BRISCOE GROUP LIMITED

Interim Report

for the period ended 27 July 2014

Contents

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 27 July 2014.

During the first half of this year the Group produced solid sales and margin growth compared to the same period last year. The second quarter presented similar challenges to last year with warmer than normal weather continuing in many parts of the country until July.

The slow start to the winter season caused us to amend the Briscoes Homeware promotional plans to focus on seasonal stocks for which purchase commitments had already been made. We are pleased with the way customers responded to the promotional initiatives and as a result the winter stocks were cleared at relatively low levels of additional discount.

Rebel Sport benefited from the slow onset of cold weather as customers were able to enjoy many of their summer activities through most of the second quarter. When the cold weather finally arrived, there was strong demand for our winter products and we were successful in achieving our target closing inventory levels and margins through to the end of July.

The earnings growth achieved in recent years within the sporting goods segment is a reflection of the on-going refinement to the product ranges we offer and the broadening of our channels of connecting with our customers, in the face of changing customer preferences and changing competition within the sector. The sporting goods segment now contributes 33% of Group earnings before interest and tax (EBIT – refer Consolidated Income Statement, page 4), compared to 24% just three years ago.

Our commitment to continually improve the range and quality of the brands on offer continued to drive benefits. For example we further developed the ranges available under the Simon Gault and other brands and were able to offer improved supply of product with corresponding improvements in sales.

Close attention to store and category performance remains at a micro-level across all the retail brands. Promotional programmes were amended and will be refined as required to drive sales at acceptable margins in response to economic conditions and competitor activity. The quality of the execution of advertisements and promotions across all types of media coupled with sound implementation at store level underpinned our growth in sales. Our ability to make decisions quickly and to implement changes efficiently further increased the Group's market share in both the homeware and sporting goods sectors.

Our store-based teams continued to deliver great results and control expenditure across their profit centres. The Group's Sales and Service Programme has now become the framework within which we do business and there are many examples of Business Managers and their teams driving exceptional results by using techniques they have developed through the programme.

A key focus for our store teams has been the efficiency of the receipting of stock to increase the speed to get it on the shop floor. During the second half of this year we will implement inventory scanning at the back door of every store. This technology will significantly increase the efficiency of product movements. The project was planned and developed by a team drawn from various areas across the Group and with the mix of knowledge and experience, we are confident of a successful roll-out to all stores.

Our online business increased significantly and sustained growth is confidently expected through the second half of the year. We have made improvements to our fulfillment hubs to increase our fulfillment efficiency. Further investment is underway to make it easier for customers to interact and transact with us online, and to enhance our e-commerce platform to support continued growth over the coming years.

Total store numbers remained at 78 during the first half of the year.

During this first half a number of space realignments in Rebel Sport stores were completed, increasing the amount of store area available to better merchandise footwear and apparel product. In Briscoes Homeware the layout of stockrooms in a number of the top performing stores was improved resulting in a more efficient flow of stock through to the sales floor while, at the same time, making more efficient use of the storage space available.

The Briscoes Homeware store at Ashburton was extended and reconfigured to create an improved customer flow and increase space allocation to seasonal product. The Rebel Sport store at Manukau underwent a full refit, which included the addition of the first Under Armour brand 'store-in-store' concept in New Zealand. Our customers responded well to the changes in both of these stores resulting in sales growth ahead of similar stores.

All of these projects were completed on time and within budget and are delivering an improved shopping experience for our customers.

During the second half of the year the existing Briscoes Homeware and Rebel Sport stores in Wanganui will be relocated to a new purpose built location with shared back-of-house facilities. Work is well underway to relocate the Briscoes Homeware store at Coastlands in Wellington, to a new larger site adjacent to the existing location. We plan to open it by November. Once this relocation is complete we will refit the existing store as a new Rebel Sport store which we hope to open prior to Christmas. A new Rebel Sport store is also planned for Hornby in Christchurch and will be situated alongside the recently extended Briscoes Homeware store.

