BRISCOE GROUP LIMITED

INTERIM REPORT

for the period ended 30 July 2017

REBEL SPORT

BRISCOES HOMEWARE

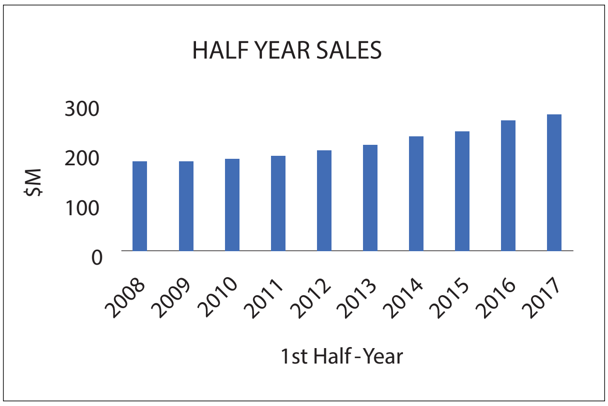
Living & Giving

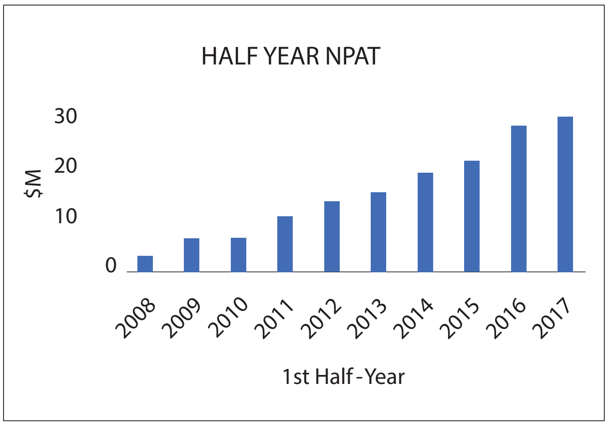
Contents

Chairman's and Managing Director's Report

Briscoe Group has delivered another pleasing result for the first half of this financial year – a period which required careful navigation through a relentlessly competitive environment, erratic weather patterns, the changing landscape of international retailing, and local economic and political uncertainty.

Sales and earnings for the 26 week period ended 30 July 2017 were at record levels. This is the ninth successive year in which first-half sales have increased and the sixth straight year of record net profit after tax (NPAT) for the half-year.





Across the last six years, first-half sales and NPAT have shown compound growth of 6.3% and 18.4%, respectively.

Our focus has remained on doing the basics well and, while the first half of the year certainly presented a number of challenges, we are pleased with the performance for both sectors of the Group.

Weather-related events impacted operations during the period. There were fires in Christchurch in February; a major flood in Edgecumbe in April; a relatively late start to winter across the country, with warmer than average temperatures in Auckland and the central North Island during key promotional periods in June; and intense cold, snow and heavy rain in many parts of the country during July.

Given this challenging background, we are pleased with the way our in-store teams and support functions have continued to drive growth and manage inventory. The combination of quality brands at great prices continues to resonate with customers and has helped Briscoe Group maintain momentum.

The competitive environment has remained intense. Some smaller retailers have gone into receivership; others are looking to divest non-core assets and focus on revitalising their primary retail businesses. Amazon's expansion into Australia will ensure that retailing remains tough, and successful retailers will be those who continue to offer compelling propositions to their customers. We believe that our mix of retail and product brands, our low cost base and our ability to respond quickly to market changes positions us well as we move forward.

We know that our Homeware customers want real value for money and quality products that perform. We have learned that improving the brand quality while maintaining affordability is the best way to remain attractive to customers, and we frequently review the products we carry to ensure that what we offer is fresh and relevant. For example, we have recently added a range of Nespresso coffee machines to our small-appliance offering and extended the Brabantia brand into benchtop ovens, irons, breadmakers and microwaves, while in our manchester category we have continued to add to the ranges of international brands such as Royal Doulton, Esprit, Fieldcrest, Cannon and Royal Premier.

Rebel Sport enjoyed the heightened interest in rugby generated by the British and Irish Lions' tour of New Zealand. We recorded strong sales of All Blacks products as well as Lions licensed apparel and were very pleased with the sell-through levels achieved during the tour. We truly understand the value of brands in this market and continue to work well with our supply partners to make Rebel Sport the first choice for sporting apparel, footwear and sporting goods in New Zealand.

