BRISCOE GROUP LIMITED

ANNUAL REPORT
for the period ended 29 January 2017





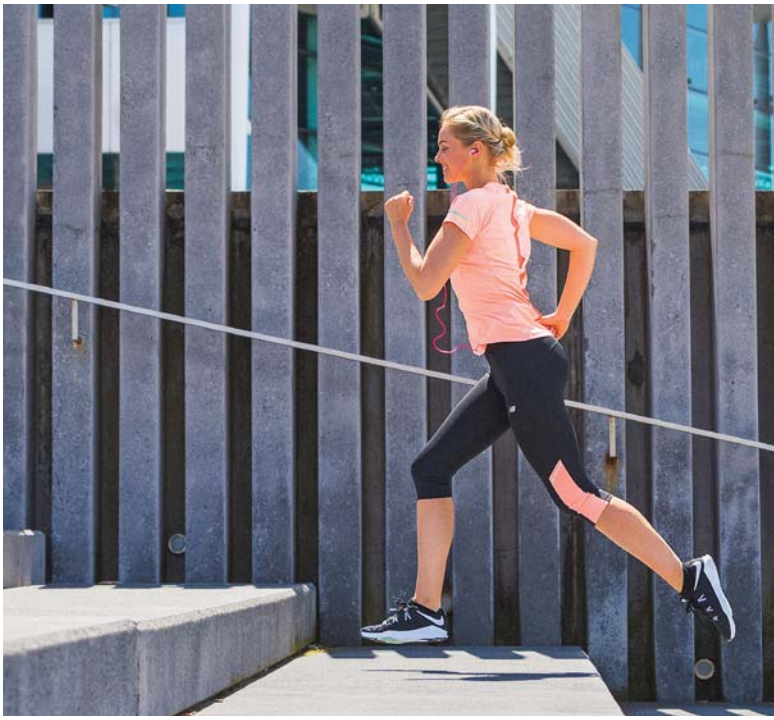



REBEL SPORT

BRISCOES HOMEWARE

Living & Giving

Contents

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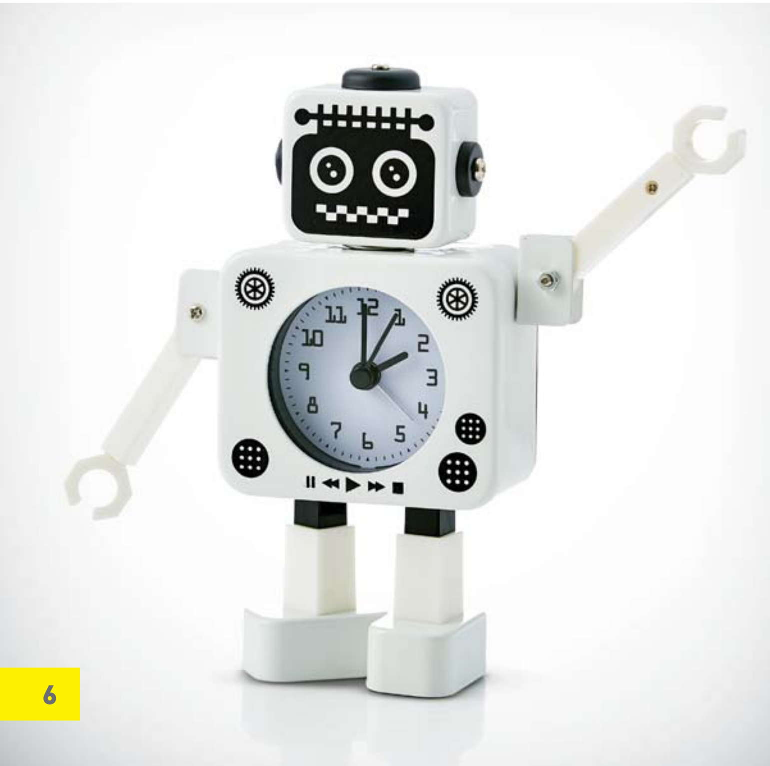
Key Facts

	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	Audited period ending 27 January 2013 $000
Trading Results					
Sales Revenue	**582,840**	552,892	507,063	483,566	452,702
Gross profit margin	**41.1%**	40.5%	38.9%	38.5%	38.9%
Earnings before interest and tax (EBIT)[1.]	**79,827**	65,935	53,122	45,222	40,970
Net profit after tax (NPAT)	**59,420**	47,137	39,302	33,575	30,468
Net cash flows from operating activities	**85,984**	39,898	45,051	46,092	31,406
Financial Position and Statistics					
Shareholders' funds	**205,153**	164,424	155,559	140,648	128,581
Total assets	**298,238**	235,418	234,754	215,384	191,831
EBIT per share	**36.4c**	30.3c	24.5c	21.0c	19.2c
NPAT per share	**27.1c**	21.7c	18.2c	15.6c	14.3c
Operating cashflow per share	**39.2c**	18.3c	20.8c	21.4c	14.7c
Current ratio	**1.5:1**	1.5:1	2.2:1	2.1:1	2.3:1
Shareholders' funds to total assets	**68.8%**	69.8%	66.3%	65.3%	67.0%
Store Numbers					
Homeware	**47**	47	46	46	48
Sporting Goods	**36**	35	33	32	32
Briscoe Group	**83**	82	79	78	80
Total Store Area (m2)					
Homeware	**104,122**	100,085	95,787	94,402	93,014
Sporting Goods	**57,490**	56,394	53,993	51,884	51,884
Briscoe Group	**161,612**	156,479	149,780	146,286	144,898

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



Chairman's Review

In a year during which much of the commentary on the retail sector was given over to dire predications, and with well-known names on both sides of the Tasman suffering significant reversals, the Board of Briscoe Group Ltd is proud to report another record profit for the year ended 29 January 2017. This continues a trend of strong growth in net profit after tax (NPAT), with a compound annual growth rate of 21% for the past three years.

Several factors underpin this performance, including a strong emphasis on inventory management and cost control, and a constant focus on the relationship we have with our customers – both in-store and, increasingly, online.

Perhaps the most important element is the commitment and dedication of our staff, and the Board fully endorses the Managing Director's decision to once again pay a special bonus to all staff who are not part of a formal bonus scheme.

In his report last year, our Managing Director warned that it was inevitable that importers' margins would be adversely affected as foreign exchange cover taken at higher levels matured. Despite the ongoing volatility of the New Zealand dollar against its US counterpart, we were able to again record an improved gross profit margin. This highlights the excellent work done on inventory and promotion management, the ongoing refinement of our product ranges, and the careful management of our foreign exchange trading.

Both Briscoes Homeware and Rebel Sport returned pleasing results for the year, with growth in earnings before interest and tax (EBIT) of 14% and 11% respectively. The improvement in our online business was even more noteworthy, with sales growth exceeding 40% for the second consecutive year. More than 6% of Group sales are now made online, and we expect continued strong growth for the foreseeable future.

With a market capitalisation close to $1 billion, Briscoe Group is widely recognised as one of New Zealand's best and largest listed retailers and we continue to actively seek new ways to further develop our business and enhance the returns to our shareholders. I have already noted the continued growth of our online business; we are also investing in developing, upgrading and refurbishing our physical stores to ensure an improved in-store experience, and regularly review opportunities to extend our network or to add to our portfolio of companies.

Financial performance

Sales revenue increased by 5.42% to $582.84 million, compared with $552.89 million previously. On a same store basis, and adjusting for the additional week included in last year's 53 week period, sales increased for the year by 4.94%.

The Group's gross profit margin for the year increased from 40.49% to 41.07%, a satisfying result in the current economic climate.

Net profit after tax (NPAT) was $59.42 million compared to $47.14 million for last year, an improvement of 26.06%. The result includes a $2.03 million gain from the sale of property in Hastings and the associated reversal of the $0.79 million deferred tax liability, which was created in 2011 following changes to the legislation governing the tax deductibility of depreciation on buildings. Excluding these adjustments, NPAT for the full year was $56.70 million or 20.28% higher than the full year result reported for last year.

Inventories totaled $78.93 million at year-end, being $1.27 million lower than the $80.20 million reported for last year, reflecting the importance management places on inventory control.

