

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

Reporting Period	Half-Year 30 January 2017 to 30 July 2017
Previous Reporting Period	Half-Year 1 February 2016 to 31 July 2016

	Amount (000s)	Percentage change
Sales revenue from ordinary activities	\$280,257	+4.4%
Profit from ordinary activities after tax attributable to shareholders	\$28,576	+4.8%
Net Profit attributable to shareholders.	\$28,576	+4.8%

Interim Dividend	Gross amount per share	Imputed amount per share
	7.50 cents	7.50 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 30 July 2017:

- Total sales \$280.26 million, +4.44%
- Same store sales growth, +4.43%
- Gross profit \$114.99 million, +2.30%
- Gross profit margin 41.03% vs 41.89% last year
- EBIT \$39.13 million, +3.26%
- NPAT \$28.58 million, +4.84%
- Interim Dividend 7.50 cps increase from 7.00 cps last year, +7.14%

The directors of Briscoe Group Limited (NZX/ASX code: BGP) announce a net profit after tax (NPAT) of \$28.58 million for the half-year ended 30 July 2017. This compares to last year's \$27.26 million half year result. The half-year results are unaudited.

The directors have resolved to pay an interim dividend of 7.50 cents per share (cps). This compares to last year's interim dividend of 7.00 cps. Books will close to determine entitlements at 5pm on 22 September 2017 and payment will be made on 2 October 2017.

The earnings were generated on sales of \$280.26 million compared to the \$268.36 million generated for the same period last year. On a same store basis the Group's sales for the half year ended 30 July 2017 were 4.43% ahead of the same period last year.

Earnings before interest and tax (EBIT) of \$39.13 million were generated for the six months to 30 July 2017. This compares to \$37.89 million for the same period last year and represents an increase of 3.26%.

Gross margin dollars has increased 2.30% for the period with gross margin percentage decreasing from 41.89% to 41.03%.

The decrease in gross margin percentage reflects the continued intensity of competition across the retailing environment. In addition, the first half presented a number of challenges for the business. Fires in Christchurch in February, a major flood in Edgecumbe in April, a relatively late start to winter across the country, warmer than average temperatures in Auckland and the central North Island, over key promotional campaigns in June followed by intense cold, snow and heavy rain affecting many parts of the country during July.

In the period under review, homeware sales increased 4.56% from \$170.21 million to \$177.96 million and sporting goods sales increased 4.23% from \$98.15 million to \$102.29 million.

On a same store basis, homeware sales increased by 5.01%, while sporting goods sales increased by 3.43%.

Inventory levels as at 30 July 2017 were \$84.95 million, up from \$78.43 million at the same time last year, reflecting increased stock holdings to satisfy the increases experienced in online sales, the new Briscoes Homeware and Rebel Sport stores now operating at Petone in Wellington, as well as higher than anticipated closing stocks for categories carrying seasonal product impacted by the unusual weather conditions experienced during the first half.

Rod Duke, Group Managing Director, said: “Despite the ongoing competitiveness of the retail environment and the impact on winter-dependent categories with the late start to the colder months, overall we are satisfied with the positive sales and profit growth achieved for this first six months.

“We have progressed and completed a number of store projects during this first half. February saw the completion of a full refurbishment of our largest Briscoes Homeware store at Panmure in Auckland. During March we added an online fulfilment facility to our Briscoes Homeware store in Hamilton, extended and refurbished the Rebel Sport store at Lyall Bay in Wellington and relaunched the completely renovated Briscoes Homeware store at Taranaki Street in central Wellington.

“In April, we opened our new Rebel Sport and Briscoes Homeware stores in Petone, Wellington. These two stores replaced our existing two Briscoes Homeware stores at Petone and Lower Hutt which were closed along with the Rebel Sport Lower Hutt store. This project was a major investment in the region and we are proud of the offer now available for our customers.

“In May we completed the extension and refurbishment of the Briscoes Homeware store at Takanini allowing a larger and much improved offer in this area of high population growth. The Briscoes Homeware stores at Henderson and Pukekohe were both refurbished during June. We are extremely pleased with all the projects completed during this first half.

“During the second half of the year the Rebel Sport store at Albany in Auckland and the Briscoes Homeware store at Rotorua will be refurbished. Our Rebel Sport store at Riccarton in Christchurch will be relocated to a different location within the Riccarton Shopping Mall.

