Dividends paid

	Group and Parent			
	Period ended 29 January 2012 Cents per share	Period ended 30 January 2011 Cents per share	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Interim dividend for the period ended 29 January 2012	**3.50**	–	**7,440**	–
Final dividend for the period ended 30 January 2011	**6.00**	–	**12,729**	–
Interim dividend for the period ended 30 January 2011	**–**	3.00	**–**	6,365
Final dividend for the period ended 31 January 2010	**–**	5.00	**–**	10,607
	9.50	8.00	**20,169**	16,972

All dividends paid were fully imputed. Supplementary dividends of $269,480 (2011: $230,258) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

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 within 5 days of the date they are exercised.

During the financial year the Company issued 1,437,000 options (2011: 1,505,000) to senior executives.

The fair value of these options is estimated at $312,260 (2011: $402,889) under the Black Scholes valuation model using the following inputs and assumptions:

- Risk free interest rate 3.31% (2011: 4.09%)
- Expected dividend yield 7.26% (2011: 6.06%)
- Expected life (years) 3.48 (2011: 3.47)
- Share price at grant date $1.40 (2011: $1.32)
- Exercise price $1.38 (2011: $1.30)
- Expected share volatility 32.50% (2011: 35.00%)

The expected share volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the options.

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 $406,025 (2010: $365,177) which represents this amortisation.

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

	Period ended 29 January 2012		Period ended 30 January 2011	
	Average exercise price $ per share	**Options 000**	Average exercise price $ per share	Options 000
Balance at beginning of year	**1.08**	**5,457**	1.09	5,102
Issued	**1.38**	**1,437**	1.30	1,505
Forfeited	**1.10**	**(489)**	0.92	(130)
Exercised	**1.05**	**(898)**	–	–
Lapsed	**1.38**	**(554)**	1.48	(1,020)
Balance at end of year	**1.14**	**4,953**	1.08	5,457

Weighted average share price for options exercised during the period $1.40 (2011: Nil)

Of the 4,953,000 outstanding options, 820,000 are currently exercisable (2011: 1,077,000).

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

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 29 January 2012 000	Period ended 30 January 2011 000
December 2011	December 2010	$1.38	–	1,077
November 2012	November 2011	$0.74	**820**	1,380
November 2013	November 2012	$0.95	**1,348**	1,495
October 2014	October 2013	$1.30	**1,348**	1,505
October 2015	October 2014	$1.38	**1,437**	–
Total share options outstanding			**4,953**	5,457

The weighted average remaining contractual life of options outstanding at the end of the period was 2.47 years (2011: 2.48)

Share options reserve	**Group**		**Parent**	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Balance at beginning of year	**636**	580	**636**	580
Current year amortisation	**406**	365	**406**	365
Options forfeited and lapsed transferred to retained earnings	**(216)**	(309)	**(216)**	(309)
Options exercised transferred to share capital	**(166)**	–	**(166)**	–
Balance at end of year	**660**	636	**660**	636

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 29 January 2012 $000	Period ended 30 January 2011 $000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	**10,260**	8,198
The Sports Authority Limited (trading as Rebel Sport)	**5,141**	3,942
Total management fees	**15,401**	12,140
Dividends received by the Company from Briscoes (NZ) Limited	**20,169**	16,972

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

	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000
Loan from the Company to Briscoes (NZ) Limited	**38,011**	19,284
Loan (to) / from the Company (from) / to The Sports Authority Limited (trading as Rebel Sport)	**(7,280)**	4
Total loans from the Company to subsidiaries	**30,731**	19,288

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

- The RA Duke Trust, of which RA Duke and AJ Wall are trustees, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments of $574,500 (2011: $546,999) from the Group, under an agreement to lease premises to The Sports Authority Limited (trading as Rebel Sport).
- The RA Duke Trust received dividends of $15,158,369 (2011: $12,727,600).
- P Duke, spouse of the Managing Director, received payments of $65,000 (2011: $65,000) in relation to her employment as an overseas buying specialist with Briscoe Group Limited.
- The Hualien Trust, of which P Duke is a trustee, received dividends of $120,175 (2011: $101,200)

