

BRISCOE GROUP LIMITED**Results for announcement to the market**

Reporting Period	Half-Year 1 February 2016 to 31 July 2016
Previous Reporting Period	Half-Year 26 January 2015 to 26 July 2015

	Amount (000s)	Percentage change
Sales revenue from ordinary activities	\$268,355	+10.0%
Profit from ordinary activities after tax attributable to shareholders	\$27,255	+33.2%
Net Profit attributable to shareholders.	\$27,255	+33.2%

Interim Dividend	Gross amount per share	Imputed amount per share
	7.00 cents	7.00 cents

Audit	The abridged financial statements attached to this report have not been audited.
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Comments:	Refer to the section "Half Year Review" for commentary. Earnings before interest and tax (EBIT) is a non-GAAP measure.
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Half Year Review

Highlights for the 26 week period ended 31 July 2016:

- Total sales \$268.36 million, +10.00%
- Same store sales growth, +7.11%
- Gross profit \$112.41 million, +12.30%
- Gross profit margin 41.89% vs 41.03% last year
- EBIT \$37.89 million, +34.51%
- NPAT \$27.26 million, +33.20%
- Interim Dividend 7.00 cps increase from 6.00 cps last year

The directors of Briscoe Group Limited announce a 33.20% increase in net profit after tax (NPAT) to \$27.26 million for the half-year ended 31 July 2016. This compares to last year's \$20.46 million half year result. The half-year results are unaudited.

The directors have resolved to pay an interim dividend of 7.00 cents per share (cps). This compares to last year's interim dividend of 6.00 cps. Books will close to determine entitlements at 5pm on 3 October 2016 and payment will be made on 10 October 2016.

The earnings were generated on sales of \$268.36 million compared to the \$243.96 million generated for the same period last year. On a same store basis the Group's sales for the half year ended 31 July 2016 were 7.11% ahead of the same period last year.

Earnings before interest and tax (EBIT) of \$37.89 million were generated for the six months to 31 July 2016. This compares to \$28.17 million for the same period last year and represents an increase of 34.51%.

Gross margin dollars has increased 12.30% for the period reflecting the benefit of strong sales growth as well as the gross margin percentage increasing from 41.03% to 41.89%.

The gross margin percentage continues to benefit from the constant attention on inventory management with initiatives focused around improving inventory availability and increasing the efficiency of getting stock from the back door to the shop floor realising substantial benefit to the Group.

In the period under review, homeware sales increased 7.60% from \$158.19 million to \$170.21 million and sporting goods sales increased 14.42% from \$85.77 million to \$98.15 million.

On a same store basis, homeware sales increased by 5.17%, while sporting goods sales increased by 10.63%.

Inventory levels have been well controlled and as at 31 July 2016 were \$78.43 million, only \$0.96 million higher than the \$77.47 million at the same time last year. This total includes the impact of four additional stores opened by the Group since July last year - Briscoes Homeware and Rebel Sport Stores in Queenstown (October 2015) and Westgate (April 2016), and the closure of the Living & Giving store at Albany in July 2016.

Rod Duke, Group Managing Director, said: "We are very pleased to finish this first half with strong growth recorded in sales, gross profit and bottom line profit. To post a record first half profit result representing growth in excess of 30%, despite the ongoing competitiveness of the retail environment and the impact on winter-dependent categories with the late start to the colder months, is a great achievement for the team.

“We have progressed and completed a number of store projects during this first half. In March we opened new Briscoes Homeware and Rebel Sport stores in Auckland’s NorthWest shopping development at Westgate. Like other retailers at the development we have experienced a slower than anticipated start but remain confident that the stores will grow sales as the development stages are completed and the effect of the surrounding population growth starts to impact.

“Store reconfigurations at our Rebel Sport stores in Riccarton, Rotorua and Porirua were completed during May to make better use of available space as well as updating fixtures in key departments. During June a stockroom extension was undertaken at The Base, in Te Rapa, giving this top performing profit centre much needed storage space to support continued growth.

“In late May the Briscoes Homeware store at Wairau Park closed for an eight week period as a result of a small, after-hours fire. During this time we took the opportunity to completely re-fit the entire store which reopened on 8 July and has traded strongly since.

“July saw the completion of a major project at the Dunedin profit centre. By taking additional space adjacent to the existing store we have extended and improved the storage area, increased the retail footprint of the Briscoes Homeware store and added a fulfilment centre specifically to service lower South Island online sales for both homeware and sporting goods.

“During the second half of the year we will complete a major building project at the Briscoes Homeware store at Taranaki Street in Wellington which will increase and upgrade the retail footprint while expanding the storage capacity and improving onsite car parking. This complex build should be completed in time for Christmas trading.

“In Hastings we plan to relocate our two existing stores to a better retail location from which we can leverage the benefits and synergies of having combined back-of-house facilities.

“During the six months we received a dividend of \$1.20 million from our 19.9% investment in Kathmandu Holdings Limited. As the largest single shareholder we continue to watch their performance closely and note the progress management is making as they seek to restore historical levels of profitability.