Major extensions or relocations are well into the planning stages for Briscoes Homeware stores at Taranaki Street in Wellington, Invercargill, Taupo and Hamilton. These projects will come on stream during the next financial year. New Briscoes Homeware and Rebel Sport stores are planned for sites in Petone, Westgate and Queenstown. Although timing for these projects is less certain, we hope to have these stores open prior to Christmas 2015.

Financial Results

For the six months ended 27 July 2014, the Group reported a 23.71% increase in unaudited net profit after tax (NPAT) to $18.46 million. This compares to last year's $14.92 million half year result.

The earnings were generated on sales of $231.45 million compared to the $217.37 million generated in the same period last year, an increase of 6.48%.

Gross margin percentage increased from 39.18% to 39.60% reflecting the continued strength of the New Zealand dollar and ongoing improvements to the effectiveness of our marketing strategies. These factors are more than offsetting the high levels of competitiveness across the retailing sectors in which the Group operates.

EBIT of $24.90 million was generated for the six months to 27 July 2014. This compares to $19.90 million for the same period last year and represents an increase of 25.14%.

Group EBIT and NPAT for the first half of this year was enhanced by the $1.34 million recovery booked as a result of the settlement of the Group's Business Interruption insurance claim lodged in relation to the February 2011 Christchurch earthquake. Excluding the impact of this recovery EBIT and NPAT for the Group increased by 18.42% and 17.26% respectively, over the same measures recorded for the first six months of last year.

Segmental Performance

Homeware

Sales from homeware stores increased 5.34% from $145.78 million to $153.57 million for the period under review.

The late onset of colder weather has been well documented by a number of retailers with the resultant effect being a significant change in sales patterns. Against this background our strategy was to remain focused on managing inventories well by making the right ordering and promotional decisions and by implementing these effectively.

We are well positioned entering the second half of this year to continue to supply our customers with the products they want, when they want them.

Sporting Goods

Sales from our sporting goods stores for the first half of this year increased 8.80% from $71.59 million to $77.89 million.

Most categories performed well, assisted by the continued flow through of a general price reduction undertaken by our suppliers which commenced last year. This price realignment has made branded sporting goods in New Zealand more competitive with similar product sourced from offshore and with non-branded product available locally. The development of more technically specified product with fashionable designs and colours has helped our ranges in footwear and apparel become more attractive to a wider range of customers.

Financial Position

As at 27 July 2014 the Group had cash and bank balances of $60.24 million, compared to $67.37 million at 28 July 2013; the reduction being a reflection of growth in required inventories, capital investment made and growth in dividend distributions.

Inventory levels at 27 July 2014 were $73.24 million, $4.08 million higher than the $69.16 million at the same time last year reflecting the additional Briscoes Homeware store opened in Kerikeri in October last year, increased stock holdings to satisfy the significant increases experienced in online sales and increased levels of product directly imported by the Group.

Net capital expenditure of $8.36 million was made during the six months to 27 July 2014. The main areas of expenditure were for settlement of property transactions, development and implementation of scanning for goods receipting, space realignment projects and store fit-outs and refurbishments.

Dividend

On 4 September 2014, the directors declared a fully imputed interim dividend of 5.50 cents per share. This compares to last year's interim dividend of 4.50 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 19 September 2014 and payment will be made on 30 September 2014. In addition to the interim dividend, a supplementary dividend of 0.9706 cents per share was declared and will be paid to non-resident shareholders.

Half Year Review

The interim financial statements represented in this report are unaudited however they have been independently reviewed by PricewaterhouseCoopers who have issued an unqualified review report to the directors.

Community Sponsorship

At Briscoe Group we pride ourselves on being a responsible and socially aware corporate citizen.

We are proud to be a key partner of Cure Kids and believe it is important to put our support and resources behind a cause that fits our values. To date we have raised in excess of $3.7 million to help them fund leading-edge research to enhance the quality of life for thousands of Kiwi children and their families.

