BRISCOE
GROUP LIMITED

ANNUAL REPORT
for the period ended 28 January 2018







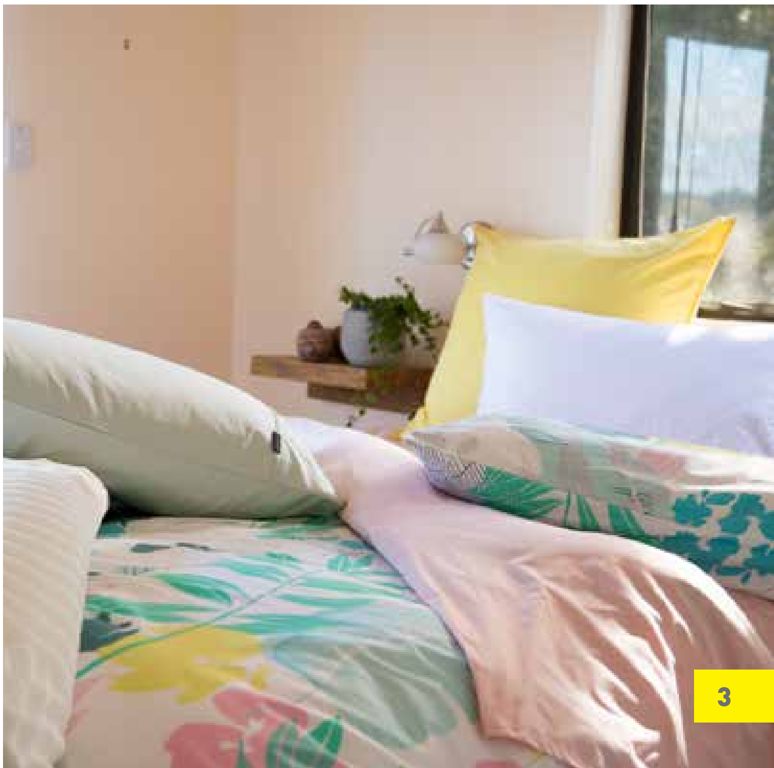


REBEL SPORT

BRISCOES HOMEWARE

Living & Giving

Contents

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Key Facts

	Audited period ending 28 January 2018 $000	Audited period ending 29 January 2017 $000	Audited period ending 31 January 2016 $000	Audited period ending 25 January 2015 $000	Audited period ending 26 January 2014 $000
Trading Results					
Sales Revenue	**603,086**	582,840	552,892	507,063	483,566
Gross profit margin	**40.5%**	41.1%	40.5%	38.9%	38.5%
Earnings before interest and tax (EBIT)[1.]	**83,364**	79,827	65,935	53,122	45,222
Net profit after tax (NPAT)	**61,325**	59,420	47,137	39,302	33,575
Net cash flows from operating activities	**69,528**	85,984	39,898	45,051	46,092
Financial Position and Statistics					
Shareholders' funds	**248,428**	205,153	164,424	155,559	140,648
Total assets	**338,571**	298,238	235,418	234,754	215,384
EBIT per share	**37.8c**	36.4c	30.3c	24.5c	21.0c
NPAT per share	**27.8c**	27.1c	21.7c	18.2c	15.6c
Operating cashflow per share	**31.5c**	39.2c	18.3c	20.8c	21.4c
Current ratio	**1.7:1**	1.5:1	1.5:1	2.2:1	2.1:1
Shareholders' funds to total assets	**73.4%**	68.8%	69.8%	66.3%	65.3%
Store Numbers					
Homeware	**47**	47	47	46	46
Sporting Goods	**36**	36	35	33	32
Briscoe Group	**83**	83	82	79	78
Total Store Area (m2)					
Homeware	**108,155**	104,122	100,085	95,787	94,402
Sporting Goods	**57,388**	57,490	56,394	53,993	51,884
Briscoe Group	**165,543**	161,612	156,479	149,780	146,286

1. Earning before interest and tax (EBIT) is a non-GAAP measure. Refer to the Consolidated Income Statement on Page 15.

Chairman's Review

Overview

The pace of change in technology and in society more broadly requires retailers to be prepared to adapt, and the rapid growth of our online business is just one indication of Briscoe Group's willingness to adopt new ways of meeting customers' needs.

However, as important as it is to stay abreast of new tools, new techniques and new opportunities, it is in large part our determination to do the basics well and our focus on traditional disciplines like inventory management, customer satisfaction and employee engagement that has enabled us to once again achieve record revenues and profit for the past financial year.

We are proud of our status as New Zealand's largest, and we believe New Zealand's best, listed retailer. Rod will discuss in more detail the continuing refurbishment and renewal of our store network, and the plans we have to develop our online business: great examples of how we are constantly refining what we offer our customers. I would like to acknowledge the efforts of our whole team, across all stores and support office functions, whose continued hard work and smart thinking are keeping Briscoes Homeware and Rebel Sport stores front of mind for Kiwi shoppers looking for high quality goods at great prices.

In the same way that we continually revise what we are presently doing, and how we are doing it, we are also continually looking for opportunities to expand into new markets and new products.

We are very pleased with our investment in Kathmandu and as their largest single shareholder, we continue to watch their performance closely and note the positive progress management is making as they seek to restore historical levels of profitability.

Financial Performance

Group sales revenue continues to grow, with total revenue of $603.09 million for the year ended 28 January 2018, an increase of 3.47% on the $582.84 million reported in the previous year.

The Group's gross profit dollars increased to $244.17 million, and while gross profit percentage decreased from 41.07% in the previous year to 40.49%, this figure is still equal to our previous highest result, achieved in the 2015-2016 year.

Earnings before interest and taxation (EBIT) increased 4.43% to $83.36 million for the 2017-18 year, while audited net profit after tax (NPAT) of $61.32 million for the year represented a 3.20% increase on the $59.42 million reported for the previous year.

It is worth noting that the 2016-2017 NPAT of $59.42 million included one-off benefits totaling $2.7 million, which related to the sale of Group-owned property in Hastings. Adjusting for these one-off items, this year's NPAT of $61.32 million represents an increase of 8.16% over last year.

The profit includes dividends received of $5.21 million from our 19.8% shareholding in Kathmandu Holdings Limited. I have already noted that the Group remains the largest single shareholder in Kathmandu; at present, we are comfortable maintaining the status quo but are open to considering whatever options may present themselves.

I referred earlier to inventory management as being one of our key areas of focus, and it is pleasing to see that inventories totaled $74.49 million at year-end, $4.44 million lower than the $78.93 million reported for last year.

The Group's balance sheet remains strong. Cash and bank balances as at 28 January 2018 were $78.19 million, compared to $60.07 million at 29 January 2017. Approximately $22 million of creditor payments are included in the trade payables balance at year-end; these were subsequently paid on 31 January 2018.

Net cash inflows from operating activities were $69.53 million, $16.45 million below those of last year. This change is largely due to the late year-end closing date in January 2016, which meant lower-than-usual payments were made in the 2016-2017 year.

Dividend

The directors have resolved to pay a final dividend of 11.50 cents per share (cps). This compares to last year's final dividend of 11 cps. The dividend is fully imputed and, when added to the interim dividend of 7.5 cps, brings the total dividend for the year to 19.00 cps, 5.56% greater than last year's total dividend of 18 cps.

The final dividend will be paid on 29 March 2018. The share register will close to determine entitlements to the dividend at 5 pm on 26 March 2018.

Corporate Governance

As a Company we are committed to promoting and maintaining the highest standards of governance and of management by ensuring that we have adopted and implemented appropriate best practice structures and policies.

We have welcomed the Corporate Governance Code (NZX Code) published by the NZX last year. Along with better alignment between the stock exchange and market regulator on governance, the NZX Code also provides issuers with the flexibility to appropriately tailor their corporate governance practise.

We have sought to ensure that our policies and charters are available and have relevance to all the Briscoe Group team, from the Distribution Centre, to Store Operations, to our Support Office and to the Boardroom. They are wide ranging in their scope including ethical behaviour, diversity and risk management.

There are a number of these available on our website, www.briscoegroup.co.nz and we'd encourage shareholders to take a look at them.

Executive Share Option Plan

In 2003, the Group established an Executive Share Option Plan to issue options to selected senior executives and, subject to shareholder approval, to Executive Directors. The total number of share options still exercisable would represent 1.6% of the current issued share capital.

Further details of the Executive Share Options Plan can be found in Note 6.2 (page 43) of the financial statements contained within this Annual Report.

In 2017, the Managing Director and the Chair of the Human Resources Committee initiated the engagement of external advisors with specialist expertise in remuneration, to provide advice on the Company's approach to remuneration including the appropriateness of the current long-term incentive scheme based around the issue of share options. While there are three tranches of options which will be exercisable at various times across the next three years, there were no further share options issued during the 2017/18 financial period.

The Board will report on any changes to remuneration structure that are implemented as a result of the remuneration review.

Community Sponsorship

Since 2004, Briscoe Group has been a key partner of Cure Kids, a charity set up to find cures and better treatments for the serious illnesses and diseases that affect thousands of children in New Zealand.

Once again, our generous customers, staff and suppliers have supported the Group's efforts to raise funds for this great charity. 2017 marked our 14th year as a partner, and our commitment to raising money for this good cause remains as strong as it did in 2004.

During that time, we have raised more than $6.5million for Cure Kids, including some $920,000 in the past year which has assisted in funding eleven high-impact research projects such as, investigating the prevention of the chronic complications of pneumonia through longer-course antibiotic treatment, multi-disciplinary treatment for children with obesity, and diagnosing ASD using eye-tracking methods. In supporting their vision of a healthy childhood for everyone, we are also realising our shared values and strengthening our own team culture.

We also provide significant funding to the Westpac Rescue Helicopter and the NZME Special Children's Christmas Parties, and support the fund-raising activities of a wide variety of local community-based charities, sports clubs and others.

Briscoe Group Scholarship

The Briscoe Group Education Foundation was established to provide employees and their children the opportunity to up-skill and fulfil their education ambitions - a helping hand that can make an amazing difference to someone's ability to contribute to their family, their community and wider society.

In 2013, the Group partnered with First Foundation, an organisation that brings together sponsors, schools, and talented young scholars with limited financial resources in a proven four-year programme that includes paid work experience, financial support and advice, and guidance from personal mentors and allows recipients to achieve their goals and aspirations.

13 scholarships have been awarded to date. In addition to these scholarships we have assisted a number of our support staff to complete their Graduate Certificate in Retail through Auckland University of Technology.

It is our intention to continue to support our staff to further their tertiary education. We have established relationships with Massey University and Auckland University of Technology to provide a pathway for staff to study at a range of levels from certificates and diplomas through to degrees and advanced degrees. We recognise the benefits derived from encouraging team members from all parts of the organisation to pursue education. Through the generosity of the RA Duke Trust we are now looking to extend support to selected employees who want to develop or extend their tertiary education.

On behalf on my fellow directors we thank you all for your continued support as Shareholders in Briscoe Group. We will continue to ensure your interests are well represented.

Rosanne Meo

Dame Rosanne Meo
Chairman

Managing Director's Review of Operations

Introduction

An outstanding performance by our in-store teams and support staff has allowed Briscoe Group to once again post record results for the period to 28 January 2018. For the first time, sales topped $600 million dollars, some 25% greater than we posted just five years ago; importantly, this growth rate has been exceeded by consistently strong growth in both earnings before interest and tax (EBIT) and net profit after tax (NPAT).

The past 12 months provided challenges over and above those that are part and parcel of operating in a highly competitive environment. A late start to winter, with warmer than average temperatures in Auckland and the Central North Island during June, typically a key promotion period, was followed by intense cold, snow, and heavy rain across much of the country. That period also included the British & Irish Lions tour of New Zealand. While this was undoubtedly a boon for the hospitality sector, and a great sporting occasion, it noticeably reduced consumer spending in other areas, including different parts of retail.

Our Store Network

Same store sales were up by 2.74% and 3.77% for the homeware and sporting goods segments respectively, yielding a 3.11% improvement across the Group.

Store numbers remained unchanged, with 47 homeware stores and 36 sporting goods stores; however, underneath that we continued an active programme of store improvement, with capital investment of $14.0 million during the financial period just concluded.

Refreshing and renewing our physical stores is a continuous process so as to ensure we have the right size and type of stores in the right locations to meet the current and future needs of our customers.

In April, we closed Briscoes Homeware stores at Lower Hutt and Petone and the Lower Hutt Rebel Sport store. These were replaced with new Briscoes Homeware and Rebel Sport stores on our own development at Petone, which is also now home to the fulfillment centres previously located at Lower Hutt. This work gives our customers modern state-of-the-art stores that are more attractive, better appointed, and gives us efficiencies and economies of scale through the creation of joint back-office facilities.

We also opened new Briscoe Homeware stores at Rangiora, part of a 1.2 hectare retail development, and in Auckland's Glenfield Mall, while the Briscoes Homeware stores at Botany and Henderson were refitted and the Takanini store was extended to improve the shopping environment and better match the demand we anticipate will be generated by the various large residential developments currently under way in the area.

The Lyall Bay Rebel Sport store was extended, allowing us to significantly increase the range of products on offer, while Rebel Sport Albany underwent a major refit that has greatly improved the store's look and feel.