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

	Period ended 29 January 2012		Period ended 30 January 2011	
	Directors' Fees $000	**Dividends $000**	Directors' Fees $000	Dividends $000
Executive Director				
RA Duke	**–**	**–**	–	–
AJ Wall	**–**	**21**	–	18
Non Executive Directors				
SH Johnstone	**52**	**95**	48	80
RPO'L Meo	**88**	**–**	85	–
RJ Skippen[1.]	**30**	**–**	43	–
	170	**116**	176	98

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

	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000
Executive Director		
RA Duke[2.]	**15,158**	12,728
AJ Wall[2.,3.]	**15,275**	12,826
Non Executive Directors		
SH Johnstone	**–**	–
RPO'L Meo	**10**	8
RJ Skippen[1.]	**–**	–

1. *RJ Skippen resigned as a director of Briscoe Group Limited on 30 September 2011.*
2. *The RA Duke Trust, of which RA Duke and AJ Wall are trustees, received dividends of $15,158,369 during the period (2011: $12,727,600)*
3. *The Tunusa Trust, of which AJ Wall is a trustee, received dividends of $116,850 during the period (2011: $98,400).*

Key management compensation was as follows:

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000
Salaries and other short term employee benefits	**3,094**	2,726	**3,094**	2,726
Share options benefit	**121**	125	**121**	125
Directors' fees	**170**	176	**170**	176
Total benefits	**3,385**	3,027	**3,385**	3,027

Key management includes the Directors of the Company and those employees who the Company has deemed to have disclosure obligations under Section 19T of the Securities Markets Act 1988.

Key management did not receive any termination benefits during the period (2011: Nil). In addition key management did not receive and are not entitled to receive any post employment or long term benefits (2011: Nil).

Notes to the Financial Statements

For the 52 week period ended 29 January 2012

23. Capital expenditure commitments

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Commitments in relation to fit-out and property projects at the end of the period not provided for in the financial statements	**863**	7,556	**–**	–

24. Operating lease rental commitments

	Group		Parent	
	Period ended 29 January 2012 $000	Period ended 30 January 2011 $000	**Period ended 29 January 2012 $000**	Period ended 30 January 2011 $000
Lease commitments expire as follows:				
Within one year	**22,339**	23,514	**–**	–
One to two years	**18,740**	20,083	**–**	–
Two to five years	**29,268**	33,170	**–**	–
Beyond five years	**9,530**	9,666	**–**	–
Total operating lease rental commitments	**79,877**	86,433	**–**	–

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 29 January 2012 (2011: Nil).

26. Events after balance date

On 9 March 2012 the Directors resolved to provide for a final dividend to be paid in respect of the year ended 29 January 2012. The dividend will be paid at a rate of 6.50 cents per share, for all shares on issue as at 23 March 2012, with full imputation credits attached.

Since balance date and up to the date of these financial statements a further 250,000 ordinary shares have been issued under the Executive Share Option Plan.

Independent Auditors' Report

to the shareholders of Briscoe Group Limited

Report on the Financial Statements

We have audited the financial statements of Briscoe Group Limited ("the Company") on pages 7 to 48, which comprise the balance sheets as at 29 January 2012, the income statements, statements of comprehensive income, statements of changes in equity and statements of cashflows for the period then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 29 January 2012 or from time to time during the financial period.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company and Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We have no relationship with, or interests in, Briscoe Group Limited or any of its subsidiaries other than in our capacities as auditors and providers of other assurance services. These services have not impaired our independence as auditors of the Company and the Group.

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Independent Auditors' Report

Briscoe Group Limited

Opinion

In our opinion, the financial statements on pages 7 to 48:

(i) comply with generally accepted accounting practice in New Zealand; and

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and the Group as at 29 January 2012, and their financial performance and cash flows for the period then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the period ended 29 January 2012:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

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 work has been undertaken so that we might state to the Company's shareholders those matters which 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 opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants Auckland

9 March 2012

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 four Directors, being an independent Non-Executive Chairman, the Group Managing Director, the Deputy Managing Director and one independent Non-Executive Director.
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 29 January 2012 the Board met twelve times.
Profiles of the current Directors appear on page 54 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 two independent Directors – Stuart Johnstone (Chairman) and Dame Rosanne Meo, as well as the Group Managing Director, Rod Duke. The Committee assists the Board in fulfilling its responsibilities for Company financial statements and external financial reporting.

