



Living & Giving



BRISCOES
HOMEWARE



Interim Report

for the period ended 29 July 2012



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Chairman's and Managing Director's Report

On behalf of the Board of Directors, we are pleased to present the Interim Report of Briscoe Group Limited for the 26 week period ended 29 July 2012.

During this first half of the year we continued to drive our business with the goal of increasing market share in a highly competitive retail market.

Throughout the period our focus was on:

- maintaining sales growth through targeted aggressive promotions,
- continuing to drive increased stock turn,
- keeping costs firmly under control,
- improving profitability.

Our store management teams have continued to improve store standards and the levels of service they deliver to customers; making better use of the information available from our SAP system to help understand what customers want. By making better use of this information we will continue to improve the range and availability of the product we offer to our customers.

Over recent months we have piloted a sales and service training programme in a number of stores. The finalised programme will be rolled out across all Briscoe Group stores by the end of the year and will further develop the customer service levels of our people.

Aggressive promotions offering customers products they want and need are more important than ever during tough trading periods. The Group's merchandise, marketing and operations teams meet weekly to ensure that our promotional programmes for each retail brand stay fresh and relevant. With increasing fragmentation of media it is critically important to create appropriate media strategies to ensure we continue to reach target customers. Our marketing strategies continue to effectively drive our business.

The "range and quality" advertisements, which were added to the Briscoes Homeware promotional programme, have been retained and updated and have been effective in lifting customers' perceptions of the quality of our ranges.

During the post Rugby World Cup period we have continued to promote Rebel Sport as the place to go for all of your sporting goods needs. The Rebel Sport "comes with" campaign has attempted to provide a link between

our brand and the emotion and passion experienced by everyone involved in sport.

Due to the smaller number of stores for Living & Giving we have reduced the marketing spend but have managed to keep awareness of the brand at a satisfactory level through the use of well-targeted media.

The focus of our merchandise team has been on finding new and exciting products to maintain profitable ranges on sale in our stores and to keep our customers returning.

During this first half period the total number of Group stores remained at 79, but in early August we reopened our rebuilt Salisbury Street Briscoes Homeware store in the centre of Christchurch and to date the response from customers has been outstanding.

We completed the space realignment project between the Briscoes Homeware and Rebel Sport stores at Botany at the beginning of the year, resulting in more retail space for Briscoes Homeware, less for Rebel Sport and shared storage and office facilities (as was the case for similar projects at Albany and Henderson). These projects have been received well by our customers and are generating incremental sales and profit.

As well as the projects at Botany Downs and in Christchurch we have undertaken a large number of other development projects.

In May we successfully completed a full re-fit at Briscoes Homeware Blenheim, bringing this store up to our latest specifications. Before Christmas we are planning to open a new Rebel Sport store in a new building adjoining the existing Briscoes Homeware site; finally bringing Rebel Sport to this region.

In July we re-located the Rebel Sport Hamilton store to an improved location in the revamped Centre Place shopping centre. This move has allowed us to retain a modern Rebel Sport store in a prominent city centre location.

Groundworks are well underway to allow us to extend and refit the Briscoes Homeware store at Cambridge. This project will increase both the retail selling area and the storage area, allowing for a much improved operation at the site. The store will remain open through the project



and we hope to be trading from the additional space before Christmas.

Work has commenced on the 1000 square metre extension to the Briscoes Homeware Hornby store in Christchurch. Like the Cambridge project, this work will increase both the current selling and storage areas and is due for completion in early 2013.

We have completed service counter realignment projects at Briscoes Homeware stores in Tauranga, Manukau, Whangarei, Rotorua, Dunedin, Northlands, Te Rapa and Takanini and at Rebel Sport stores in Tauranga and Dunedin. These projects replace the old checkout units with a new customer service counter that is more space efficient and easier for customers to use. The new units use less space thereby providing opportunities to add additional merchandise in each of these locations.

The fully transactional websites for all three of the Group's retail brands, which were launched just prior to Christmas 2011, have continued to grow and develop. Sales and earnings contributions are continuing to improve as we work to maximise the opportunity offered by online retailing.

