



Living & Giving



BRISCOES
HOMEWARE



REBEL
SPORT

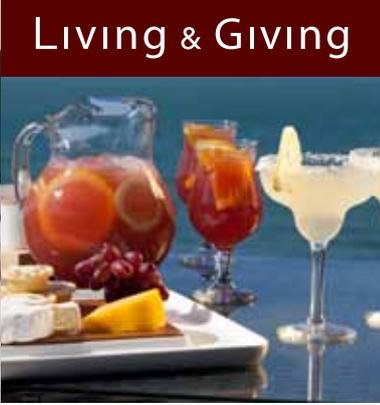
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BRISCOE
GROUP LIMITED

Annual Report
for the period ended 30 January 2011



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BRISCOES
HOMEWARE



Key Facts

Audited period ending 30 January 2011	Audited period ending 31 January 2010	Audited period ending 25 January 2009	Audited period ended 27 January 2008	Audited period ended 28 January 2007
\$000	\$000	\$000	\$000	\$000

Trading Results

Sales Revenue	419,294	416,686	388,467	407,750	372,078
Gross profit margin	39.8%	39.9%	38.6%	40.4%	40.8%
Earnings before interest and tax (EBIT)	32,755	30,118	15,113	31,774	36,252
Net profit after tax (NPAT)	21,612	21,026	11,634	22,441	26,048
Net cash flows from operating activities	45,264	14,910	28,099	22,672	45,802

Financial Position and Statistics

Shareholders' funds	131,886	127,621	121,550	117,979	112,062
Total assets	191,119	173,707	177,184	180,389	172,391
EBIT per share	15.4c	14.2c	7.1c	15.0c	17.1c
NPAT per share	10.2c	9.9c	5.5c	10.6c	12.3c
Operating cashflow per share	21.3c	7.0c	13.2c	10.7c	21.6c
Current ratio	2.5:1	2.7:1	2.3:1	2.0:1	2.0:1
Shareholders' funds to total assets	69.0%	73.5%	68.6%	65.4%	65.0%

Store Numbers

Homeware	54	58	57	54	48
Sporting Goods	32	32	32	32	27
Briscoe Group	86	90	89	86	75

Total Store Area (m²)

Homeware	93,964	94,852	94,602	92,214	87,249
Sporting Goods	53,204	53,714	53,714	53,812	47,948
Briscoe Group	147,168	148,566	148,316	146,026	135,197

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 30 January 2011.

The 2010-11 year was one of substantial growth for the Group, despite a continuation of the very challenging and competitive retail environment that has adversely affected retailers so severely in recent years. Given this operating environment and the competitive retail market we are pleased with the result and believe there are still further growth opportunities and scope for improved performance.

At our annual meeting last year we spoke about structural, strategic and cost-reduction initiatives that we had undertaken. A number of these are still continuing with increasing refinement and focus whilst the commitment and much hard work to achieve improved results continues throughout the organisation.

We continue to focus on providing the customer with great product and exceptional prices delivered through the best possible in-store experience. The major restructuring we commenced just over two years ago of operational and merchandising activities gave our managers greater ownership and accountability and it is apparent that this ownership has translated into pride in their stores. The sense of ownership has greatly added to the customer experience and brings us all tangible results. The profit centre structure is enabling more flexibility in the allocation of resources across brands and the "profit-sharing" arrangements that we put in place have certainly been a win-win for the high performing managers as well as for the Group and its shareholders.

Our investment in new technology in recent years continues to generate improved performance with increased ability to control inventories and refine product ranges. Complementing this has been the streamlining of our marketing operations, again to drive improvement in the shopping experience for 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. Four 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.

Your directors and senior management are still far from complacent. There is still much to do, but we have a strong foundation in place from which the Group can continue to develop and prosper.

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

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

Financial performance

Sales revenue was \$419.29 million, compared with \$416.69 million previously. On a same store same day basis, sales increased for the year by 2.4 percent.

Gross profit increased from \$166.46 million to \$166.75 million, equating to a gross profit margin of 39.8 percent compared with 39.9 percent for the previous year.

Net profit after tax (NPAT) was \$21.61 million compared to the \$21.03 million for last year.

The result includes a tax adjustment of \$2.48 million that the Group is required to book under New Zealand Equivalent to International Accounting Standard 12 as a result of tax changes announced by the Government during the year. This deferred tax liability adjustment is a one-off non-cash accounting entry which has no material impact on Briscoe Group's underlying profitability, cash flows or dividend policy. Excluding this adjustment NPAT for the full year was \$24.10 million or 14.6 percent higher than the full year result reported for last year.

The results were for the 52 week period from 1 February 2010 to 30 January 2011 compared to the 53 week period last year from 26 January 2009 to 31 January 2010. Inventories were \$63.18 million at 30 January 2011, being slightly below the \$63.35 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 \$45.26 million, \$30.35 million above those of last year primarily as a result of the abnormally high payments made last year due to the 53 week financial period.

Net cash outflows from investing activities were \$4.79 million reflecting investment made in store fit-outs during the year.

Dividend

The directors have resolved to pay a final dividend of 6.00 cents per share (cps), fully imputed. When added to the interim dividend of 3.00 cps, this brings the total dividend for the year to 9.00 cps, representing 88% 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 31 March 2011 and the share register will close to determine entitlements to the dividend at 5 pm on 24 March 2011.

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 1,500,000 options in the current 2011-12 financial year. This will result in the total number of share options issued under the scheme since its inception and still exercisable being equivalent to 3.3% 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 became exercisable at a price of \$1.38 each from 14 December 2010. Of the 1,139,000 options issued in that tranche, 1,077,000 are still exercisable. The holders have until 14 December 2011 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

At Briscoe Group we continue to be aware of the need to be a responsible and socially aware corporate citizen.

The two recent earthquakes in Christchurch have affected many people and Briscoes Group has been working and continues to work closely with the Red Cross to ensure our contribution is effective and timely.

We have continued our support of Cure Kids as our charity of choice as we continue to believe it is a cause that fits our values. Cure Kids has been funding life saving research for over 30 years and more than \$25 million has been invested to improve the lives of children in New Zealand and around the world. Some of the successful research that Cure Kids has helped fund includes:

- Research into the understanding and treatment of congenital diseases. Professor Stephen Robertson is the Cure Kids Chair of Child Health research at the University of Otago and after many years of frustrating research he has stunned the medical world by identifying a deadly mutation in a single gene – amongst a staggering 3,000 million individual units.
- Research into cot death. In the past 15 years, New Zealand's rate of cot death has plummeted from over 280 per year to around 60, and continues to fall. Much of this is due to the preventative strategies by Professor Ed Mitchell, Cure Kids Chair of Child Health Research at the University of Auckland.
- Research into child leukaemia. Researchers funded by Cure Kids at the University of Otago have recently made groundbreaking advances into understanding when the genetic change for leukaemia occurs in children.

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

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

Directors, Management and Staff

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

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



Rosanne Meo, CHAIRMAN

Managing Director's Review of Operations

Introduction

During another tough trading year the Group continued to focus on doing the basics well. Controlling costs, buying well and planning and implementing effective promotions have contributed to our continued growth in profit.