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

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

Outlook

The Board and Management believe the Group is well positioned to continue to drive sales growth during the second half of the year which we expect to remain highly competitive. To protect margin performance we will continue with the development and enhancement of product ranges and support these with relevant promotions and compelling marketing. Our current levels of foreign exchange cover ensure there would be no negative impact on the Group's financial performance during the second half of this year, from any weakening of the New Zealand dollar.

Prior to the peak sales period running up to Christmas, operational efficiency in stores will receive a significant improvement through the completion of the project to implement the receipting of stock via scanning. Coupled with the exciting range of planned store developments we are confident our customers will enjoy significant benefits when they visit our stores.

We are optimistic that the plans we have in place across all facets of the business will drive growth and a full year profit result in excess of the $33.58 million reported for last year.

Rosanne Meo

Dame Rosanne Meo
CHAIRMAN

Rod Duke
GROUP MANAGING DIRECTOR

4 SEPTEMBER 2014

Financial Statements

For the 26 week period ended 27 July 2014 (unaudited)

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

Dame Rosanne Meo
CHAIRMAN

Rod Duke
GROUP MANAGING DIRECTOR

4 September 2014

Consolidated Income Statement

For the 26 week period ended 27 July 2014 (unaudited)

	Notes	**26 Week Period Ended 27 July 2014 Unaudited $000**	26 Week Period Ended 28 July 2013 Unaudited $000
Sales revenue	3	**231,452**	217,367
Cost of goods sold		**(139,791)**	(132,205)
Gross profit	3	**91,661**	85,162
Other operating income		**1,867**	17
Store expenses		**(41,405)**	(40,641)
Administration expenses		**(27,219)**	(24,637)
Earnings before interest and tax	3	**24,904**	19,901
Net finance income	3	**844**	926
Profit before income tax		**25,748**	20,827
Income tax expense	5	**(7,286)**	(5,903)
Net profit attributable to shareholders	3	**18,462**	14,924
Earnings per share for profit attributable to shareholders:			
Basic earnings per share (cents)		**8.55**	6.95
Diluted earnings per share (cents)		**8.37**	6.81

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 27 July 2014 (unaudited)

	Notes	**26 Week Period Ended 27 July 2014 Unaudited $000**	26 Week Period Ended 28 July 2013 Unaudited $000
Net profit attributable to shareholders		**18,462**	14,924
Other comprehensive income			
Fair value loss recycled to income statement		**1,752**	713
Fair value (loss)/gain taken to the cashflow hedge reserve		**(2,532)**	882
Deferred tax on fair value hedge taken to income statement	7a	**(491)**	(200)
Deferred tax on fair value transfers to cashflow hedge reserve	7a	**709**	(247)
Total other comprehensive income		**(562)**	1,148
Total comprehensive income attributable to shareholders		**17,900**	16,072

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 27 July 2014 (unaudited)