Two weeks into this current new financial year, we opened a Rebel Sport store in Kerikeri. The new store is next to Briscoes Homeware Kerikeri, allowing them to share warehousing and back-office facilities.

During the coming year, we intend to complete similar upgrades in Tauranga and Rotorua. Again, our intention is to completely refit the Briscoes Homeware and Rebel Sport stores in both cities to improve the shopping experience for our customers, while at the same time combining and enhancing storeroom and back-office facilities to improve operating efficiency and reduce costs. The work planned for Rotorua, in particular, will also improve our online fulfilment capability in the Central North Island.

We are well advanced with plans to relocate the Northlands (Christchurch) Briscoes Homeware store and add a new Rebel Sport store there, and are considering refits at the Atrium (Auckland City) and Manukau Rebel Sport stores and the Briscoes Homeware stores at Manukau and Lyall Bay.

Earthquake strengthening work planned for the building housing Briscoes Homeware and Rebel Sport in New Plymouth will give us the opportunity to refresh those stores, while a planned upgrade to the lighting at Rebel Sport Botany, one of our top stores, will both improve the look of the store and reduce power usage.

During the past year, we installed new security cameras in a number of stores; we expect to complete the upgrade across our whole network by the end of 2018.

Our Online Business

Our online business continues to go from strength to strength, with sales more than 30% ahead of the previous period. Importantly, this growth has complemented sales in our physical stores: on Boxing Day, for example, we posted record numbers both instore and online.

We recognise the importance of further improving our online capability, and we are well underway with upgrades to our web platform that will make it easier for people to shop with us online. Alongside this, we are working on improvements to the way we assemble and deliver orders to our customers: we have recently added new fulfillment hubs in Whanganui and Hamilton, and continue to seek out ways to improve our routing logic and increase our fulfilment capacity and capability.

We have also been trialling a Click and Collect service, which has excited considerable interest, and are working towards rolling this out more broadly in the year ahead.

To date, the international shopping websites have had little effect on our business. That does not mean we can afford to ignore the potential threat they pose, and we certainly are not taking the present state of affairs for granted.

We believe that by continuing to provide our customers with an instore experience they enjoy, complemented by an efficient online offering, we will maintain a competitive advantage over pure aggregators such as Amazon and AliBaba. We have close relationships with suppliers around the world that make for a short and efficient supply chain, and we understand what our customers want, which enables us to focus on providing a tight and focused range of brands that work.

The Year Ahead

As already noted, we will continue to focus on continuously improving our physical stores and our online offering to give our customers the best experience possible.

Doing that successfully requires a good understanding of who our customers are and what they want: we will continue to base our strategies on what our customers tell us, and back up that anecdotal knowledge with sound research and hard data.

We will also use that data to ensure our product offers and promotions continue to meet the mark, and that we are using the right media and messages to reach our target audiences. Our trademark sales and other promotions continue to resonate with our customers, with the past year's Black Friday sales being the

biggest day ever for our homeware segment and then, as noted earlier, Boxing Day setting another new mark for homewares as well as a new sales record for the Group as a whole.

Improving our presence in the highly competitive Auckland market is another important objective. Our developments at Silverdale, and Taylors Road are progressing well, and we are actively exploring opportunities to plug other gaps in our geographical coverage of the city that is home to about one-third of all New Zealanders.

Internally, inventory control remains a high priority for us, and we continue to strive to minimise inventory levels without compromising our ability to satisfy our customers. Concentrating on securing the brands that work and the products that our customers want, and keeping our product ranges tight and focused, not only gives our customers a better shopping experience, it also improves stock turn and overall inventory management.

Legislative changes to increase the minimum wage to $20 by 2020 will put pressure on some companies, but also has the potential to stimulate the economy by increasing consumer spending. We see it as a positive move, but it does highlight the importance of effective cost management and productivity systems, and we will continue to refine the systems and processes we have in place.

Our people are our most valuable resource: we will continue to invest in creating opportunities for our people to build a career within the Group and in giving them the training they need to take advantage of those opportunities.

For the past couple of years, we have talked about wanting to improve our performance in recruitment, talent management and training. We have made great strides in all these areas but are convinced we can do more and will continue working hard to do so.

Our focus on health and safety remains a top priority for the Board and Management, involving not only having the necessary processes and systems, but also ensuring that these are appropriately implemented. This encompasses not only safety from injury, but also wellness in its widest sense.

Despite many predictions to the contrary, retail is not dead. Retailers, however, need to work hard to stay relevant, to continue to provide customers with what they want in the way they want it. I am convinced we have the right mix – of people, of products and channels to the market – to keep Briscoe Group at the top of retailing in New Zealand for a long time to come.

Rod Duke
Group Managing Director

Group Financial Statements Introduction

These financial statements have been presented in a style which attempts to make them less complex and more relevant to shareholders.

We have grouped the note disclosures into six sections:

1. Basis of Preparation
2. Performance
3. Operating Assets and Liabilities
4. Investments
5. Financing and Capital Structure
6. Other Notes

Each section sets out the accounting policies applied to the relevant notes.

The purpose of this format is to provide readers with a clearer understanding of the financial affairs of the Group.

Accounting policies have been shown in shaded areas for easier identification.

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Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Directors' Approval of Consolidated Financial Statements

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Financial Statements on 12 March 2018.

Approval by Directors

The Directors are pleased to present the Consolidated Financial Statements for Briscoe Group Limited for the 52 week period ended 28 January 2018. (Comparative period is for the 52 week period ended 29 January 2017).

Rod Duke
GROUP MANAGING DIRECTOR

Dame Rosanne Meo
CHAIRMAN

12 March 2018
For and on behalf of the Board of Directors

Consolidated Income Statement

For the 52 week period ended 28 January 2018

	Notes	**Period ended 28 January 2018 $000**	Period ended 29 January 2017 $000
Sales revenue		**603,086**	582,840
Cost of goods sold		**(358,914)**	(343,483)
Gross profit		**244,172**	239,357
Other operating income	2.2	**6,260**	7,457
Store expenses		**(101,763)**	(100,461)
Administration expenses		**(65,305)**	(66,526)
Earnings before interest and tax		**83,364**	79,827
Finance income		**567**	237
Finance costs		**(136)**	(369)
Net finance income / (costs)	5.1	**431**	(132)
Profit before income tax		**83,795**	79,695
Income tax expense	2.3.1	**(22,470)**	(20,275)
Net profit attributable to shareholders		**61,325**	59,420
Earnings per share for profit attributable to shareholders:			
Basic earnings per share (cents)	2.4	**27.8**	27.2
Diluted earnings per share (cents)	2.4	**27.3**	26.5

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

Consolidated Statement of Comprehensive Income

For the 52 week period ended 28 January 2018

	Notes	**Period ended 28 January 2018 $000**	Period ended 29 January 2017 $000
Net Profit attributable to shareholders		**61,325**	59,420
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Change in value of investment in equity securities	4.1	**18,845**	15,637
Fair value loss recycled to income statement from cashflow hedge reserve		**484**	3,726
Fair value loss taken to the cashflow hedge reserve		**(621)**	(7,375)
Deferred tax on fair value loss taken to income statement from cashflow hedge reserve	2.3.2	**(136)**	(1,043)
Deferred tax on fair value loss taken to cashflow hedge reserve	2.3.2	**174**	2,065
Total other comprehensive income		**18,746**	13,010
Total comprehensive income attributable to shareholders		**80,071**	72,430

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

Consolidated Balance Sheet

As at 28 January 2018

	Notes	28 January 2018 $000	29 January 2017 $000
ASSETS			
Current assets			
Cash and cash equivalents	3.1.1	**78,193**	60,066
Trade and other receivables	3.1.2	**2,737**	2,559
Inventories	3.1.3	**74,494**	78,931
Derivative financial instruments	5.2.5	**47**	44
Total current assets		**155,471**	141,600
Non-current assets			
Property, plant and equipment	3.2	**83,326**	76,081
Intangible assets		**1,364**	960
Deferred tax	2.3.2	**2,983**	3,015
Investment in equity securities	4.1	**95,427**	76,582
Total non-current assets		**183,100**	156,638
TOTAL ASSETS		**338,571**	298,238
LIABILITIES			
Current liabilities			
Trade and other payables	3.1.4	**81,161**	84,970
Taxation payable	2.3.2	**6,980**	6,284
Derivative financial instruments	5.2.5	**1,276**	1,112
Total current liabilities		**89,417**	92,366
Non-current liabilities			
Trade and other payables	3.1.4	**726**	719
Total non-current liabilities		**726**	719
TOTAL LIABILITIES		**90,143**	93,085
Net assets		**248,428**	205,153
EQUITY			
Share capital	5.3.2	**56,467**	52,756
Cashflow hedge reserve	5.2.5	**(915)**	(816)
Share options reserve	6.2	**1,045**	957
Other reserves	5.3.4	**26,744**	7,899
Retained earnings		**165,087**	144,357
TOTAL EQUITY		**248,428**	205,153

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

Consolidated Statement of Cash Flows

For the 52 week period ended 28 January 2018

	Notes	**Period ended 28 January 2018 $000**	Period ended 29 January 2017 $000
OPERATING ACTIVITIES			
Cash was provided from			
Receipts from customers		**603,096**	582,579
Rent received		**801**	792
Dividends received		**5,216**	4,414
Interest received		**472**	179
Insurance recovery		**243**	220
		609,828	588,184
Cash was applied to			
Payments to suppliers		**(429,517)**	(395,888)
Payments to employees		**(66,532)**	(64,105)
Interest paid		**(129)**	(361)
Net GST paid		**(22,418)**	(20,373)
Income tax paid		**(21,704)**	(21,473)
		(540,300)	(502,200)
Net cash inflows from operating activities		**69,528**	85,984
INVESTING ACTIVITIES			
Cash was provided from			
Proceeds from sale of property, plant and equipment		**6**	7,315
		6	7,315
Cash was applied to			
Purchase of property, plant and equipment	3.2	**(12,888)**	(17,661)
Purchase of intangible assets		**(1,116)**	(615)
		(14,004)	(18,276)
Net cash outflows from investing activities		**(13,998)**	(10,961)
FINANCING ACTIVITIES			
Cash was provided from			
Net proceeds from borrowings	5.1	**-**	-
Issue of new shares	5.3.2	**3,282**	3,713
		3,282	3,713
Cash was applied to			
Dividends paid	5.3.3	**(40,710)**	(36,051)
		(40,710)	(36,051)
Net cash outflows from financing activities		**(37,428)**	(32,338)
Net increase in cash and cash equivalents		**18,102**	42,685
Cash and cash equivalents at beginning of period		**60,066**	17,554
Effect of exchange rate changes on cash and cash equivalents		**25**	(173)
Cash and cash equivalents at period end	3.1.1	**78,193**	60,066

Consolidated Statement of Cash Flows

For the 52 week period ended 28 January 2018

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT		
Reported net profit attributable to shareholders	**61,325**	59,420
Items not involving cash flows		
Depreciation and amortisation expense	**6,233**	5,988
Adjustment for fixed increase leases / inducements	**29**	277
Bad debts and movement in doubtful debts	**110**	98
Inventory adjustments	**(157)**	227
Executive share option expense	**632**	637
Loss (gain) on disposal of assets	**116**	(1,627)
	6,963	5,600
Impact of changes in working capital items		
Decrease (increase) in trade and other receivables	**(288)**	(323)
Decrease (increase) in inventories	**4,594**	1,046
Increase (decrease) in taxation payable	**696**	(526)
Increase (decrease) in trade payables	**(41)**	21,112
Increase (decrease) in other payables and accruals	**(3,721)**	(345)
	1,240	20,964
Net cash inflows from operating activities	**69,528**	85,984

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

Consolidated Statement of Changes in Equity

For the 52 week period ended 28 January 2018

	Notes	Share Capital $000	Cashflow Hedge Reserve $000	Share Options Reserve $000	Other Reserves $000	Retained Earnings $000	Total Equity $000
Balance at 31 January 2016		48,242	1,811	1,291	(7,738)	120,818	164,424
Net profit attributable to shareholders for the period		-	-	-	-	59,420	59,420
Other comprehensive income:							
Change in value of investment in equity securities	4.1	-	-	-	15,637	-	15,637
Net fair value loss taken through cashflow hedge reserve		-	(2,627)	-	-	-	(2,627)
Total comprehensive income for the period		-	(2,627)	-	15,637	59,420	72,430
Transactions with owners:							
Dividends paid	5.3.3	-	-	-	-	(36,051)	(36,051)
Share options charged to income statement	6.2	-	-	637	-	-	637
Share options exercised	5.3.2,6.2	4,514	-	(801)	-	-	3,713
Transfer for share options lapsed and forfeited	6.2	-	-	(170)	-	170	-
Balance at 29 January 2017		52,756	(816)	957	7,899	144,357	205,153
Net profit attributable to shareholders for the period		-	-	-	-	**61,325**	**61,325**
Other comprehensive income:							
Change in value of investment in equity securities	4.1	-	-	-	**18,845**	-	**18,845**
Net fair value loss taken through cashflow hedge reserve		-	**(99)**	-	-	-	**(99)**
Total comprehensive income for the period		-	**(99)**	-	**18,845**	**61,325**	**80,071**
Transactions with owners:							
Dividends paid	5.3.3	-	-	-	-	**(40,710)**	**(40,710)**
Share options charged to income statement	6.2	-	-	**632**	-	-	**632**
Share options exercised	5.3.2,6.2	**3,711**	-	**(429)**	-	-	**3,282**
Transfer for share options lapsed and forfeited	6.2	-	-	**(115)**	-	**115**	-
Balance at 28 January 2018		**56,467**	**(915)**	**1,045**	**26,744**	**165,087**	**248,428**

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

1. Basis of Preparation

For the 52 week period ended 28 January 2018

This section presents a summary of information considered relevant and material to assist the reader in understanding the foundations on which the financial statements as a whole have been compiled. Accounting policies specific to notes shown in other sections are included as part of that particular note.