The New Zealand dollar remained high throughout the year and we took advantage of this by further expanding our import programme. The higher level of imports enabled us to fuel aggressive promotional offers without cutting too deeply into our closing margins.

The Profit Centre structure continues to have a major positive effect on our business as the Senior Profit Partners (SPPs) grow in confidence in their roles. The reduction in store controllable costs has substantially contributed to our improved profit performance and is a result of the ownership embraced by the SPPs who run our stores.

The merchandise team has continued to develop product ranges which offer our customers better choice and value for money. We remain committed to offering a wide range of branded products believing that brands at excellent prices deliver to our customer what they want.

The Group has experienced a number of cost increases in key commodities this year and has worked hard with our suppliers to minimise the impact to retail prices whenever possible. Cotton prices have increased considerably and the merchandise team has managed to lessen the effect on retail prices by strategic forward buying to take advantage of pricing opportunities. Some of these cost increases will inevitably flow through to increased retail prices and we will monitor competitors' prices closely to ensure we remain competitive.

In the last Interim Report we announced that the Group had created an administration function within the

merchandise division to help improve the quality of our data maintenance. This function is now well established and provides improved support to the merchandise team.

Our store and support profit share schemes continue to keep our people clearly focused on producing incremental profit. During a year when our trading performance has been under pressure the drive for incremental profit growth has been a major reason for our success.

With another tough year ahead, the ability and motivation of our senior management team to quickly respond to changing conditions will underpin our drive to increase market share and continue to improve returns to our shareholders.

Homeware

Briscoes Homeware remains committed to offering excellent value for money through an aggressive promotional programme.

The high level of promotional aggression from competitors continued throughout the year and our ability to keep our own promotional programme interesting and attractive to customers has been an important driver of sales.

During the year we relocated the Briscoes Homeware store in Palmerston North to a new site with improved parking and storage facilities.

As signalled in the Interim Report we have taken the opportunity to exit four loss making Living & Giving stores as their leases have expired. The closures at Northlands, Newmarket, Takapuna and Hamilton have been successfully managed by our SPPs with very little residual stock. We would like to thank the teams involved for the professional way they have managed these closures and we will continue to closely monitor the performance of our specialty stores and make appropriate decisions as leases come up for renewal.

Sporting Goods

Rebel Sport promoted aggressively throughout the year to compete for its share of discretionary spend.

Improved inventory management supported by a strong promotional programme featuring Sonny Bill Williams helped Rebel Sport produce acceptable same store sales growth despite difficult trading conditions through the second half of the year.

Rebel Sport stores at Palmerston North and Central Wellington were relocated to improved sites during the year.

Christchurch Earthquakes, 4th September 2010, 22nd February 2011

We have all been shocked by the two major earthquakes that struck Christchurch. All of the Group's seven Christchurch based stores were affected in varying degrees by the first earthquake on September 4th. However all stores reopened within a short time and were trading at a reasonable level until the second major quake on February 22nd. The second quake did further damage to a number of our stores and at the time of this report we are still assessing the full level of damage to Rebel Sport Colombo Street and Briscoes Homeware Salisbury Street. We are fortunate and very thankful that during both disasters our customers and staff who were in our stores at the time of the quakes

escaped without major injury. The costs that we incur and any profit we lose as a result of the earthquake are covered by our insurance policies. The directors and management thank everyone for the way they have responded to these extraordinary challenges.

GST rate change

During the second half of the year we successfully managed the change in the GST rate which required a significant amount of re-pricing in all Briscoe Group stores. We took the view that our customers needed to have clarity around pricing pre and post the change and applied price stickers showing both prices to all of our products during the months before the change. This decision was welcomed by our customers and received positive coverage in the media.

We believe that the increased rate did slow sales in some categories as customer confidence was affected by the large amount of media coverage approaching and after the rate change.

People and performance

The tough nature of the retail market as well as 'one-off' extraordinary events has put additional pressure on our team. By keeping our focus on doing the basics well we have managed to absorb this pressure and still achieve our goals throughout the year.





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We will continue to develop and support the key people in our stores and support office. This year we will focus on delivering targeted training to SPPs and their teams following the completion of a training needs analysis. The coming year will also see additional resource invested to further up-skill this team in the interpretation and use of information available to them from the Group's SAP information system. By improving the SPPs' skills in this area we are confident they will provide improved detailed feedback to the merchandise team allowing them to further improve sales, stock turn and gross profit margin.

Priorities and outlook for 2011/12

The Group's goal remains to offer customers excellent value for money across the best ranges of quality branded products we can source.

The last two years have been tough and despite a market which has adversely affected many of our competitors we have managed to produce increased profits in both years. We will continue to focus on generating incremental profits by managing our business carefully.

During this year the space management models will be increasingly used by our SPPs in Briscoes Homeware and Rebel Sport stores. By using these models they will continue to increase the return from the space in their stores by allocating space in optimal proportions based on sales and gross profit returns.

In three of our key locations (Albany, Henderson and Botany Downs) where Rebel Sport and Briscoes Homeware stores are adjacent, we will re-align the space to make the Briscoes Homeware store and the storage facilities larger by reducing the space for Rebel Sport to an optimum size. By doing this we aim to increase sales at Briscoes Homeware, hold existing sales at Rebel Sport and gain synergies by creating one set of backroom and storage facilities. Based on the performance of these projects we may look for further opportunities in other locations.

Our Briscoes Homeware and Rebel Sport stores in Nelson will be relocated to a new site where the stores will be adjacent. This move will result in superior locations with better customer parking and will allow the SPP to gain all of the synergies which come from operating two stores on one site.

In addition to these major projects we will support our SPPs to complete minor works throughout the year as opportunities are identified to increase returns.

While we do expect to continue to strengthen our position in the current year as New Zealand's leading retailer of homeware and sporting goods, the extent of any improvement in financial performance will be highly dependent on the overall economic environment, which remains volatile.

Our focus remains on improving returns to our shareholders and we believe that our profit centre and support structure, information systems and merchandise expertise will allow the Group to maintain or grow market shares in both the homeware and sporting goods sectors.

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 30 January 2011. The Financial Statements presented are signed for, and on behalf of, the Board, and were authorised for issue on the date below.