	Notes	Share Capital Unaudited $000	Cashflow Hedge Reserve Unaudited $000	Share Options Reserve Unaudited $000	Retained Earnings Unaudited $000	Total Equity Unaudited $000
Balance at 27 January 2013		42,317	(635)	922	85,977	128,581
Net profit attributable to shareholders for the period		–	–	–	14,924	14,924
Other comprehensive income:						
Fair value loss recycled to income statement		–	713	–	–	713
Fair value gain taken to the cashflow hedge reserve		–	882	–	–	882
Deferred tax on fair value hedge taken to income statement	7a	–	(200)	–	–	(200)
Deferred tax on fair value transfers to cashflow hedge reserve	7a	–	(247)	–	–	(247)
Total comprehensive income for the period		–	1,148	–	14,924	16,072
Dividends paid		–	–	–	(15,029)	(15,029)
Share options charged to income statement		–	–	256	–	256
Share options exercised	8	1,518	–	(419)	–	1,099
Transfer for share options lapsed and forfeited		–	–	–	–	–
Balance at 28 July 2013		43,835	513	759	85,872	130,979
Net profit attributable to shareholders for the period		–	–	–	18,651	18,651
Other comprehensive income:						
Fair value loss recycled to income statement		–	162	–	–	162
Fair value loss taken to the cashflow hedge reserve		–	(769)	–	–	(769)
Deferred tax on fair value hedge taken to income statement	7a	–	(45)	–	–	(45)
Deferred tax on fair value transfers to cashflow hedge reserve	7a	–	216	–	–	216
Total comprehensive income for the period		–	(436)	–	18,651	18,215
Dividends paid		–	–	–	(9,671)	(9,671)
Share options charged to income statement		–	–	272	–	272
Share options exercised	8	1,043	–	(190)	–	853
Transfer for share options lapsed and forfeited		–	–	(56)	56	–
Balance at 26 January 2014		44,878	77	785	94,908	140,648
Net profit attributable to shareholders for the period		**–**	**–**	**–**	**18,462**	**18,462**
Other comprehensive income:						
Fair value loss recycled to income statement		**–**	**1,752**	**–**	**–**	**1,752**
Fair value loss taken to the cashflow hedge reserve		**–**	**(2,532)**	**–**	**–**	**(2,532)**
Deferred tax on fair value hedge taken to income statement	7a	**–**	**(491)**	**–**	**–**	**(491)**
Deferred tax on fair value transfers to cashflow hedge reserve	7a	**–**	**709**	**–**	**–**	**709**
Total comprehensive income for the period		**–**	**(562)**	**–**	**18,462**	**17,900**
Dividends paid		**–**	**–**	**–**	**(17,280)**	**(17,280)**
Share options charged to income statement		**–**	**–**	**249**	**–**	**249**
Share options exercised	8	**789**	**–**	**(134)**	**–**	**655**
Transfer for share options lapsed and forfeited		**–**	**–**	**–**	**–**	**–**
Balance at 27 July 2014		**45,667**	**(485)**	**900**	**96,090**	**142,172**

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

Consolidated Balance Sheet

As at 27 July 2014 (unaudited)

	Notes	**As at 27 July 2014 Unaudited $000**	As at 28 July 2013 Unaudited $000	As at 26 January 2014 Audited $000
EQUITY				
Share capital	8	**45,667**	43,835	44,878
Share options reserve		**900**	759	785
Cashflow hedge reserve		**(485)**	513	77
Retained earnings		**96,090**	85,872	94,908
Total equity		**142,172**	130,979	140,648
LIABILITIES				
Non-current liabilities				
Employee benefits		**663**	592	545
Total non-current liabilities		**663**	592	545
Current liabilities				
Trade and other payables		**47,569**	46,489	62,785
Provisions		**54**	56	96
Employee benefits		**6,896**	6,206	7,756
Taxation payable	7b	**650**	846	3,349
Derivative financial instruments		**950**	176	205
Total current liabilities		**56,119**	53,773	74,191
TOTAL LIABILITIES		**56,782**	54,365	74,736
TOTAL EQUITY AND LIABILITIES		**198,954**	185,344	215,384
ASSETS				
Non-current assets				
Property, plant and equipment		**59,724**	43,622	54,610
Intangible assets		**1,771**	1,165	1,435
Deferred tax	7a	**1,662**	1,133	1,269
Total non-current assets		**63,157**	45,920	57,314
Current assets				
Cash and cash equivalents		**60,240**	67,365	84,762
Trade and other receivables		**1,928**	2,024	3,624
Inventories		**73,236**	69,159	69,312
Derivative financial instruments		**393**	876	372
Total current assets		**135,797**	139,424	158,070
TOTAL ASSETS		**198,954**	185,344	215,384
Net Tangible Assets per Security (cents)		**64.99**	60.42	64.59

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 27 July 2014 (unaudited)