For the six months ended 29 July 2012, the directors reported a 28.6% increase in unaudited Net Profit After Tax (NPAT) to \$13.28 million. This compares to last year's \$10.33 million half year result.

The earnings were generated on sales of \$204.73 million compared to the \$194.10 million generated in the same period last year.

Gross margin percentage increased from 39.97% to 40.73% reflecting a strong buying and inventory management performance and effective marketing.

Earnings before Interest and tax (EBIT) of \$17.47 million were generated for the six months to 29 July 2012. This compares to \$13.56 million for the same period last year and represents an increase of 28.87%.

Segmental Performance

Homeware

Sales from homeware stores increased 5.49% from \$130.09 million to \$137.24 million for the period under review.

Colder weather through June helped to boost sales of heating related products in the appliance and manchester

categories while warmer temperatures in July tended to slow sales in these important categories.

We are pleased with the sales growth generated over last year and believe that our focus on the retail basics has helped maintain the momentum generated in the second half of the 2011/12 financial year.

Customer confidence remained subdued throughout most of the first half of the year as the economic news focused on the deepening financial worries being experienced in Europe and the potential flow-on effects for the New Zealand economy. Against this background, customers tended to react by maintaining conservative spending habits, suggesting that the sales gains have resulted in improved market share.

Sporting Goods

Sales from our sporting goods stores for the first half of this year increased 5.46% from \$64.00 million to \$67.50 million.

The hardgoods categories have continued to present challenges for Rebel Sport and the roll out of a new competitor in the outdoor market has put pressure on the fishing and outdoor equipment categories. We will continue to control stock carefully and aggressively promote the ranges traditionally bought by traditional recreational fishing and camping customers.

Our footwear and apparel categories have performed strongly with all performance indicators showing improvement. Our goal moving into the third quarter is to continue to promote aggressively in order to maximise sales and minimise the shortfall in comparison to the third quarter of last year during which extraordinarily high sales levels were achieved on the back of the Rugby World Cup.

Throughout the second half of this year we will undertake a project in a number of Rebel Sport stores to replace the existing apparel fixtures with new slim line fixtures. This will result in a greater amount of product being displayed as well as an increase to the linear area of apparel, both of which will be important factors as we enter the busiest trading period of the year.

Christchurch Region

Briscoe Group stores continued to trade well in the Canterbury region following the earthquakes of September 2010 and February 2011.



The rebuild of our Briscoe Homeware Salisbury Street store in central Christchurch progressed well during the first half, culminating in a very successful re-launch during the first week of August.

The work underway to extend our Briscoes Homeware site at Hornby will lead to an increase in coverage of the Canterbury region as the rebuild of the city continues to gather pace.

The other Briscoes Homeware stores at Riccarton and Northlands have continued to trade well throughout the period and were well supported by additional employees from the closed Salisbury Street store.

The Rebel Sport store at Colombo Street continues to build sales despite its position on the edge of the CBD, while the Riccarton Rebel Sport store has reestablished its position as one of the top performing Rebel Sport stores in the chain.

Financial Position

As at 29 July 2012 the Group had cash and bank balances of \$59.13 million, compared to \$54.84 million at 31 July 2011. The increase in the cash and bank balances would have been greater, but for the payment of the 10 cent per share special dividend in June 2012 of \$21.37 million.

Inventory levels at 29 July 2012 were \$64.60 million, slightly higher than the \$63.19 million at the same time last year. The increase is primarily due to additional stock required for the Briscoes Homeware Salisbury Street store in Christchurch, which reopened in early August.

Net capital expenditure of \$2.70 million was made during the six months to 29 July 2012. The main areas of expenditure were for the space realignment project at Botany, the fit-out of the Blenheim Briscoes Homeware and Hamilton Rebel Sport stores, and the service counter realignment projects completed during the six month period.

Dividend

The directors have declared a fully imputed interim dividend of 4.00 cents per share. This compares to last year's interim dividend of 3.50 cents per share and represents 64% of the Group's tax paid profit for the period. Books will close to determine entitlements at 5pm on 21 September 2012 and payment will be made on 27 September 2012. In addition to the interim dividend, a supplementary dividend of 0.7059 cents per share has been declared and will be paid to non-resident shareholders.