“A new Briscoes Homeware store will open next week at Rangiora in Canterbury and we also expect to open a new Briscoes Homeware store at Glenfield Mall in Auckland before Christmas. A new Rebel Sport store in Kerikeri is planned to commence trading early next year.

“During the six months we received a dividend of \$1.60 million from our 19.8% 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 were pleased to be able to amicably settle the dispute between the two companies relating to the reimbursement of expenses associated with the takeover activity during 2015. There was no material impact on the financial statements as a result of the settlement.

“We continue to experience excellent growth through our online channels which now represent more than 7% of the total Group sales. The number of fulfilment stores has helped to improve online capacity with further additions planned for later in the year. Continuous improvement is our key goal across all parts of our online business.

“The economic outlook for the second half remains uncertain. With the New Zealand general election imminent and house prices appearing to have stagnated, we believe that consumers will be as controlled and discerning as ever in relation to discretionary spending. However, we are optimistic that we will continue to be the first choice for homeware and sporting goods in New Zealand and are confident that we have the right programmes in place to deliver improvements in the ranges and quality of brands we offer, the levels and quality of service we provide and the experience available in our stores and online.”

BRISCOE GROUP LIMITED CONSOLIDATED INCOME STATEMENT for the 26 week period ended 30 July 2017 (unaudited)
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	Period ended 30 July 2017 \$000	Period ended 31 July 2016 \$000
Sales revenue	280,257	268,355
Cost of goods sold	<u>(165,265)</u>	<u>(155,949)</u>
Gross profit	114,992	112,406
Other operating income	2,183	1,813
Store expenses	(48,804)	(47,170)
Administration expenses	<u>(29,242)</u>	<u>(29,156)</u>
Earnings before interest and tax	39,129	37,893
Finance income	245	83
Finance costs	<u>(75)</u>	<u>(204)</u>
Net finance income	170	(121)
Profit before income tax	39,299	37,772
Income tax expense	<u>(10,723)</u>	<u>(10,517)</u>
Net profit attributable to shareholders	<u>28,576</u>	27,255

BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 26 week period ended 30 July 2017 (unaudited)

	Period ended 30 July 2017 \$000	Period ended 31 July 2016 \$000
Net Profit attributable to shareholders	28,576	27,255
Other comprehensive income:		
Change in value of investment in equity securities	14,836	11,227
Fair value loss/(gain) recycled to income statement	452	(789)
Fair value loss taken to the cashflow hedge reserve	(1,972)	(4,478)
Deferred tax on fair value (loss)/gain taken to income statement	(127)	221
Deferred tax on fair value loss to cashflow hedge reserve	552	1,254
Total other comprehensive income	13,741	7,435
Total comprehensive income attributable to shareholders	42,317	34,690

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 26 week period ended 30 July 2017 (unaudited)

	Share Capital	Cashflow Hedge Reserve	Share Options Reserve	Other Reserves	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
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
Net profit attributable to shareholders	-	-	-	-	32,165	32,165
Other comprehensive income:						
Change in value of investment in equity securities	-	-	-	4,410	-	4,410
Fair value loss recycled to income statement	-	4,515	-	-	-	4,515
Fair value loss taken to the cashflow hedge reserve	-	(2,897)	-	-	-	(2,897)
Deferred tax on fair value loss taken to income statement	-	(1,264)	-	-	-	(1,264)
Deferred tax on fair value loss to cashflow hedge reserve	-	811	-	-	-	811
Total comprehensive income for the period	-	1,165	-	4,410	32,165	37,740
Dividends paid	-	-	-	-	(15,352)	(15,352)
Share options charged to income statement	-	-	367	-	-	367
Share options exercised	3,187	-	(465)	-	-	2,722
Transfer for share options lapsed and forfeited	-	-	(98)	-	98	-
Balance at 29 January 2017	52,756	(816)	957	7,899	144,357	205,153
Net profit attributable to shareholders	-	-	-	-	28,576	28,576
Other comprehensive income:						
Change in value of investment in equity securities	-	-	-	14,836	-	14,836
Fair value loss recycled to income statement	-	452	-	-	-	452
Fair value loss taken to the cashflow hedge reserve	-	(1,972)	-	-	-	(1,972)
Deferred tax on fair value loss taken to income statement	-	(127)	-	-	-	(127)
Deferred tax on fair value loss to cashflow hedge reserve	-	552	-	-	-	552
Total comprehensive income for the period	-	(1,095)	-	14,836	28,576	42,317
Dividends paid	-	-	-	-	(24,152)	(24,152)
Share options charged to income statement	-	-	367	-	-	367
Share options exercised	1,186	-	(122)	-	-	1,064
Transfer for share options lapsed and forfeited	-	-	(78)	-	78	-
Balance at 30 July 2017	53,942	(1,911)	1,124	22,735	148,859	224,749