	Notes	**26 Week Period Ended 27 July 2014 Unaudited $000**	26 Week Period Ended 28 July 2013 Unaudited $000
OPERATING ACTIVITIES			
Cash was provided from			
Receipts from customers		**232,386**	217,307
Rent received		**530**	16
Insurance recovery		**1,337**	–
Interest received		**881**	1,007
		235,134	218,330
Cash was applied to			
Payments to suppliers		**(184,904)**	(171,307)
Payments to employees		**(27,382)**	(26,164)
Interest paid		**(2)**	(8)
Net GST paid		**(12,172)**	(6,197)
Income tax paid		**(10,160)**	(8,961)
		(234,620)	(212,637)
Net cash inflows from operating activities		**514**	5,693
INVESTING ACTIVITIES			
Cash was provided from			
Proceeds from sale of property, plant and equipment		**2**	4
		2	4
Cash was applied to			
Purchase of property, plant and equipment	6	**(7,480)**	(1,847)
Purchase of intangible assets		**(876)**	(211)
		(8,356)	(2,058)
Net cash outflows from investing activities		**(8,354)**	(2,054)
FINANCING ACTIVITIES			
Cash was provided from			
Issue of new shares	8	**654**	1,099
		654	1,099
Cash was applied to			
Dividends paid		**(17,280)**	(15,029)
		(17,280)	(15,029)
Net cash outflows from financing activities		**(16,626)**	(13,930)
Net decrease in cash and cash equivalents		**(24,466)**	(10,291)
Cash and cash equivalents at beginning of period		**84,762**	77,541
Foreign cash balance cash flow hedge adjustment		**(56)**	115
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**60,240**	67,365

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 27 July 2014 (unaudited)

	26 Week Period Ended 27 July 2014 Unaudited $000	26 Week Period Ended 28 July 2013 Unaudited $000
RECONCILIATION WITH NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		
Reported net profit attributable to shareholders	**18,462**	14,924
Add non-cash items		
Depreciation and amortisation expense	**2,847**	2,987
Fixed increase leases	**21**	88
Bad debts written off and movement in doubtful debts	**36**	4
Inventory adjustments	**430**	495
Amortisation of executive share options	**249**	256
Loss on disposal of assets	**57**	150
	3,640	3,980
Add / (deduct) movements in working capital items		
Decrease (increase) in trade and other receivables	**1,660**	506
Increase in inventories	**(4,354)**	(5,081)
Decrease in taxation payable	**(2,699)**	(2,715)
Decrease in trade payables	**(10,539)**	(3,806)
Decrease in other payables and accruals	**(5,656)**	(2,115)
	(21,588)	(13,211)
Net cash inflows from operating activities	**514**	5,693

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 27 July 2014 (unaudited)

1. Summary of significant accounting policies

These general purpose financial statements for the interim 26 week reporting period ended 27 July 2014 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 26 January 2014.

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 25 January 2015.

(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 27 January 2014 to 27 July 2014. The comparative period is in respect of the 26 week period 28 January 2013 to 28 July 2013. The year-end balance date will be 25 January 2015 and the full financial statements will cover the 52 week period 27 January 2014 to 25 January 2015.

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.

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 27 July 2014 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.

(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 (trading as Rebel Sport). 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 Group'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-proportionate basis using the effective interest method.

Dividend income

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

(f) Income tax

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

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

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

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

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

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

(g) Leases

The Group is the lessee

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

The Group is the lessor

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

(h) Impairment of non-financial assets

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

(i) Cash and cash equivalents

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

(j) Trade receivables

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

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

(k) Inventories

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

(l) Financial assets

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

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

Fair value hedge

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

Cash flow hedge

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

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

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

Certain derivative instruments 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.

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

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.

(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.

Bonus plans

A liability is recognised for bonuses payable to employees where a contractual obligation arises for an agreed level of payment dependent on both company and individual performance criteria.

(x) Dividends

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

(y) Earnings per share

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

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

(z) 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 26 January 2014, as described in those annual financial statements.