At the Group's Annual Meeting held in May, we announced a fully imputed special dividend payment of 10 cents per share which was made on 28 June 2012.

The Board continues to seek acquisition and expansion opportunities and this remains the most preferred potential use of surplus cash as has been indicated previously to the market and shareholders. However, the Board recognised that the cash balances held by the Group had increased to an extent that a distribution of cash back to shareholders was appropriate. The special dividend will not be an impediment to the Group's ability to take advantage of acquisition or expansion opportunities should they crystallise.

Outlook

The Board and management believe that the second half of the year will continue to present challenges to the retail sector. The Group is well placed with stocks under control and promotional plans in place as the build up to Christmas progresses.

The Rugby World Cup produced significant incremental sales for Rebel Sport during the third quarter of last year as the New Zealand public purchased sporting apparel to support the competition. The stance that Rebel Sport took on the pricing of the adidas All Black's jersey was well received by the public and undoubtedly boosted Rebel Sport's visibility during and after the competition.

The roll out of the new sales and service programmes across all Briscoe Group stores, together with the continued development of quality product ranges and creative marketing campaigns, will continue to drive business performance throughout the remainder of the year.

While the economic outlook remains uncertain, we are cautiously optimistic about Group performance as we move into the second half of this year. The strong first half should enable the Group to more than offset the one-off boost in business levels generated in the third quarter of last year on the back of the Rugby World Cup. The Group is well placed to better last year's full year reported profit of \$27.53 million.

Rosanne Meo
CHAIRMAN

Rod Duke
GROUP MANAGING DIRECTOR

6 SEPTEMBER 2012

Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

The Interim 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

6 September 2012

Consolidated Income Statement

For the 26 week period ended 29 July 2012 (unaudited)

	Notes	26 Week Period Ended 29 July 2012 Unaudited \$000	26 Week Period Ended 31 July 2011 Unaudited \$000
Sales revenue	3	204,733	194,096
Cost of goods sold		(121,347)	(116,516)
Gross profit		83,386	77,580
Other operating income		23	27
Store expenses		(40,529)	(40,079)
Administration expenses		(25,409)	(23,971)
Operating profit		17,471	13,557
Net finance income		1,022	866
Profit before income tax		18,493	14,423
Income tax expense	5	(5,213)	(4,096)
Net profit attributable to shareholders	3	13,280	10,327

Earnings per share for profit attributable to shareholders:

Basic earnings per share (cents)	6.22	4.87
Diluted earnings per share (cents)	6.09	4.75

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

Consolidated Statement of Comprehensive Income

For the 26 week period ended 29 July 2012 (unaudited)

	Notes	26 Week Period Ended 29 July 2012 Unaudited \$000	26 Week Period Ended 31 July 2011 Unaudited \$000
Net profit attributable to shareholders		13,280	10,327
Other comprehensive income			
Fair value loss recycled to income statement		362	2,122
Fair value gain/(loss) taken to the cashflow hedge reserve		291	(4,750)
Deferred tax on fair value hedge taken to income statement	7a	(101)	(594)
Deferred tax on fair value transfers to cashflow hedge reserve	7a	(82)	1,330
Total other comprehensive income		470	(1,892)
Total comprehensive income attributable to shareholders		13,750	8,435

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

Consolidated Statement of Changes in Equity

For the 26 week period ended 29 July 2012 (unaudited)