BRISCOE GROUP LIMITED CONSOLIDATED BALANCE SHEET as at 30 July 2017 (unaudited)
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	30 July 2017 \$000	31 July 2016 \$000
ASSETS		
Current assets		
Cash and cash equivalents	35,701	13,921
Trade and other receivables	2,930	1,771
Inventories	84,946	78,430
Held-for-sale assets	5,928	5,308
Derivative financial instruments	2	156
Total current assets	129,507	99,586
Non-current assets		
Property, plant and equipment	74,572	65,338
Intangible assets	1,104	1,264
Deferred tax	3,502	2,741
Investment in equity securities	91,418	72,172
Total non-current assets	170,596	141,515
TOTAL ASSETS	300,103	241,101
LIABILITIES		
Current liabilities		
Trade and other payables	69,994	55,621
Taxation payable	2,034	2,710
Derivative financial instruments	2,579	2,341
Total current liabilities	74,607	60,672
Non-current liabilities		
Trade and other payables	747	753
Total non-current liabilities	747	753
TOTAL LIABILITIES	75,354	61,425
Net assets	224,749	179,676
EQUITY		
Share capital	53,942	49,569
Cashflow hedge reserve	(1,911)	(1,981)
Share options reserve	1,124	1,153
Other reserves	22,735	3,489
Retained earnings	148,859	127,446
Total equity	224,749	179,676
Net Tangible Assets per Security (cents)	101.68	81.75

BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS for the 26 week period ended 30 July 2017 (unaudited)

	Period ended 30 July 2017 \$000	Year ended 31 July 2016 \$000
OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	279,624	268,219
Rent received	401	399
Dividends received	1,604	1,203
Interest received	291	85
Insurance recovery	178	211
	282,098	270,117
Cash was applied to:		
Payments to suppliers & employees	(250,628)	(222,403)
Interest paid	(50)	(236)
Net GST paid	(10,118)	(11,577)
Income tax paid	(15,035)	(14,562)
	(275,831)	(248,778)
Net cash inflows from operating activities	6,267	21,339
INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds from sale of property, plant and equipment	5	11
	5	11
Cash was applied to:		
Purchase of property, plant and equipment	(7,067)	(4,310)
Purchase of intangible assets	(472)	(291)
	(7,539)	(4,601)
Net cash outflows from investing activities	(7,534)	(4,590)
FINANCING ACTIVITIES		
Cash was provided from:		
Issue of new shares	1,064	991
Net proceeds from borrowings	-	-
	1,064	991
Cash was applied to:		
Dividends paid	(24,152)	(20,699)
	(24,152)	(20,699)
Net cash outflows from financing activities	(23,088)	(19,708)
Net decrease in cash and cash equivalents	(24,355)	(2,959)
Cash and cash equivalents at beginning of period	60,066	17,554
Foreign cash balance cash flow hedge adjustment	(10)	(674)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	35,701	13,921

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	13.00	12.50
Diluted EPS	12.73	12.21

Dividends Paid / Payable

	Date Paid / To be paid	Cents per share (fully imputed)
Final Dividend for the period ended 29 January 2017	31 March 2017	11.00
Interim Dividend for the period ended 28 January 2018	2 October 2017	7.50

Segment Information

	Homeware \$000	Sporting goods \$000	Eliminations / Unallocated \$000	Total Group \$000
For the period ended 30 July 2017				
Sales Revenue	177,964	102,293		280,257
Earnings Before Interest and tax	22,399	14,008	2,722	39,129

	Homeware \$000	Sporting Goods \$000	Eliminations / Unallocated \$000	Total Group \$000
For the period ended 31 July 2016				
Sales Revenue	170,209	98,146		268,355
Earnings Before Interest and tax	22,547	13,799	1,547	37,893