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

- ***Amendment to IAS 32: Financial Instruments: Presentation*** (effective 1 January 2014)
  The amendment clarifies requirements for offsetting financial assets and liabilities on the balance sheet. There have been no changes made to the balance sheet as a result of this amendment.
- ***IFRIC 21: Levies*** (effective 1 January 2014)
  Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This had not materially affected the measurement of any of the items recognised in the balance sheet or the profit and loss in the current period.

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*** (effective from annual periods beginning on or after 1 January 2018)
  This standard replaces *NZ IAS 39 Financial Instruments : Recognition and Measurement.* It has three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). The determination is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  An additional presentation requirement has been added for liabilities designated at fair value through profit and loss. Where the fair value option is taken, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income.

  The standard incorporates new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

  The standard also introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. The ECL model seeks to address the criticisms of the previous model which arose during the global economic crisis.

  The Group intends to apply this standard in the 2018/19 financial year. The standard is not expected to impact the Group materially.
- ***NZ IFRS 15: Revenue from contracts with customers*** (effective from annual periods beginning on or after 1 January 2017)
  This standard addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in *NZ IAS 18 Revenue* and *NZ IAS 11 Construction Contracts* and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard is not expected to materially impact 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 Group significantly.

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. (2013: 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). Earnings before interest and tax (EBIT) is a non-GAAP measure.

For the period ended 27 July 2014	Homeware $000	Sporting goods $000	Eliminations/ unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	153,567	77,885	–	231,452
Gross profit	60,149	31,512	–	91,661
Earnings before interest and tax	15,856	8,278	770	24,904
Finance income	–	220	624	844
Income tax expense	(4,438)	(2,379)	(469)	(7,286)
Net profit after tax	11,418	6,119	925	18,462
BALANCE SHEET				
Assets	112,319	50,650	35,985	198,954
Liabilities	44,280	22,827	(10,325)	56,782
OTHER SEGMENTAL ITEMS				
Acquisitions of property, plant and equipment, intangibles and investments	7,278	1,078	–	8,356
Depreciation and amortisation expense	1,948	899	–	2,847

For the period ended 28 July 2013	Homeware $000	Sporting goods $000	Eliminations/ unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	145,781	71,586	–	217,367
Gross profit	56,541	28,621	–	85,162
Earnings before interest and tax	13,439	5,841	621	19,901
Finance income	(3)	207	722	926
Income tax expense	(3,755)	(1,694)	(454)	(5,903)
Net profit after tax	9,681	4,354	889	14,924
BALANCE SHEET				
Assets	90,505	51,110	43,729	185,344
Liabilities	32,229	20,945	1,191	54,365
OTHER SEGMENTAL ITEMS				
Acquisitions of property, plant and equipment, intangibles and investments	1,140	918	–	2,058
Depreciation and amortisation expense	1,984	1,003	–	2,987

4. Expenses

	26 Week Period Ended 27 July 2014 $000	26 Week Period Ended 28 July 2013 $000
Depreciation		
Freehold buildings	**274**	217
Plant and equipment	**2,033**	2,417
Total depreciation	**2,307**	2,634
Amortisation		
Software	**540**	353
Total amortisation	**540**	353
Total depreciation and amortisation	**2,847**	2,987
Loss on disposal of property, plant and equipment, intangibles and investments	**57**	150
Wages, salaries and other short term benefits	**26,889**	25,007
Operating lease rental expense	**14,358**	14,078

Notes to the Financial Statements

For the 26 week period ended 27 July 2014 (unaudited)

5. Income tax expense

	26 Week Period Ended 27 July 2014 $000	26 Week Period Ended 28 July 2013 $000
(a) Income tax expense		
Current tax expense:		
Current tax	**6,692**	5,615
Adjustments for prior years	**769**	631
	7,461	6,246
Deferred tax expense:		
Decrease in future tax benefit current year	**615**	288
Adjustments for prior years	**(790)**	(631)
	(175)	(343)
Total income tax expense	**7,286**	5,903