Operations

We are pleased with the quality of operational Business Managers throughout the Group and we continue to invest in their development. We are working hard on building strength and depth across all store management levels to support continued improvements in this key area.

Training designed to improve the quality of recruitment and retention, customer care, administration and logistics will continue to strengthen our in-store and online teams. Specific product-based training for Departmental Managers across all key departments has been well received and will also help to meet and exceed customers' expectations.

Co-operation between the store-operations, merchandise and logistics functions has further improved product availability. Better analysis and reporting has enhanced visibility throughout the supply chain, allowing for better staff rostering and faster transfer of products to the shop floor. Improvements in stock availability are measured regularly to ensure we are achieving the targets we have set for ourselves.

We continue to monitor and amend the way we work in our distribution centre with the dual goals of greater efficiency and a safer working environment. The team is fully committed to enhancing the service offered to our stores and we are pleased with the results being produced from the improved processes we have adopted.

Growth through our online channels, which now represent more than 7% of total Group sales, remains strong. Increasing the number of fulfillment stores has helped to improve online capacity, and further additions are planned for later in the year. Continuous improvements is our goal across all parts of our online business.

While we continue to sell online into Australia, we have tightly controlled the costs involved and are concentrating our efforts on maximising online sales in the New Zealand market for the time being.

Stores

The store development programme continued at pace throughout the 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 fulfillment facility to our Briscoes Homeware store in Hamilton, extended and refurbished the Rebel Sport store at Lyall Bay in Wellington and officially relaunched the completely renovated Briscoes Homeware store at Taranaki Street in central Wellington. The Taranaki Street project was a major undertaking, involving the extension of both the retail and storage space and significant earthquake strengthening including a new roof. We are extremely pleased with the results, which are a credit to the internal team and our supply partners.

In April we opened our new Rebel Sport and Briscoes Homeware stores in Petone, Wellington. These two stores replaced 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 and we are proud of the service we are now able to offer our customers in the region.

In May we completed the extension and refurbishment of the Briscoes Homeware store at Takanini in South Auckland, providing a larger and much improved facility in this area of high population growth.

The Briscoes Homeware stores at Henderson and Pukekohe were both refurbished during June.

Security camera systems are an important part of store fit-outs and a key part of our loss prevention programme. We continued upgrading these during the period, and further upgrades will be undertaken throughout the remainder of the year.

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

On 14 September, we opened a new Briscoes Homeware store at Rangiora in Canterbury and we are pleased with the initial trading results. At Glenfield in Auckland work is progressing on another new Briscoes Homeware store as part of the Glenfield Mall and at Kerikeri in Northland we have entered into an agreement to open a new Rebel Sport store adjoining the existing Briscoes Homeware store.

Our People

Stephen Jones was appointed to the role of General Manager of Retail Operations at the start of the year and has encouraged a continued emphasis on doing the retail basics well. Communication across the store network has improved significantly as has co-operation between support office functions and stores. Stephen has over 25 years of multi-national retail management experience gained across a rich variety of sectors.

In recognition of the importance of both property and our non-trade support functions in our overall business strategy we made the decision during the period to amalgamate them within our management structure. Nick Turner was appointed to the role of General Manager - Store Development. Nick has been with Briscoe Group since 2002 and has gained extensive experience in a variety of leadership roles across retail operations, large-scale property projects, productivity and non-trade services.

Continued focus on our talent pipeline is delivering tangible benefits to the business. We have been able to make a significant number of internal promotions, complemented with a number of external appointments to retail management positions within the business. Our people strategies of building our talent pipeline while simultaneously raising our bench strength are proving to be successful and we see this as key to the continued growth and success of the business. Learning and development plays a significant role in enabling our people to achieve their potential along with enabling the business to attract, develop and retain excellent retailers. A number of interesting and exciting developments are being progressed which will enhance capability throughout our business.

We recognise the competitive nature of the market for talent along with the contributions made by the thousands of people who rely upon us for quality employment. We continued to invest in lifting wage and salary rates across the business. The commercial realities of the trading environment alongside wanting our employees to be fairly and equitably remunerated is a delicate balance and one that remains a focus in the period ahead.