“We continue to experience excellent growth through our online channels which now represent more than 5% of the total Group sales. Increasing the availability of product we offer online is a key driver of growth and both sales and product availability have improved as we have expanded the number of fulfilment hubs. Constant monitoring and improvement of the systems and processes we use to promote, transact and fulfil orders, coupled with the growing experience of the team involved, has delivered substantial improvements across all the indicators we use to monitor the success of our online business.

“For the rest of this year and certainly into 2017 it will be imperative for retailers to focus on protecting gross margin percentage. While the NZ dollar has recently strengthened against the US dollar from below 70c, we are conscious that hedging of foreign exchange exposures taken across the last twelve months at less-favourable rates than those available currently, will continue to flow through to the cost of imported product. This will cause increased pressure on the gross profit margin percentage for the second half of this year. We also note that the second half of this year comprises one less week than for the previous year.

“While the economic outlook remains uncertain, we are optimistic about the Group’s operational and financial performance as we move into the second half of this year. The strong first half has set a solid foundation from which to continue our positive performance in this competitive retail environment.”

Monday 19 September 2016

BRISCOE GROUP LIMITED CONSOLIDATED INCOME STATEMENT for the 26 week period ended 31 July 2016 (unaudited)
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	Period ended 31 July 2016 \$000	Period ended 26 July 2015 \$000
Sales revenue	268,355	243,963
Cost of goods sold	<u>(155,949)</u>	<u>(143,871)</u>
Gross profit	112,406	100,092
Other operating income	1,813	441
Store expenses	(47,170)	(44,022)
Administration expenses	<u>(29,156)</u>	<u>(28,340)</u>
Earnings before interest and tax	37,893	28,171
Finance income	83	882
Finance costs	<u>(204)</u>	<u>(101)</u>
Net finance income	(121)	781
Profit before income tax	37,772	28,952
Income tax expense	<u>(10,517)</u>	<u>(8,490)</u>
Net profit attributable to shareholders	<u>27,255</u>	<u>20,462</u>

BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 26 week period ended 31 July 2016 (unaudited)

	Period ended 31 July 2016 \$000	Period ended 26 July 2015 \$000
Net Profit attributable to shareholders	27,255	20,462
Other comprehensive income:		
Change in value of investment in equity securities	11,227	1,885
Fair value gain recycled to income statement	(789)	(5,429)
Fair value (loss)/gain taken to the cashflow hedge reserve	(4,478)	9,744
Deferred tax on fair value gain taken to income statement	221	1,520
Deferred tax on fair value loss/(gain) to cashflow hedge reserve	1,254	(2,728)
Total other comprehensive income	7,435	4,992
Total comprehensive income attributable to shareholders	34,690	25,454

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 26 week period ended 31 July 2016 (unaudited)

	Share Capital	Cashflow Hedge Reserve	Share Options Reserve	Other Reserves	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 25 January 2015	46,550	2,870	1,058	-	105,081	155,559
Net profit attributable to shareholders	-	-	-	-	20,462	20,462
Other comprehensive income:						
Change in value of investment in equity securities	-	-	-	1,885	-	1,885
Fair value gain recycled to income statement	-	(5,429)	-	-	-	(5,429)
Fair value gain taken to the cashflow hedge reserve	-	9,744	-	-	-	9,744
Deferred tax on fair value gain taken to income statement	-	1,520	-	-	-	1,520
Deferred tax on fair value gain to cashflow hedge reserve	-	(2,728)	-	-	-	(2,728)
Total comprehensive income for the period	-	3,107	-	1,885	20,462	25,454
Dividends paid	-	-	-	-	(18,435)	(18,435)
Share options charged to income statement	-	-	298	-	-	298
Share options exercised	904	-	(123)	-	-	781
Transfer for share options lapsed and forfeited	-	-	-	-	-	-
Balance at 26 July 2015	47,454	5,977	1,233	1,885	107,108	163,657
Net profit attributable to shareholders	-	-	-	-	26,675	26,675
Other comprehensive income:						
Change in value of investment in equity securities	-	-	-	(9,623)	-	(9,623)
Fair value gain recycled to income statement	-	(9,521)	-	-	-	(9,521)
Fair value gain taken to the cashflow hedge reserve	-	3,736	-	-	-	3,736
Deferred tax on fair value gain taken to income statement	-	2,666	-	-	-	2,666
Deferred tax on fair value gain to cashflow hedge reserve	-	(1,047)	-	-	-	(1,047)
Total comprehensive income for the period	-	(4,166)	-	(9,623)	26,675	12,886
Dividends paid	-	-	-	-	(13,040)	(13,040)
Share options charged to income statement	-	-	284	-	-	284
Share options exercised	788	-	(151)	-	-	637
Transfer for share options lapsed and forfeited	-	-	(75)	-	75	-
Balance at 31 January 2016	48,242	1,811	1,291	(7,738)	120,818	164,424
Net profit attributable to shareholders	-	-	-	-	27,255	27,255
Other comprehensive income:						
Change in value of investment in equity securities	-	-	-	11,227	-	11,227
Fair value gain recycled to income statement	-	(789)	-	-	-	(789)
Fair value loss taken to the cashflow hedge reserve	-	(4,478)	-	-	-	(4,478)
Deferred tax on fair value gain taken to income statement	-	221	-	-	-	221
Deferred tax on fair value loss to cashflow hedge reserve	-	1,254	-	-	-	1,254
Total comprehensive income for the period	-	(3,792)	-	11,227	27,255	34,690
Dividends paid	-	-	-	-	(20,699)	(20,699)
Share options charged to income statement	-	-	270	-	-	270
Share options exercised	1,327	-	(336)	-	-	991
Transfer for share options lapsed and forfeited	-	-	(72)	-	72	-
Balance at 31 July 2016	49,569	(1,981)	1,153	3,489	127,446	179,676