Rosanne Meo
CHAIRMAN



Rod Duke
GROUP MANAGING DIRECTOR

8 March 2011

Income Statements

For the 52 week period ended 30 January 2011

		Group		Parent	
	Notes	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Sales revenue		419,294	416,686	–	–
Cost of goods sold		(252,548)	(250,227)	–	–
Gross profit		166,746	166,459	–	–
Other operating income	5	101	116	29,112	23,200
Store expenses		(83,365)	(86,805)	–	–
Administration expenses		(50,727)	(49,652)	(11,036)	(10,484)
Operating profit		32,755	30,118	18,076	12,716
Net finance income	5	1,415	1,187	1,034	945
Profit before income tax	5	34,170	31,305	19,110	13,661
Income tax expense	6	(12,558)	(10,279)	(782)	(702)
Net profit attributable to shareholders		21,612	21,026	18,328	12,959
Earnings per share for profit attributable to shareholders:					
Basic earnings per share (cents)	7	10.2	9.9	8.6	6.1
Diluted earnings per share (cents)	7	9.9	9.7	8.4	6.0

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

Statements of Comprehensive Income

For the 52 week period ended 30 January 2011

	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Notes				
Net Profit attributable to shareholders	21,612	21,026	18,328	12,959
Other comprehensive income:				
Fair value loss/(gain) recycled to income statement	2,608	1,454	–	–
Fair value (loss)/gain taken to the cashflow hedge reserve	(3,625)	(6,515)	–	–
Deferred tax on fair value hedge taken to income statement 14	(782)	(436)	–	–
Deferred tax on fair value transfers to cashflow hedge reserve 14	1,059	1,954	–	–
Total other comprehensive income	(740)	(3,543)	–	–
Total comprehensive income attributable to shareholders	20,872	17,483	18,328	12,959

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 30 January 2011

Group	Notes	Share capital	Cashflow hedge reserve	Share options reserve	Retained earnings	Total equity
		\$000	\$000	\$000	\$000	\$000
Balance at 25 January 2009		40,625	3,261	486	77,178	121,550
Net profit attributable to shareholders		–	–	–	21,026	21,026
Other comprehensive income:						
Fair value loss/(gain) recycled to income statement		–	1,454	–	–	1,454
Fair value (loss)/gain taken to the cashflow hedge reserve		–	(6,515)	–	–	(6,515)
Deferred tax on fair value hedge taken to income statement	14	–	(436)	–	–	(436)
Deferred tax on fair value transfers to cashflow hedge reserve	14	–	1,954	–	–	1,954
Total comprehensive income for the period		–	(3,543)	–	21,026	17,483
Transactions with owners:						
Dividends paid	20	–	–	–	(11,668)	(11,668)
Share options charged to income statement	21	–	–	256	–	256
Transfer for share options lapsed and forfeited	21	–	–	(162)	162	–
Balance at 31 January 2010		40,625	(282)	580	86,698	127,621
Net profit attributable to shareholders		–	–	–	21,612	21,612
Other comprehensive income:						
Fair value loss/(gain) recycled to income statement		–	2,608	–	–	2,608
Fair value (loss)/gain taken to the cash 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 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
Parent						
	Notes	Share capital	Cashflow hedge reserve	Share options reserve	Retained earnings	Total equity
		\$000	\$000	\$000	\$000	\$000
Balance at 25 January 2009		40,625	–	486	8,198	49,309
Net profit attributable to shareholders		–	–	–	12,959	12,959
Total comprehensive income for the period		–	–	–	12,959	12,959
Transactions with owners:						
Dividends paid	20	–	–	–	(11,668)	(11,668)
Share options charged to income statement	21	–	–	256	–	256
Transfer for share options lapsed and forfeited	21	–	–	(162)	162	–
Balance at 31 January 2010		40,625	–	580	9,651	50,856
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

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

Balance Sheets

As at 30 January 2011

	Notes	Group		Parent	
		30 January 2011 \$000	31 January 2010 \$000	30 January 2011 \$000	31 January 2010 \$000
EQUITY					
Share capital	19	40,625	40,625	40,625	40,625
Cashflow hedge reserve	3(c),8	(1,022)	(282)	–	–
Share options reserve	21	636	580	636	580
Retained earnings		91,647	86,698	11,316	9,651
TOTAL EQUITY		131,886	127,621	52,577	50,856
LIABILITIES					
Non-current liabilities					
Employee benefits	17	518	461	102	73
Total non-current liabilities		518	461	102	73
Current liabilities					
Trade and other payables	15	49,891	33,230	619	957
Provisions	16	92	53	–	–
Employee benefits	17	5,604	7,716	1,557	1,782
Taxation payable	14	1,892	3,873	–	13
Derivative financial instruments	3(c)	1,236	753	–	–
Total current liabilities		58,715	45,625	2,176	2,752
TOTAL LIABILITIES		59,233	46,086	2,278	2,825
TOTAL EQUITY AND LIABILITIES		191,119	173,707	54,855	53,681
ASSETS					
Non-current assets					
Investments in subsidiaries	11	–	–	2,783	2,783
Property, plant and equipment	12	42,201	44,096	–	–
Intangible assets	13	520	1,412	–	–
Deferred tax	14	544	2,691	159	183
Total non-current assets		43,265	48,199	2,942	2,966
Current assets					
Cash and cash equivalents	8	82,794	59,250	31,655	37,669
Trade and other receivables	9	1,862	2,310	687	629
Due from related parties	22	–	–	19,288	12,417
Inventories	10	63,177	63,353	–	–
Taxation receivable	14	–	–	283	–
Derivative financial instruments	3(c)	21	595	–	–
Total current assets		147,854	125,508	51,913	50,715
TOTAL ASSETS		191,119	173,707	54,855	53,681

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

Statements of Cash Flows

For the 52 week period ended 30 January 2011

	Group		Parent		
	Notes	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
OPERATING ACTIVITIES					
Cash was provided from					
Receipts from customers		419,862	417,099	–	–
Rent received		96	111	–	–
Dividends received		5	5	16,972	11,668
Interest received		1,151	1,251	822	1,005
Management fees received		–	–	11,525	11,455
Net GST received		–	–	345	318
		421,114	418,466	29,664	24,446
Cash was applied to					
Payments to suppliers		(303,694)	(338,936)	(3,498)	(3,475)
Payments to employees		(47,442)	(43,617)	(7,278)	(5,697)
Interest paid		(6)	(5)	(6)	(5)
Net GST paid		(12,592)	(13,006)	–	–
Income tax paid		(12,116)	(7,992)	(1,054)	(944)
		(375,850)	(403,556)	(11,836)	(10,121)
Net cash inflows from operating activities		45,264	14,910	17,828	14,325
INVESTMENT ACTIVITIES					
Cash was provided from					
Proceeds from sale of property, plant and equipment		8	16	–	–
		8	16	–	–
Cash was applied to					
Purchase of property, plant and equipment	12	(4,539)	(6,358)	–	–
Purchase of intangible assets	13	(256)	(335)	–	–
		(4,795)	(6,693)	–	–
Net cash (outflows) from investment activities		(4,787)	(6,677)	–	–
FINANCING ACTIVITIES					
Cash was applied to					
Advances to subsidiaries		–	–	(6,870)	(13,215)
Dividends paid	20	(16,972)	(11,668)	(16,972)	(11,668)
		(16,972)	(11,668)	(23,842)	(24,883)
Net cash (outflows) from financing activities		(16,972)	(11,668)	(23,842)	(24,883)
Net increase (decrease) in cash and cash equivalents		23,505	(3,435)	(6,014)	(10,558)
Cash and cash equivalents at beginning of period		59,250	63,291	37,669	48,227
Foreign cash balance cash flow hedge adjustment		39	(606)	–	–
Cash and cash equivalents at period end	8	82,794	59,250	31,655	37,669

Statements of Cash Flows continued

For the 52 week period ended 30 January 2011

	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT				
Reported net profit attributable to shareholders	21,612	21,026	18,328	12,959
Items not involving cash flows				
Depreciation and amortisation expense	7,319	8,435	–	–
Adjustment for fixed increase leases	(191)	187	–	–
Asset impairment adjustment	–	1,857	–	–
Creation of deferred tax liability	2,484	–	–	–
Bad debts and movement in doubtful debts	28	28	–	–
Amortisation of executive share options cost	365	256	365	256
Loss on disposal of assets	255	3	–	–
	10,260	10,766	365	256
Impact of changes in working capital items				
Decrease (increase) in trade and other receivables	420	291	(58)	(111)
Decrease (increase) in inventories	176	(5,893)	–	–
Increase (decrease) in taxation payable	(1,981)	3,078	(297)	(245)
Increase (decrease) in trade payables	17,528	(14,523)	138	(228)
Increase (decrease) in other payables and accruals	(2,751)	165	(648)	1,694
	13,392	(16,882)	(865)	1,110
	45,264	14,910	17,828	14,325

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 30 January 2011

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 1 February 2010 to 30 January 2011 and provide balance sheets as at 30 January 2011. The comparative period is in respect of the 53 week period 26 January 2009 to 31 January 2010. 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 as was the case last year.