		Share Capital	Cashflow Hedge Reserve	Share Options Reserve	Retained Earnings	Total Equity
	Notes	Unaudited \$000	Unaudited \$000	Unaudited \$000	Unaudited \$000	Unaudited \$000
Balance at 30 January 2011		40,625	(1,022)	636	91,647	131,886
Net profit attributable to shareholders for the period		–	–	–	10,327	10,327
Other comprehensive income:						
Fair value (gain)/loss recycled to income statement		–	2,122	–	–	2,122
Fair value gain/(loss) taken to the cashflow hedge reserve		–	(4,750)	–	–	(4,750)
Deferred tax on fair value hedge taken to income statement	7a	–	(594)	–	–	(594)
Deferred tax on fair value transfers to cashflow hedge reserve	7a	–	1,330	–	–	1,330
Total comprehensive income for the period		–	(1,892)	–	10,327	8,435
Dividends paid		–	–	–	(12,729)	(12,729)
Share options charged to income statement		–	–	208	–	208
Share options exercised	8	299	–	(40)	–	259
Transfer for share options lapsed and forfeited		–	–	–	–	–
Balance at 31 July 2011		40,924	(2,914)	804	89,245	128,059
Net profit attributable to shareholders for the period		–	–	–	17,202	17,202
Other comprehensive income:						
Fair value loss/(gain) recycled to income statement		–	1,841	–	–	1,841
Fair value (loss)/gain taken to the cashflow hedge reserve		–	1,647	–	–	1,647
Deferred tax on fair value hedge taken to income statement	7a	–	(516)	–	–	(516)
Deferred tax on fair value transfers to cashflow hedge reserve	7a	–	(461)	–	–	(461)
Total comprehensive income for the period		–	2,511	–	17,202	19,713
Dividends paid		–	–	–	(7,440)	(7,440)
Share options charged to income statement		–	–	198	–	198
Share options exercised	8	808	–	(126)	–	682
Transfer for share options lapsed and forfeited		–	–	(216)	216	–
Balance at 29 January 2012		41,732	(403)	660	99,223	141,212
Net profit attributable to shareholders for the period		–	–	–	13,280	13,280
Other comprehensive income:						
Fair value (gain)/loss recycled to income statement		–	362	–	–	362
Fair value gain/(loss) taken to the cashflow hedge reserve		–	291	–	–	291
Deferred tax on fair value hedge taken to income statement	7a	–	(101)	–	–	(101)
Deferred tax on fair value transfers to cashflow hedge reserve	7a	–	(82)	–	–	(82)
Total comprehensive income for the period		–	470	–	13,280	13,750
Dividends paid		–	–	–	(35,258)	(35,258)
Share options charged to income statement		–	–	213	–	213
Share options exercised	8	576	–	(102)	–	474
Transfer for share options lapsed and forfeited		–	–	–	–	–
Balance at 29 July 2012		42,308	67	771	77,245	120,391

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

Consolidated Balance Sheet

As at 29 July 2012 (unaudited)

	Notes	As at 29 July 2012 Unaudited \$000	As at 31 July 2011 Unaudited \$000	As at 29 January 2012 Audited \$000
EQUITY				
Share capital	8	42,308	40,924	41,732
Share options reserve		771	804	660
Cashflow hedge reserve		67	(2,914)	(403)
Retained earnings		77,245	89,245	99,223
Total equity		120,391	128,059	141,212
LIABILITIES				
Non-current liabilities				
Employee benefits		574	561	572
Total non-current liabilities		574	561	572
Current liabilities				
Trade and other payables		45,065	30,396	54,674
Provisions		44	37	84
Employee benefits		5,933	5,385	7,109
Taxation payable	7b	468	-	3,001
Derivative financial instruments		273	3,988	653
Total current liabilities		51,783	39,806	65,521
TOTAL LIABILITIES		52,357	40,367	66,093
TOTAL EQUITY AND LIABILITIES		172,748	168,426	207,305
ASSETS				
Non-current assets				
Property, plant and equipment		44,724	45,517	45,144
Intangible assets		1,179	453	1,254
Deferred tax	7a	804	1,578	770
Total non current assets		46,707	47,548	47,168
Current assets				
Cash and cash equivalents		59,126	54,839	95,337
Trade and other receivables		1,932	2,712	2,622
Inventories		64,601	63,191	62,057
Taxation receivable	7b	-	134	-
Derivative financial instruments		382	2	121
Total current assets		126,041	120,878	160,137
TOTAL ASSETS		172,748	168,426	207,305
Net Tangible Assets per Security (cents)		55.79	60.10	65.69

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

Consolidated Statement of Cash Flows

For the 26 week period ended 29 July 2012 (unaudited)