The Audit 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 – Dame Rosanne Meo (Chairman) and Stuart Johnstone, as well as the Group Managing Director, Rod Duke.

The Human Resources Committee is responsible for ensuring the Company has a sound employment policy framework, that there is an effective and stimulating workplace 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 of 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

Board Composition as at April 2012

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

guidelines issued by NZX. As a relatively small board, there is a clear understanding of the required roles and expectations of the Independent Directors.

On the 30th September 2011 John Skippen resigned from the Board of Directors to avoid any potential conflict of interest arising from his appointment as a Director of the Super Retail Group Limited.

Board Remuneration

Shareholders are asked to approve the level of Directors' 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:

- *Operational Risks:* risks associated with the Company's normal business operations, including normal day-to-day exposures relating to customers, stores, employees, systems, suppliers and regulatory bodies;

- *Funding Risks:* risks associated with the financing of the Company's operations, including exposures relating to investment of surplus cash, and to interest rate and exchange movements;
- *Environmental Risks:* risks associated with the environment in which the Company operates that are outside the Company's control, including exposures to natural disasters and to changes in social trends, economic conditions, customer preferences, legislation and regulations; and
- *Strategic Risks:* risks associated with Company initiatives that are outside the normal course of business, including exposures relating to initiatives to expand into new brands, markets, regions and business activities, and to adopt new systems.

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

Dame Rosanne Meo, OBE: Chairman (Non-Executive)
Chairman of the Auckland Philharmonia Orchestra, The Real Estate Institute and AMP Services (NZ) Limited. Director of Overland Footwear Limited. Trustee of the Kelliher Trust and the South Auckland Health Foundation.

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 resigned as a Director of Briscoe Group Limited on 30 September 2011.

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 29 January 2012 are shown on pages 7 to 48 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 29 January 2012

	Group $000	Parent $000
Sales Revenue	438,037	–
Profit Before Income Tax	38,363	22,564
Income Tax	(10,834)	(806)
Profit After Income Tax	27,529	21,758

B. Dividends

Subsequent to balance date, the Directors have declared a final dividend of 6.50 cents per share payable 29 March 2012. Non resident shareholders of the Group will also receive a supplementary dividend of 1.1471 cents per share. Dividends are fully imputed to New Zealand resident shareholders.

Directors

A. Remuneration and all other benefits relating to the year ending 29 January 2012 ($000)

Non Executive Directors	
RPO'L Meo	88
SH Johnstone	52
RJ Skippen*	30
Executive Directors	
RA Duke (Managing Director)	873
AJ Wall (Deputy Managing Director)	464

* RJ Skippen resigned as a Director on 30 September 2011.

Executive Directors do not receive Directors' fees.

B. Shareholdings

Beneficially Held	As at 23 March 2012
SH Johnstone	1,000,000
AJ Wall	220,000

Non-Beneficially Held	As at 23 March 2012
RA Duke and AJ Wall each as Trustees of the RA Duke Trust	167,097,838
AJ Wall*	1,230,000
RPO'L Meo	100,000
SH Johnstone	5,000

* Other than in relation to the RA Duke Trust.

For further details refer to Substantial Security Holders information on page 56 of this report.

C. Share dealings

During the year the following Directors acquired shares in the Company:

R A Duke and A J Wall each as trustees of the R A Duke Trust:

Date of transaction	Number of shares acquired	Consideration
31 March 2011	2,545	$3,334
12-16 September 2011	103,276	$144,586
19 September 2011	215,000	$301,000
23 September 2011	85,325	$116,642
25 October 2011	41,000	$57,400
31 October 2011	21,400	$29,960
3 November 2011	4,000	$5,600
11 November 2011	14,000	$19,600

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 $574,500 (2011: $546,999) 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:	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 29 January 2012, are indicated in the following table:

	Number of Employees
$100,000 – 109,999	4
$110,000 – 119,999	7
$120,000 – 129,999	2
$130,000 – 139,999	3
$140,000 – 149,999	5
$170,000 – 179,999	3
$190,000 – 199,999	5
$200,000 – 209,999	3
$240,000 – 249,999	1
$270,000 – 279,999	1
$290,000 – 299,999	1
$400,000 – 409,999	1
$560,000 – 569,999	1
$570,000 – 579,999	1

Remuneration to Auditors

The fee for the audit of the Group and subsidiaries paid to PricewaterhouseCoopers was $80,000 (2011: $80,000). Fees paid to the auditors for other services provided, including a half yearly review, amounted to $19,500 (2011: $19,500).