Financial Results

Net Profit After Tax (NPAT) for the six months to 30 July 2017 was $28.58 million (unaudited), a 4.84% increase on the $27.26 million recorded for the previous half-year.

Sales of $280.26 million increased 4.44% on $268.36 million for last year.

Gross margin dollars increased 2.30% on the previous year, with gross margin percentage decreasing from 41.89% to 41.03%, reflecting the continued intensity of competition across the retailing environment as well as the impact of the challenging weather conditions experienced throughout the period.

Earnings before interest and tax (EBIT) of $39.13 million compared to $37.89 million for the same period last year, an increase of 3.26%. EBIT is a non-GAAP measure.

Segmental Performance

Homeware

Sales from homeware stores increased 4.56% from $170.21 million to $177.96 million.

Changing weather patterns and extreme weather events created challenges for the merchandise and marketing teams. Winter started later than normal and temperatures in June were varied with warmer weather during key promotional periods dampening sales of seasonal products, particularly in Auckland, while extreme rain and snow during July affected our ability to supply some stores with the stock they needed to satisfy demand. Despite these many challenges, our teams did well to achieve sales growth.

Seasonal inventories have been difficult to manage, but we believe we are well positioned to continue to push for sales growth during the remainder of the year.

Sporting Goods

Sales from our sporting goods stores increased 4.23% from $98.15 million to $102.29 million.

Sporting goods categories performed consistently with solid sales growth achieved across hard goods, footwear and apparel as we continued to promote the business aggressively.

ASX Listing

The Board was extremely proud to announce the listing of Briscoe Group on the ASX as a foreign exempt entity on 20 July 2017.

We believe that the greater visibility from a dual-listing will in time contribute to increased investor interest and a broader shareholder base, which will increase our ability to take advantage of fresh opportunities as we identify them.

Kathmandu

The Group received a dividend of $1.60 million from its 19.9% investment in Kathmandu Holdings Limited during the half-year. As the largest single shareholder we continue to watch their performance closely and note the positive progress management is making as they seek to restore historical levels of profitability. 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.

Financial Position

The Group had cash and bank balances of $35.70 million as at 30 July 2017, compared to $13.92 million the previous year. This period's balance includes approximately $15 million of creditor payments which were paid on 31 July 2017.

Inventory levels were $84.95 million, up from $78.43 million at the same time last year. This reflects increased stock holdings to satisfy growing online sales, the new Briscoes homeware and Rebel Sport stores now operating at Petone in Wellington, and higher than anticipated closing stocks for categories carrying seasonal product – a result of the unusual weather conditions experienced during the first half.

Net capital expenditure was $7.53 million – mainly for property development projects, system software and hardware, and store fit-outs and refurbishments.

Dividend

The directors declared a fully imputed interim dividend of 7.50 cents per share on 8 September 2017. The previous interim dividend was 7.00 cents per share. Books closed to determine entitlements at 5pm on 22 September 2017 and payment made on 2 October 2017. A supplementary dividend of 1.3235 cents per share was also declared and paid to non-resident shareholders.

Half Year Review

The interim financial statements represented in this report are unaudited but have been independently reviewed by PricewaterhouseCoopers, which has issued an unqualified independent review report to the company's shareholders (refer pages 20 and 21).

Corporate Governance

As a Board we continue to review, assess and adapt to the overall level of corporate governance required in business today. We note the recent revisions that have been made to the NZX Corporate Governance Code which has introduced a new level of consistency across the codes produced by the NZX, the Financial Markets Authority and the New Zealand Corporate Governance Forum. Good governance practice expects reporting that is open and meaningful to the market, stakeholders and shareholders. The Board is confident that its current corporate governance practices are appropriately aligned to these recent changes and will be fully reported on in the Group's Corporate Governance Statement included in the next Annual Report.

Community Sponsorship

Briscoe Group is a responsible and socially aware corporate citizen.

We are proud to be a key partner of Cure Kids and have to date raised more than $6 million to help Cure Kids fund leading-edge research that supports their vision of a healthy childhood for everyone.