BRISCOE GROUP LIMITED
CONSOLIDATED BALANCE SHEET
as at 31 July 2016 (unaudited)

	31 July 2016 \$000	26 July 2015 \$000
ASSETS		
Current assets		
Cash and cash equivalents	13,921	16,685
Trade and other receivables	1,771	2,202
Inventories	78,430	77,473
Held-for-sale assets	5,308	-
Derivative financial instruments	156	7,355
Total current assets	99,586	103,715
Non-current assets		
Property, plant and equipment	65,338	68,368
Intangible assets	1,264	1,560
Deferred tax	2,741	-
Investment in equity securities	72,172	70,568
Total non-current assets	141,515	140,496
TOTAL ASSETS	241,101	244,211
LIABILITIES		
Current liabilities		
Trade and other payables	55,621	62,643
Due to related parties	-	14,651
Taxation payable	2,710	2,198
Derivative financial instruments	2,341	13
Total current liabilities	60,672	79,505
Non-current liabilities		
Trade and other payables	753	752
Deferred tax	-	297
Total non-current liabilities	753	1,049
TOTAL LIABILITIES	61,425	80,554
Net assets	179,676	163,657
EQUITY		
Share capital	49,569	47,454
Cashflow hedge reserve	(1,981)	5,977
Share options reserve	1,153	1,233
Other reserves	3,489	1,885
Retained earnings	127,446	107,108
Total equity	179,676	163,657
Net Tangible Assets per Security (cents)	81.75	74.64

BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS for the 26 week period ended 31 July 2016 (unaudited)

	Period ended 31 July 2016 \$000	Year ended 26 July 2015 \$000
OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	268,219	244,558
Rent received	399	441
Dividends received	1,203	-
Interest received	85	1,205
Insurance recovery	211	-
	270,117	246,204
Cash was applied to:		
Payments to suppliers & employees	(222,403)	(216,238)
Interest paid	(236)	(138)
Net GST paid	(11,577)	(11,683)
Income tax paid	(14,562)	(10,416)
	(248,778)	(238,475)
Net cash inflows from operating activities	21,339	7,729
INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds from sale of property, plant and equipment	11	27
	11	27
Cash was applied to:		
Purchase of property, plant and equipment	(4,310)	(9,157)
Purchase of intangible assets	(291)	(581)
Purchase of investment in equity securities	-	(54,076)
	(4,601)	(63,814)
Net cash outflows from investing activities	(4,590)	(63,787)
FINANCING ACTIVITIES		
Cash was provided from:		
Issue of new shares	991	781
Net proceeds from borrowings	-	-
	991	781
Cash was applied to:		
Dividends paid	(20,699)	(18,435)
	(20,699)	(18,435)
Net cash outflows from financing activities	(19,708)	(17,654)
Net decrease in cash and cash equivalents	(2,959)	(73,712)
Cash and cash equivalents at beginning of period	17,554	89,690
Foreign cash balance cash flow hedge adjustment	(674)	707
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13,921	16,685

Earnings per Security (EPS)

Calculation of basic and fully diluted EPS in accordance with IAS 33: Earnings Per Share

	Current half-year (cents per share)	Previous corresponding half-year (cents per share)
Basic EPS	12.50	9.43
Diluted EPS	12.21	9.21

Dividends Paid / Payable

	Date Paid / To be paid	Cents per share (fully imputed)
Final Dividend for the period ended 31 January 2016	31 March 2016	9.50
Interim Dividend for the period ended 29 January 2017	10 October 2016	7.00

Segment Information

	Homeware \$000	Sporting goods \$000	Eliminations / Unallocated \$000	Total Group \$000
For the period ended 26 July 2015				
Sales Revenue	170,209	98,146		268,355
Earnings Before Interest and tax	22,547	13,799	1,547	37,893

	Homeware \$000	Sporting Goods \$000	Eliminations / Unallocated \$000	Total Group \$000
For the period ended 26 July 2015				
Sales Revenue	158,189	85,774		243,963
Earnings Before Interest and tax	17,590	10,662	(81)	28,171