During the year, $18.28 million of capital investment was made by the Group. Of this, $11.45 million represents development of three properties owned by the Group: in Wellington at Taranaki Street and in Petone, and in Auckland at Taylors Road. The balance of capital investment was primarily for the fit-out of two new stores, the relocation of two stores, the refurbishment of five stores and enhancements to system software and hardware.

The profit result includes dividends received of $4.41 million from the Group's 19.9% shareholding in Kathmandu Holdings Limited. We continue to monitor Kathmandu's performance closely as they seek to restore profitability to previous levels.

The Group remains in a strong financial position with a cash balance of $60.07 million reported at year-end and no interest-bearing liabilities. This figure includes approximately $22 million of creditor payments, which were subsequently paid by 31 January 2017.

Management has commenced preliminary work on assessing the impact of the new leasing accounting standard, (NZ IFRS 16), which will take effect for periods beginning on or after 1 January 2019. We believe this will have a significant impact on the Group's balance sheet and income statement and while this impact is still more than two years away we recognise the importance of ensuring the new standard is accurately reflected in our financial statements and that shareholders remain fully informed.

Dividend

The directors resolved to pay a final dividend of 11.00 cents per share (cps), fully imputed. This compares to last year's final dividend of 9.50 cps. When added to the interim dividend of 7.00 cps, the total dividend for the year is 18.00 cps, an increase of 16.13% over last year's total dividend of 15.50 cps.

The share register closed to determine entitlements to the final dividend at 5 pm on 28 March 2017 and the dividend was paid on 31 March 2017.

Board Membership

The past year saw the retirement of two Directors, Stuart Johnstone and Alaister Wall. In June, Tony Batterton was appointed to replace Stuart, while Andy Coupe joined the Board in October, following Alaister's retirement. Both Tony and Andy are Independent Directors: with Mary Devine and me as Chairman, the Board now contains four Independent Non-Executive Directors, alongside Managing Director and major shareholder Rod Duke.

Both Stuart and Alaister played an important part in Briscoe's growth and development during their time on the Board, with Stuart's investment banking background being of particular value when Briscoe Group joined the NZX in 2001.

Alaister's 15 years as a director is only one element of the significant contribution he has made to the company over the past 47 years. As Deputy Managing Director he was recognised not only for his professionalism and experience but also for his empathy with people and their families within the Company and also across the wider supplier network. We thank them both for all they have done.

With Andy and Tony joining the Board, Briscoe Group has an excellent balance of the attributes required to meet the future needs of the business.

Executive Share Option Plan

The Board is of the view that all shareholders benefit from the issue to key senior executives of long-term, appropriately-priced share options that crystallise only on delivery of increased shareholder value. In 2003, the Group established an Executive Share Option Plan to issue options to selected senior executives and, subject to shareholder approval, to Executive Directors. The Board intends to issue up to a further 1,700,000 options in the current 2017-18 financial year. Including this new issue and previously issued but unexercised options, the total number of share options still exercisable would represent 3% of the current issued share capital.

Further details of the Executive Share Options Plan can be found in Note 6.2 (page 44) of the financial statements contained within this Annual Report.

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.

During that time, we have raised more than $5.6 million for Cure Kids, including some $765,000 in the past year. 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 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.

Eleven 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 and post-tertiary education. We have established relationships with Massey University and Auckland University of Technology to provide a pathway for staff to study for a Bachelor of Retail and Business Management. 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 of 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

Our focus on continual improvement in all areas of the business has continued to drive profitable growth for Briscoe Group. The year certainly created some challenges for the team, who responded quickly and effectively.

As the Chairman noted in her report, effective inventory management is central to our strategy. The relatively late start to summer and unsettled weather patterns in most parts of the country made the selling of seasonal products a little tougher this year however, by identifying the issues quickly we have sold through seasonal stocks at an acceptable rate, protecting both margin and closing inventory position.

During the second half of the year we improved our ability to assess product availability both online and in bricks and mortar stores, and we continue to test and evaluate enhanced stock management processes that will improve product availability for customers and increase sales.

Providing improved service and engagement for our customers remains a priority. Service levels as measured by a Net Promoter Score have improved during the year, but we believe we can still do better, and are presently working on introducing programmes that will improve customer engagement and enhance service at the checkouts.

This commitment applies equally to our online customers. The online business continued to grow significantly and process reviews across all service areas have resulted in improved order-picking accuracy and speed, reduced backorders, and faster dispatch times. We will continue to improve the online service we offer, with additional fulfilment centres planned to ensure an even quicker and more efficient service.

The fragmentation of media continues to disrupt conventional methods of marketing and we constantly look to evolve communication strategies to maximise their effectiveness while controlling costs. We anticipate that rapid change in this area will continue and understand the importance of successfully optimising the increasingly varied methods by which we are able to connect with the customer.

The Kaikoura earthquake in November affected Briscoe Group stores in the Wellington region and the upper South Island, in particular the Living & Giving store at Queensgate Shopping Centre, which has been unable to reopen. The subsequent disruption to road and rail networks created challenges across the supply chain but we worked closely with our supply partners to minimise the effects on customers. We are thankful none of our staff were injured, and appreciate the work put in by our experienced store and support teams to get us back in business as soon as possible.

Our Store Network

2016 was another very full year of store development, upgrades and refurbishments.

Briscoes Homeware and Rebel Sport stores were opened in March as part of the new Northwest shopping centre at Westgate in Auckland. This development will grow in popularity as the remaining stages are completed and population in the surrounding catchment increases.

In May our Briscoes Homeware store at Wairau Park in Auckland closed temporarily due to fire damage. We took the opportunity to completely re-fit the store, which reopened in July and has traded strongly since.

A stockroom extension was undertaken during June at The Base in Te Rapa, Hamilton delivering improved stock flow. Additional space was also secured adjacent to the Dunedin profit centre allowing us to expand its retail area, improve storage capacity and add an online fulfilment centre for both Briscoes Homeware and Rebel Sport.

Later in the year, our Briscoes Homeware and Rebel Sport stores in Hastings were relocated to an improved site with appropriately-sized retail stores sharing back-of-house facilities.

A number of Group-owned property projects were also progressed during the year. Our Briscoes Homeware store at Taranaki Street in Wellington was extended, earthquake strengthened and re-roofed and now offers a larger retail area and a much improved shopping environment.

Demolition, site works and construction are well underway at our Petone property, with new Briscoes Homeware and Rebel Sport stores on track to open during the first half of this year. These stores will replace the existing Briscoes Homeware stores at Petone and Lower Hutt as well as the Lower Hutt Rebel Sport store.

Demolition and site works have begun at 1-5 Taylors Road, Auckland. This site, which is very close to the existing Briscoes Homeware store and the Group's Support Office, will be the location for a new Support Office and a temporary Briscoes Homeware store as we demolish and rebuild the existing Briscoes Homeware store. On completion of the rebuild, a new Rebel Sport store will open beneath the new Support Office. We expect this major project to be completed during 2018.

Planning is also underway in relation to developing property owned in Silverdale with the view of establishing new Briscoes Homeware and Rebel Sport stores during 2018.

Homeware

We have continued to improve the quality of product ranges we offer our customers. In a market which has become even more competitive, we know that our ability to offer true value across a number of price points is critical for us to maintain our position as the first choice for homeware.

Showcasing the best brands available has underpinned performance over recent years and we remain committed to sourcing and developing brands to fit all positions in our 'good-better-best' product strategy. With increased competition, the merchandise team is focused on ensuring that our entry level products across all categories are attractively priced to offer excellent value while continuing to compete aggressively.

The push to improve customer engagement has been well accepted by our store teams, who are focused on creating happy customers. As noted above, we will continue to trial new initiatives to further improve customer service, with programmes underway covering areas such as improved checkout service and enhanced directional signage tailored for different store sizes, which will be implemented gradually as stores are refurbished.

We expect the coming year to remain challenging for the homeware sector. While consumer confidence remains positive and population growth is continuing, high house prices and rents will apply pressure to disposable income. We believe that our proven strategy of offering the best product ranges at great prices supported by effective marketing is the best way to generate continued sales growth.

Sporting Goods

Rebel Sport continued to deliver strong growth throughout the year, despite following an outstanding year in 2015, which included both the Rugby and Cricket World Cups.