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

Outlook

Prices for dairy and other agricultural commodities have improved and stabilised. This will help to strengthen business confidence, which remained positive in the lead-up to the election. Overall, the economic outlook for the second half remains unpredictable and we believe that consumers will be controlled and discerning with their discretionary spending. This caution is likely to be strengthened, at least in the short term, by the uncertainty around the final make-up of the government, with coalition negotiations expected to take several weeks.

We continue to direct investment into online operations and functionality in the face of international competition but also recognise the importance of improving the quality of the in-store experience.

Our focus remains on protecting gross margins, driving sales through improved stock availability, controlling costs diligently and finding innovative ways to promote our products. The first half has set a solid foundation from which to continue our positive performance in this competitive retail environment.

Directors' Approval of Consolidated Interim Financial Statements

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Interim Financial Statements on 8 September 2017.

Approval by Directors

The Directors are pleased to present the Consolidated Interim Financial Statements for Briscoe Group Limited for the 26 week period ended 30 July 2017. (Comparative period is for the 26 week period ended 31 July 2016).

Dame Rosanne Meo
CHAIRMAN

Rod Duke
GROUP MANAGING DIRECTOR

8 September 2017
For and on behalf of the Board of Directors

Consolidated Income Statement

For the 26 week period ended 30 July 2017 (unaudited)

	Notes	26 Week Period Ended 30 July 2017 Unaudited $000	26 Week Period Ended 31 July 2016 Unaudited $000
Sales revenue		**280,257**	268,355
Cost of goods sold		**(165,265)**	(155,949)
Gross profit		**114,992**	112,406
Other operating income		**2,183**	1,813
Store expenses		**(48,804)**	(47,170)
Administration expenses		**(29,242)**	(29,156)
Earnings before interest and tax		**39,129**	37,893
Finance income		**245**	83
Finance costs		**(75)**	(204)
Net finance income/(costs)		**170**	(121)
Profit before income tax		**39,299**	37,772
Income tax expense		**(10,723)**	(10,517)
Net profit attributable to shareholders		**28,576**	27,255
Earnings per share for profit attributable to shareholders:			
Basic earnings per share (cents)		**13.00**	12.50
Diluted earnings per share (cents)		**12.73**	12.21

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

Consolidated Statement of Comprehensive Income

For the 26 week period ended 30 July 2017 (unaudited)

	Notes	26 Week Period Ended 30 July 2017 Unaudited $000	26 Week Period Ended 31 July 2016 Unaudited $000
Net profit attributable to shareholders		**28,576**	27,255
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Change in value of investment in equity securities	9	**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 taken 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

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

Consolidated Balance Sheet

As at 30 July 2017 (unaudited)

	Notes	As at 30 July 2017 Unaudited $000	As at 31 July 2016 Unaudited $000	As at 29 January 2017 Audited $000
ASSETS				
Current assets				
Cash and cash equivalents		**35,701**	13,921	60,066
Trade and other receivables		**2,930**	1,771	2,559
Inventories		**84,946**	78,430	78,931
Held-for-sale assets	7	**5,928**	5,308	-
Derivative financial instruments		**2**	156	44
Total current assets		**129,507**	99,586	141,600
Non-current assets				
Property, plant and equipment		**74,572**	65,338	76,081
Intangible assets		**1,104**	1,264	960
Deferred tax		**3,502**	2,741	3,015
Investment in equity securities	9	**91,418**	72,172	76,582
Total non-current assets		**170,596**	141,515	156,638
TOTAL ASSETS		**300,103**	241,101	298,238
LIABILITIES				
Current liabilities				
Trade and other payables		**69,994**	55,621	84,970
Taxation payable		**2,034**	2,710	6,284
Derivative financial instruments		**2,579**	2,341	1,112
Total current liabilities		**74,607**	60,672	92,366
Non-current liabilities				
Trade and other payables		**747**	753	719
Total non-current liabilities		**747**	753	719
TOTAL LIABILITIES		**75,354**	61,425	93,085
NET ASSETS		**224,749**	179,676	205,153
EQUITY				
Share capital	11	**53,942**	49,569	52,756
Cashflow hedge reserve		**(1,911)**	(1,981)	(816)
Share options reserve		**1,124**	1,153	957
Other reserves		**22,735**	3,489	7,899
Retained earnings		**148,859**	127,446	144,357
TOTAL EQUITY		**224,749**	179,676	205,153
Net Tangible Assets per Security (cents)		**101.68**	81.75	93.02