	Notes	26 Week Period Ended 29 July 2012 Unaudited \$000	26 Week Period Ended 31 July 2011 Unaudited \$000
OPERATING ACTIVITIES			
Cash was provided from			
Receipts from customers		204,666	193,747
Rent received		23	27
Interest received		1,155	1,005
		205,844	194,779
Cash was applied to			
Payments to suppliers		(165,284)	(169,022)
Payments to employees		(24,627)	(22,532)
Interest paid		(2)	(2)
Net GST paid		(6,705)	(5,646)
Income tax paid		(7,963)	(6,420)
		(204,581)	(203,622)
Net cash inflows / (outflows) from operating activities		1,263	(8,843)
INVESTING ACTIVITIES			
Cash was provided from			
Proceeds from sale of property, plant and equipment		2	55
		2	55
Cash was applied to			
Purchase of property plant and equipment	6	(2,497)	(6,679)
Purchase of intangible assets		(207)	(161)
		(2,704)	(6,840)
Net cash (outflows) from investing activities		(2,702)	(6,785)
FINANCING ACTIVITIES			
Cash was provided from			
Issue of new shares	8	474	259
		474	259
Cash was applied to			
Dividends paid		(35,258)	(12,729)
		(35,258)	(12,729)
Net cash (outflows) from financing activities		(34,784)	(12,470)
Net (decrease) in cash and cash equivalents		(36,223)	(28,098)
Cash and cash equivalents at beginning of period		95,337	82,794
Foreign cash balance cash flow hedge adjustment		12	143
CASH AND CASH EQUIVALENTS AT END OF PERIOD		59,126	54,839

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

Consolidated Statement of Cash Flows continued

For the 26 week period ended 29 July 2012 (unaudited)

	26 Week Period Ended 29 July 2012 Unaudited \$000	26 Week Period Ended 31 July 2011 Unaudited \$000
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT		
Reported net profit attributable to shareholders	13,280	10,327
Items not involving cash flows		
Depreciation and amortisation expense	3,074	3,120
Adjustment for fixed increase leases	(41)	(83)
Bad debts written off and movement in doubtful debts	18	10
Inventory adjustments	128	353
Amortisation of executive share options	213	207
Loss on disposal of assets	123	25
Impact of statutory change in depreciation on buildings	(47)	(47)
	3,468	3,585
Impact of changes in working capital items		
Decrease (increase) in trade and other receivables	672	(860)
Increase in inventories	(2,672)	(367)
Decrease in taxation payable	(2,533)	(2,026)
Decrease in trade payables	(10,571)	(18,731)
Decrease in other payables and accruals	(381)	(771)
	(15,485)	(22,755)
Net cash inflows (outflows) from operating activities	1,263	(8,843)

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

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

1. Summary of significant accounting policies

These general purpose financial statements for the interim 26 week reporting period ended 29 July 2012 have been prepared in accordance with Accounting Standard NZ IAS 34 and IAS 34 *Interim Financial Reporting*. They do not include all the notes included in the full annual financial statements and are to be read in conjunction with the Annual Report for the 52 week period ended 29 January 2012.

The accounting policies used are compliant with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS) and will be used in the full year financial statements for the period ending 27 January 2013.

(a) Basis of preparation of interim 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.

Entity 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. No separate Parent results are disclosed in the interim financial statements.

Reporting period

These financial statements are in respect of the 26 week period 30 January 2012 to 29 July 2012. The comparative period is in respect of the 26 week period 31 January 2011 to 31 July 2011. The year-end balance date will be 27 January 2013 and the full financial statements will cover the 52 week period 30 January 2012 to 27 January 2013.

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 interim 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.

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

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 Note 6.

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 6.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Briscoe Group Limited as at 29 July 2012 and the results of all subsidiaries for the 26 week period then ended.

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

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement.

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

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

(c) Segment reporting

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

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

The Group is organised into two reportable operating segments, namely homeware and sporting goods, reflecting the different retail sectors solely in New Zealand, within which the Group operates. The Parent holding company is not considered to be a reportable operating segment and as such eliminations and unallocated amounts within Note 3 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 3.

(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 the customer. Retail sales are usually in cash or by credit card.