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.

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

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 30 January 2011 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 an aggregate of 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.

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

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. 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.

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

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.

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

(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 30 January 2011

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.

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

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

- Freehold Buildings 33 years
- Plant and equipment 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.

(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.

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

(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.

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

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

This amendment includes a number of updates including the requirement that all costs relating to a business combination must be expensed and subsequent re-measurement of the business combination must be put through the income statement. Both standards were required to be adopted at the same time. As the Group has had no transactions involving business combinations there has been no impact from the application of these new standards.

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

This amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. There is no impact on the Group's financial statements from the application of this amendment.

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

- ***NZ IFRS 9: Financial Instruments*** (mandatory for periods beginning on or after 1 January 2013)
This 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: amortised cost and fair value. This will affect future financial statements through disclosure only.
- ***NZ IAS 24: Related Parties Revised*** (mandatory for periods beginning on or after 1 January 2011) Further clarifies the definition of a related party which may result in other related parties being identified. Management have reviewed the proposed clarification and no further related parties have been identified for the Group.

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 Company or Group.

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

3. Financial risk management

3.1 Financial risk factors

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

(a) Liquidity risk

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

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

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

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

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

Group 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)

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

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

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

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

(b) Credit risk

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

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

(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 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Current assets				
Forward foreign exchange contracts	21	595	–	–
Total current derivative financial instrument assets	21	595	–	–
Current liabilities				
Forward foreign exchange contracts	1,236	753	–	–
Total current derivative financial instrument liabilities	1,236	753	–	–

Forward foreign exchange contracts – cash flow hedges

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

At balance date these contracts are represented by assets of \$21,141 (2010: \$594,584) and liabilities of \$1,236,152 (2010: \$753,426) and together are included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net loss of \$874,808 (2010: net loss \$111,189). 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 \$147,329 (2010: net loss of \$170,354), 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 (2010: Nil).

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

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 (2010: 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 major financial institutions only.

Sensitivity analysis

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

- Proportional foreign exchange rate movement of -15% (depreciation of NZD) and +10% (appreciation of NZD) against the USD, from the year-end rate of 0.7725,
- A shift of between +1% and -0.5% in market interest rates from the year-end deposit rate of 4.48%.

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.

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

As at 30 January 2011

Group	Carrying amount \$000	Interest rate				Foreign exchange rate			
		-0.5% Profit \$000	Equity \$000	+1% Profit \$000	Equity \$000	-15% Profit \$000	Equity \$000	+10% Profit \$000	Equity \$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)

Receivable 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 \$000	Interest rate			
		-0.5% Profit \$000	Equity \$000	+1% Profit \$000	Equity \$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).

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

As at 31 January 2010

Group

	Carrying amount \$000	Interest rate				Foreign exchange rate			
		-0.5%		+1%		-10%		+10%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
Financial assets:									
Cash and cash equivalents ¹	59,250	(296)	(296)	593	593	–	403	–	(330)
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts) ²	595	–	–	–	–	–	2,107	–	(1,703)
Financial liabilities:									
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts) ²	753	–	–	–	–	–	492	–	(406)
Total increase / (decrease)		(296)	(296)	593	593	–	3,002	–	(2,439)

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 \$592,503. For a -0.5% movement in interest rates the sensitivity is (\$296,252).
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 +/-10% shift in the NZD:USD foreign exchange rate has an impact of \$3,001,571 / (\$2,438,567) on derivative valuation. There is no profit and loss sensitivity as the hedges are 100% effective.

As at 31 January 2010

Parent

	Carrying amount \$000	Interest rate			
		-0.5%		+1%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
Financial assets:					
Cash and cash equivalents ¹	37,669	(188)	(188)	377	377
Total increase / (decrease)		(188)	(188)	377	377

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 \$376,686. For a -0.5% movement in interest rates the sensitivity is (\$188,343).

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

Financial instruments by category

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

As at 30 January 2011

	Loans and receivables	Group Derivatives used for hedging	Total	Loans and receivables	Parent Derivatives used for hedging	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Assets as 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	Derivatives used for hedging	Total	Other financial liabilities at amortised cost	Derivatives used for hedging	Total
	\$000	\$000	\$000	\$000	\$000	\$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

As at 31 January 2010

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

	Other financial liabilities at amortised cost	Derivatives used for hedging	Total	Other financial liabilities at amortised cost	Derivatives used for hedging	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Liabilities as per balance sheet						
Trade and other payables	33,230	–	33,230	957	–	957
Due to related parties	–	753	753	–	–	–
Total	33,230	753	33,983	957	–	957

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

3.2 Capital risk management

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

4. Segment information

The Group has two reportable operating segments that are defined by the retail sectors within which the Group operates, namely homeware and sporting goods. The following is an analysis of the Group's revenue and results by operating segment. Revenue reported below is generated purely in New Zealand from sales to external customers and due to the nature of the retail businesses there is no reliance on any individual customer. There were no inter-segment sales in the period (2010: 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 30 January 2011

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	4,771	2,548	–	7,319
Impact of statutory change in depreciation on buildings included in income tax expense	2,484	–	–	2,484

For the period ended 31 January 2010	Homeware \$000	Sporting goods \$000	Eliminations/ Unallocated \$000	Total Group \$000
INCOME STATEMENT				
Total sales revenue	286,149	130,537	–	416,686
Gross profit	115,221	51,238	–	166,459
Earnings before interest and tax	23,399	5,670	1,049	30,118
Net finance income	84	158	945	1,187
Income tax expense	(7,728)	(1,849)	(702)	(10,279)
Net profit after tax	15,755	3,979	1,292	21,026

BALANCE SHEET ITEMS:

Assets	88,830	47,160	37,717	173,707
Liabilities	40,747	15,696	(10,357)	46,086

OTHER SEGMENTAL ITEMS:

Acquisitions of property, plant and equipment, intangibles and investments	6,293	400	–	6,693
Depreciation and amortisation expense	5,530	2,905	–	8,435
Impairment of property, plant and equipment, intangibles and investments	1,857	–	–	1,857