1.1 General Information

Briscoe Group Limited (the Company) and its subsidiaries (together the Group) is a retailer of homeware and sporting goods. The Company is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange (NZX). Briscoe Group Limited is registered under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is 36 Taylors Road, Morningside, Auckland. The Company is registered in Australia as a foreign company under the name Briscoe Group Australasia Limited and is listed on the Australian Securities Exchange as a foreign exempt entity. (NZX / ASX code: BGP).

The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.
These audited consolidated financial statements have been approved for issue by the Board of Directors on 12 March 2018.

1.2 General Accounting Policies

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for for-profit entities. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

The consolidated financial statements are presented in New Zealand dollars which is the Company's functional currency and the Group's presentation currency. All financial information has been presented in thousands, unless otherwise stated.

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

Entities reporting

The consolidated financial statements reported are for the consolidated Group which is the economic entity comprising Briscoe Group Limited and its subsidiaries. The Group is designated as a for-profit entity for the purposes of complying with GAAP.

Reporting period

These consolidated financial statements are in respect of the 52 week period 30 January 2017 to 28 January 2018 and provide a balance sheet as at 28 January 2018. The comparative period is in respect of the 52 week period 1 February 2016 to 29 January 2017. The Group operates on a weekly trading and reporting cycle resulting in 52 weeks for most years with a 53 week period occurring once every 5-6 years.

1. Basis of Preparation

For the 52 week period ended 28 January 2018

Principles of consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries	**Activity**	**2018 Interest**	2017 Interest
Briscoes (New Zealand) Limited	Homeware retail	**100%**	100%
The Sports Authority Limited (trading as Rebel Sport)	Sporting goods retail	**100%**	100%
Rebel Sport Limited	Name protection	**100%**	100%
Living and Giving Limited	Name protection	**100%**	100%

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies detailed throughout these financial statements.

Critical accounting estimates

In the process of applying the Group's accounting policies and the application of accounting standards, a number of estimates and judgements have been made. The estimates and underlying assumptions are based on historical experience and adjusted for current market conditions and other factors, including expectations of future events that are considered to be reasonable under the circumstances. If outcomes within the next financial period are significantly different from assumptions, this could result in adjustments to carrying amounts of the asset or liability affected. Further explanation as to estimates and assumptions made by the Group can be found in the notes to the financial statements:

Areas of Estimation	**Note**
Inventory	*3.1.3*

Foreign currency translation

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 which case they are recognised in other comprehensive income as qualifying cash flow hedges.

2. Performance

For the 52 week period ended 28 January 2018

This section reports on the results and performance of the Group, providing additional information about individual items, including performance by operating segment, revenue, expenses, taxation and earnings per share.

2.1 Segment Information

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.

The Group is organised into two reportable operating segments, namely homeware and sporting goods, reflecting the different retail sectors within which the Group operates. The Company is considered not to be a reportable operating segment. Eliminations and unallocated amounts as shown below are primarily attributable to the Company. There were no inter-segment sales in the period (2017: Nil).

Information regarding the operations of each reportable operating segment is included below. Segment profit represents the profit earned by each segment and is extracted from 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 and used by CODM to assess the performance of the operating segments.

For the period ended 28 January 2018

	Homeware $000	Sporting goods $000	Eliminations / Unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	383,796	219,290	-	603,086
Gross profit	155,980	88,192	-	244,172
Earnings before interest and tax	46,120	30,225	7,019	83,364
Finance income	187	337	43	567
Finance costs	-	-	(136)	(136)
Net finance income / (costs)	187	337	(93)	431
Income tax expense	(13,140)	(8,559)	(771)	(22,470)
Net profit after tax	33,167	22,003	6,155	61,325
BALANCE SHEET ITEMS:				
Assets	148,922	93,218	96,431[1.]	338,571
Liabilities	50,703	39,078	362	90,143
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	11,083	2,923	-	14,006
Depreciation and amortisation	4,269	1,964	-	6,233

		$000
1.	*Investment in equity securities*	*95,427*
	Intercompany eliminations	*(863)*
	Other balances	*1,867*
	Total	*96,431*

For the period ended 29 January 2017

	Homeware $000	Sporting goods $000	Eliminations / Unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	372,507	210,333	-	582,840
Gross profit	154,826	84,531	-	239,357
Earnings before interest and tax	46,381	27,747	5,699	79,827
Finance income	45	159	33	237
Finance costs	-	-	(369)	(369)
Net finance income / (costs)	45	159	(336)	(132)
Income tax expense	(11,846)	(7,815)	(614)	(20,275)
Net profit after tax	34,580	20,091	4,749	59,420
BALANCE SHEET ITEMS:				
Assets	149,026	78,036	71,176[1.]	298,238
Liabilities	51,456	37,627	4,002	93,085
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	15,791	2,485	-	18,276
Depreciation and amortisation	4,056	1,932	-	5,988

		$000
1.	*Investment in equity securities*	*76,582*
	Intercompany eliminations	*(15,136)*
	Other balances	*9,730*
	Total	*71,176*

2.2 Income and Expenses

Revenue recognition

Revenue comprises the fair value of consideration received or receivable 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 at point of sale for in-store customers and when product is delivered to the customer for online sales. Retail sales are predominantly by credit card, debit card or in cash.

Rental income

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

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.

Rental and operating leases expense

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

The future rental commitments on these leases are as follows:

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Lease commitments expire as follows:		
Within one year	**28,483**	27,833
One to two years	**23,307**	25,747
Two to five years	**44,097**	47,233
Beyond five years	**29,807**	27,438
Total operating lease rental commitments	**125,694**	128,251

Profit before income tax includes the following specific income and expenses:

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Income		
Rental income	**801**	792
Dividends received	**5,216**	4,414
Gain on sale of held-for-sale asset	**-**	2,031
Insurance recovery	**243**	220
Expenses		
Operating lease expense	**31,299**	31,243
Wages, salaries and other short term benefits	**64,611**	64,637
Share options expense (refer also Note 6.2)	**632**	637
Depreciation of property, plant and equipment	**5,521**	4,997
Amortisation of software costs	**712**	991
Amounts paid to auditors:		
Statutory Audit[1.]	**115**	104
Half year review	**26**	26
Other services[2.]	**-**	4

1. Statutory Audit includes audit work performed in relation to new accounting standards.

2. Other services provided in 2017 relates to remuneration benchmarking.

2.3 Taxation

Current and deferred 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.

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. The Group 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 income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when the entity has a legal enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Goods and Services Tax (GST)

The income statement, statement of comprehensive income and statement of cash flows have been prepared so that all components are stated 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.

2.3.1 Taxation – Income statement

The total taxation charge in the income statement is analysed as follows:

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
(a) Income tax expense		
Current tax expense:		
Current tax	**21,539**	20,185
Adjustments for prior years	**861**	762
	22,400	20,947
Deferred tax expense:		
Decrease in future tax benefit current year	**882**	891
Tax effect of disposal of buildings	**-**	(792)
Adjustments for prior years	**(812)**	(771)
	70	(672)
Total income tax expense	**22,470**	20,275
(b) Reconciliation of income tax expense to tax rate applicable to profits		
Profit before income tax expense	**83,795**	79,695
Tax at the corporate rate of 28% (2017: 28%)	**23,463**	22,315
Tax effect of amounts which are either non-deductible or non-assessable in calculating taxable income:	**(1,042)**	(1,239)
Tax effect of disposal of buildings	**-**	(792)
Prior period adjustments	**49**	(9)
Total income tax expense	**22,470**	20,275

The Group has no tax losses (2017: Nil) and no unrecognised temporary differences (2017: Nil).

2.3.2 Taxation – Balance sheet

(a) Deferred Taxation

The following are the major deferred taxation liabilities and assets recognised by the Group and movements thereon during the current and prior period:

	Depreciation $000	Provisions $000	Derivative financial instruments $000	Total $000
At 31 January 2016	(670)	2,695	(704)	1,321
Credited / (charged) to the income statement	773	(101)	-	672
Net credited to other comprehensive income	-	-	1,022[1.]	1,022
At 29 January 2017	103	2,594	318	3,015
Credited / (charged) to the income statement	**(297)**	**227**	**-**	**(70)**
Net credited to other comprehensive income	**-**	**-**	**38**[1.]	**38**
At 28 January 2018	**(194)**	**2,821**	**356**	**2,983**

1. Net credited to other comprehensive income comprises deferred tax on fair value loss taken to income statement of $135,519 (2017: deferred tax on fair value loss of $1,043,329) and deferred tax on fair value loss taken to cash flow hedge reserve of $173,830 (2017: deferred tax on fair value loss of $2,065,228)

(b) Taxation payable

The following is the analysis of the movements in the taxation payable balance during the current and prior period:

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Movements:		
Balance at beginning of period	**(6,284)**	(6,810)
Current tax	**(22,400)**	(20,947)
Tax paid	**21,412**	21,209
Foreign investor tax credit (FITC)	**292**	264
Balance at end of period	**(6,980)**	(6,284)

2.3.3 Imputation credits

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Imputation credits available for use in subsequent accounting periods	**77,128**	67,888

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

- Imputation credits that will arise from the payment of the provision for income tax,
- Imputation debits that will arise from the payment of dividends recognised as liabilities at the reporting date, and
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include imputation credits that would be available to the Company if subsidiaries paid dividends.

2.4 Earnings per share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

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

Diluted EPS adjusts for any commitments the Group has to issue shares in the future that would decrease the Basic EPS. These are in the form of share options. Diluted EPS is therefore computed by dividing the 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.

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Net profit attributable to shareholders	**61,325**	59,420
Basic		
Weighted average number of ordinary shares on issue (thousands)	**220,227**	218,677
Basic earnings per share	**27.8 cents**	27.2 cents
Diluted		
Weighted average number of ordinary shares on issue adjusted for share options issued but not exercised (thousands)	**224,452**	224,048
Diluted earnings per share	**27.3 cents**	26.5 cents

3. Operating Assets and Liabilities

For the 52 week period ended 28 January 2018

This section reports the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in note 5. Assets and liabilities in relation to deferred taxation and taxation payable are shown in note 2.3. The carrying amounts of financial assets and liabilities are equivalent to their fair value unless otherwise stated.

3.1 Working Capital

Working capital represents the assets and liabilities the Group generates through its trading activity. The Group therefore defines working capital as cash, trade and other receivables, inventories and trade and other payables.

3.1.1 Cash and cash equivalents

Cash and cash equivalents include 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 that are subject to an insignificant risk of changes in value.

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Cash at bank or in hand	**78,193**	60,066

As at 28 January 2018 the Group held foreign currency equivalent to NZ$1.725 million (2017: NZ$1.967 million) which is included in the table above. The foreign currency in which the Group deals primarily is the US Dollar.

3.1.2 Trade and other receivables

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 receivables are recognised initially at the value of the invoice sent to the customer (fair value) and subsequently at the amounts considered recoverable (amortised cost). Trade receivable balances are reviewed on an on-going basis.

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Trade receivables	**571**	547
Prepayments	**1,451**	1,260
Other receivables	**715**	752
Total trade and other receivables	**2,737**	2,559

No interest is charged on trade receivables.

3. Operating Assets and Liabilities

For the 52 week period ended 28 January 2018

3.1.3 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.

The Group assesses the likely residual value of inventory. Stock provisions are recognised for inventory which is expected to sell for less than cost and also for the value of inventory likely to have been lost to the business through shrinkage between the date of the last applicable stocktake and balance date. In recognising the provision for inventory, judgement has been applied by considering a range of factors including historical results, current trends and specific product information from buyers.

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Finished goods	**78,894**	83,554
Inventory provisions and adjustments	**(4,400)**	(4,623)
Net inventories	**74,494**	78,931

3.1.4 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.

Trade payables

Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of trade payables is considered to approximate fair value as the amounts are unsecured and are usually paid within 60 days of recognition.

Employee entitlements

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. The liability for employee entitlements is carried at the present value of the estimated future cash flows.

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.

Long service leave

The liability for long service leave is recognised as a non-current liability 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.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions relate to returns in relation to sales of goods directly imported by the Group and are expected to be fully utilised within the next twelve months. Provisions relating to inventory, receivables and employee benefits have been treated as part of those specific balances. There are no other provisions relating to these financial statements.

3. Operating Assets and Liabilities

For the 52 week period ended 28 January 2018

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Trade payables	**57,859**	57,900
Employee entitlements	**10,089**	12,009
Other payables and accruals	**13,838**	15,627
Provisions	**101**	153
Total trade and other payables	**81,887**	85,689
Shown in balance sheet as:		
Current liabilities	**81,161**	84,970
Non-current liabilities	**726**	719
Total trade and other payables	**81,887**	85,689

3.2 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.
Costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with an item will flow to the Group and the cost of an item can be measured reliably.