While the 'athleisure' trend continues to grow, the number of competitors in this sector also increased dramatically, with extensive offerings from competitors outside of the traditional sporting sector both here and overseas. Working closely with supply partners to build desirable product ranges has helped us to counter this increased competition – and resulted in large increases in business for most of our major supply partners. We will continue to work closely with our key trading partners to ensure that the product offer from Rebel Sport, both online and in-store, is the best available in Australasia.

Rebel Sport is a seller of branded sportswear and equipment, meaning the vast majority of our inventory is supplied directly by vendors. By improving the way in which we manage the ordering and delivery process we can improve the availability of product for our customers without increasing inventory; as noted earlier, our logistics and merchandise teams are trialling a number of initiatives to better our performance in this area.

Marketing campaigns such as "What's my why?", featuring All Black Malakai Fekitoa and Paralympian Sophie Pascoe, have kept Rebel Sport front of mind for our target customers; further developments of the campaign featuring other athletes and sporting codes will roll out throughout this year.

Priorities and Outlook for 2017/18

We will continue to drive positive change through a number of initiatives during the coming year.

As signalled in last year's report, we have focused resource and attention on improving performance in health and safety, recruitment, talent management and training. Good progress has been made and we are confident of further improvements as the programmes and initiatives continue.

We continue to measure our performance using the "Smart Feedback" tool which consolidates customer feedback into a Net Promoter Score. We are confident that the plans we have in place will drive customer engagement and further improve our rating, and that this will be reflected in sales growth.

The store development team's schedule for the coming year is highly influenced by the continuation of the major property projects outlined earlier in this report. Three new fulfilment sites will be added during the year to ease the pressure on existing sites and to build capacity for expected further online growth, while a new Briscoes Homeware store at Rangiora, Christchurch is planned to open before the end of 2017.

The merchandise, operations and marketing teams will continue to focus on protecting gross profit margin percentage while driving sales growth across every category and every store.

The work that we completed last year to enhance the inventory allocation process will continue. Inventories are in good shape as we commence this new financial year and the team is excited about the opportunities in place to improve sales and profitability. Online growth has continued at pace and we will support further growth by continuing to streamline all processes and by trialling a 'click and collect' initiative later in the year.

We are confident we have the focus, people and initiatives in place to continue to strengthen our position as New Zealand's leading retailer of homeware and sporting goods.

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 and in italics for easier identification.

Contents Consolidated Financial Statements

Group Financial Statements

Notes to the Group Financial Statements

Directors' Approval of Consolidated Financial Statements

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Financial Statements on 14 March 2017.

Approval by Directors

The Directors are pleased to present the Consolidated Financial Statements for Briscoe Group Limited for the 52 week period ended 29 January 2017. (Comparative period is for the 53 week period ended 31 January 2016).

Rod Duke
GROUP MANAGING DIRECTOR

Dame Rosanne Meo
CHAIRMAN

14 March 2017
For and on behalf of the Board of Directors

Consolidated Income Statement

For the 52 week period ended 29 January 2017

	Notes	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
Sales revenue		**582,840**	552,892
Cost of goods sold		**(343,483)**	(329,021)
Gross profit		**239,357**	223,871
Other operating income	2.2	**7,457**	2,881
Store expenses		**(100,461)**	(94,758)
Administration expenses		**(66,526)**	(66,059)
Earnings before interest and tax		**79,827**	65,935
Finance income		**237**	1,007
Finance costs		**(369)**	(650)
Net finance income	5.1	**(132)**	357
Profit before income tax		**79,695**	66,292
Income tax expense	2.3.1	**(20,275)**	(19,155)
Net profit attributable to shareholders		**59,420**	47,137
Earnings per share for profit attributable to shareholders:			
Basic earnings per share (cents)	2.4	**27.2**	21.7
Diluted earnings per share (cents)	2.4	**26.5**	21.2

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 29 January 2017

	Notes	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
Net Profit attributable to shareholders		**59,420**	47,137
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Change in value of investment in equity securities	4.1	**15,637**	(7,738)
Fair value loss/(gain) recycled to income statement		**3,726**	(14,950)
Fair value (loss)/gain taken to the cashflow hedge reserve		**(7,375)**	13,480
Deferred tax on fair value (loss)/gain taken to income statement	2.3.2	**(1,043)**	4,186
Deferred tax on fair value loss/(gain) taken to cashflow hedge reserve	2.3.2	**2,065**	(3,775)
Total other comprehensive income		**13,010**	(8,797)
Total comprehensive income attributable to shareholders		**72,430**	38,340

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

Consolidated Balance Sheet

As at 29 January 2017

	Notes	29 January 2017 $000	31 January 2016 $000
ASSETS			
Current assets			
Cash and cash equivalents	3.1.1	**60,066**	17,554
Trade and other receivables	3.1.2	**2,559**	2,334
Inventories	3.1.3	**78,931**	80,204
Held-for-sale assets	3.2	**-**	5,375
Derivative financial instruments	5.2.5	**44**	2,620
Total current assets		**141,600**	108,087
Non-current assets			
Property, plant and equipment	3.3	**76,081**	63,527
Intangible assets		**960**	1,538
Deferred tax	2.3.2	**3,015**	1,321
Investment in equity securities	4.1	**76,582**	60,945
Total non-current assets		**156,638**	127,331
TOTAL ASSETS		**298,238**	235,418
LIABILITIES			
Current liabilities			
Trade and other payables	3.1.4	**84,970**	63,261
Taxation payable	2.3.2	**6,284**	6,810
Derivative financial instruments	5.2.5	**1,112**	210
Total current liabilities		**92,366**	70,281
Non-current liabilities			
Trade and other payables	3.1.4	**719**	713
Total non-current liabilities		**719**	713
TOTAL LIABILITIES		**93,085**	70,994
Net assets		**205,153**	164,424
EQUITY			
Share capital	5.3.2	**52,756**	48,242
Cashflow hedge reserve	3.1.1,5.2.5	**(816)**	1,811
Share options reserve	6.2	**957**	1,291
Other reserves		**7,899**	(7,738)
Retained earnings		**144,357**	120,818
TOTAL EQUITY		**205,153**	164,424

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 29 January 2017

	Notes	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
OPERATING ACTIVITIES			
Cash was provided from			
Receipts from customers		**582,579**	553,839
Rent received		**792**	874
Dividends received		**4,414**	2,008
Interest received		**179**	1,349
Insurance recovery		**220**	-
Net GST received		**-**	-
		588,184	558,070
Cash was applied to			
Payments to suppliers		**(395,888)**	(419,479)
Payments to employees		**(64,105)**	(59,685)
Interest paid		**(361)**	(683)
Net GST paid		**(20,373)**	(21,857)
Income tax paid		**(21,473)**	(16,468)
		(502,200)	(518,172)
Net cash inflows from operating activities		**85,984**	39,898
INVESTING ACTIVITIES			
Cash was provided from			
Proceeds from sale of property, plant and equipment		**7,315**	28
		7,315	28
Cash was applied to			
Purchase of property, plant and equipment	3.3	**(17,661)**	(12,097)
Purchase of intangible assets		**(615)**	(1,080)
Purchase of investment in equity securities	4.1	**-**	(68,683)
		(18,276)	(81,860)
Net cash outflows from investing activities		**(10,961)**	(81,832)
FINANCING ACTIVITIES			
Cash was provided from			
Net proceeds from borrowings	5.1	**-**	-
Issue of new shares	5.3.2	**3,713**	1,418
		3,713	1,418
Cash was applied to			
Dividends paid	5.3.3	**(36,051)**	(31,475)
		(36,051)	(31,475)
Net cash outflows from financing activities		**(32,338)**	(30,057)
Net increase/(decrease) in cash and cash equivalents		**42,685**	(71,991)
Cash and cash equivalents at beginning of period		**17,554**	89,690
Foreign cash balance cash flow hedge adjustment		**(173)**	(145)
Cash and cash equivalents at period end	3.1.1	**60,066**	17,554