Interest income

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

Dividend income

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

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

(f) Income tax

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

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

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

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

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

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

(g) Leases

The Group is the lessee

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

The Group is the lessor

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the period of the lease.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication of an impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). An impairment loss is recognised for the amount by which the 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.

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

(i) Cash and cash equivalents

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

(j) Trade receivables

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

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

(k) Inventories

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

(l) Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are recognised initially at fair value plus transaction costs and are subsequently measured at amortised cost. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet. An assessment is made at each balance date as to whether there is objective evidence that a financial asset or group of financial assets is impaired. 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 26 week period ended 29 July 2012 (unaudited)

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 the 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 26 week period ended 29 July 2012 (unaudited)

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

- Freehold Buildings 33 years
- Plant and equipment 3 – 15 years

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

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

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

(q) Intangible assets

Brands

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

Indefinite life brands are tested for impairment annually and whenever there is an indication that the brand may be impaired.

Software

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

(t) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been 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 26 week period ended 29 July 2012 (unaudited)

(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 26 week period ended 29 July 2012 (unaudited)

(z) Statement of cash flows

The following are the definitions of the terms used in the statement 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

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the period ended 29 January 2012, as described in those annual financial statements.

The following new standards and amendments to standards were applied during the period;

- **FRS 44: New Zealand Additional Disclosures and Harmonisation Amendments** (effective for annual periods beginning on or after 1 July 2011)
FRS 44 sets out New Zealand specific disclosures for entities reporting under NZIFRS. These disclosures have been relocated from NZ IFRSs to clarify that these disclosures are additional to those required by IFRSs. The Group has elected to include additional comparative information as it is considered to provide relevant information to the users of the financial statements. The Harmonisation Amendments amend various NZ IFRSs for the purpose of harmonising financial reporting standards in Australia and New Zealand to bring them more in line with the source IFRS.

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 annual 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. The classification model is driven by the entity's business model for managing the financial assets and the contractual cashflow characteristics of the financial assets. This will affect future financial statements through disclosure only as the recognition and measurement guidance relating to financial liabilities is unchanged from NZ IAS 39. The Group will apply this standard in the 2013/14 financial year.
- **NZ IFRS 13: Fair Value Measurement** (effective for annual periods beginning on or after 1 January 2013)
NZ IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

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

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

3. Segment information

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

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

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

For the period ended 29 July 2012	Homeware	Sporting goods	Eliminations/ unallocated	Total Group
	\$000	\$000	\$000	\$000
INCOME STATEMENT				
Total sales revenue	137,237	67,496	–	204,733
Gross profit	56,211	27,175	–	83,386
Operating profit	12,321	4,536	614	17,471
Finance income	–	372	650	1,022
Income tax expense	(3,396)	(1,374)	(443)	(5,213)
Net profit after tax	8,925	3,534	821	13,280
BALANCE SHEET				
Assets	91,010	46,313	35,425	172,748
Liabilities	50,628	20,517	(18,788)	52,357
Other Segmental Items				
Acquisitions of property, plant and equipment, intangibles and investments	2,312	392	–	2,704
Depreciation and amortisation expense	2,008	1,066	–	3,074

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

For the period ended 31 July 2011	Homeware \$000	Sporting goods \$000	Eliminations/ unallocated \$000	Total Group \$000
INCOME STATEMENT				
Total sales revenue	130,092	64,004	–	194,096
Gross profit	52,622	24,958	–	77,580
Operating profit	9,667	3,224	666	13,557
Finance income	–	319	547	866
Income tax expense	(2,680)	(1,006)	(410)	(4,096)
Net profit after tax	6,987	2,537	803	10,327

BALANCE SHEET

Assets	105,484	51,143	11,799	168,426
Liabilities	67,630	12,003	(39,266)	40,367
Other Segmental Items				
Acquisitions of property, plant and equipment, intangibles and investments	5,878	962	-	6,840
Depreciation and amortisation expense	2,056	1,064	-	3,120

4. Expenses by nature

	26 Week Period Ended 29 July 2012 \$000	26 Week Period Ended 31 July 2011 \$000
Depreciation		
Freehold buildings	217	195
Plant and equipment	2,575	2,699
Total depreciation	2,792	2,894
Amortisation		
Software	282	226
Total amortisation	282	226
Total depreciation and amortisation	3,074	3,120
Loss on disposal of property, plant and equipment, intangibles and investments	123	25
Wages, salaries and other short term benefits	23,666	22,563
Operating lease rental expense	13,192	13,658