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 of assets are determined by comparing proceeds with carrying amounts. These gains and losses are included in the income statement.

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

Property, plant and equipment is reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

The Group assesses whether there are indications, for example loss-making stores, for certain trigger events which may indicate that an impairment in property, plant and equipment values exist at balance date.

3. Operating Assets and Liabilities

For the 52 week period ended 28 January 2018

	Land and buildings $000	Plant and equipment $000	Total $000
At 31 January 2016			
Cost	49,187	79,034	128,221
Accumulated depreciation	(3,530)	(61,158)	(64,688)
Accumulated impairment	-	(6)	(6)
Net book value	45,657	17,870	63,527
Period ended 29 January 2017			
Opening net book value	45,657	17,870	63,527
Additions	11,447	6,214	17,661
Disposals	-	(222)	(222)
Depreciation charge	(463)	(4,422)	(4,885)
Closing net book value	56,641	19,440	76,081
At 29 January 2017			
Cost	60,636	76,846	137,482
Accumulated depreciation	(3,995)	(57,402)	(61,397)
Accumulated impairment	-	(4)	(4)
Net book value	56,641	19,440	76,081
Period ended 28 January 2018			
Opening net book value	**56,641**	**19,440**	**76,081**
Additions	**5,412**	**7,476**	**12,888**
Disposals	**-**	**(122)**	**(122)**
Depreciation charge	**(784)**	**(4,737)**	**(5,521)**
Closing net book value	**61,269**	**22,057**	**83,326**
At 28 January 2018			
Cost	**66,047**	**78,582**	**144,629**
Accumulated depreciation	**(4,778)**	**(56,523)**	**(61,301)**
Accumulated impairment	**-**	**(2)**	**(2)**
Net book value	**61,269**	**22,057**	**83,326**

Capital commitments	**Period ended 28 January 2018 $000**	Period ended 29 January 2017 $000
Capital commitments in relation to property, plant and equipment at balance date not provided for in the financial statements	**18,789**[1.]	4,092

1. $18.3 million relates to a building contract for the development and construction of new retail and office premises at Taylors Road, Auckland.

3.3 Intangible Assets

Intangible assets are non-physical assets used by the Group to operate the business. Software costs have a finite useful life. Software costs are capitalised and amortised on a straight-line basis over the estimated useful economic life of 2 to 5 years.

Software is the only intangible asset recorded in the financial statements. All software has been acquired externally.

4. Investments

For the 52 week period ended 28 January 2018

This section explains how the Group records investments made in listed securities.

4.1 Investment in equity securities

Between 17 June 2015 and 30 June 2015 Briscoe Group Limited acquired 40,095,432 shares in Kathmandu Holdings Limited for a value of $68,682,734. The holding represents a 19.8% ownership in Kathmandu Holdings Limited as at 28 January 2018. An adjustment was made at period end to reflect the fair value of these shares as at 28 January 2018[1]. These shares are equity investments quoted in the active market and are defined by NZ IAS 39 as available-for-sale financial assets (Level 1 in the fair value hierarchy).

Available-for-sale financial assets are investments that do not have fixed maturities and fixed or determinable payments, and that are intended to be held for the medium to long-term.

Available-for-sale financial assets are initially recognised at fair value and are also subsequently carried at fair value. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. To determine if an available-for-sale financial asset is impaired, the Group evaluates the duration and extent to which the fair value of the asset is less than its cost, and the financial health of and short-term outlook for the business (including factors such as industry and sector performance, changes in technology, operational and financing cash flows, public disclosures by the business and published independent external analysis). When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included as gains or losses in the income statement. Dividends on available-for-sale financial assets are recognised in the income statement as part of 'Other operating income' when the right to receive the payment is established.

	$000
At 31 January 2016	60,945
Additions	-
Change in value credited to other reserves	15,637
At 29 January 2017	76,582
Additions	-
Change in value credited to other reserves	**18,845**
At 28 January 2018	**95,427**

1. Fair value determined to be $2.38 per share as per NZX closing price of Kathmandu Holdings Limited as at 28 January 2018 (2017: $1.91)

5. Financing and Capital Structure

For the 52 week period ended 28 January 2018

This section reports on the Group's funding sources and capital structure, including its balance sheet liquidity and access to capital markets.

5.1 Interest Bearing Liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The Group has an unsecured facility with the Bank of New Zealand for $40 million. Any drawdowns are repayable in full on expiry date of the facility being 20 September 2018. Interest is payable based on the BKBM rate plus applicable margin. The facility is sufficiently flexible that the amounts can be drawn down and repaid to accommodate fluctuations in operating cash flows within overall limits, without the need for prior approval of the bank. The maximum drawdown made under the facility during the period was $13 million.

The covenants entered into by the Group require specified calculations of Group's earnings before interest, tax, depreciation and amortisation (EBITDA) plus lease rental costs to exceed total fixed charges (net interest expense and lease rental costs) at the end of each half during the financial period. Similarly EBITDA must be no less than a specified proportion of total net debt at the end of each half. The Group was in compliance with the covenants throughout the period.

There were no amounts repayable under the facility as at 28 January 2018. (2017: Nil)

Net finance income / (costs)

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Interest income	**567**	237
Interest expense	**(23)**	(164)
Other finance costs	**(113)**	(205)
Net finance income / (costs)	**431**	(132)

5.2 Financial Risk Management

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

5.2.1 Derivative financial instruments

Derivatives are recognised initially 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 hedges of highly probable forecast transactions (cash flow hedges).

At the inception of a transaction the relationship between hedging instruments and hedged items, and the risk management objective and strategy for undertaking various hedge transactions, are documented. An assessment is also documented, both at hedge inception and on an on-going 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.

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 the 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 the 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.

5.2.2 Credit risk

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

5.2.3 Interest rate risk

The Group has no long-term interest-bearing liabilities but does have interest rate risk exposure from periodic short-term drawdowns of established funding facilities and placements of short term deposits, as operating cash flows necessitate. The Group's short to medium term liquidity position is monitored daily and reported to the Board monthly.

5.2.4 Liquidity risk

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

The Group's liquidity exposure is managed by ensuring sufficient levels of liquid assets and committed facilities are maintained based on regular monitoring of a rolling 3-month daily cash requirement forecast. The Group's liquidity position fluctuates throughout the period, being strongest immediately after the end of the period. The months leading up to Christmas trading put the greatest strain on Group cash flows due to the build-up of inventory as well as the interim dividend payment. The Group operates well within its available funding facilities.

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

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

As at 28 January 2018

	3 months or less $000	**3 – 6 months $000**	**6 – 9 months $000**	**9 – 12 months $000**	**Total $000**	**Carrying Value $000**
Trade and other payables	**(81,161)**	-	-	-	**(81,161)**	**(81,161)**
Forward foreign exchange contracts						
Cash flow hedges:						
- outflow	**(15,778)**	**(15,481)**	**(19,010)**	**(5,572)**	**(55,841)**	
- inflow	**15,352**	**15,358**	**18,441**	**5,461**	**54,612**	
- Net	**(426)**	**(123)**	**(569)**	**(111)**	**(1,229)**	**(1,229)**

As at 29 January 2017

	3 months or less $000	3 – 6 months $000	6 – 9 months $000	9 – 12 months $000	Total $000	Carrying Value $000
Trade and other payables	(84,970)	-	-	-	(84,970)	(84,970)
Forward foreign exchange contracts						
Cash flow hedges:						
- outflow	(17,974)	(10,513)	(18,534)	(5,659)	(52,680)	
- inflow	17,267	10,383	18,395	5,567	51,612	
- Net	(707)	(130)	(139)	(92)	(1,068)	(1,068)

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

5.2.5 Market risk

Equity price risk
The Group is exposed to equity price risk arising from the investment held in Kathmandu Holdings Limited, classified in the balance sheet as investment in equity securities. (Refer note 4.1).

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

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

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

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

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Current assets		
Forward foreign exchange contracts	**47**	44
Total current derivative financial instrument assets	**47**	44
Current liabilities		
Forward foreign exchange contracts	**1,276**	1,112
Total current derivative financial instrument liabilities	**1,276**	1,112

The contracts are subject to an enforceable master netting arrangement, which allows for net settlement of the relevant assets and liabilities. For financial reporting purposes these are not offset.

Forward foreign exchange contracts – cash flow hedges

Where forward foreign exchange contracts have been designated and tested as an effective hedge the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income. These gains or losses are released to the income statement at various dates over the subsequent financial period as the inventory for which the hedge exists, is sold.

The fair value of these contracts is determined by using valuation techniques as they are not traded in an active market. The valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The fair value is determined by mark-to-market valuations using forward exchange. These derivatives have been determined to be within level 2 (for the purposes on NZ IFRS 13) of the fair value hierarchy as all significant inputs required to ascertain their fair value are observable.

Forward foreign exchange contracts are used for hedging committed or highly probable forecast purchases of inventory for the ensuing financial period. The contracts are timed to mature when major shipments of inventory are scheduled to be dispatched and the liability settled. The cash flows are expected to occur at various dates within one year from balance date.

At balance date these contracts are represented by assets of $47,375 (2017: $44,271) and liabilities of $1,276,338 (2017: $1,111,643) and together are included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net loss of $884,854 (2017: net loss $768,508). The cash flow hedge reserve also consists of gains and losses, net of deferred tax, from foreign currencies used as hedges, as a net loss of $30,151 (2017: net loss of $47,984). The total of these net gains and losses amount to a net loss of $915,005 (2017: net loss $816,492).

When forward foreign exchange contracts are not designated and tested as an effective hedge, the gain or loss on the forward foreign exchange contract is recognised in the income statement.

At balance date there are no such contracts in place (2017: Nil).

5.2.6 Sensitivity analysis

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

- A shift of -10% / +5% (2017: -10% / +5%) in the NZD against the USD, from the period-end rate of 0.7321 (2017: 0.7266),
- A shift of -0.25% / +0.50% (2017: -0.25% / +0.50%) in market interest rates from the period-end weighted average deposit rate of 2.26% (2017: 1.75%),
- A shift of -10% / +20% (2017: -10% / +20%) in the NZX share price of Kathmandu Holdings Ltd from the period-end closing share price of $2.38 (2017: $1.91).

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

As at 28 January 2018		**Interest rate**				**Foreign exchange rate**		**Equity price**	
		-0.25%		**+0.50%**		**-10%**	**+5%**	**-10%**	**+20%**
	Carrying amount $000	**Profit $000**	**Equity $000**	**Profit $000**	**Equity $000**	**Profit $000**	**Equity $000**	**Profit $000**	**Equity $000**
Financial assets:									
Cash and cash equivalents[1.]	**78,193**	**(138)**	**(138)**	**275**	**275**	**138**	**(59)**	**-**	**-**
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	**47**	**-**	**-**	**-**	**-**	**449**	**(178)**	**-**	**-**
Investment in equity securities[3.]	**95,427**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,623)**	**19,246**
Financial liabilities:									
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	**1,276**	**-**	**-**	**-**	**-**	**4,027**	**(1,613)**	**-**	**-**
Total increase /(decrease)		**(138)**	**(138)**	**275**	**275**	**4,614**	**(1,850)**	**(9,623)**	**19,246**

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

1. *Cash and cash equivalents include deposits at call which are at floating interest rates.*
2. *Derivatives designated as cashflow hedges are foreign exchange contracts used to hedge against the NZD:USD foreign exchange risk arising from foreign denominated future purchases. There is no profit or loss sensitivity as the hedges are 100% effective.*
3. *Investment in equity securities represents shares held in Kathmandu Holdings Ltd. There is no profit or loss sensitivity as impacts from changes in KMD's share price are accounted for through equity.*

5. Financing and Capital Structure

For the 52 week period ended 28 January 2018

As at 29 January 2017		Interest rate				Foreign exchange rate		Equity price	
		-0.25%		+0.50%		-10%	+5%	-10%	+20%
	Carrying amount $000	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000
Financial assets:									
Cash and cash equivalents[1.]	60,066	(105)	(105)	209	209	157	(67)	-	-
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	44	-	-	-	-	635	(283)	-	-
Investment in equity securities[3.]	76,582	-	-	-	-	-	-	(7,618)	15,237
Financial liabilities:									
Derivatives – designated as. cashflow hedges (Forward foreign exchange contracts)[2.]	1,112	-	-	-	-	3,453	(1,551)	-	-
Total increase /(decrease)		(105)	(105)	209	209	4,245	(1,901)	(7,618)	15,237

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

1. *Cash and cash equivalents include deposits at call which are at floating interest rates.*
2. *Derivatives designated as cashflow hedges are foreign exchange contracts used to hedge against the NZD:USD foreign exchange risk arising from foreign denominated future purchases. There is no profit or loss sensitivity as the hedges are 100% effective.*
3. *Investment in equity securities represents shares held in Kathmandu Holdings Ltd.. There is no profit or loss sensitivity as impacts from changes in KMD's share price are accounted for through equity.*

5.3 Equity

5.3.1 Capital risk management

The Group's capital comprises contributed equity, reserves and retained earnings.

The Group's objective when managing capital is to achieve a balance between maximising shareholder wealth and ensuring the Group is able to operate competitively with the flexibility to take advantage of growth opportunities as they arise. In order to meet these objectives the Group may adjust the amount of dividend payments made to shareholders and/or seek to raise capital through debt and/or equity. There are no specific banking or other arrangements which require the Group to maintain specified equity levels.