Consolidated Statement of Cash Flows

For the 52 week period ended 29 January 2017

	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT		
Reported net profit attributable to shareholders	**59,420**	47,137
Items not involving cash flows		
Depreciation and amortisation expense	**5,988**	5,665
Adjustment for fixed increase leases	**277**	255
Bad debts and movement in doubtful debts	**98**	108
Inventory adjustments	**227**	2,152
Amortisation of executive share options cost	**637**	582
(Gain)/loss on disposal of assets	**(1,627)**	116
	5,600	8,878
Impact of changes in working capital items		
Decrease (increase) in trade and other receivables	**(323)**	1,377
Decrease (increase) in inventories	**1,046**	(8,849)
Increase (decrease) in taxation payable	**(526)**	2,668
Increase (decrease) in trade payables	**21,112**	(10,713)
Increase (decrease) in other payables and accruals	**(345)**	(600)
	20,964	(16,117)
Net cash inflow from operating activities	**85,984**	39,898

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 29 January 2017

	Notes	Share Capital $000	Cashflow Hedge Reserve $000	Share Options Reserve $000	Other Reserves $000	Retained Earnings $000	Total Equity $000
Balance at 25 January 2015		46,550	2,870	1,058	-	105,081	155,559
Net profit attributable to shareholders for the period		-	-	-	-	47,137	47,137
Other comprehensive income:							
Change in value of investment in equity securities	4.1	-	-	-	(7,738)	-	(7,738)
Fair value gain recycled to income statement		-	(14,950)	-	-	-	(14,950)
Fair value gain taken to cashflow hedge reserve		-	13,480	-	-	-	13,480
Deferred tax on fair value gain taken to income statement	2.3.2	-	4,186	-	-	-	4,186
Deferred tax on fair value gain to cashflow hedge reserve	2.3.2	-	(3,775)	-	-	-	(3,775)
Total comprehensive income for the period		-	(1,059)	-	(7,738)	47,137	38,340
Transactions with owners:							
Dividends paid	5.3.3	-	-	-	-	(31,475)	(31,475)
Share options charged to income statement	6.2	-	-	582	-	-	582
Share options exercised	5.3.2,6.2	1,692	-	(274)	-	-	1,418
Transfer for share options lapsed and forfeited	6.2	-	-	(75)	-	75	-
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 equity securities	4.1	**-**	**-**	**-**	**15,637**	**-**	**15,637**
Fair value loss recycled to income statement		**-**	**3,726**	**-**	**-**	**-**	**3,726**
Fair value loss taken to cashflow hedge reserve		**-**	**(7,375)**	**-**	**-**	**-**	**(7,375)**
Deferred tax on fair value loss taken to income statement	2.3.2	**-**	**(1,043)**	**-**	**-**	**-**	**(1,043)**
Deferred tax on fair value loss to cashflow hedge reserve	2.3.2	**-**	**2,065**	**-**	**-**	**-**	**2,065**
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**

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 29 January 2017

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. 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 listed on the New Zealand Stock Exchange (NZX).

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 Listing Rules. In accordance with the Financial Markets Conduct Act 2013 because group financial statements are prepared and presented for Briscoe Group Limited and its subsidiaries, separate financial statements for Briscoe Group Limited are not required to be prepared and presented.

These audited consolidated financial statements have been approved for issue by the Board of Directors on 14 March 2017.

1.2 General Accounting Policies

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

The 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 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 profit-oriented entity for financial reporting purposes.

Reporting period

These financial statements are in respect of the 52 week period 1 February 2016 to 29 January 2017 and provide a balance sheet as at 29 January 2017. The comparative period is in respect of the 53 week period 26 January 2015 to 31 January 2016. The Group operates on a weekly trading and reporting cycle resulting in 52 weeks for most years with a 53 week year occurring once every 5-6 years.

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 Group. 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.

1. Basis of Preparation

For the 52 week period ended 29 January 2017

Subsidiaries	Activity	2017 Interest	2016 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 year 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*
Executive share options	*6.2*

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 29 January 2017

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 (2016: 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 29 January 2017	Homeware	Sporting goods	Eliminations/ Unallocated	Total Group
	$000	$000	$000	$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
Net finance income	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*

For the period ended 31 January 2016

	Homeware	Sporting goods	Eliminations/ Unallocated	Total Group
	$000	$000	$000	$000
INCOME STATEMENT				
Total sales revenue	357,875	195,017	-	552,892
Gross profit	144,065	79,806	-	223,871
Earnings before interest and tax	40,449	24,962	524	65,935
Net finance income	(3)	304	56	357
Income tax expense	(11,387)	(7,077)	(691)	(19,155)
Net profit after tax	29,059	18,189	(111)	47,137
BALANCE SHEET ITEMS:				
Assets	124,011	65,621	45,786[1.]	235,418
Liabilities	40,391	27,302	3,301	70,994
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	11,342	1,835	68,683	81,860
Depreciation and amortisation expense	3,844	1,822	-	5,666

	$000
1. Investment in equity securities	*60,945*
Intercompany eliminations	*(17,625)*
Other balances	*2,466*
Total	*45,786*

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 despatched 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 29 January 2017 $000	Period ended 31 January 2016 $000
Lease commitments expire as follows:		
Within one year	**27,833**	26,255
One to two years	**25,747**	22,314
Two to five years	**47,233**	42,793
Beyond five years	**27,438**	25,615
Total operating lease rental commitments	**128,251**	116,977

2. Performance

For the 52 week period ended 29 January 2017

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

	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
Income		
Rental income	**792**	874
Dividends received	**4,414**	2,008
Gain on sale of held-for-sale asset	**2,031**	-
Insurance recovery	**220**	-
Expenses		
Operating lease rental expense	**31,243**	29,341
Wages, salaries and other short term benefits	**64,637**	61,948
Share options expense (refer also Note 6.2)	**637**	582
Depreciation of property, plant and equipment	**4,997**	4,672
Amortisation of software costs	**991**	994
Takeover expenses incurred directly	**-**	1,069
Amounts paid to auditors:		
Statutory Audit	**100**	116
Half year review	**26**	26
Other services[1.]	**8**	21

1. Other services relates to general accounting advice and remuneration benchmarking (2016: General tax advice and 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 29 January 2017 $000	Period ended 31 January 2016 $000
(a) Income tax expense		
Current tax expense:		
Current tax	**20,185**	18,588
Adjustments for prior years	**762**	548
	20,947	19,136
Deferred tax expense:		
Decrease in future tax benefit current year	**891**	571
Tax effect of disposal of buildings	**(792)**	-
Adjustments for prior years	**(771)**	(552)
	(672)	19
Total income tax expense	**20,275**	19,155
(b) Reconciliation of income tax expense to tax rate applicable to profits		
Profit before income tax expense	**79,695**	66,292
Tax at the corporate rate of 28% (2016: 28%)	**22,315**	18,562
Tax effect of amounts which are either non-deductible or non-assessable in calculating taxable income:	**(1,239)**	597
Tax effect of disposal of buildings	**(792)**	-
Prior period adjustments	**(9)**	(4)
Total income tax expense	**20,275**	19,155

The Group has no tax losses (2016: Nil) and no unrecognised temporary differences (2016: 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 year:

	Depreciation $000	Provisions $000	Derivative financial instruments $000	Total $000
At 25 January 2015	(640)	2,684	(1,115)	929
(Charged) / credited to the income statement	(30)	11	-	(19)
Net credited to other comprehensive income	-	-	411[1.]	411
At 31 January 2016	(670)	2,695	(704)	1,321
(Charged) / credited 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**

1. *Net charged to other comprehensive income comprises deferred tax on fair value loss taken to income statement of $1,043,329 (2016: deferred tax on fair value gain of $4,186,056) and deferred tax on fair value loss taken to cash flow hedge reserve of $2,065,228 (2016: deferred tax on fair value gain of $3,774,615)*

(b) Taxation payable

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

	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
Movements:		
Balance at beginning of period	**(6,810)**	(4,142)
Current tax	**(20,947)**	(19,136)
Tax paid	**21,209**	16,241
Foreign investor tax credit (FITC)	**264**	227
Balance at end of period	**(6,284)**	(6,810)

2.3.3 Imputation credits

	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
Imputation credits available for use in subsequent accounting periods	**67,888**	59,262

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. In 2016 and 2017 these were 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 29 January 2017	Period ended 31 January 2016
Net profit attributable to shareholders $000	**59,420**	47,137
Basic		
Weighted average number of ordinary shares on issue (thousands)	**218,677**	217,233
Basic earnings per share	**27.2 cents**	21.7 cents
Diluted		
Weighted average number of ordinary shares on issue adjusted for share options issued but not exercised (thousands)	**224,048**	222,385
Diluted earnings per share	**26.5 cents**	21.2 cents

3. Operating Assets and Liabilities

For the 52 week period ended 29 January 2017

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 29 January 2017 $000	Period ended 31 January 2016 $000
Cash at bank or in hand	**60,066**	17,554

As at 29 January 2017 the Group held foreign currency equivalent to NZ$1.967 million (2016: NZ$2.752 million) which is included in the table above. The foreign currency in which the Group deals primarily is the US Dollar.