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

Consolidated Statement of Cash Flows

For the 26 week period ended 30 July 2017 (unaudited)

	Notes	**26 Week Period Ended 30 July 2017 Unaudited $000**	26 Week Period Ended 31 July 2016 Unaudited $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		**(216,114)**	(189,726)
Payments to employees		**(34,514)**	(32,677)
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	11	**1,064**	991
Net proceeds from borrowings	10	**-**	-
		1,064	991
Cash was applied to			
Dividends paid	12	**(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

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

Consolidated Statement of Cash Flows (continued)

For the 26 week period ended 30 July 2017 (unaudited)

	26 Week Period Ended 30 July 2017 Unaudited $000	26 Week Period Ended 31 July 2016 Unaudited $000
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT		
Reported net profit attributable to shareholders	**28,576**	27,255
Items not involving cash flows		
Depreciation and amortisation expense	**2,893**	3,020
Adjustment for fixed increase leases	**4**	230
Bad debts and movement in doubtful debts	**49**	44
Inventory adjustments	**1,143**	(45)
Amortisation of executive share options cost	**367**	270
Loss on disposal of assets	**78**	100
	4,534	3,619
Impact of changes in working capital items		
(Increase)/Decrease in trade and other receivables	**(420)**	519
(Increase)/Decrease in inventories	**(7,158)**	1,819
Decrease in taxation payable	**(4,250)**	(4,100)
Decrease in trade payables	**(9,104)**	(3,127)
Decrease in other payables and accruals	**(5,911)**	(4,646)
	(26,843)	(9,535)
Net cash inflows from operating activities	**6,267**	21,339

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

Consolidated Statement of Changes in Equity

For the 26 week period ended 30 July 2017

	Notes	Share Capital Unaudited $000	Cashflow Hedge Reserve Unaudited $000	Share Options Reserve Unaudited $000	Other Reserves Unaudited $000	Retained Earnings Unaudited $000	Total Equity Unaudited $000
Balance at 31 January 2016		48,242	1,811	1,291	(7,738)	120,818	164,424
Net profit attributable to shareholders for the period		-	-	-	-	27,255	27,255
Other comprehensive income:							
Change in value of investment in equity securities	9	-	-	-	11,227	-	11,227
Fair value gain recycled to income statement		-	(789)	-	-	-	(789)
Fair value loss taken to 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
Transactions with owners:							
Dividends paid	12	-	-	-	-	(20,699)	(20,699)
Share options charged to income statement		-	-	270	-	-	270
Share options exercised	11	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 for the period		-	-	-	-	32,165	32,165
Other comprehensive income:							
Change in value of investment in equity securities	9	-	-	-	4,410	-	4,410
Fair value loss recycled to income statement		-	4,515	-	-	-	4,515
Fair value loss taken to 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
Transactions with owners:							
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 for the period		**-**	**-**	**-**	**-**	**28,576**	**28,576**
Other comprehensive income:							
Change in value of investment in equity securities	9	**-**	**-**	**-**	**14,836**	**-**	**14,836**
Fair value loss recycled to income statement		**-**	**452**	**-**	**-**	**-**	**452**
Fair value loss taken to 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**
Transactions with owners:							
Dividends paid	12	**-**	**-**	**-**	**-**	**(24,152)**	**(24,152)**
Share options charged to income statement		**-**	**-**	**367**	**-**	**-**	**367**
Share options exercised	11	**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**

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

Notes to the Financial Statements

For the 26 week period ended 30 July 2017 (unaudited)

1. Reporting Entity

Briscoe Group Limited (NZX/ASX code: BGP) is a for-profit company limited by ordinary shares which are publicly traded on the NZX Main Board and the Australian Securities Exchange as a Foreign Exempt Listing. Briscoe Group Limited is incorporated and domiciled in New Zealand. It is registered under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013. The entity's registered office is 36 Taylors Road, Morningside, Auckland 1025, New Zealand.

Briscoe Group Limited (the Company) and its subsidiaries (together the Group) is a retailer of homeware and sporting goods.