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

5. Income and expenses

	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Profit before income tax includes the following specific income and expenses:				
Income				
Rental income	96	111	–	–
Dividends received	5	5	16,972	11,668
Management fees	–	–	12,140	11,532
Finance income	1,421	1,192	1,040	950
Expenses				
Operating lease rental expense	28,295	28,409	–	–
Bad debts written off	27	83	–	–
Amounts paid to auditors:				
Statutory Audit	80	80	80	80
Half year review	20	20	20	20
Other assurance services	–	6	–	6
Directors' fees	176	160	176	160
Share options expense	365	256	365	256
Wages, salaries and other short term benefits	45,926	47,430	7,265	6,771
Loss on disposal of property, plant and equipment	255	3	–	–
Inventory writedown expense	1,260	1,361	–	–
Finance expense	6	5	6	5
Depreciation of property, plant and equipment	6,171	7,153	–	–
Amortisation of software costs	1,148	1,282	–	–
Fixed asset impairment adjustment	–	1,424	–	–
Intangible asset impairment adjustment	–	433	–	–

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

6. Income tax expense

	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
(a) Income tax expense				
Current tax expense:				
Current tax	9,660	10,157	543	521
Adjustments for prior years	474	914	215	178
	10,134	11,071	758	699
Deferred tax expense:				
(Increase) / Decrease in future tax benefit current year	736	(97)	219	160
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	(806)	(695)	(206)	(157)
	2,424	(792)	24	3
Total income tax expense	12,558	10,279	782	702

(b) Reconciliation of income tax expense to tax rate applicable to profits

Profit before income tax expense	34,170	31,305	19,110	13,661
Tax at the corporate rate of 30% (2010: 30%)	10,251	9,392	5,733	4,098
Tax effect of amounts which are either non-deductible or non-assessable in calculating taxable income:				
Income not subject to tax	(17)	(17)	(5,092)	(3,500)
Expenses not deductible for tax	162	685	121	83
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	(332)	219	9	21
Total income tax expense	12,558	10,279	782	702

The Group has no tax losses (2010: Nil) and no unrecognised temporary differences (2010: Nil)

(i) During the period, 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 will be effective from 31 January 2011, the relevant deferred tax balances have been re-measured. Deferred tax expected to reverse in the period to 29 January 2012 or later has been measured using the effective rate that will apply for the period, being 28%.

(ii) Buildings are currently depreciated for tax purposes. As a result of the change in tax legislation that was enacted on 27 May 2010, with effect 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 will be reduced to 0%. This reduction in the tax depreciation rate has significantly reduced the tax base of the Group's buildings as future tax deductions for building depreciation will no longer be available from the 2011/12 income year. This has resulted in an increase to the deferred tax liability in relation to buildings by \$2,483,721 which has been recognised in the tax expense in the current period.

Notes to the Financial Statements

For the 52 week period 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 30 January 2011	Period ended 31 January 2010	Period ended 30 January 2011	Period ended 31 January 2010
Net profit attributable to shareholders (\$000)	21,612	21,026	18,328	12,959
Basic				
Weighted average number of ordinary shares on issue (thousands)	212,150	212,150	212,150	212,150
Basic earnings per share	10.2 cents	9.9 cents	8.6 cents	6.1 cents
Diluted				
Weighted average number of ordinary shares on issue adjusted for share options issued but not exercised (thousands)	217,341	216,545	217,341	216,545
Diluted earnings per share	9.9 cents	9.7 cents	8.4 cents	6.0 cents

8. Cash and cash equivalents

	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Cash at bank or in hand	82,794	59,250	31,655	37,669

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

At 30 January 2011 the Group had purchased foreign currency equivalent of NZD 2.097 million (2010: NZD 3.626 million) which is included in the table above. The foreign currency in which the Group primarily deals is the US dollar.

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

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

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

Where foreign currency balances have been designated and tested as an effective hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income. These gains or losses are released to the income statement at various dates over the subsequent financial year as the inventory for which the hedge exists, is sold. At balance date foreign currency losses of \$204,623 (2010: losses of \$243,363) 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 \$147,329 (2010: net loss of \$170,354). The cash flow hedge reserve also consists of gains and losses, net of deferred tax, from forward foreign exchange contracts used as hedges, as a net loss of \$874,808 (2010: net loss of \$111,189), refer note 3(c). When foreign currency balances are not designated and tested as an effective hedge, the gain or loss as at balance date is recognised in the income statement. At balance date there are no such balances (2010: Nil).

9. Trade and other receivables

	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Trade receivables	523	1,069	–	–
Provision for impaired receivables	(7)	(6)	–	–
Net trade receivables	516	1,063	–	–
Other receivables	1,346	1,247	687	629
Total trade and other receivables	1,862	2,310	687	629

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

No interest is charged on trade receivables.

As at 30 January 2011, trade receivables of \$37,706 (2010: \$180,807) 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 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Months past due:				
0 – 3	37	180	–	–
4 – 6	–	1	–	–
6 +	1	–	–	–
Total	38	181	–	–

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

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

As at 30 January 2011, trade receivables of \$6,864 (2010: \$6,072) were considered impaired. The amount of the provision is \$6,864 (2010: \$6,072). 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 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Months past due:				
0 – 3	–	4	–	–
4 – 6	–	–	–	–
6 +	7	2	–	–
Total	7	6	–	–

Movements in the provision for impaired receivables are shown below:

	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Opening balance	6	26	–	–
Provision for impaired receivables	5	6	–	–
Receivables written off during the year	(1)	(21)	–	–
Unused amounts reversed	(3)	(5)	–	–
Closing balance	7	6	–	–

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.

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

10. Inventories

	Group		Parent	
	Period ended 30 January 2011	Period ended 31 January 2010	Period ended 30 January 2011	Period ended 31 January 2010
	\$000	\$000	\$000	\$000
Finished goods	65,752	66,727	–	–
Inventory adjustments	(2,575)	(3,374)	–	–
Net inventories	63,177	63,353	–	–

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

11. Investments in subsidiaries

	Group		Parent	
	Period ended 30 January 2011	Period ended 31 January 2010	Period ended 30 January 2011	Period ended 31 January 2010
	\$000	\$000	\$000	\$000
(a) Investments				
Shares in subsidiaries	–	–	2,783	2,783
Total Investments	–	–	2,783	2,783

(b) Principal subsidiaries

Name	Activity	2011 Interest	2010 Interest
Briscoes (New Zealand) Limited	Homeware retail	100%	100%
The Sports Authority Limited (trading as Rebel Sport)	Sporting goods retail	100%	100%
Rebel Sport Limited	Name protection	100%	100%
Living and Giving Limited	Name protection	100%	100%

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

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

12. Property, plant and equipment

Group	Freehold land \$000	Freehold buildings \$000	Plant and equipment \$000	Total \$000
At 25 January 2009				
Cost	9,324	11,055	75,555	95,934
Accumulated depreciation	–	(2,095)	(47,368)	(49,463)
Accumulated impairment	–	–	(141)	(141)
Net book value	9,324	8,960	28,046	46,330
Period ended 31 January 2010				
Opening net book value	9,324	8,960	28,046	46,330
Additions	3,722	1,170	1,466	6,358
Disposals	–	–	(15)	(15)
Depreciation charge	–	(354)	(6,799)	(7,153)
Impairment adjustment	–	–	(1,424)	(1,424)
Closing net book value	13,046	9,776	21,274	44,096
At 31 January 2010				
Cost	13,046	12,225	76,989	102,260
Accumulated depreciation	–	(2,449)	(54,234)	(56,683)
Accumulated impairment	–	–	(1,481)	(1,481)
Net book value	13,046	9,776	21,274	44,096
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)
Impairment adjustment	–	–	–	–
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)	(57,932)	(60,763)
Accumulated impairment	–	–	–	–
Net book value	13,249	10,116	18,836	42,201

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 \$32.14 million (2010: \$31.90 million).