5.3.2 Share Capital

Share capital comprises ordinary shares only. 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.

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

Contributed equity – ordinary shares	No. of authorised shares		Share capital	
	Period ended 28 January 2018 Shares	Period ended 29 January 2017 Shares	**Period ended 28 January 2018 $000**	Period ended 29 January 2017 $000
Opening ordinary shares	**219,516,500**	217,597,500	**52,756**	48,242
Issue of ordinary shares arising from the exercise of options	**1,278,000**	1,919,000	**3,711**[1.]	4,514[1.]
Balance at end of period	**220,794,500**	219,516,500	**56,467**	52,756

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 1,278,000 shares issued during the period ended 28 January 2018 were $428,612 and $3,281,940 respectively (2017: $801,155 and $3,712,770 respectively for the 1,919,000 shares issued).

5.3.3 Dividends

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

	Period ended 28 January 2018 Cents per share	Period ended 29 January 2017 Cents per share	**Period ended 28 January 2018 $000**	Period ended 29 January 2017 $000
Interim dividend for the period ended 28 January 2018	**7.50**	-	**16,558**	-
Final dividend for the period ended 29 January 2017	**11.00**	-	**24,152**	-
Interim dividend for the period ended 29 January 2017	**-**	7.00	**-**	15,352
Final dividend for the period ended 31 January 2016	**-**	9.50	**-**	20,699
	18.50	16.50	**40,710**	36,051

All dividends paid were fully imputed (refer also to Note 2.3.3 for imputation credits available for use in subsequent periods). Supplementary dividends of $291,572 (2017: $263,843) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

On 12 March 2018 the Directors resolved to provide for a final dividend to be paid in respect of the period ended 28 January 2018. The dividend will be paid at a rate of 11.50 cents per share for all shares on issue as at 26 March 2018, with full imputation credits attached.

5.3.4 Reserves and Retained Earnings

Cashflow hedge reserve

The hedging reserve is used to record gains and losses on a hedging instrument in a cash flow hedge that are recognised directly in other comprehensive income, as described in the accounting policy in section 5.2. The amounts are recognised as profit or loss when the associated hedged transaction affects profit or loss. (Refer also to the consolidated statement of changes in equity).

Share options reserve

The share options reserve is used to recognise the fair value of share options granted but not exercised, lapsed or forfeited. Amounts are transferred to share capital when vested share options are exercised by an option holder. (Refer also to the consolidated statement of changes in equity, and note 6.2).

Other reserves

Other reserves represents the adjustment made at balance date to reflect the fair value of the investment in Kathmandu Holdings Limited which has been classified as available-for-sale financial assets in these financial statements. (Refer also to the consolidated statement of changes in equity and note 4.1).

6. Other Notes

For the 52 week period ended 28 January 2018

6.1 Related Party Transactions

6.1.1 Parent and Ultimate Controlling Party

Briscoe Group Limited is the immediate parent, ultimate parent and controlling party for all companies in the Group.

During the period the Company advanced and repaid loans to its subsidiaries by way of internal current accounts. In presenting the financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Company have been eliminated. No interest is charged on internal current accounts. All transactions with related parties were in the normal course of business and were provided on normal commercial terms.

The Group undertook transactions with the following related parties 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 $640,166 (2017: $616,000) from the Group, under an agreement to lease premises to The Sports Authority Limited (trading as Rebel Sport).
- Kein Geld (NZ) Limited, an entity associated with RA Duke, received rental payments of $535,164 (2017: $356,776) as owner of the Briscoes Homeware premises at Wairau Park, Auckland, under an agreement to lease premises to Briscoes (NZ) Limited.
- The RA Duke Trust received dividends of $31,523,225 (2017: $28,040,194).
- P Duke, spouse of the Managing Director, received payments of $65,000 (2017: $65,000) in relation to her employment as an overseas buying specialist with Briscoe Group Limited, and rental payments of $825,000 (2017: $797,875) as owner of the Briscoes Homeware premises at Panmure, Auckland under an agreement to lease premises to Briscoes (NZ) Limited.

6.1.2 Key Management Personnel

Key management includes the Directors of the Company and those employees who the Company has deemed to have disclosure obligations under subpart 6 of the Financial Markets Conduct Act 2013, namely the Chief Financial Officer, the Chief Operating Officer and the General Manager Human Resources.
Key management compensation was as follows:

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Salaries and other short-term employee benefits	**2,657**	3,372
Share options benefit	**148**	142
Directors' fees	**333**	271
Total benefits	**3,138**	3,785

Key management did not receive any termination benefits during the period (2017: Nil).
Key management did not receive and are not entitled to receive any post-employment or long-term benefits (2017: Nil).
Executives included in key management received dividends of $232,502 (2017: $247,128) in relation to Briscoe Group shares held.

6. Other Notes

For the 52 week period ended 28 January 2018

6.1.3 Directors' Fees and Dividends

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

	Period ended 28 January 2018		Period ended 29 January 2017	
	Directors' fees $000	**Dividends $000**	Directors' fees $000	Dividends $000
Executive Director				
RA Duke	**-**	**-**	-	-
AJ Wall[1.]	**-**	**-**	-	21
Non-Executive Directors				
SH Johnstone[2.]	**-**	**-**	22	95
RPO'L Meo	**107**	**-**	103	-
MM Devine	**75**	**6**	70	5
AD Batterton[3.]	**77**	**-**	51	-
RAB Coupe[4.]	**74**	**1**	25	-
	333	**7**	271	121

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

	Period ended 28 January 2018 $000	Period ended 29 January 2017 $000
Executive Director		
RA Duke[5.]	**31,523**	28,040
AJ Wall[1.,5.]	**-**	16,257
Non-Executive Directors		
SH Johnstone[2.]	**-**	-
RPO'L Meo	**19**	17
MM Devine	**-**	-
AD Batterton[3.]	**1**	-
RAB Coupe[4.]	**-**	-

1. *Alaister Wall retired from the Board of Directors on 30 September 2016.*
2. *Stuart Johnstone retired from the Board of Directors on 31 May 2016.*
3. *Tony Batterton was appointed to the Board of Directors as an Independent Non-Executive Director on 1 June 2016.*
4. *Andy Coupe was appointed to the Board of Directors as an Independent Non-Executive Director on 1 October 2016.*
5. *The RA Duke Trust, of which RA Duke and AJ Wall are trustees, received dividends of $31,523,225 during the period (2017: $28,040,194).*

6.2 Executive Share Options

Equity-settled, share-based compensation

The Executive Share Option Plan allows Group employees to be granted options to acquire shares of the Company. 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.

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

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

(b) the date on which allocations are made.

Payment must be made in full for all options exercised within 5 days of the date they are exercised.

The Company did not issue options during the financial period (2017: 1,660,000).

The estimated fair value for each tranche of options issued is expensed over the vesting period of three years, from the grant date. The Company has expensed in the income statement $632,186 (2017: $636,534).

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

	Period ended 28 January 2018		Period ended 29 January 2017	
	Average exercise price $ per share	**Options $000**	Average exercise price $ per share	Options $000
Balance at beginning of period	**2.86**	**5,035**	2.41	5,927
Issued	-	-	3.31	1,660
Forfeited	**2.85**	**(135)**	2.70	(568)
Exercised	**2.57**	**(1,278)**	1.93	(1,919)
Lapsed	**2.43**	**(75)**	1.55	(65)
Balance at end of period	**2.98**	**3,547**	2.86	5,035

Weighted average share price for options exercised during the period $3.87 (2017: $3.48).
Of the 3,547,000 outstanding options at balance date (2017: 5,035,000), 550,000 were exercisable (2017: 513,000).

6. Other Notes

For the 52 week period ended 28 January 2018

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

Expiry month		Exercise month		Exercise price	Period ended 28 January 2018 000	Period ended 29 January 2017 000
July	2017	July	2016	$2.43	-	513
July	2018	July	2017	$2.64	**550**	1,445
November	2019	November	2018	$2.75	**1,452**	1,497
August	2020	August	2019	$3.31	**1,545**	1,580
Total share options outstanding					**3,547**	5,035

The weighted average remaining contractual life of options outstanding at the end of the period was 1.88 years (2017: 2.40)

Share options reserve	Period ended 28 January 2018 $000	Period ended 29 January 2017 000
Balance at beginning of period	**957**	1,291
Current period amortisation	**632**	637
Options forfeited and lapsed transferred to retained earnings	**(115)**	(170)
Options exercised transferred to share capital	**(429)**	(801)
Balance at end of year	**1,045**	957

Since balance date and up to the date of these financial statements a further 40,000 ordinary shares have been issued under the Executive Share Option Plan as a result of executives exercising share options.

6.3 Contingent Liabilities

There were no contingent liabilities as at 28 January 2018 (2017: Nil).

6.4 Events After Balance Date

On 12 March 2018 the Directors resolved to provide for a final dividend to be paid in respect of the period ended 28 January 2018. The dividend will be paid at a rate of 11.50 cents per share for all shares on issue as at 26 March 2018, with full imputation credits attached. (Note 5.3.3)

Since balance date and up to the date of these financial statements a further 40,000 ordinary shares have been issued under the Executive Share Option Plan as a result of executives exercising share options issued to them in 2014 (refer Note 6.2).

6.5 New Accounting Standards

There were no new standards or amendments to standards applied during the 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 addresses the classification, measurement and recognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

  The Group has reviewed its financial assets and liabilities and notes the following impact from the adoption of the new standard on 29 January 2018.

  The Group has equity instruments currently classified as Available for Sale (refer Note 4.1) for which a Fair Value through Other Comprehensive Income (FVOCI) election is available under NZ IFRS 9 and there are no other material financial assets. The Group does not expect the new guidance to affect the measurement of these financial assets. However, cumulative gains or losses realised on the sale of equity instruments at FVOCI will no longer be transferred to profit or loss on sale, but instead will be reclassified from Other Reserves to Retained Earnings.

  There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have such liabilities. The derecognition rules have been transferred from NZ IAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

  The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has confirmed that its current hedge relationships would qualify as continuing hedges upon the adoption of NZ IFRS 9. Accordingly, the Group does not have a significant impact on the accounting treatment for its hedging relationships. The nature and extent of the Group's disclosure note in relation to its hedging relationships will change in the consolidated financial statements for the period ending 27 January 2019.

  The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under NZ IAS 39. In the case of the Group, it applies to financial assets classified at amortised cost. Based on the Group's assessment of historical provision rates and forward-looking analysis, there is no expected financial impact on the impairment provisions in the year of adoption.

- ***NZ IFRS 15: Revenue from contracts with customers*** (effective from annual periods beginning on or after 1 January 2018)

  This standard addresses recognition of revenue. It replaces the current revenue recognition guidance in NZ IAS 18 *Revenue* and NZ IAS 11 *Construction Contracts*. The new standard is based on the principle that revenue is recognised when control of a good and service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

  During the current financial period, the Group assessed the potential impact of NZ IFRS 15. Work focused on segregating the different revenue streams that exist within the business. The majority of revenue is made up of in store transactions with less than 10% earned through online sales.

  The following matters are relevant to the Group under NZ IFRS 15:
    - a customers' right of return in determining revenue to be recognised and how this should be accounted for
    - for online sales, whether arranging the delivery of goods is a separate performance obligation as it may impact the timing, measurement and classification of revenue recognised.

  There is no material impact in relation to the above matters on the consolidated financial statements from the adoption of NZ IFRS 15.

- ***NZ IFRS 16: Leases*** (effective from annual periods beginning on or after 1 January 2019)
  This standard replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The income statement will also be impacted by the recognition of an interest expense and a depreciation expense and the removal of the current rental expense.

  This standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $126 million (refer note 2.2). On adoption, NZ IFRS 16 will have a significant impact on the Group's consolidated balance sheet and consolidated income statement.

  Management has developed a model to calculate the full quantitative impact of their current operating leases under NZ IFRS 16 as at 28 January 2019, being the date of adoption. The model requires management to make some key judgements including:
    - the incremental borrowing rate used to discount lease assets and liabilities; and
    - the lease term including potential rights of renewals.

  Management's process to date highlights that the potential impact based on the current lease arrangements is expected to be material to the consolidated balance sheet on the date of adoption (being 28 January 2019), with impacts on the following line items:
    - Recognition of a right of use asset of approximately $165 million;
    - Recognition of a lease liability of approximately $200 million; and
    - Decrease in opening retained earnings of approximately $35 million.

  The impact on the consolidated income statement for the period ended 26 January 2020 is expected to be:
    - Decrease in store expenses (operating lease rental expense);
    - Increase in depreciation and amortisation expense; and
    - Increase in finance costs (interest expense).

  The impact on each of these line items is expected to be significant however currently management do not expect the overall effect on net profit attributable to shareholders to be material.

  The above has no cash effect to the Group and the change is for financial reporting purposes only.

  Current estimates are likely to change at time of adoption and for the period ended 26 January 2020, mainly due to:
    - Finalisation of management's judgements and subsequent movements in the inherent borrowing rate (interest rates);
    - New lease contracts entered into by the Group;
    - Any changes to existing lease contracts; and
    - Change in management's judgement to exercise rights of renewals under lease arrangements.

  The Group currently intends to adopt the simplified transition approach under NZ IFRS 16 in the period ended 26 January 2020 and will not restate comparative amounts for the period prior to first adoption.