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

5. Income tax expense

	26 Week Period Ended 29 July 2012 \$000	26 Week Period Ended 31 July 2011 \$000
(a) Income tax expense		
Current tax expense:		
Current tax	4,871	3,715
Adjustments for prior years	559	679
	5,430	4,394
Deferred tax expense:		
Decrease in future tax benefit current year	325	335
Adjustments for prior years	(542)	(633)
	(217)	(298)
Total income tax expense	5,213	4,096

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

Profit before income tax expense	18,493	14,423
Tax at the corporate rate of 28% (2011: 28%)	5,178	4,038
Tax effect of amounts which are either non-deductible or non-assessable in calculating taxable income:		
Income not subject to tax	(8)	(8)
Expenses not deductible for tax	73	68
Prior period adjustments	(30)	(2)
Total income tax expense	5,213	4,096

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

6. Property, plant and equipment

Acquisitions and disposals

During the 26 week period ended 29 July 2012, the Group acquired property, plant and equipment with a total cost of \$2,497,398 (2011: \$6,679,553). Assets with a cost of \$1,434,978 (2011: \$902,140) were disposed of during the 26 week period ended 29 July 2012, resulting in a net loss of \$122,573 (2011: net loss of \$25,355).

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

Asset impairment

For the purposes of assessing impairment, a cash generating unit ('CGU') is defined as 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 as the amount by which an asset's carrying amount exceeds its recoverable amount.

Based on impairment testing carried out by management, no CGUs within the Group's operating segments were determined to have asset carrying values in excess of the greater of either the CGU's value-in-use calculation or the fair value less costs to sell of the CGU's assets. Therefore no impairment adjustment has been recognised in the income statement (2011: Nil).

7. Taxation

(a) Deferred tax benefit

	Depreciation	Provisions	Derivative financial instruments	Total
	\$000	\$000	\$000	\$000
At 30 January 2011	(1,086)	1,232	398	544
Credited/(charged) to the income statement	48	250	–	298
Credited to other comprehensive income	–	–	736	736
At 31 July 2011	(1,038)	1,482	1,134	1,578
Credited/(charged) to the income statement	61	108	–	169
Charged to other comprehensive income	–	–	(977)	(977)
At 29 January 2012	(977)	1,590	157	770
Credited/(charged) to the income statement	172	45	–	217
Credited to other comprehensive income	–	–	(183)	(183)
At 29 July 2012	(805)	1,635	(26)	804

Net deferred tax asset / (liability)

	26 Week Period Ended 29 July 2012 \$000	26 Week Period Ended 31 July 2011 \$000	52 Week Period Ended 29 January 2012 \$000
Deferred tax assets			
– to be recovered within 12 months	1,637	2,151	1,309
– to be recovered after more than 12 months	1,924	1,784	1,763
	3,561	3,935	3,072
Deferred tax liabilities			
– to be settled within 12 months	(561)	(114)	(106)
– to be settled after more than 12 months	(2,196)	(2,243)	(2,196)
	(2,757)	(2,357)	(2,302)
Deferred tax asset (net)	804	1,578	770

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

(b) Taxation (payable) / receivable

	\$000
At 30 January 2011	(1,892)
Current tax	(4,394)
Tax paid	6,250
Foreign investor tax credit (FITC)	170
At 31 July 2011	134
Current tax	(6,907)
Tax paid	3,673
Foreign investor tax credit (FITC)	99
At 29 January 2012	(3,001)
Current tax	(5,430)
Tax paid	7,686
Foreign investor tax credit (FITC)	277
At 29 July 2012	(468)

8. Share capital

	Authorised Shares No. of Shares	Share capital \$000
At 30 January 2011	212,150,000	40,625
Issue of ordinary shares during the period:		
Exercise of options	187,500	299 ¹ .
At 31 July 2011	212,337,500	40,924
Issue of ordinary shares during the period:		
Exercise of options	710,000	808
At 29 January 2012	213,047,500	41,732
Issue of ordinary shares during the period:		
Exercise of options	640,000	576¹.
At 29 July 2012	213,687,500	42,308

1. When options are exercised the amount in the share options reserve relating to those options exercised, together with the exercise price paid by the employee, is transferred to share capital. The amounts transferred for the 640,000 shares issued during the 26 week period ended 29 July 2012 were \$102,790 and \$473,600 respectively (\$39,563 and \$258,750 respectively for the 187,500 shares issued during the 26 week period ended 31 July 2011).