Shareholders Information

Holding Range at 23 March 2012

	No. Investors	Total Holdings	%
1-1,000	923	666,083	0.31
1,001-5,000	1,278	3,766,319	1.76
5,001-10,000	370	2,984,645	1.40
10,001-100,000	306	8,063,331	3.77
100,001 and over	35	198,202,122	92.76
	2,912	**213,682,500**	**100%**

Substantial Security Holders

The following information is given pursuant to section 35F of the Securities Markets Act 1988. The persons who, according to the records of the company maintained pursuant to the Securities Markets Act 1988, are substantial security holders of the company as at 23 March 2012 are as follows:

Substantial Security Holder	Last SSH Notice (3)	Current Holding (4)
R A Duke (1)	166,644,369	167,097,838
A J Wall (2)	168,094,369	168,547,838

(1) R A Duke has a relevant interest as a trustee of the R A Duke Trust which was disclosed in the SSH notice dated 13 March 2012, in respect of 166,644,369 shares. As at 23 March 2012 this interest was in respect of 167,097,838 shares.

(2) A J Wall has three relevant interests, which were disclosed in the SSH notice dated 13 March 2012. These were (i) as a trustee of the R A Duke Trust, in respect of 166,644,369 shares; (ii) as a trustee of the Tunusa Trust, in respect of 1,230,000 shares; and (iii) legal and beneficial title, in respect of 220,000 shares. As at 23 March 2012 the relevant interest as a trustee of the R A Duke Trust was in respect of 167,097,838 shares. The other interests remain unchanged.

(3) This information reflects the most recently lodged substantial security holder notice, in accordance with the Securities Markets Act 1988.

(4) This information reflects the most recent understanding of the company of each of the substantial security holders' positions.

Top 20 Holder List

As at 23 March 2012

Rank	Holder's Name	Total	%
1	JB Were (NZ) Nominees Limited (RA Duke Trust)	167,097,838	78.20
2	New Zealand Central Securities Depository Limited	8,040,793	3.76
3=	Gerald Harvey	5,250,000	2.46
3=	Harvey Norman Properties (NZ) Ltd	5,250,000	2.46
5	New Zealand Central Securities Depository Limited	2,016,769	0.94
6	JB Were (NZ) Nominees Limited	1,265,000	0.59
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	FNZ Custodians Limited	1,096,237	0.51
9=	Stuart Hamilton Johnstone	1,000,000	0.47
9=	Hugh Green Investments Limited	1,000,000	0.47
11	Investment Custodial Services Limited	531,116	0.25
12	Geoffrey Peter Scowcroft	343,000	0.16
13	Carla Zwart Brockman	336,300	0.16
14	Keith Arthur William Brunt	300,000	0.14
15	Gemscott Limited	248,000	0.12
16	Forsyth Barr Custodians Limited	220,100	0.10
17	Alaister John Wall	220,000	0.10
18	Shu-Wen Chiang	208,053	0.10
19	Ogilvy New Zealand Limited	206,833	0.10
20	Jontee Farms Limited	200,684	0.09

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

Directory

Directors
Dame Rosanne PO'L Meo (Chairman)
Rodney A Duke
Stuart H Johnstone
Alaister J Wall

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Solicitors
Simpson Grierson

Bankers
Bank of New Zealand

Auditors
PricewaterhouseCoopers

Share Registrars
Link Market Services Limited
National Bank Chambers
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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. . . . . 29 March 2012

Annual Meeting . . . . 17 May 2012

Half Year Results . . . . September

Interim Dividend . . . . October

Notes

Notes

BRISCOE
GROUP LIMITED