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

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

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

At balance date a foreign currency loss of $66,645 (2016: gains of $106,120) in relation to foreign currency balances, were included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net loss of $47,984 (2016: net gain of $76,406). The cash flow hedge reserve, net of deferred tax, from forward foreign exchange contracts used as hedges, represents a net loss of $768,508 (2016: net gain of $1,734,843), refer note 5.2. The total of these amount to a net loss of $816,492 (2016: net gain of $1,811,249).

In respect of foreign currency balances that are not designated and tested as an effective hedge, the gain or loss as at balance date is recognised in the income statement.

At balance date there are no such balances (2016: Nil).

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 and subsequently at the amounts considered recoverable (amortised cost). Trade receivable balances are reviewed on an on-going basis.

	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
Trade receivables	**547**	517
Prepayments	**1,260**	1,304
Other receivables	**752**	513
Total trade and other receivables	**2,559**	2,334

No interest is charged on trade receivables.

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 29 January 2017 $000	Period ended 31 January 2016 $000
Finished goods	**83,554**	84,550
Inventory adjustments	**(4,623)**	(4,346)
Net inventories	**78,931**	80,204

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.

	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
Trade payables	**57,900**	36,788
Employee entitlements	**12,009**	11,476
Other payables and accruals	**15,627**	15,556
Provisions	**153**	154
Total trade and other payables	**85,689**	63,974
Shown in balance sheet as:		
Current liabilities	**84,970**	63,261
Non-current liabilities	**719**	713
Total trade and other payables	**85,689**	63,974

3.2 Held-for-Sale Assets

Held-for-sale assets are assets that are available for immediate sale in their present condition, subject only to normal sale terms, and for which there is a high probability that they will be offered for sale or sold. The Group measures a held-for-sale asset at the lower of carrying value and fair value less costs to sell.

Held-for-sale assets were:

	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
Property	-	5,375

The held-for-sale asset balance at the previous year end date relates to a property in Hastings which was subject to an unconditional sale and purchase agreement. The sale of the property was settled on 30 November 2016.

3.3 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.

	Land and buildings $000	Plant and equipment $000	Total $000
At 25 January 2015			
Cost	49,648	77,738	127,386
Accumulated depreciation	(4,603)	(61,145)	(65,748)
Accumulated impairment	-	(17)	(17)
Net book value	45,045	16,576	61,621
Period ended 31 January 2016			
Opening net book value	45,045	16,576	61,621
Additions	6,582	5,515	12,097
Disposals	-	(144)	(144)
Reclassified as held-for-sale asset	(5,375)	-	(5,375)
Depreciation charge	(595)	(4,077)	(4,672)
Closing net book value	45,657	17,870	63,527
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)**
Reclassified as held-for-sale asset	**-**	**-**	**-**
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**

Capital commitments

	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
Capital commitments in relation to property, plant and equipment at balance date not provided for in the financial statements	**4,092**	1,706

3.4 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 29 January 2017

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 19.9% ownership in Kathmandu Holdings Limited as at 29 January 2017. An adjustment was made at period end to reflect the fair value of these shares as at 29 January 2017.[1.] These shares are equity investments quoted in the active market and are defined by NZ IAS 39 as available-for-sale financial assets.

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 25 January 2015	-
Additions	**68,683**
Change in value charged to other reserves	**(7,738)**
At 31 January 2016	**60,945**
Additions	-
Change in value credited to other reserves	**15,637**
At 29 January 2017	**76,582**

1. *Fair value determined to be $1.91 per share as per NZX closing price of Kathmandu Holdings Limited as at 29 January 2017 (2016: $1.52)*

5. Financing and Capital Structure

For the 52 week period ended 29 January 2017

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 a facility agreement with the Bank of New Zealand for $60 million. Any drawdowns are repayable in full on expiry date of the facility being 25 June 2017. Interest is payable based on the BKBM rate plus applicable margin. The facility is secured against the assets of the Group and its subsidiaries. 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 $28 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 year. 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 29 January 2017.

Finance costs

	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
Interest income	**(237)**	(1,007)
Interest expense	**164**	524
Other finance costs	**205**	126
Total finance costs	**132**	(357)

5.2 Financial Risk Management

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

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. Surplus funds are placed on call or short-term deposit with high-credit-rated, Board-approved financial institutions.

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 year, being strongest immediately after the end of year trading period. The months leading up to Christmas trading put the greatest strain on Group cash flows due to the build-up of inventory as well as the interim dividend payment. The Group 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 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)**

As at 31 January 2016

	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	(63,261)	-	-	-	(63,261)	(63,261)
Forward foreign exchange contracts						
Cash flow hedges:						
- outflow	(20,016)	(14,862)	(16,008)	(388)	(51,274)	
- inflow	22,300	14,690	16,305	389	53,684	
- Net	2,284	(172)	297	1	2,410	2,410

5.2.5 Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from currency exposures primarily to the US dollar, in respect of purchases of inventory directly from overseas suppliers. (Refer also to note 3.1.1).

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 29 January 2017 $000	Period ended 31 January 2016 $000
Current assets		
Forward foreign exchange contracts	**44**	2,620
Total current derivative financial instrument assets	**44**	2,620
Current liabilities		
Forward foreign exchange contracts	**1,112**	210
Total current derivative financial instrument liabilities	**1,112**	210

The contracts are subject to an enforceable master netting arrangement, which allows for net settlement of the relevant assets and liabilities.

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 year 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 market rates at balance date. 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 year. The contracts are timed to mature when major shipments of inventory are scheduled to be dispatched and the liability settled. The cash flows are expected to occur at various dates within one year from balance date.

At balance date these contracts are represented by assets of $44,271 (2016: $2,619,904) and liabilities of $1,111,643 (2016: $210,400) and together are included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net loss of $768,508 (2016: net gain $1,734,843). 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 $47,984 (2016: net gain of $76,406), refer Note 3.1.1. The total of these net gains and losses amount to a net loss of $816,492 (2016: net gain $1,811,249).

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 (2016: 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% (2016:-10% / +10%) in the NZD against the USD, from the year-end rate of 0.7266 (2016: 0.6482),
- A shift of -0.25% / +0.50% (2016: -0.5% / +0.25%) in market interest rates from the year-end weighted average deposit rate of 1.75% (2016: 2.50%).

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

As at 29 January 2017

		Interest rate				Foreign exchange rate			
		-0.25%		+0.50%		-10%		+5%	
	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)
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)

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 and foreign currencies used to hedge against the NZD:USD foreign exchange risk arising from foreign denominated future purchases. There is no profit and loss sensitivity as the hedges are 100% effective.*

5. Financing and Capital Structure

For the 52 week period ended 29 January 2017

As at 31 January 2016

		Interest rate				Foreign exchange rate			
		-0.5%		+0.25%		-10%		+10%	
	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.]	17,554	(54)	(54)	27	27	-	97	-	(79)
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	2,620	-	-	-	-	-	3,532	-	(2,557)
Financial liabilities:									
Derivatives – designated as. cashflow hedges (Forward foreign exchange contracts)[2.]	210	-	-	-	-	-	1,061	-	(766)
Total increase /(decrease)		(54)	(54)	27	27	-	4,690	-	(3,402)

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 and foreign currencies used to hedge against the NZD:USD foreign exchange risk arising from foreign denominated future purchases. There is no profit and loss sensitivity as the hedges are 100% effective.*

5.3 Equity

5.3.1 Capital risk management

Capital is defined by the Group to be Total Equity as shown in the balance sheet.