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

9. Related party transactions

During the 26 week 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 normal commercial terms.

Material transactions between the Company and its subsidiaries were:

	26 Week Period Ended 29 July 2012 \$000	26 Week Period Ended 31 July 2011 \$000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	5,049	4,879
The Sports Authority Limited (trading as Rebel Sport)	2,521	2,451
Total management fees charged	7,570	7,330
Dividends received by the Company from:		
Briscoes (NZ) Limited	13,864	12,729
The Sports Authority Limited (trading as Rebel Sport)	21,369	–
Total dividends received	35,233	12,729

In addition the Group undertook transactions during the 26 week period 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 \$290,000 (2011: \$273,500) from the Group, under an agreement to lease premises to The Sports Authority Limited.
- The RA Duke Trust received dividends of \$27,571,143 (2011: \$9,566,615).
- P Duke, spouse of the Managing Director, received payments of \$32,500 (2011: \$32,500) 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 \$208,725 (2011: \$75,900).

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

	26 Week Period Ended 29 July 2012		26 Week Period Ended 31 July 2011	
	Directors' Fees \$000	Dividends \$000	Directors' Fees \$000	Dividends \$000
Executive Director				
RA Duke	–	–	–	–
AJ Wall	–	36	–	13
Non Executive Directors				
SH Johnstone	26	165	26	57
RPO'L Meo	44	–	44	–
RJ Skippen ¹	–	–	22	–
	70	201	92	70

Notes to the Financial Statements

For the 26 week period ended 29 July 2012 (unaudited)

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

	26 Week Period Ended 29 July 2012 \$000	26 Week Period Ended 31 July 2011 \$000
Executive Director		
RA Duke ²	27,571	9,567
AJ Wall ^{2,3}	27,774	9,638
Non Executive Directors		
SH Johnstone	–	–
RPO'L Meo	17	6
RJ Skippen ¹	–	–

Comparative period amounts in the above table have been changed to provide consistency with current period

1. RJ Skippen resigned as a director of Briscoe Group Limited effective from 30 September 2011.
2. The RA Duke Trust, of which RA Duke and AJ Wall are trustees, received dividends of \$27,571,143 during the 26 week period (2011: \$9,566,615).
3. The Tunusa Trust, of which AJ Wall is a trustee, received dividends of \$202,950 during the 26 week period (2011: \$70,637).

10. Capital expenditure commitments

	As at 29 July 2012 \$000	As at 31 July 2011 \$000	As at 29 January 2012 \$000
Commitments in relation to refurbishment, fit-out and property projects at the end of the period not provided for in the financial statements	2,608	600	863

11. Operating lease rental commitments

	As at 29 July 2012 \$000	As at 31 July 2011 \$000	As at 29 January 2012 \$000
Lease commitments expire as follows:			
Within one year	23,085	22,161	22,339
One to two years	20,121	18,776	18,740
Two to five years	34,858	29,710	29,268
Beyond five years	23,212	9,673	9,530
Total operating lease rental commitments	101,276	80,320	79,877

12. Contingent liabilities

There were no contingent liabilities as at 29 July 2012 (2011: Nil).

13. Events after balance date

On 6 September 2012 the directors resolved to provide for an interim dividend to be paid in respect of the 52 week period ending 27 January 2013. The dividend will be paid at a rate of 4.00 cents per share on issue as at 21 September 2012, with full imputation credits attached.

Directory

Directors

Dame Rosanne PO'L Meo (Chairman)

Rodney A Duke

Stuart H Johnstone

Alaister J Wall

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Living & Giving



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GROUP LIMITED