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

Impairment tests

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

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

- Revenue growth 3.0% to 5.0% (2010: 3.0% to 9.9%)
- Pre-tax discount rate 15.6% (2010: 15.6%)
- Terminal growth rate 2.5% (2010: 2.5%)

The revenue growth rates adopted reflect management's expectations. The discount rate used reflects management's estimate of the company's weighted average cost of capital and the terminal growth rate reflects management's estimate of the future rate of inflation. As part of the impairment testing process management have considered reasonably possible changes to key assumptions.

Based on the indicators and assumptions outlined above, no CGUs associated 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 (2010: \$1,424,016).

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

13. Intangible assets

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

The Parent has no intangible assets.

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

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 by \$433,130 and was recognised in the income statement. The recoverable amount of the brand was determined based on value-in-use calculations specific to the cash generating unit (CGU) associated with that brand. The defined CGU for the Living & Giving brand incorporates all Living & Giving stores. The calculations used pre-tax cash flow projections based on financial budgets and forecasts prepared by management covering a five year period. A terminal growth rate in perpetuity is adopted to take account of cash flows beyond the five year period. The key assumptions used for the value-in-use calculations for this brand were as follows:

- Revenue growth rate: 3.0% to 9.9%
- Pre-tax discount rate: 15.6%
- Terminal growth rate: 2.5%

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

Given the nil balance of brands in the current year impairment tests are not required.

14. Taxation

(a) Deferred tax benefit

Group	Depreciation \$000	Provisions \$000	Derivative financial instruments \$000	Total \$000
At 25 January 2009	329	1,449	(1,397)	381
Credited to the income statement	769	23	–	792
Credited to other comprehensive income	–	–	1,518	1,518
At 31 January 2010	1,098	1,472	121	2,691
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

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

Parent	Depreciation \$000	Provisions \$000	Derivative financial instruments \$000	Total \$000
At 25 January 2009	–	186	–	186
Charged to the income statement	–	(3)	–	(3)
At 31 January 2010	–	183	–	183
Charged to the income statement	–	(24)	–	(24)
At 30 January 2011	–	159	–	159

Net deferred tax asset / (liability)	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Deferred tax assets				
– to be recovered within 12 months	1,205	1,062	131	161
– to be recovered after more than 12 months	1,784	1,811	28	22
	2,989	2,873	159	183
Deferred tax liabilities				
– to be settled within 12 months	(158)	(182)	–	–
– to be settled after more than 12 months	(2,287)	–	–	–
	(2,445)	(182)	–	–
Deferred tax asset (net)	544	2,691	159	183

(b) Taxation (payable)/receivable	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Movements:				
Balance at beginning of period	(3,873)	(795)	(13)	(258)
Current tax	(10,134)	(11,071)	(758)	(699)
Tax paid	11,885	7,877	824	828
Foreign investor tax credit (FITC)	230	116	230	116
Balance at end of period	(1,892)	(3,873)	283	(13)

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

15. Trade and other payables

	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Trade payables	40,000	22,472	198	60
Other payables and accruals	9,891	10,758	421	897
Total trade and other payables	49,891	33,230	619	957

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

16. Provisions

	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Balance at beginning of period	53	49	–	–
Charged to income statement	92	53	–	–
Used during the period	(53)	(49)	–	–
Balance at end of period	92	53	–	–

Provisions relate to returned inventory for sales made to customers for goods directly imported by the Group, which are subsequently returned by customers.

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 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
(a) Non-current liabilities				
Balance at beginning of period	461	427	73	66
Charged to income statement	122	82	33	7
Used during the period	(65)	(48)	(4)	–
Balance at end of period	518	461	102	73
(b) Current liabilities				
Balance at beginning of period	7,716	3,937	1,782	716
Charged to income statement	6,600	8,639	1,598	1,758
Used during the period	(8,712)	(4,860)	(1,823)	(692)
Balance at end of period	5,604	7,716	1,557	1,782

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

18. Imputation credits

	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Imputation credit account balance	43,746	39,671	6,010	5,051
Imputation credit account movements:				
Balance at beginning of period	39,671	37,332	5,051	4,169
Tax payments, net of refunds	11,798	7,968	731	766
Credits attached to dividends received	1	2	7,952	5,747
Distributed and disposed	(7,724)	(5,631)	(7,724)	(5,631)
Balance at end of period	43,746	39,671	6,010	5,051

19. Share capital

	Group and Parent		Share capital	
	No. of authorised shares Period ended 30 January 2011 Shares	Period ended 31 January 2010 Shares	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Opening ordinary shares	212,150,000	212,150,000	40,625	40,625
Balance at end of period	212,150,000	212,150,000	40,625	40,625

All shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights and no par value.

No shares were issued during the period ended 30 January 2011 (2010: Nil).

20. Dividends paid

	Group and Parent		Share capital	
	Period ended 30 January 2011 Cents per share	Period ended 31 January 2010 Cents per share	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
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	–
Interim dividend for the period ended 31 January 2010	–	2.00	–	4,243
Final dividend for the period ended 25 January 2009	–	3.50	–	7,425
	8.00	5.50	16,972	11,668

All dividends paid were fully imputed. Supplementary dividends of \$230,258 (2010: \$116,280) 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 30 January 2011

21. Executive share options

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

- (a) the date on which allocations are decided by the Board; or
- (b) the date on which allocations are made.

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

During the financial year the Company issued 1,505,000 options (2010: 1,560,000) to senior executives.

The fair value of these options is estimated at \$402,889 (2010: \$564,876) under the Black Scholes valuation model using the following inputs and assumptions:

- Risk free interest rate 4.09% (2010: 4.77%)
- Expected dividend yield 6.06% (2010: 5.07%)
- Expected life (years) 3.47 (2010: 3.38)
- Expected share volatility 35.00% (2010: 41.00%)
- Share price at grant date \$1.32 (2010: \$1.18)
- Exercise price \$1.30 (2010: \$0.95)

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 \$365,177 (2010: \$256,159) which represents this amortisation.

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

	Period ended 30 January 2011		Period ended 31 January 2010	
	Average exercise price \$ per share	Options 000	Average exercise price \$ per share	Options 000
Balance at beginning of year	1.09	5,102	1.16	4,159
Issued	1.30	1,505	0.95	1,560
Forfeited	0.92	(130)	1.38	(2)
Exercised	–	–	–	–
Lapsed	1.48	(1,020)	1.24	(615)
Balance at end of year	1.08	5,457	1.09	5,102

Of the 5,457,000 outstanding options, 1,077,000 are currently exercisable (2010: 1,020,000).