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 29 January 2017 Shares	Period ended 31 January 2016 Shares	**Period ended 29 January 2017 $000**	Period ended 31 January 2016 $000
Opening ordinary shares	**217,597,500**	216,592,500	**48,242**	46,550
Issue of ordinary shares arising from the exercise of options	**1,919,000**	1,005,000	**4,514**[1.]	1,692[1.]
Balance at end of period	**219,516,500**	217,597,500	**52,756**	48,242

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 1,919,000 shares issued during the period ended 29 January 2017 were $801,155 and $3,712,770 respectively (2016: $274,000 and $1,417,500 respectively for the 1,005,000 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 29 January 2017 Cents per share	Period ended 31 January 2016 Cents per share	**Period ended 29 January 2017 $000**	Period ended 31 January 2016 $000
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**	-
Interim dividend for the period ended 31 January 2016	**-**	6.00	**-**	13,040
Final dividend for the period ended 25 January 2015	**-**	8.50	**-**	18,435
	16.50	14.50	**36,051**	31,475

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 $263,843 (2016: $227,190) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

On 14 March 2017 the Directors resolved to provide for a final dividend to be paid in respect of the year ended 29 January 2017. The dividend will be paid at a rate of 11.00 cents per share for all shares on issue as at 28 March 2017, 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 and loss when the associated hedged transaction affects profit and 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 investment in equity securities in these financial statements. (Refer also to the consolidated statement of changes in equity, note 4.1).

6. Other Notes

For the 52 week period ended 29 January 2017

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 $616,000 (2016: $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 $356,776 (2016: Nil) 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 $28,040,194 (2016: $24,593,170).
- P Duke, spouse of the Managing Director, received payments of $65,000 (2016: $65,000) in relation to her employment as an overseas buying specialist with Briscoe Group Limited, and rental payments of $797,875 (2016: $716,500) as owner of the Briscoes Homeware premises at Panmure, Auckland under an agreement to lease premises to Briscoes (NZ) Limited.

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

- Loan to the Company from Briscoes (NZ) Limited $13,999,933 (2016: Loan from the Company $948,147).
- Loan from the Company to The Sports Authority Limited (trading as Rebel Sport) $1,746,915 (2016: Loan to the Company $15,105,431)

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 29 January 2017 $000	Period ended 31 January 2016 $000
Salaries and other short term employee benefits	**3,372**	3,100
Share options benefit	**142**	140
Directors' fees	**271**	274
Total benefits	**3,785**	3,514

Key management did not receive any termination benefits during the period (2016: Nil). In addition key management did not receive and are not entitled to receive any post-employment or long-term benefits (2016: Nil).

6. Other Notes

For the 52 week period ended 29 January 2017

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 29 January 2017		Period ended 31 January 2016	
	Directors' fees $000	**Dividends $000**	Directors' fees $000	Dividends $000
Executive Director				
RA Duke	**-**	**-**	-	-
AJ Wall[1.]	**-**	**21**	-	32
Non-Executive Directors				
SH Johnstone[2.]	**22**	**95**	85	146
RPO'L Meo	**103**	**-**	115	-
MM Devine	**70**	**5**	74	4
AD Batterton[3.]	**51**	**-**	-	-
RAB Coupe[4.]	**25**	**-**	-	-
	271	**121**	274	182

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

	Period ended 29 January 2017 $000	Period ended 31 January 2016 $000
Executive Director		
RA Duke[5.]	**28,040**	24,593
AJ Wall[1.,5.,6.]	**16,257**	24,771
Non-Executive Directors		
SH Johnstone[2.]	**-**	-
RPO'L Meo	**17**	15
MM Devine	**-**	-
AD Batterton[3.]	**-**	-
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 $28,040,194 during the period (2016: $24,593,170).*
6. *The Tunusa Trust, of which AJ Wall is a trustee, received dividends of $116,850 during the period (2016: $178,350).*

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 or if the employee is no longer employed by the Company. Each option entitles the holder to one ordinary share in the capital of the Company. The exercise price is determined by the Board but is generally set by reference to the weighted average market price of ordinary shares in the Company for the period of five business days before and five business days after, as the Board in its discretion sees fit, either:

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

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

During the financial year the Company issued 1,660,000 options (2016: 1,700,000) to senior executives.

The fair value of these options is estimated at $1,007,454 (2016: $585,820) under the Black Scholes valuation model using the following inputs and assumptions:

Risk free interest rate	1.82%	(2016: 2.72%)
Expected dividend yield	4.53%	(2016: 5.24%)
Expected life (years)	3.61	(2016: 3.84)
Share price at grant date	$3.75	(2016: $2.86)
Exercise price	$3.31	(2016: $2.75)
Expected share volatility	25.00%	(2016: 21.70%)

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

The estimated fair value for each tranche of options issued is amortised over the vesting period of three years, from the grant date. The Company has recognised a compensatory expense in the income statement of $636,534 (2016: $582,298) which represents this amortisation.

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

	Period ended 29 January 2017		Period ended 31 January 2016	
	Average exercise price $ per share	**Options 000**	Average exercise price $ per share	Options 000
Balance at beginning of year	**2.41**	**5,927**	2.09	5,476
Issued	**3.31**	**1,660**	2.75	1,700
Forfeited	**2.70**	**(568)**	2.24	(142)
Exercised	**1.93**	**(1,919)**	1.41	(1,005)
Lapsed	**1.55**	**(65)**	1.38	(102)
Balance at end of year	**2.86**	**5,035**	2.41	5,927

Weighted average share price for options exercised during the period $3.48 (2016: $2.88).
Of the 5,035,000 outstanding options at balance date (2016: 5,927,000), 513,000 were exercisable (2016: 1,165,000).

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

Expiry month		Exercise month		Exercise price	**Period ended 29 January 2017 000**	Period ended 31 January 2016 000
October	2016	October	2015		**-**	1,165
July	2017	July	2016	$2.43	**513**	1,447
July	2018	July	2017	$2.64	**1,445**	1,615
November	2019	November	2018	$2.75	**1,497**	1,700
August	2020	August	2019	$3.31	**1,580**	-
Total share options outstanding					**5,035**	5,927

The weighted average remaining contractual life of options outstanding at the end of the period was 2.40 years (2016: 2.27)

Share options reserve	**Period ended 29 January 2017 $000**	Period ended 31 January 2016 000
Balance at beginning of year	**1,291**	1,058
Current year amortisation	**637**	582
Options forfeited and lapsed transferred to retained earnings	**(170)**	(75)
Options exercised transferred to share capital	**(801)**	(274)
Balance at end of year	**957**	1,291

Since balance date and up to the date of these financial statements a further 15,000 ordinary shares have been issued under the Executive Share Option Plan as a result of executives exercising share options.

6.3 Contingent Liabilities

As previously disclosed, the Group is party to legal proceedings with Kathmandu Holdings Limited (Kathmandu) relating to an outstanding claim of $2.6 million for costs incurred with respect to the Group's 2015 takeover offer for Kathmandu. No material contingent liability is assessed as existing in relation to this claim or other matters as at 29 January 2017. (2016: Nil).

6.4 Events After Balance Date

On 14 March 2017 the Directors resolved to provide for a final dividend to be paid in respect of the year ended 29 January 2017. The dividend will be paid at a rate of 11.00 cents per share for all shares on issue as at 28 March 2017, with full imputation credits attached. (Note 5.3.3)

Since balance date and up to the date of these financial statements a further 15,000 ordinary shares have been issued under the Executive Share Option Plan as a result of executives exercising share options. (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. It replaces the guidance in *NZ IAS 39 Financial Instruments: Recognition and Measurement* that relates to the classification and measurement of financial instruments. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets; amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity are required to be measured at fair value through profit or loss with the irrecoverable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one actually used for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39.

  The Group intends to apply this standard in the 2018/19 financial year and is yet to assess its full impact.

- ***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 and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. It replaces the current revenue recognition guidance in *NZ IAS 18 Revenue and NZ IAS 11 Construction Contracts.* The standard is not expected to materially impact the Group.

- ***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 Group currently intends to adopt NZ IFRS 16 on its effective date being for the year ended January 2020, and has yet to assess its full impact, however based on preliminary assessments the Group has determined that NZ IFRS 16 will have a significant impact on the Group's balance sheet and income statement disclosures. The balance sheet will be impacted by the recognition of a right of use asset and a corresponding lease liability. The income statement will be impacted by the recognition of an interest expense and an amortisation expense and the removal of the current rental expense. The full impact on these statements has yet to be finalised.

Independent auditor's report

To the shareholders of Briscoe Group Limited

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 29 January 2017, 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).