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

Profit before income tax expense	**25,748**	20,827
Tax at the corporate rate of 28% (2013: 28%)	**7,209**	5,832
Tax effect of amounts which are either non-deductible or non-assessable in calculating taxable income:		
Income not subject to tax	**(4)**	(7)
Expenses not deductible for tax	**102**	78
Prior period adjustments	**(21)**	–
Total income tax expense	**7,286**	5,903

The Group has no tax losses (2013: Nil) and no unrecognised temporary differences (2013: Nil)

Notes to the Financial Statements

For the 26 week period ended 27 July 2014 (unaudited)

6. Property, plant and equipment

Acquisitions and disposals

During the 26 week period ended 27 July 2014, the Group acquired property, plant and equipment with a total cost of $7,480,008 (2013: $1,847,101). Property, plant and equipment with a cost of $1,448,092 (2013: $1,839,793) were disposed of during the 26 week period ended 27 July 2014, resulting in a net loss of $56,679 (2013: net loss of $150,485).

7. Taxation

(a) Deferred tax benefit

	Depreciation $000	Provisions $000	Derivative financial instruments $000	Total $000
At 27 January 2013	(774)	1,764	247	1,237
Credited to the income statement	173	170	–	343
Net charged to other comprehensive income	–	–	(447)[1.]	(447)
At 28 July 2013	(601)	1,934	(200)	1,133
(Charged)/credited to the income statement	(55)	20	-	(35)
Net credited to other comprehensive income	–	–	171	171
At 26 January 2014	(656)	1,954	(29)	1,269
Credited to the income statement	**93**	**82**	**–**	**175**
Net credited to other comprehensive income	**–**	**–**	**218**[1.]	**218**
At 27 July 2014	**(563)**	**2,036**	**189**	**1,662**

1. *Net (charged)/credited to other comprehensive income comprises deferred tax on fair value hedge taken to income statement of $490,563 (2013: $199,757) and deferred tax on fair value transfers to cashflow hedge reserve of ($708,950) (2013: $246,872).*

Net deferred tax asset / (liability)

	26 Week Period Ended 27 July 2014 $000	26 Week Period Ended 28 July 2013 $000	52 Week Period Ended 26 January 2014 $000
Deferred tax assets			
– to be recovered within 12 months	**2,031**	1,731	1,769
– to be recovered after more than 12 months	**1,723**	1,914	1,692
	3,754	3,645	3,461
Deferred tax liabilities			
– to be settled within 12 months	**(133)**	(458)	(185)
– to be settled after more than 12 months	**(1,959)**	(2,054)	(2,007)
	(2,092)	(2,512)	(2,192)
Deferred tax asset (net)	**1,662**	1,133	1,269

(b) Taxation (payable) / receivable

	$000
At 27 January 2013	(3,561)
Current tax	(6,246)
Tax paid	8,864
Foreign investor tax credit	97
At 28 July 2013	(846)
Current tax	(7,416)
Tax paid	4,850
Foreign investor tax credit	63
At 26 January 2014	(3,349)
Current tax	**(7,461)**
Tax paid	**10,050**
Foreign investor tax credit	**110**
At 27 July 2014	**(650)**

8. Share capital

	Authorised Shares No. of Shares	Share capital $000
At 27 January 2013	213,697,500	42,317
Issue of ordinary shares during the period:		
Exercise of options	1,157,000	1,518[1.]
At 28 July 2013	214,854,500	43,835
Issue of ordinary shares during the period:		
Exercise of options	679,500	1,043
At 26 January 2014	215,534,000	44,878
Issue of ordinary shares during the period:		
Exercise of options	**503,000**	**789**[1.]
At 27 July 2014	**216,037,000**	**45,667**

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 503,000 shares issued during the 26 week period ended 27 July 2014 were $134,657 and $653,900 respectively ($418,967 and $1,099,150 respectively for the 1,157,000 shares issued during the 26 week period ended 28 July 2013).*

Notes to the Financial Statements

For the 26 week period ended 27 July 2014 (unaudited)