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

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 30 January 2011 000	Period ended 31 January 2010 000
October	2010	October	2009	\$1.48	–	1,020
December	2011	December	2010	\$1.38	1,077	1,092
December	2012	December	2011	\$0.74	1,380	1,430
November	2013	November	2012	\$0.95	1,495	1,560
October	2014	October	2013	\$1.30	1,505	–
Total share options outstanding					5,457	5,102

Share options reserve	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Balance at beginning of year	580	486	580	486
Current year amortisation	365	256	365	256
Options forfeited and lapsed transferred to retained earnings	(309)	(162)	(309)	(162)
Balance at end of year	636	580	636	580

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 30 January 2011 \$000	Period ended 31 January 2010 \$000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	8,198	7,825
The Sports Authority Limited	3,942	3,707
Total management fees	12,140	11,532
Dividends received by the Company from Briscoes (NZ) Limited	16,972	11,668

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

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

	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Loan (to) / from the Company (from) / to Briscoes (NZ) Limited	19,284	10,808
Loan (to) / from the Company (from) / to The Sports Authority Limited	4	1,609
Total loans (to) / from the Company (from) / to subsidiaries	19,288	12,417

In addition 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 \$546,999 (2010: \$546,999) from the Group, under an agreement to lease premises to The Sports Authority Limited.
- The RA Duke Trust received dividends of \$12,727,600 (2010: \$8,750,225).
- P Duke, spouse of the Managing Director, received payments of \$65,000 (2010: \$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 \$101,200 (2010: \$69,575)

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

	Period ended 30 January 2011		Period ended 31 January 2010	
	Directors' Fees \$000	Dividends \$000	Directors' Fees \$000	Dividends \$000
Executive Director				
RA Duke	–	–	–	–
AJ Wall	–	18	–	12
Non Executive Directors				
SH Johnstone	48	80	40	55
RPO'L Meo	85	–	80	–
RJ Skippen	43	–	40	–
	176	98	160	67

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

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

	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Executive Director		
RA Duke ¹	12,728	8,750
AJ Wall ²	98	68
Non Executive Directors		
SH Johnstone	–	–
RPO'L Meo	8	6
RJ Skippen	–	–
	12,834	8,824

1. The RA Duke Trust, of which RA Duke and AJ Wall are trustees, received dividends of \$12,727,600 during the period (2010: \$8,750,225)
2. The Tunusa Trust, of which AJ Wall is a trustee, received dividends of \$98,400 during the period (2010: \$67,650).

Key management compensation was as follows:

	Group		Parent	
	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000	Period ended 30 January 2011 \$000	Period ended 31 January 2010 \$000
Salaries and other short term employee benefits	2,726	2,673	2,726	2,673
Share options benefit	125	111	125	111
Directors' fees	176	160	176	160
Total benefits	3,027	2,944	3,027	2,944

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

Key management did not receive any termination benefits during the period (2010: Nil). In addition key management did not receive and are not entitled to receive any post employment or long term benefits (2010: Nil).

Notes to the Financial Statements

For the 52 week period ended 30 January 2011

23. Capital expenditure commitments

	Group		Parent	
	Period ended 30 January 2011	Period ended 31 January 2010	Period ended 30 January 2011	Period ended 31 January 2010
	\$000	\$000	\$000	\$000
Commitments in relation to fit-out and property projects at the end of the period not provided for in the financial statements	7,556	25	–	–

24. Operating lease rental commitments

	Group		Parent	
	Period ended 30 January 2011	Period ended 31 January 2010	Period ended 30 January 2011	Period ended 31 January 2010
	\$000	\$000	\$000	\$000
Lease commitments expire as follows:				
Within one year	23,514	24,837	–	–
One to two years	20,083	21,464	–	–
Two to five years	33,170	39,808	–	–
Beyond five years	9,666	15,050	–	–
Total operating lease rental commitments	86,433	101,159	–	–

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 30 January 2011 (2010: Nil).

26. Events after balance date

On 3 February 2011 settlement of \$3.0 million was made for the purchase of properties in Taranaki Street, Wellington.

On 8 March 2011 the Directors resolved to provide for a final dividend to be paid in respect of the year ended 30 January 2011. The dividend will be paid at a rate of 6.00 cents per share, totaling \$12,729,000 on issue as at 24 March 2011, with full imputation credits attached.

On 22 February 2011 Christchurch suffered its second major earthquake in six months. Briscoe Group has seven stores in the region which were all affected to some extent. The costs incurred and any profit lost by the Group as a result of the earthquake are covered by the Group's insurance policies.

Auditors' Report



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 on pages 7 to 48, which comprise the balance sheets as at 30 January 2011, the income statements, statements of comprehensive income, statements of changes in equity and cash flow statements 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 30 January 2011 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 auditor considers 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.



Independent Auditors' Report
to the shareholders of Briscoe Group Limited

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 matters have not impaired our independence as auditors of the Company and Group.

Opinion

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

- (i) comply with generally accepted accounting practice in New Zealand;
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the financial position of the Company and the Group as at 30 January 2011, and their financial performance and cash flows for the period then ended.

Reports 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 30 January 2011:

- (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.

Restrictions 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
8 March 2011

Auckland

Corporate Governance

Role of the Board

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

The principal responsibilities of the Board are to:

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

The Board has delegated day-to-day management of the Company to the Group Managing Director and other executives of the Company. Operational and administrative policies relative to the Company’s business are in place and the Company has an internal audit system for monitoring the Company’s operational policies and practices.

The Chairman, Managing Director and Deputy Managing Director determine the agenda for Board

meetings. On a monthly basis, the Board receives operational reports summarising the Company’s activities including key performance indicators. In addition, the Board receives regular briefings from the management team on key strategic and performance issues either as part of regular Board meetings or in specific briefing sessions.

Board Membership

The Company’s constitution sets out policies and procedures on the operation of the Board including the appointment and removal of Directors. The NZSX Listing Rules and the Company’s constitution provide that a minimum of three Directors is required, of whom at least two shall be independent. Currently the Board comprises five Directors, being an independent Non-Executive Chairman, the Group Managing Director, the Deputy Managing Director and two independent Non-Executive Directors.

The Board acknowledges the importance of independent Directors in ensuring an optimal balance between Board members who are able to bring a wide range of business experience and skills and those with direct company knowledge and operational responsibility. Under the constitution, one third of Directors must retire by rotation at the annual meeting each year but, if eligible, may offer themselves for re-election. The Group Managing Director, in his capacity as an executive director, is exempt from the requirement to retire by rotation.

Pursuant to NZSX Listing Rule 3.3.5, the Company is required to make an announcement to the market advising the closing date for Director nominations. That announcement must be no less than 10 business days prior to the closing date and the closing date must be not more than 2 months prior to the annual meeting. The Board undertakes to meet at least ten times during the financial year. For the year ending 30 January 2011 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 three independent Directors – Stuart Johnstone (Chairman), Rosanne Meo and John Skippen. The Committee assists the Board in fulfilling its responsibilities for Company financial statements and external financial reporting.

The 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 three independent Directors – Rosanne Meo (Chairman), Stuart Johnstone and John Skippen, 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

Board Composition as at April 2011		Committee membership	
Director	Classification	Audit committee	Human Resources committee
Rosanne Meo	Independent (Chair)	Member	Chair
Rod Duke	Executive	–	Member
Stuart Johnstone	Independent	Chair	Member
Alaister Wall	Executive	–	–
John Skippen	Independent	Member	Member

classification as determined by the Board, in accordance with the guidelines issued by NZX. As a relatively small board, there is a clear understanding of the required roles and expectations of the Independent Directors.