What we have audited

The consolidated financial statements comprise:

- the balance sheet as at 29 January 2017;
- the income statement for the period then ended;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, which include significant accounting policies.

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 in the areas of a half year review, general accounting advice on a new accounting standard and remuneration benchmarking services. The provision of these other services has not impaired our independence as auditor of the Group.

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 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 one key audit matter 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. These matters were 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 these matters.

Key audit matter	How our audit addressed the key audit matter
Inventory Existence and Valuation At 29 January 2017, the Group held inventories of $79 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 financial statements, inventories are carried 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 are counted twice a year. Management pay particular attention in ensuring the Group has the right levels of inventory as well as applying judgement over the level of provisions for stock obsolescence and inventory shrinkage losses arising 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 a year. • Tested the effectiveness of key inventory controls over inventory movement and costing processes. • On a sample basis tested inventory costs to supplier invoices and contracts. • Held discussions with management, including merchandising personnel, to understand and corroborate the assumptions applied in estimating inventory provisions. • Assessed the stock 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 rate previously achieved. • 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 stock 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. • 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 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://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx

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
14 March 2017

Corporate Governance

Corporate Governance

Role of the Board

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

The principal responsibilities of the Board are to:

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

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

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

Board Membership

The Company's constitution sets out policies and procedures on the operation of the Board including the appointment and removal of directors. The NZX Main Board Listing Rules (the "Rules") and the Company's constitution provide that a minimum of three directors is required, of whom at least two must be independent. Currently the Board comprises five directors, being an independent Non-Executive Chairman, the Group Managing Director, and three independent Non-Executive Directors.

The Board acknowledges the importance of independent directors in ensuring an optimal balance between Board members who are able to bring a wide range of business experience and skills and those with direct company knowledge and operational responsibility. The Board notes the appointment of two new, independent directors during the course of the 2016/17 financial year and the retirement of one independent and one executive director in the same period.

Under the constitution, one third of directors must retire by rotation at the annual meeting each year but, if eligible, may offer themselves for re-election. The Group Managing Director, in his capacity as an Executive Director, is exempt from the requirement to retire by rotation.

Pursuant to Rule 3.3.5, the Company is required to make an announcement to the market advising the closing date for director nominations. That announcement must be no less than 10 business days prior to the closing date and the closing date must be not more than two months prior to the annual meeting.

The Board undertakes to meet at least ten times during the financial year. For the year ending 29 January 2017 the Board met twelve times.

Profiles of the current Directors appear on page 56 of this report.

Board Review

The Board annually reviews its performance, and that of Board committees, to ensure that the Board and its committees are performing satisfactorily and meeting their respective objectives. In addition, the performance of individual directors is also subject to review with a particular emphasis on those Board members who are due to retire by rotation and wish to seek re-election. The review process also assists with the process of identifying the training needs, if any, of Board members to ensure that they remain current on how to best perform their duties as a director.

Board Committees

There are two formally constituted committees to provide specific input and guidance to particular areas of corporate governance; the Audit Committee and the Human Resources Committee.

The committees meet as required and operate under specific charters which are reviewed and approved by the Board annually, setting out the committees' roles and responsibilities. In order to fulfil its responsibilities, each committee is empowered to seek any information it requires from employees and to obtain such independent legal or other professional advice it may deem necessary. The proceedings of the committees are reported to the Board. These charters are published on our website at www.briscoegroup.co.nz.

Audit Committee

The Audit Committee is chaired by Tony Batterton and is comprised of all independent directors, as well as the Group Managing Director, Rod Duke. The Committee assists the Board in fulfilling its responsibilities for Company financial statements and external financial reporting. The Group Managing Director is a member of the Committee to provide operational insight to assist the Committee.

The Audit Committee is responsible to the Board for reviewing the Company's accounting policies and financial statements, promoting integrity in financial reporting, reviewing the adequacy and effectiveness of the Company's internal controls and recommending the appointment of, as well as reviewing the performance and recommendations of the external auditors. In turn, the Company's management team makes representations to the Audit Committee and the Board, as to the completeness and accuracy of the Company's financial statements.

The Audit Committee is also responsible for determining whether potential engagements of the auditors are appropriate in the context of seeking to prevent audit independence from being impaired (or being seen to be impaired).

The Chief Financial Officer is responsible for the Company's day-to-day relationship with the auditors, including for ensuring that the Company's business divisions provide the auditors with timely and accurate information and full access to the Company's records. In addition, the auditors are able to communicate directly with the chairman of the Audit Committee at any time.

Human Resources Committee

The Human Resources Committee is chaired by Dame Rosanne Meo and is comprised of all independent, as well as the Group Managing Director, Rod Duke.

The Human Resources Committee is responsible for ensuring the Company has a sound employment policy framework, that there is an effective and stimulating workplace and that there is an environment within which management talent and potential can be identified, assessed and developed.

Nominations and Governance

The Company does not have a formally constituted Nominations and Governance Committee. The Board views the responsibilities usually associated with this committee as a collective responsibility and those matters are included as part of its primary role of overseeing the management and performance of the Company. Each director undertakes to ensure they have the necessary time and resources required to enable them to meet the responsibilities associated with their directorship. Specific requirements of governance are addressed at Board meetings during the course of the year. These specific requirements include ensuring the Board contains an appropriate mix of skills and experience, making recommendations to the Board on new directors for nomination, determining the independence of directors, and ensuring the Company maintains a high level of corporate governance. Directors may seek their own independent advice to assist with their responsibilities.

Board Remuneration

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

Diversity

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

	29 January 2017		31 January 2016	
	Female	Male	Female	Male
Directors	2	3	2	3
Officers[1,2.]	-	4	-	3

1. *Excludes Managing Director and Deputy 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.*

The Company does not have a formal diversity policy.

Code of Conduct

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

- Conflicts of interest;
- Confidentiality;
- Payments, gifts and entertainment;
- Trading in company securities;
- Workplace principles;
- Use of company information and assets;
- Obligations to act honestly and in the best interests of the Company as required by law;
- Delegation of authority;
- Accuracy of records;
- Compliance with any applicable laws, regulations and rules; and
- Fair dealing with customers, employees, suppliers and competitors.

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

Risk Management

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

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

- ***Funding Risks:*** risks associated with the funding of the Company's operations, including exposures relating to investment of surplus cash, and to interest rate and exchange movements;

- ***Environmental Risks:*** risks associated with the environment in which the Company operates that are outside the Company's control, including exposures to natural disasters and to changes in social trends, economic conditions and customer preferences; and

- ***Strategic Risks:*** risks associated with Company initiatives that are outside the normal course of business, including exposures relating to initiatives to expand into new brands, markets, regions and business activities, and to adopt new systems.

Board and Committee Composition as at 29 January 2017

Director	Classification	Committee membership	
		Audit committee	Human Resources committee
Dame Rosanne Meo	Independent (Chair)	Member	Chair
Rod Duke	Executive	Member	Member
Mary Devine	Independent	Member	Member
Tony Batterton	Independent	Chair	Member
Andy Coupe	Independent	Member	Member

Independent Directors

Under Rule 3.3.2, a listed company must identify which of its directors are determined by the Board to be independent.

Rule 10.4.5(l) requires the annual report to include a statement as to which of its directors are Independent Directors and which are not Independent Directors as at the balance date.

The board and committee memberships as at the balance date are detailed above together with the independence classification as determined by the Board, in accordance with the Rules. As a relatively small board, there is a clear understanding of the required roles and expectations of the Independent Directors.

Trading in Briscoe Group Securities

The Company has adopted a formal procedure governing the sale and purchase of the Company's quoted financial products by directors and employees. All directors and employees must act in accordance with this procedure and the requirements of the Financial Markets Conduct Act 2013.

The procedure requires employees to obtain the written consent of a director, or in the case of a director, of the Chairman of the Board, prior to trading in the Company's shares. Generally, this consent will only be given in respect of trading in the 60 day period following the announcement of the Company's half year and annual results.

Effective Communication

The Board places great importance on effective communications to the Company's shareholders and employees and the market generally. The Company has internal procedures in place to ensure that key financial and material information is communicated to the market in a clear and timely manner. In addition to its disclosure obligations under the Rules (including making the required release of annual and half-yearly results), the Company makes quarterly sales releases. This information is made available to the NZX and also to a variety of media, including by means of the Company's website. The Company regularly reviews its practices to ensure it clearly communicates its goals, strategies and performance.