9. Related party transactions

During the 26 week period the Company advanced and repaid loans to its subsidiaries by way of internal transfers between 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 27 July 2014 $000	26 Week Period Ended 28 July 2013 $000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	**5,926**	5,002
The Sports Authority Limited (trading as Rebel Sport)	**3,029**	2,492
Total management fees charged	**8,955**	7,494
Dividends received by the Company from:		
Briscoes (NZ) Limited	**8,623**	–
The Sports Authority Limited (trading as Rebel Sport)	**8,622**	–
Total dividends received	**17,245**	–

In addition the Group undertook transactions during the 26 week period with the following related parties as detailed below:

- The R A 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 $302,000 (2013: $290,000) from the Group, under an agreement to lease premises to The Sports Authority Limited.
- The RA Duke Trust received dividends of $13,527,293 (2013: $11,792,679).
- P Duke, spouse of the Managing Director, received payments of $32,500 (2013: $32,500) in relation to her employment as an overseas buying specialist with Briscoe Group Limited and rental payments of $393,372 (2013: $334,836) as owner of the Briscoes Homeware premises at Panmure, Auckland under an agreement to lease premises to Briscoes (NZ) Limited.
- The Hualien Trust, of which P Duke is a trustee, received dividends of $101,200 (2013: $88,550).

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

	26 Week Period Ended 27 July 2014		26 Week Period Ended 28 July 2013	
	Directors' Fees $000	**Dividends $000**	Directors' Fees $000	Dividends $000
Executive Director				
RA Duke	**–**	**–**	–	–
AJ Wall	**–**	**18**	–	15
Non-Executive Directors				
MM Devine	**29**	**–**	–	–
SH Johnstone	**33**	**80**	33	70
RPO'L Meo	**47**	**–**	47	–
	109	**98**	80	85

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

	26 Week Period Ended 27 July 2014 $000	26 Week Period Ended 28 July 2013 $000
Executive Director		
RA Duke[1.]	**13,527**	11,793
AJ Wall[1.2.]	**13,625**	11,879
Non-Executive Directors		
MM Devine	**–**	
SH Johnstone	**–**	–
RPO'L Meo	**8**	7

1. *The RA Duke Trust, of which RA Duke and AJ Wall are trustees, received dividends of $13,527,293 during the 26 week period (2013: $11,792,679).*
2. *The Tunusa Trust, of which AJ Wall is a trustee, received dividends of $98,400 during the 26 week period (2013: $86,100).*

10. Capital expenditure commitments

	As at 27 July 2014 $000	As at 28 July 2013 $000	As at 26 January 2014 $000
Commitments in relation to refurbishment, fit-out and process improvement projects at the end of the period not provided for in the financial statements	**2,017**	4,161	5,066

11. Operating lease rental commitments

	As at 27 July 2014 $000	As at 28 July 2013 $000	As at 26 January 2014 $000
Lease commitments expire as follows:			
Within one year	**24,445**	22,979	23,351
One to two years	**19,886**	18,986	20,267
Two to five years	**32,323**	30,536	34,177
Beyond five years	**24,144**	19,186	28,631
Total operating lease rental commitments	**100,798**	91,687	106,426

12. Contingent liabilities

There were no contingent liabilities as at 27 July 2014 (2013: Nil).

13. Events after balance date

On 4 September 2014 the directors resolved to provide for an interim dividend to be paid in respect of the 52 week period ending 25 January 2015. The dividend will be paid at a rate of 5.50 cents per share on issue as at 19 September 2014, with full imputation credits attached.

On 31 July 2014 1,660,000 share options were issued to employees under the Executive Share Option Plan at an exercise price of $2.64. Each option entitles the holder to one ordinary share in the capital of the company upon payment of the exercise price. The options will become exercisable on 31 July 2017 and expire on 30 July 2018.

Directory

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Mary M Devine

Rodney A Duke

Stuart H Johnstone

Alaister J Wall

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