Independent auditor's report

To the shareholders of Briscoe Group Limited

The consolidated financial statements comprise:

- the consolidated balance sheet as at 28 January 2018;
- the consolidated income statement for the period then ended;
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated statement of cash flows for the period then ended; and
- the notes to the consolidated financial statements, which include the principal accounting policies.

Our opinion

In our opinion, the consolidated financial statements of Briscoe Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 28 January 2018, its financial performance and its cash flows for the period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group comprising a review of the interim financial statements. The provision of these other services has not impaired our independence as auditor of the Group.

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Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

For the purposes of our audit, we applied overall group materiality of $4.2 million, which represents 5% of profit before tax.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

We believe 5% of profit before tax provides a dollar value that would influence the users of the financial statements in assessing the performance of the Group.

We have determined that there is one key audit matter for the period to 28 January 2018, being Inventory Existence and Valuation.

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The Group includes the operations of Briscoes Homeware and Rebel Sport which are audited on a consolidated basis.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. The key audit matter below was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
Inventory Existence and Valuation At 28 January 2018, the Group held inventories of $74.5 million. Given the size of inventory relative to the total assets of the Group, the number of stores and judgement applied in valuation, inventory is a key audit matter. As described in note 3.1.3 of the consolidated financial statements, inventories are stated at the lower of cost and net realisable value. The Group has sophisticated systems and processes including an inventory scanning system to accurately record inventory movement and costing. Cyclical counts of inventory are performed at various times throughout the period ensuring that all inventory at stores is counted twice a year. Management pays particular attention in ensuring the Group has the right levels of inventory as well as applying judgement over inventory adjustments, in particular the level of provisions for inventory which is expected to sell for less than cost, stock obsolescence and inventory likely to have been lost through shrinkage since the last stocktake.	We performed a number of audit procedures to address inventory existence and valuation: • Observed management's stocktake process at selected locations near period end and undertook our own test counts. For those locations not visited, on a sample basis, inspected the results of stock counts and confirmed stock count variances were correctly accounted for. We also validated all stores had been counted twice during the period. • Gained an understanding of inventory processes and tested the effectiveness of certain key inventory controls over inventory movement, purchasing and costing. • On a sample basis, tested inventory costing to supplier invoices and contracts. • Held discussions with management, including merchandising personnel, to understand and corroborate the assumptions applied in estimating inventory provisions. • Tested the aging of inventory based on purchase date to supplier invoices to ensure slow moving inventory has been adequately identified. We evaluated the assumptions made by management in assessing inventory obsolescence provisions through an analysis of inventory items by category and age and the level of inventory write downs in these categories during the period. • Tested that period-end inventory is carried at lower of cost and net realisable value by testing a sample of inventory items to the most recent retail price less costs to sell. • Assessed the inventory shrinkage provision by reviewing the level of inventory write downs during the period. We tested the shrinkage rate used to calculate the provision for each store since

the last stocktake by comparing it to the actual shrinkage rates previously observed.

- Compared all inventory provisions as a percentage of gross inventory to the prior period.

From the procedures performed we have no matters to report.

Information other than the consolidated financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the consolidated financial statements, if other information is included in the annual report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of our auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Freeman.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants Auckland
12 March 2018

Corporate Governance Statement

Corporate Governance

Briscoe Group is committed to maintaining the highest standards of governance by implementing best practice structures and policies. This Corporate Governance Statement sets out the corporate governance polices, practices, and processes adopted or followed by Briscoe Group (including the guiding principles, authority, responsibilities, membership and operation of the Board of Directors) as at 28 January 2018 and has been approved by the Board.

The best practice principles (and underlying recommendations) which Briscoe Group has had regard to in determining its governance approach, are the principles set out in the NZX Corporate Governance Code 2017 ('NZX Code'). The Board's view is that Briscoe Group's corporate governance policies, practices and processes generally follow the recommendations set by the NZX Code. This Corporate Governance Statement includes disclosure of the extent to which Briscoe Group has followed each of the recommendations in the NZX Code (or, if applicable, an explanation of why a recommendation was not followed and any alternative practices followed in lieu of the recommendation).

Briscoe Group Limited is a company incorporated in New Zealand and is also registered in Australia as a foreign company under the name Briscoe Group Australasia Limited. It is listed on the NZX Main Board and also the Australian Securities Exchange as a foreign exempt entity. As such Briscoe Group is exempt from complying with most of the ASX's Listing Rules but must undertake to comply with the listing rules of its home exchange (NZX). Briscoe Group also supports the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Further information about Briscoe Group's corporate governance framework (including the Board and Board committee charters, and codes and selected policies referred to in this section) is available to view at www.briscoegroup.co.nz.

Principle 1 – Code of Ethical Behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Code of Values and Conduct and Related Policies

Recommendation 1.1: *The Board should document minimum standards of ethical behaviour to which the issuer's Directors and employees are expected to adhere (a code of ethics) and comply with the other requirements of Recommendation 1.1 of the NZX Code.*

Briscoe Group expects its Directors, senior management and employees to maintain the highest standards of honesty, integrity and ethical conduct in day to day behaviour and decision making. The Board has adopted a Code of Conduct which incorporates the requirements set out in Recommendation 1.1, forms part of the induction process for all new employees and is available on Briscoe Group's website. All Directors and employees must provide acknowledgement that they have read and understood the content. In addition, it is the intention of the Company to incorporate training in relation to the Code of Conduct into its online training modules.

Trading in Company Securities Policy

Recommendation 1.2: *An issuer should have a financial product dealing policy which applies to employees and Directors.*

The Trading in Company Securities Policy sets out Briscoe Group's requirements for all Directors and employees in relation to trading Briscoe Group shares, and is available on Briscoe Group's website. The policy incorporates all trading restraints. Directors and employees are allowed to trade in Briscoe Group shares during two 'trading windows'. Trading windows commence on the day after the half-year and full-year results are announced to the market and run for a period of 60 days. Trading outside these windows is generally prohibited. Proposed transactions by Directors and employees during the trading windows require approval. The policy also provides that no Directors or employees can trade shares if they are in possession of price sensitive information that is not publicly available. The policy also outlines the requirements around the exercise of share options issued by the Company.

Principle 2 – Board Composition and Performance

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Board Charter

Recommendation 2.1: *The Board of an issuer should operate under a written charter which sets out the roles and responsibilities of the Board. The Board charter should clearly distinguish and disclose the respective roles and responsibilities of the Board and management.*

The Board has adopted a formal Board Charter which sets out the respective roles, responsibilities, composition and structure of the Board and senior management, and this is available on Briscoe Group's website. The Board is responsible for overseeing the management of the Company and its subsidiaries and to direct performance by optimising the short-term and long-term best interests of the Company and its Shareholders. The focus of the Board is the creation of company and shareholder value and ensuring the Company is committed to best practice. Responsibility for the day-to-day management of Briscoe Group has been delegated to the Managing Director and other senior management. The Company Secretary provides company secretarial services to the Board and is accountable to the Board through the Chair.

Nomination and Appointment of Directors

Recommendation 2.2 and 2.3: *Every issuer should have a procedure for the nomination and appointment of Directors to the Board. An issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment.*

The Board's procedure for the nomination and appointment of Directors to the Board involves careful consideration of the composition of the Board in relation to the Company's needs and operating environment to ensure relevant skills and experience. This also applies to the consideration of additional or replacement Directors, subject to the constitutional limitation of the number of Directors. In so doing, as noted above, the priority must be on ensuring the skills, experience and diversity on the Board, and the skills that are necessary or desirable for the Board to fulfil its governance role and to contribute to the long-term strategic direction of the company. The Board may engage consultants to assist in the identification, recruitment and appointment of suitable candidates.

When appointing new Directors, the Board ensures that the constitutional requirements in respect of Directors will continue to be satisfied. There must be at least three and no more than five, at least two of whom are resident in New Zealand and also at least two Directors must be determined by the Board to be independent.

The constitution provides that all Directors are elected by Shareholders. Directors may be appointed by the Board to fill vacancies, but they are then subject to re-election at the next annual Shareholder meeting. In addition to Directors retiring by rotation, and eligible for re-election, nominations may be made by Shareholders. All new Directors enter into a written agreement with Briscoe Group setting out the terms of their appointment.

Directors

Recommendation 2.4: *Every issuer should disclose information about each Director in its Annual Report or on its website, including a profile of experience, length of service, independence and ownership interests.*

The Board currently comprises five Directors; four Non-Executive and one Executive Director. The Board has considered which of its Directors are deemed to be independent for the purposes of the NZX Listing Rules and has determined that as at 28 January 2018, four Directors are independent Directors, including the Chair and the Chair of the Audit and Risk Committee. As at the date of this annual Report, the Directors are:

Dame Rosanne Meo	Chair, Independent	Appointed in May 2001
Rod Duke	Executive Director	Appointed in March 1992
Mary Devine	Independent	Appointed in August 2013
Tony Batterton	Independent	Appointed in June 2016
Andy Coupe	Independent	Appointed in October 2016

A profile of experience for each Director is available on Briscoe Group's website.

Directors disclosed the following relevant interests in shares as at 28 January 2018:

Director	Number of shares in which a relevant interest is held
Dame Rosanne Meo	100,000 shares
Rod Duke	170,550,256 shares
Mary Devine	10,000 shares
Tony Batterton	10,000 shares
Andy Coupe	10,000 shares

Diversity

Recommendation 2.5: *An issuer should have a written Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.*

It is the policy of Briscoe Group to ensure equal treatment for all employees and applicants, regardless of race, colour, religion, national origin, age, sex, sexual orientation, or mental/physical capacity.

The Board recognises that diversity in both personal and professional capacities contribute to the success of Briscoe Group. At its simplest, diversity helps challenge traditional ways of thinking and introduces fresh perspectives. Diversity of gender, ethnicity, age and education encourages a growth culture and of course reflects our customers.

We acknowledge that the retail sector has traditionally had high representation of women in its operations and yet has been poorly represented in senior management. We have a very high level of long term employees and a strong "sense of belonging within the Briscoes family."

Similarly, there has been an inadequate retail specific tertiary educational focus, although it has, as a sector, provided a working environment with good opportunities for family oriented work place balance through long term part-time participation. Education is fundamental and we are pleased with the developments in this area in recent years.

We acknowledge that any narrowness in diversity is not sustainable and believe that an increased emphasis on a collaborative and inclusive culture and focus on developing talent will secure this realignment. Ensuring that all employees at all levels and in all workplace environments feel secure and safe, confident and appreciated through understanding the importance of diversity is most important to us.

At Board level, diversity across the spectrum of gender, age, experience and education has been well achieved and well demonstrates our commitment.

A breakdown of the gender composition of Directors and officers as at the Company's balance date, including comparative figures, is shown below:

	28 January 2018		29 January 2017	
	Female	Male	Female	Male
Directors	2	3	2	3
Officers[1,2]	-	3	-	4

1. Excludes Managing Director (included in breakdown of Directors).
2. Officers is defined as the members of the senior management team, who report either directly to the Board or to the Group Managing Director.

Director Training

***Recommendation 2.6:** Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an issuer.*

The Board expects all Directors to undertake continuous education to remain current on how to best perform their responsibilities and keep abreast of changes and trends in economic, political, social, financial and legal climates and governance practices. The Board also ensures that new Directors are appropriately introduced to management and the business, that all Directors are updated on relevant industry and company issues and receive copies of appropriate company documents to enable them to perform their roles.

Board Evaluation

***Recommendation 2.7:** The Board should have a procedure to regularly assess director, Board and committee performance.*

The Chair of the Board leads an annual performance review and evaluation of the Board as a whole, and of the Board committees against the Board and committee charters including seeking Director's views relating to Board and committee process, efficiency and effectiveness, for discussion by the full Board. The Chair of the Board also engages with individual Directors to evaluate and discuss performance and professional development.

Separation of Board Chair and CEO

***Recommendation 2.8:** The Chair and the CEO should be different people.*

The Board Charter makes explicit that the Chairman and the Managing Director roles are separate.

Principle 3 – Board Committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

Audit and Risk Committee

***Recommendation 3.1:** An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should not also be the Chair of the Board.*

The Audit and Risk Committee operates under a written Charter, and this is available on Briscoe Group's website. The Audit and Risk Committee comprises Tony Batterton (Chair), Dame Rosanne Meo, Mary Devine, Andy Coupe and Rod Duke and meets at least twice each year and as required. The Audit and Risk Committee advises and assists the Board in discharging its responsibilities with respect to financial reporting, compliance and risk management practices of Briscoe Group. The Board considers that the inclusion of the Group Managing Director as a member of the Committee provides relevant operational insight which greatly assists the Committee.

***Recommendation 3.2:** Employees should only attend Audit Committee meetings at the invitation of the Audit Committee.*

The Chief Financial Officer, Finance Manager and Internal Audit Manager attend Audit and Risk Committee meetings at the invitation of the Audit and Risk Committee. Briscoe Group's external auditor also attends meetings at the committee's invitation. The Audit and Risk Committee receives reports from the external auditor without management present, concerning any matters that arise in connection with the performance of their role.