The Board encourages shareholder attendance at the Company's annual meeting and welcomes shareholder debate on all matters of significance affecting the Company and its business.

NZX Corporate Governance Best Practice Code

The Company's corporate governance practices conform with the guidelines set down in the NZX Corporate Governance Best Practice Code in almost all respects. The areas in which the Company's practices depart from that Code are confined to the absence of specific training requirements for directors, the inclusion of the Group Managing Director on the Audit Committee, the lack of a Nominations Committee and a Remuneration Committee, and the absence of director remuneration by means of a performance-based equity remuneration plan. The Board as a whole takes responsibility for monitoring developments in the New Zealand market and recommending remuneration packages for directors to the Company's shareholders rather than delegating this function to a Remuneration Committee pursuant to a written charter.

General Disclosures

Board of Directors

Dame Rosanne Meo, OBE: Chairman (Non-Executive)
Chairman of AMP Staff Superannuation and The Real Estate Institute of New Zealand. Director of AMP (NZ) Administration Ltd 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, Top Retail 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 and Marlin Global 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.

Financial Statements

The financial statements for the Parent and Group for the 52 week period ended 29 January 2017 are shown on pages 12 to 46 in this report.

Changes in Accounting Policies

In preparing these financial statements the accounting policies outlined in the financial statements have been applied. There were no significant changes in accounting policies during the year.

Principal Activities of the Group

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

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

There were no changes in company structure during the year.

Review of Operations

A. Results for the 52 Week Period Ended 29 January 2017

	$000
Sales Revenue	582,840
Profit Before Income Tax	79,695
Income Tax	(20,275)
Profit After Income Tax	59,420

B. Dividends

Subsequent to balance date, the directors have declared a final dividend of 11.00 cents per share payable 31 March 2017. Non-resident shareholders of the Group will also receive a supplementary dividend of 1.9412 cents per share. Dividends are fully imputed to New Zealand resident shareholders.

Directors

A. Remuneration and all other benefits relating to the 52 week period ending 29 January 2017 ($000)

Non-Executive Directors	
RPO'L Meo	103
SH Johnstone(1)	22
MM Devine	70
AD Batterton(2)	51
RAB Coupe(3)	25
Executive Directors	
RA Duke (Managing Director)	1,038
AJ Wall (Deputy Managing Director)(4)	276

Executive Directors do not receive directors' fees

(1) Stuart Johnstone retired as a director effective from 31 May 2016
(2) Tony Batterton was appointed as a director on 1 June 2016
(3) Andy Coupe was appointed as a director on 1 October 2016
(4) Alaister John Wall resigned as a director effective from 30 September 2016

B. Shareholdings

Beneficially Held	As at 17 March 2017
MM Devine	30,000

Non-Beneficially Held	As at 17 March 2017
RA Duke as Trustee of the RA Duke Trust	170,345,140
RPO'L Meo	100,000

For further details refer to Substantial Product Holders information on page 58 of this report

C. Share dealings

During the 52 week period ended 29 January 2017 the following directors acquired shares in the Company:

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

Date of transactions	Number of shares acquired	Consideration
15 March 2016	32,000	$66,880
12 April 2016	10,000	$29,200
22 September 2016	2,434	$9,420
23 September 2016	22,600	$87,756
26 September 2016	4,966	$19,218
28 September 2016	51,000	$197,130
29 September 2016	22,739	$86,910

R A Duke as trustees of the R A Duke Trust:

Date of transactions	Number of shares acquired	Consideration
6 October 2016	15,000	$57,450
7 October 2016	2,884	$10,469
10 October 2016	14,700	$53,017
11 October 2016	5,000	$18,000
12 October 2016	42,687	$155,652
13 October 2016	9,508	$34,419
18 October 2016	13,067	$47,303
20 October 2016	122,000	$441,640
25 October 2016	23,605	$85,214
2 November 2016	395	$1,426
4 November 2016	8,000	$28,873
11 November 2016	20,000	$74,000
14 November 2016	33,752	$123,532
15 November 2016	6,248	$22,868
17 November 2016	21,740	$79,786
18 November 2016	500	$1,835

D. Interests in contracts

During the year the following Directors have declared pursuant to Section 140 (1) of the Companies Act 1993 that they be regarded as having an interest in the following transactions:

- Payment of rental of $616,000 (2016: $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 $356,776 (2016: Nil) 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' 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.

F. Directors' and Officers' use of Company Information

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

State of Affairs

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

Remuneration to Auditors

The fee for the audit of the Group and subsidiaries paid to PricewaterhouseCoopers was $100,000 (2016: $116,000). Fees paid to the auditors for other services provided, including a half yearly review, amounted to $34,000 (2016: $47,000).

Employee Remuneration

The number of employees within the Group (other than directors) receiving remuneration and benefits above $100,000, relating to the 52 week period ending 29 January 2017, are indicated in the following table:

	Number of Employees
$100,000 – 109,999	10
$110,000 – 119,999	4
$120,000 – 129,999	7
$130,000 – 139,999	7
$140,000 – 149,999	4
$150,000 – 159,999	5
$160,000 – 169,999	3
$170,000 – 179,999	6
$180,000 – 189,999	3
$190,000 – 199,999	2
$200,000 – 209,999	1
$210,000 – 219,999	1
$220,000 – 229,999	1
$230,000 – 239,999	2
$240,000 – 249,999	1
$280,000 – 289,999	1
$310,000 – 319,999	2
$320,000 – 329,999	1
$400,000 – 409,999	1
$430,000 – 439,999	1
$450,000 – 459,999	1
$470,000 – 479,999	1
$770,000 – 779,999	1
$800,000 – 809,999	1

Shareholders Information

Holding Range at 17 March 2017

	No. Investors	Total Holdings	%
1-1,000	895	622,678	0.29
1,001-5,000	1,499	4,418,361	2.01
5,001-10,000	552	4,391,465	2.00
10,001-100,000	415	9,905,620	4.51
100,001 and over	32	200,193,376	91.19
	3,393	**219,531,500**	**100%**

Substantial Product Holders

The following information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. As at 29 January 2017, 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 29 January 2017 (1)
R A Duke (2)	170,345,140

(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 29 January 2017 this interest was in respect of 170,345,140 shares.

Total number of voting shares in the company as at 29 January 2017 was 219,516,500

Top 20 Holder List

As at 17 March 2017

Rank	Holder's Name*	Total	%
1	JB Were (NZ) Nominees Limited**	172,498,758	78.58
2=	Gerald Harvey	5,250,000	2.39
2=	Harvey Norman Properties (NZ) Ltd	5,250,000	2.39
4	New Zealand Central Securities Depository Limited	4,108,400	1.87
5	FNZ Custodians Limited	2,368,685	1.08
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	0.46
8	Graham John Paull and Owen Brent Ennor	800,000	0.36
9	Forsyth Barr Custodians Limited	766,346	0.35
10	Shu-Wen Chiang	723,631	0.33
11	Manhattan Trustee Limited	683,000	0.31
12	Investment Custodial Services Limited	566,337	0.26
13	Custodial Services Limited	512,095	0.23
14	Custodial Services Limited	390,020	0.18
15	Keith Arthur William Brunt	365,000	0.17
16	Gemscott Limited	362,234	0.17
17	Geoffrey Peter Scowcroft	340,000	0.15
18	Carla Ingrid Brockman	336,300	0.15
19	Custodial Services Limited	333,124	0.15
20	Peter William Burilin	303,473	0.14

* *A number of the registered holders listed below hold shares as nominees for, or on behalf of, other parties.*
** *Includes 170,345,140 shares in relation to holdings associated with R A Duke.*

Notes

Notes

Directory

Directors

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

Registered Office

36 Taylors Road Morningside
Auckland
Telephone (09) 815 3737
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Postal Address

PO Box 884
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Solicitors

Simpson Grierson

Bankers

Bank of New Zealand

Auditors

PricewaterhouseCoopers

Share Registrars

Link Market Services Limited
Deloitte Centre
Level II
80 Queen Street
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Telephone +64 9 375 5998

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 .... 31 March 2017

Annual Meeting .... 23 May 2017

Half Year Results .... September

Interim Dividend.. October


BRISCOE
GROUP LIMITED