Board Remuneration

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

Code of Conduct

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

- Conflicts of interest;
- Confidentiality;
- Payments, gifts and entertainment;
- Trading in company securities;
- Workplace principles;
- Use of company information and assets;

- Obligations to act honestly and in the best interests of the Company as required by law;
- Delegation of authority;
- Accuracy of records;
- Compliance with any applicable laws, regulations and rules; and
- Fair dealing with customers, employees, suppliers and competitors.

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

Trading in Briscoe Group Securities

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

Risk Management

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

- *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

Rosanne Meo: 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: Director (Non-Executive)

Non-Executive Director of the following companies listed in Australia: Flexigroup Limited, Super Retail Group Limited, Slater & Gordon Limited and Emerging Leaders Investments Limited.

Subsidiary Companies

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

Financial Statements

The financial statements for the Parent and Group for the year ended 30 January 2011 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 30 January 2011

	Group \$000	Parent \$000
Sales Revenue	419,294	–
Profit Before Income Tax	34,170	19,110
Income Tax	(12,558)	(782)
Profit After Income Tax	21,612	18,328

B. Dividends

Subsequent to balance date, the Directors have declared a final dividend of 6.00 cents per share payable 31 March 2011. Non resident shareholders of the Group will also receive a supplementary dividend of 1.0588 cents per share. Dividends are fully imputed to New Zealand resident shareholders.

Directors

A. Remuneration and all other benefits relating to the year ending 30 January 2011 (\$000)

Non Executive Directors

RPO'L Meo	85
SH Johnstone	48
RJ Skippen	43

Executive Directors

RA Duke (Managing Director)	746
AJ Wall (Deputy Managing Director)	415

Executive Directors do not receive Directors' fees.

B. Shareholdings

Beneficially Held As at 11 March 2011

SH Johnstone	1,000,000
AJ Wall	220,000

Non-Beneficially Held As at 11 March 2011

RA Duke and AJ Wall each as Trustees of the RA Duke Trust	159,443,584
RJ Skippen	–
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
17 March 2010	500	\$670
24 March 2010	5,500	\$7,370
29 March 2010	40,000	\$51,600
1 April 2010	1,000	\$1,290
6 April 2010	112,225	\$143,648
7 April 2010	31,300	\$40,064
19 April 2010	25,000	\$32,250
15 September 2010	35,000	\$45,430
27 September 2010	10,500	\$13,650
20 October 2010	17,706	\$23,018
2 November 2010	49,853	\$69,196
5 November 2010	20,000	\$28,000

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 \$546,999 (2010: \$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 2011	Dec 2010	\$1.38	150,000
	Dec 2012	Dec 2011	\$0.74	150,000

F. Directors' Insurance

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

G. Directors' and Officers' use of Company Information

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

State of Affairs

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

Employee Remuneration

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

	Number of Employees
\$100,000 – 109,999	3
\$110,000 – 119,999	3
\$120,000 – 129,999	3
\$130,000 – 139,999	5
\$140,000 – 149,999	3
\$160,000 – 169,999	1
\$170,000 – 179,999	1
\$180,000 – 189,999	2
\$190,000 – 199,999	1
\$200,000 – 209,999	1
\$210,000 – 219,999	1
\$270,000 – 279,999	1
\$320,000 – 329,999	1
\$340,000 – 349,999	1
\$500,000 – 509,999	1
\$510,000 – 519,999	1

Remuneration to Auditors

The fee for the audit of the Group and subsidiaries paid to PricewaterhouseCoopers was \$80,000 (2010: \$80,000).

Fees paid to the auditors for other services provided, including a half yearly review, amounted to \$19,500 (2010: \$26,000).

Shareholders Information

Holding Range at 11 March 2011

	No. Investors	Total Holdings	%
1-1,000	938	676,378	0.32
1,001-5,000	1,284	3,754,108	1.77
5,001-10,000	334	2,712,777	1.28
10,001-100,000	263	7,127,338	3.36
100,001 and over	30	197,879,399	93.27
	2,849	212,150,000	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 section 35C of the Securities Markets Act 1988, are substantial security holders of the company as at 11 March 2011 are as follows:

Substantial

Security Holder	Last SSH Notice ⁽³⁾	Current Holding ⁽⁴⁾
R A Duke ⁽¹⁾	157,500,000	159,443,584
A J Wall ⁽²⁾	160,760,525	160,893,584

(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 18 April 2002, in respect of 157,500,000 shares. As at 11 March 2011 this interest is in respect of 159,443,584 shares.

(2) A J Wall has three relevant interests, which were disclosed in the SSH notice dated 2 July 2010. These were (i) as a trustee of the R A Duke Trust, in respect of 159,310,525 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 11 March 2011 the relevant interest as a trustee of the R A Duke Trust is in respect of 159,443,584 shares. The other interests remain unchanged.

(3) This information reflects the most recently lodged substantial security holder notice, in accordance with section 35F of 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 11 March 2011

Rank	Holder's Name	Total	%
1	JB Were (NZ) Nominees Limited (RA Duke Trust)	159,443,584	75.16
2	New Zealand Central Securities Depository Limited	11,496,358	5.42
3	Portfolio Custodian Limited	6,714,239	3.16
4=	Gerald Harvey	5,250,000	2.47
4=	Harvey Norman Properties (NZ) Ltd	5,250,000	2.47
6	JB Were (NZ) Nominees Limited	1,265,000	0.60
7	Alaister John Wall, Beverley Ann Wall and Benedict Douglas Tauber as Trustees of the Tunusa Trust established for the benefit of the family of AJ and BA Wall.	1,230,000	0.58
8=	Stuart Hamilton Johnstone.	1,000,000	0.47
8=	Hugh Green Investments Limited.	1,000,000	0.47
10	FNZ Custodians Limited	979,619	0.46
11	Investment Custodial Services Limited	427,811	0.20
12	Gemscott Limited	350,000	0.16
13	Carla Zwart Brockman	336,300	0.16
14	Keith Arthur William Brunt	300,000	0.14
15	Pirie St Nominees Pty Ltd and Rowena Investments Pty Ltd	299,997	0.14
16	Alaister John Wall	220,000	0.10
17	Ogilvy New Zealand Limited	206,833	0.10
18	Jontee Farms Limited	200,684	0.09
19=	Douglas Gordan Brown.	200,000	0.09
19=	Keith A W Brunt and Glenda Brunt	200,000	0.09
19=	JB Were (NZ) Nominees Limited	200,000	0.09

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

Directory

Directors

Rosanne PO'L Meo (Chairman)

Rodney A Duke

Stuart H Johnstone

R John Skippen

Alaister J Wall

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Websites

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www.rebelsport.co.nz

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Calendar

Annual Balance Date January

Preliminary Profit Announcement. March

Annual Report Published April

Final Dividend 31 March 2011

Annual Meeting 19 May 2011

Half Year Results September

Interim Dividend October



BRISCOES
HOMEWARE



REBEL
SPORT



Living & Giving



BRISCOE
GROUP LIMITED