Remuneration Committee

***Recommendation 3.3:** An issuer should have a Remuneration Committee which operates under a written charter (unless this is carried out by the whole Board.) At least a majority of the Remuneration Committee should be independent directors. Management should only attend Remuneration Committee meetings at the invitation of the Remuneration Committee.*

The Board operates a Human Resources Committee which incorporates remuneration. The Human Resources Committee comprises Dame Rosanne Meo (Chair), Tony Batterton, Mary Devine, Andy Coupe and Rod Duke and meets at least twice each year and as required. It assists the Board in discharging its responsibilities with respect to the remuneration and performance of the Managing Director and other senior executives, remuneration of Directors and human resources policy and strategy. The Human Resources Committee operates under the Human Resources Committee Charter, and this is available on Briscoe Group's website. As for the Audit and Risk Committee, the Board considers the inclusion of the Managing Director as a member of the Human Resources Committee provides essential operational insight but also critical insight to executive performance and human resources strategy. The Managing Director stands down from discussion in relation to his own performance and remuneration. Other selected management only attend Human Resource Committee meetings at the invitation of the Human Resources Committee.

Nomination Committee

***Recommendation 3.4:** An issuer should establish a nomination Committee to recommend Director appointments to the Board (unless this is carried out by the whole Board), which should operate under a written charter. At least a majority of the Nomination Committee should be independent Directors.*

The Board does not operate a separate Nomination Committee as Director appointments are considered by the Board as a whole. The Board's procedure for the nomination and appointment of Directors is summarised under Principle 2 (under the heading "Nomination and Appointment of Directors").

Overview of Board Committees

***Recommendation 3.5:** An issuer should consider whether it is appropriate to have any other Board committees as standing Board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.*

The Board does not operate any other committees apart from the Audit and Risk Committee and the Human Resources Committee. Briscoe Group has considered whether any other standing Board committees are appropriate and has determined not. Each committee operates under a charter which is available on Briscoe Group's website. Committee members are appointed from members of the Board and membership is reviewed on an annual basis. Any recommendations made by the committees are submitted to the full Board for formal approval. Apart from the Managing Director, relevant key executives are invited to attend all Board committee meetings as appropriate.

Attendance at Board and Committee Meetings for the Year Ended 28 January 2018

	Board	**Audit and Risk**	**Human Resources**
Number of meetings held	**12**	**2**	**2**
	Attended	**Attended**	**Attended**
Dame Rosanne Meo	12	2	2
Rod Duke	12	2	2
Mary Devine	12	2	2
Tony Batterton	12	2	2
Andy Coupe	12	2	2

Takeover protocols

***Recommendation 3.6:** The Board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer (amongst other matters).*

Given Briscoe Group's shareholding structure, with the largest Shareholder being a member of the Board, the Board considers the likelihood of an unanticipated takeover to be low, and so the Board does not consider this recommendation to be necessary. However, in the event of a takeover offer, the Board has already agreed that a takeover response committee would be convened comprised of independent Directors. That committee would consider the Company's actions in relation to the takeover offer, including seeking appropriate legal, financial and strategic advice, complying with takeover regulation (including the appointment of an independent advisor under the Takeovers Code and the preparation of a Target Company Statement) and determining what additional information (if any) would be provided by the Company to the bidder.

Principle 4 – Reporting and Disclosure

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

The Board is commited to timely, accurate and meaningful reporting of financial and non-financial information.

Continuous Disclosure

Recommendation 4.1: *An issuer's Board should have a written Continuous Disclosure Policy.*

As a listed company there is an imperative to ensure the market is informed, and the listed securities are being fairly valued by the market. In addition to statutory disclosures, the company provides ongoing updates of its operations. This material is made publicly available through releases to the NZX and ASX, in accordance with the relevant Listing Rules. Briscoe Group has a Continuous Disclosure Policy, and this is available on Briscoe Group's website. The purpose of this policy is to; ensure Briscoe Group complies with its continuous disclosure obligations; ensure timely, accurate and complete information is provided to all Shareholders and market participants; and outline the responsibilities in relation to the identification, reporting, review and disclosure of material information relevant to Briscoe Group.

Charters and Policies

Recommendation 4.2: *An issuer should make its code of ethics, Board and committee charters and the policies recommended by NZX Code, together with any other key governance documents, available on its website.*

Information about Briscoe Group's corporate governance framework (including Code of Conduct, Board and Board committee charters, and other selected key governance codes and policies) is available to view on Briscoe Group's website.

Financial and Non-Financial Reporting

Recommendation 4.3: *Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability risks and other risks. It should explain how it plans to manage those risks and how operational or non-financial targets are measured.*

Financial Reporting

The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements, and ensuring that financial reporting is balanced, clear and objective. It reviews annual and half year financial statements and makes recommendations to the Board concerning the application of accounting policies and practice, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

Management's accountability for Briscoe Group's financial reporting is reinforced by the written confirmation from the Managing Director and Chief Financial Officer that, in their opinion, financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Briscoe Group. Such representations are given on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risk.

Non-Financial Reporting - Sustainability

Briscoe Group assesses its exposure to environmental, economic and social sustainability as part of the overall framework for managing risk (see Principle 6 – Risk Management). Briscoe Group is committed to improving standards of environmental performance to enable a more efficient and sustainable future. Accordingly, we have developed the following initiatives which are incorporated into regular management reporting to the Board.

Being one of New Zealand's leading retailers encompassing multiple large-format retail outlets, there are many ways we look to improve our environmental performance.

Currently the Group's sustainability initiatives cover:

- Waste Management
- Energy Efficiency, and
- Carbon Footprint reporting

WASTE MANAGEMENT

The Group's waste management strategy recognises that product sourcing is the first step in the supply chain and the best opportunity in minimising unnecessary packaging. Initiatives will be implemented to:

- Target less packaging and specify recyclable packaging types at source,
- ensure that the Group is using recyclable packaging materials in efficient quantities,
- ensure that stores have the adequate tools and services to enable effective landfill minimisation,
- develop five pilot stores to target zero waste, and
- phase out single-use plastic shopping bags

ENERGY EFFICIENCY

Specifying energy efficient elements within our building documentation for new stores will ensure a high level of energy efficiency for the entire life-cycle of the building.

Operationally, comparing energy use on a site by site basis will enable us to compare similarly sized stores and target potential future savings through investment in heating, ventilation, air-conditioning and lighting systems.

CARBON FOOTPRINT

Briscoe Group intends to measure our carbon footprint.

From the baseline to be set during 2018, we will target areas of improvement across the business and then on an annual basis, re-measure the carbon footprint to ensure we are making positive progress.

Principle 5 – Remuneration

The remuneration of Directors and executives should be transparent and reasonable.

The Board is committed to timely, accurate and meaningful reporting of financial and non-financial information.

Directors' Remuneration

Recommendation 5.1: *An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's Annual Report.*

In accordance with the Constitution, Shareholder approval is sought for any increase in the pool available to pay Directors' fees. Approval was last sought in 2016, when the pool limit was set at $380,000 per annum. The Board has determined the following allocation from the pool.

	Position	Fees (per annum)
Board of Directors	Chair	$92,500
	Member	$62,500
Audit and Risk Committee	Chair	$8,500
	Member	$6,500
Human Resources Committee	Chair	$8,500
	Member	$6,500

Remuneration of Directors in the reporting period is tabulated below:

	Board Fees	Audit and Risk Committee	Human Resources Committee	Total Fees	Other Payments/ Benefits	Total Remuneration
Dame Rosanne Meo	$92,500	$6,000	$8,500	$107,000	-	**$107,000**
Rod Duke [1.]	-	-	-	-	$920,187	**$920,187**
Mary Devine	$62,500	$6,000	$6,000	$74,500	-	**$74,500**
Tony Batterton	$62,500	$8,500	$6,000	$77,000	-	**$77,000**
Andy Coupe	$62,500	$6,000	$6,000	$74,500	-	**$74,500**
Total	**$280,000**	**$26,500**	**$26,500**	**$333,000**	**$920,187**	**$1,253,187**

1. *No Directors' fees are paid to Executive Directors. For more information in relation to Executive Director remuneration refer to "Chief Executive Remuneration" below.*

Remuneration Policy

Recommendation 5.2: *An issuer should have a Remuneration Policy for remuneration of directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.*

Briscoe Group has adopted a Remuneration Policy which sets out the remuneration principles that apply to all Non-Executive Directors and all employees including senior management, to ensure that remuneration practices are fair and appropriate, and that there is a clear link between remuneration and performance. Briscoe Group is committed to applying fair and equitable remuneration and reward practices in the workplace, taking into account internal and external relativity, the commercial environment, the ability to achieve Briscoe Group's business objectives and the creation of Shareholder value. Under Briscoe Group's remuneration framework, job size relative to the relevant competitive market for talent as well as individual performance against defined key performance objectives are key considerations in all remuneration based decisions, balanced by the organisational context. Remuneration for senior management includes a mix of fixed and variable components. Criteria for performance payments which comprise short-term and long-term incentives are regularly appraised to ensure they incorporate changing market conditions as well as the Company's performance in relation to strategic initiatives that are deemed by the Board to be most relevant in driving Shareholder value.

Non-Executive Directors are paid fees in accordance with the table provided under 5.1. The levels at which fees are set reflects the time commitment and responsibilities of the roles of Non-Executive Directors and do not involve any performance based payments. The Board uses various sources to inform its decision making on fees and consults with expert independent advisors where appropriate.

In 2017, the Managing Director and Chair of the Human Resource Committee initiated the engagement of independent external advisors with specialist expertise in remuneration. The scope of the advice sought specifically includes aspects of the long-term incentive (LTI) scheme such as appropriateness of vehicle (currently share options based), quantum and participation with the intention of introducing a more appropriate and relevant long-term incentive scheme. The selected advisor is also being asked to provide advice on wider aspects of the company's approach to remuneration including proportionality of components in relation to total remuneration and how to best align the interests of Shareholders, the Company and the individual.

Employee Remuneration

The number of employees and former employees within Briscoe Group (including the Managing Director but excluding any other Director) receiving remuneration and benefits above $100,000, relating to the 52 week period ending 28 January 2018 is set out in the table below:

	Number of Employees
$100,000 – 109,999	10
$110,000 – 119,999	11
$120,000 – 129,999	5
$130,000 – 139,999	2
$140,000 – 149,999	3
$150,000 – 159,999	2
$160,000 – 169,999	5
$170,000 – 179,999	6
$180,000 – 189,999	3
$190,000 – 199,999	2
$200,000 – 209,999	1
$220,000 – 229,999	1
$230,000 – 239,999	1
$250,000 – 259,999	2
$270,000 – 279,999	1
$280,000 – 289,999	1
$290,000 – 299,999	2
$400,000 – 409,999	1
$410,000 – 419,999	1
$430,000 – 439,999	1
$720,000 – 729,999	1
$750,000 – 759,999	1
$920,000 – 929,999	1

Chief Executive Officer Remuneration

Recommendation 5.3: *An issuer should disclose the remuneration arrangements in place for the CEO in its Annual Report. This should include disclosure of the base salary, short-term incentives and long-term incentives and the performance criteria used to determine performance based payments.*

The remuneration of the Managing Director for the year ended 28 January 2018 was:

	Period Ended 28 January 2018
Base Salary	$684,321
Other Benefits	$81,166
STI	$154,700
Subtotal	**$920,187**
LTI	-
Total Remuneration	**$920,187**

The remuneration of the Managing Director comprises fixed and performance payments. Fixed remuneration includes a base salary, contributions to superannuation, life insurance, health insurance and a fuel card. The Managing Director received a short-term incentive of $154,700. The target value of a STI payment is recommended by the Human Resources Committee, approved by the Board and linked strongly to company financial performance and performance against strategic initiatives. The Managing Director does not participate in any Company Long Term Incentive Scheme.

Senior Management

Briscoe Group's senior management are appointed by the Managing Director and their key performance indicators ('KPIs') are comprised of specific Group financial objectives along with business related individual objectives. Establishing and monitoring these KPIs is done annually by the Managing Director, recommending them to the Human Resources Committee, which in turn, makes recommendations to the Board for approval. The performance of the senior management against these KPIs is evaluated annually and serves as a key determinant of any short-term incentive scheme values and payments.

Short Term Incentive Payments

Short term incentive (STI) payments are at risk payments designed to motivate and reward for short term (within each financial year) performance. The target value of a STI payment is set by the Managing Director with a specified dollar potential available to each participant in the scheme. The target areas for all employees who are entitled to a STI payment are set based on a combination of company financial performance, specific financial performance relative to the employee's areas of responsibility and individual goals. The weightings applied to each of the target areas will be largely consistent throughout the company for roles entitled to a STI payment, but may vary depending on specific areas of focus as determined by the Managing Director. The Board approves the STI payments to be made to senior management at the end of the financial year, and approves the senior manager targets for the following year.

Long Term Incentive Payments

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

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

During the financial year the Company did not issue any further share options to employees. (2017: 1,660,000). As referred to above, the existing share option scheme is currently under review.

Principle 6 – Risk Management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks

Risk Management

Recommendation 6.1: *An issuer should have a risk management framework for its business and the issuer's Board should receive and review regular reports. A framework should also be put in place to manage any existing risks and to report the material risks facing the business and how these are being managed.*

The Board is responsible for Briscoe Group's risk management and internal control. Through the Audit and Risk Committee, the Board monitors policies and processes that identify significant business risks and implements procedures to monitor these risks. A management risk committee comprising the Managing Director, Chief Financial Officer, Chief Operating Officer and Internal Audit Manager meet regularly to identify the major risks affecting the business by maintaining a risk matrix which is used to develop strategies to monitor and mitigate these risks. The management risk committee regularly updates the Board and the Audit and Risk Committee. Significant risks are discussed at Board meetings, or as required. Briscoe Group maintains insurance policies that it considers adequate to meet insurable risks.

Health and Safety

Recommendation 6.2: *An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management.*

The Human Resources Committee, the General Manager Human Resources and specialist team members in the Human Resource function assist the Board in meeting its responsibilities under the Health and Safety at Work Act 2015, other regulations and policies.

The Human Resources Committee, along with management is responsible for ensuring that Health and Safety has appropriate focus and is sufficiently resourced to achieve its objectives within Briscoe Group.

Company performance across a range of measures of Health and Safety are a consistent and priority agenda item at all Board meetings. The Board and senior management are apprised of all notifiable incidents and injuries and the actions taken to ensure the health and wellbeing of injured persons. Actions taken to prevent incident recurrence are also advised.

Management operates and assesses the effectiveness of risk assessment and mitigation, safety processes and systems, capability of staff and the general culture of the business in relation to safety.

Briscoe Group has implemented a Health and Safety Risk Matrix to identify specific hazards and risks, assess their severity of impact and likelihood of occurrence, document mitigation strategies and determine the level of residual risk. This matrix is reviewed at least annually by the Board and annual Health and Safety objectives and KPI's are set for the business based on the significant risks identified.

An assessment tool (our 'Safe Home Every Day' assessment) is used at each Company location on an annual basis to assess the extent to which systems and processes are in place and followed. Any items requiring action are identified and addressed within agreed timeframes with progress on closing those actions out reported as part of monthly reporting to the Board.

The Group continually assesses its actual Health and Safety performance rates against independent information provided by ACC to ensure that improvement in safety outcomes rather than outputs are used in determining true effectiveness.

Principle 7 – Auditors

The Board should ensure the quality and independence of the external audit process.

External Audit

***Recommendation 7.1 and 7.2:** The Board should establish a framework for the issuer's relationship with its external auditors. This should include procedures prescribed in the NZX Code. The external auditor should attend the issuer's annual shareholders meeting to answer questions from shareholders in relation to the audit.*

The Audit and Risk Committee is responsible for the oversight of Briscoe Group's external audit arrangements. These arrangements include procedures for the matters described in Recommendation 7.1 of the NZX Code.

The Audit and Risk Committee is committed to ensuring Briscoe Group's external auditor is able to carry out its work independently so that financial reporting is reliable and credible. Briscoe Group has an External Auditor Independence policy, which is available on Briscoe Group's website. The External Auditor Independence policy implements the procedures set out in the NZX Code.

The policy sets out the work that the external auditor is required to do and specifies the services that the external auditor is not permitted to do unless authorised by the Chairman of the Audit and Risk Committee and advised to the Board. This is so the ability of the auditor to carry out its work is not impaired and could not reasonably be perceived to be impaired. All non-audit work that the external auditor performs must be approved by the Chair of the Audit and Risk Committee.

Briscoe Group's external auditor is PricewaterhouseCoopers. Total fees paid to PricewaterhouseCoopers in its capacity as auditor for period ended 28 January 2018 were $114,500 (2017: 104,000). Total fees paid to PricewaterhouseCoopers for other professional services for the period ended 28 January 2018 were $26,000 (2017: $30,000). The other service fees comprise a half yearly review and general accounting advice.

PricewaterhouseCoopers has historically attended the Annual Shareholders' Meeting, and the lead audit partner is available to answer relevant questions from Shareholders at that meeting.

Internal Audit

***Recommendation 7.3:** Internal audit functions should be disclosed.*

Briscoe Group has an internal audit team that performs assurance and compliance reviews across company operations as part of a risk-based programme of work approved by the Audit and Risk Committee. In scope are all aspects of the Group's store and non-store operations. In addition to the assurance and compliance work, the internal audit team provide advice to improve both established systems and processes, and during the design and implementation phase of new systems and processes.

The Internal Audit Manager reports functionally to the Audit and Risk Committee and administratively to the Chief Financial Officer. The Internal Audit Manager provides regular reporting to management as well as to the Board and Audit and Risk Committee.

Principle 8 – Shareholder Rights and Relations

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

Information for Shareholders

***Recommendation 8.1:** An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.*

Briscoe Group is committed to an open and transparent relationship with Shareholders. The Board aims to ensure that all Shareholders are provided with all information necessary to assess Briscoe Group's direction and performance.

This is done through a range of communication methods including periodic and continuous disclosures to NZX and ASX, half year and annual reports and the Annual Shareholders' Meeting. Briscoe Group's website provides financial and operational information, information about its Directors and senior management and copies of its governance documents, for investors and interested stakeholders to access at any time.

Communicating with Shareholders

***Recommendation 8.2:** An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.*

Shareholders have the option of receiving their communications electronically, including by email or through Briscoe Group's investor centre. Briscoe Group's website includes a section for Shareholder communications and the Board welcomes investor enquiries.

Shareholder Voting Rights

***Recommendation 8.3 and 8.4:** Shareholders should have the right to vote on major decisions which may change the nature of the company in which they are invested in. Each person who invests money in a company should have one vote per share of the company they own equally with other shareholders.*

In accordance with the Companies Act 1993, the Company's Constitution, and the NZX and ASX Listing Rules, Briscoe Group refers any significant matters to Shareholders for approval at a Shareholder meeting. Where Shareholder votes are conducted by poll, each Shareholder is entitled to one vote per share.

Notice of Annual Shareholders meeting

***Recommendation 8.5:** The Board should ensure that the annual shareholders notice of meeting is posted on the issuer's website as soon as possible and at least 28 days prior to the meeting.*

Briscoe Group posts any Notices of Shareholder Meetings on its website as soon as these are available. The general practice is to make these available not less than four weeks prior to the Shareholder Meeting.

General Disclosures

Board of Directors

Dame Rosanne Meo, OBE: Chairman (Non-Executive)
Chairman of AMP Staff Superannuation and The Real Estate Institute of New Zealand. Director of AMP (NZ) Administration Ltd, realestate.co.nz and Rosanne Meo & Associates Limited.

Rod Duke: Group Managing Director and Deputy Chairman
Group Managing Director since 1991. Director of Kein Geld (NZ) Limited, RA Duke Limited and RD Golf Investments Limited.

Mary Devine, ONZM, BCom, MBA: Director (Non-Executive)
Professional Non-Executive Director and corporate adviser. Director of Meridian Energy Limited, IAG New Zealand Limited, IAG (NZ) Holdings Limited, Christchurch City Holdings, Foodstuffs South Island Limited, Foodstuffs New Zealand Limited and Devine Consultancy (2014) Limited.

Tony Batterton, BCom, C.A: Director (Non-Executive)
Partner and Executive Director of Evergreen Partners Ltd. Director of Direct Capital Investments Ltd & Subsidiaries, Direct Capital IV Investments Ltd & Subsidiaries, Direct Capital IV Management Ltd & Subsdiaries, Direct Capital IV Partners Ltd, Direct Capital IV GP Ltd, Tiger Ventures NZ Ltd, George H Investments Ltd, P F Olsen Group Ltd, PF Olsen Ltd, Siplow Nominees Ltd, Wright Loan Ltd, Direct Capital Partners Ltd, and Evergreen GP Ltd.

Andy Coupe, LLB: Director (Non-Executive)
Chairman of Farmright Ltd, Solid Energy New Zealand Ltd and the New Zealand Takeovers Panel. Director of Gentrack Group Ltd, Kingfish Ltd, Barramundi Ltd, Marlin Global Ltd and Television New Zealand Ltd. Chartered member of Institute of Directors.

Subsidiary Companies

Rod Duke is a director of the following subsidiaries: Briscoes (NZ) Limited, The Sports Authority Limited (trading as Rebel Sport), Rebel Sport Limited and Living & Giving Limited.

Principal Activities of the Group

Briscoe Group Limited is a non-trading holding company, but provides management services to its subsidiaries.

The principal trading subsidiaries are Briscoes (New Zealand) Limited, a specialist homeware retailer selling leading branded products, and The Sports Authority Limited, (trading as Rebel Sport), New Zealand's largest retailer of most leading brands of sporting goods. The subsidiaries are 100% owned by Briscoe Group Limited.

There were no changes in company structure during the year.

Directors

A. Shareholdings

Beneficially Held	As at 16 March 2018
MM Devine	10,000
RAB Coupe	10,000

Non-Beneficially Held	As at 16 March 2018
RA Duke as Trustee of the RA Duke Trust	170,550,256
RPO'L Meo	100,000
AD Batterton	10,000

For further details refer to Substantial Product Holders information below.

B. Share dealings

During the 52 week period ended 28 January 2018 the following directors acquired/sold shares in the Company:

Acquired:

Date of transactions	Number of shares acquired	Consideration
R A Duke as trustee of the R A Duke Trust:		
5 May 2017	61,996	$244,884
22 September 2017	63,000	$219,240
2 October 2017	12,000	$40,320
26 October 2017	56,120	$178,365
31 October 2017	12,000	$37,680
RAB Coupe:		
27 March 2017	10,000	$44,346
AD Batterton:		
1 May 2017	9,631	$38,524
2 May 2017	369	$1,476

Sold:

Date of transactions	Number of shares sold	Consideration
MM Devine:		
20 October 2017	20,000	$63,280

C. Directors' Insurance

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

D. Interests in contracts

During the 52 week period ended 28 January 2018 the following Directors have declared pursuant to Section 140 (1) of the Companies Act 1993 that they be regarded as having an interest in the following transactions:

- Payment of rental of $640,166 (2017: $616,000) on the retail property of which the RA Duke Trust is the owner. (Refer to Note 6.1.1 of the financial statements).
- Payment of rental of $535,164 (2016: $356,776) on the retail property owed by Kein Geld (NZ) Ltd, an entity associated with RA Duke (refer to Note 6.1.1. of the financial statements).

E. Directors' and Officers' use of Company Information

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

Shareholders Information

Holding Range at 16 March 2018

	No. Investors	Total Holdings	%
1-1,000	941	646,000	0.29
1,001-5,000	1,532	4,446,776	2.02
5,001-10,000	561	4,465,582	2.02
10,001-100,000	433	10,289,532	4.66
100,001 and over	32	200,986,610	91.01
Total	**3,499**	**220,834,500**	**100%**

Substantial Product Holders

The following information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. As at 28 January 2018, details of the Substantial Product Holders in the company and their relevant interests in the company's shares are as follows:

Substantial Product Holder	Holding as at 28 January 2018 (1)
R A Duke (2)	170,550,256

(1) This information reflects the company's records and disclosures made under section 280(1)(b) of the Financial Markets Conduct Act 2013.

(2) R A Duke has a relevant interest as a trustee of the R A Duke Trust which was disclosed in the SSH notice dated 13 October 2016, in respect of 170,081,138 shares. As at 28 January 2018 this interest was in respect of 170,550,256 shares.

Total number of voting shares in the company as at 28 January 2018 was 220,794,500

Top 20 Holder List

As at 16 March 2018

Rank	Holder's Name*	Total	%
1	JB Were (NZ) Nominees Limited**	172,527,633	78.13
2=	Gerald Harvey	5,250,000	2.38
2=	Harvey Norman Properties (NZ) Ltd	5,250,000	2.38
4	FNZ Custodians Limited	3,529,546	1.60
5	National Nominees New Zealand Limited	2,066,840	0.94
6	Alaister John Wall, Beverley Ann Wall and Benedict Douglas Tauber as Trustees of the Tunusa Trust established for the benefit of the family of AJ and BA Wall	1,230,000	0.56
7	Stuart Hamilton Johnstone and Lorraine Rose Johnstone	1,000,000	0.45
8	Forsyth Barr Custodians Limited	907,209	0.41
9	Shu-Wen Chiang	791,311	0.36
10	Manhattan Trustee Limited	683,000	0.31
11	HSBC Nominees (New Zealand) Limited	633,259	0.29
12	Citibank Nominees (NZ) Ltd	583,323	0.26
13	Accident Compensation Corporation	575,039	0.26
14	Investment Custodial Services Limited	559,553	0.25
15	Peter William Burilin	473,473	0.21
16	Custodial Services Limited	424,760	0.19
17	Keith Arthur William Brunt	365,000	0.17
18	Gemscott Limited	362,234	0.16
19	Carla Ingrid Brockman	336,300	0.15
20	Custodial Services Limited	292,700	0.13

* *A number of the registered holders listed below hold shares as nominees for, or on behalf of, other parties.*
** *Includes 170,550,256 shares in relation to holdings associated with R A Duke.*

Notes

Directory

Directors

Dame Rosanne PO'L Meo (Chairman)
Rodney A Duke
Mary M Devine
Anthony (Tony) D Batterton
Richard A (Andy) Coupe

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Solicitors

Simpson Grierson

Bankers

Bank of New Zealand

Auditors

PricewaterhouseCoopers

Share Registrars

Link Market Services Limited
Deloitte Centre
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Websites

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

Calendar

Annual Balance Date .... January

Preliminary Profit Announcement .... March

Annual Report Published .... April

Final Dividend .... 29 March 2018

Annual Meeting .... 24 May 2018

Half Year Results .... September

Interim Dividend.. October

BRISCOE
GROUP LIMITED