2. Basis of Preparation of Financial Statements

These unaudited consolidated condensed interim financial statements ('interim financial statements') have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with the requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting and with New Zealand Equivalent to International Accounting Standard (NZ IAS) 34 Interim Financial Reporting and the NZX Main Board Listing Rules.

The interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these interim financial statements should be read in conjunction with the audited consolidated financial statements for the period ended 29 January 2017 and any public announcements made by Briscoe Group Limited during the interim reporting period and up to the date of these interim financial statements.

These interim financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency.

The interim financial statements are in respect of the 26 week period 30 January 2017 to 30 July 2017. The comparative period is in respect of the 26 week period 1 February 2016 to 31 July 2016. The year-end balance date will be 28 January 2018 and full financial statements will cover the 52 week period 30 January 2017 to 28 January 2018. 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.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the interim financial statements. Actual results may differ from these estimates. The same significant judgements, estimates and assumptions included in the notes to the financial statements for the full year period ended 29 January 2017 have been applied to these consolidated condensed interim financial statements.

3. Accounting Policies

The interim financial statements of the Group for the 26 week period ended 30 July 2017 have been prepared using the same accounting policies and methods of computations as, and should be read in conjunction with, the financial statements and related notes included in the Group's Annual Report for the full year period ended 29 January 2017.

4. Seasonality

The Group's revenue and profitability follow a seasonal pattern with higher sales and net profits typically achieved in the second half of the financial year as a result of additional sales generated during the Christmas trading period.

Notes to the Financial Statements

For the 26 week period ended 30 July 2017 (unaudited)

5. Segment information

The Group has two reportable operating segments that are defined by the retail sectors within which the Group operates, namely homeware and sporting goods. The following is an analysis of the Group's revenue and results by operating segment. Revenue reported below is generated solely in New Zealand from sales to external customers and due to the nature of the retail businesses there is no reliance on any individual customer. There were no inter-segment sales in the period. (2016: Nil)

Segment profit represents the profit earned by each segment and reflects the income statements associated with the two trading subsidiary companies, Briscoes (NZ) Limited and The Sports Authority Limited (trading as Rebel Sport). Earnings before interest and tax (EBIT) is a non-GAAP measure.

For the period ended 30 July 2017

	Homeware	Sporting goods	Eliminations/ unallocated	Total Group
	$000	$000	$000	$000
INCOME STATEMENT				
Total sales revenue	**177,964**	**102,293**	**-**	**280,257**
Gross profit	**73,653**	**41,339**	**-**	**114,992**
Earnings before interest and tax	**22,399**	**14,008**	**2,722**	**39,129**
Net finance income	**97**	**128**	**(55)**	**170**
Income tax expense	**(6,333)**	**(3,958)**	**(432)**	**(10,723)**
Net profit after tax	**16,163**	**10,178**	**2,235**	**28,576**
BALANCE SHEET				
Assets	**151,940**	**81,725**	**66,438**[1.]	**300,103**
Liabilities	**63,450**	**31,139**	**(19,235)**	**75,354**
OTHER SEGMENTAL ITEMS				
Acquisitions of property, plant and equipment, intangibles and investments	**6,249**	**1,290**	**-**	**7,539**
Depreciation and amortisation expense	**1,935**	**958**	**-**	**2,893**

1. Investment in equity securities	*91,418*
Intercompany eliminations	*(32,571)*
Other balances	*7,591*
	66,438

For the period ended 31 July 2016

	Homeware $000	Sporting goods $000	Eliminations/ unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	170,209	98,146	-	268,355
Gross profit	72,815	39,591	-	112,406
Earnings before interest and tax	22,547	13,799	1,547	37,893
Net finance income	-	57	(178)	(121)
Income tax expense	(6,345)	(3,880)	(292)	(10,517)
Net profit after tax	16,202	9,976	1,077	27,255
BALANCE SHEET				
Assets	126,221	60,274	54,606[1.]	241,101
Liabilities	40,529	22,315	(1,419)	61,425
OTHER SEGMENTAL ITEMS				
Acquisitions of property, plant and equipment, intangibles and investments	3,341	1,260	-	4,601
Depreciation and amortisation expense	2,058	962	-	3,020

1. Investment in equity securities	*72,172*
Intercompany eliminations	*(19,667)*
Other balances	*2,101*
	54,606

6. Expenses

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

	26 Week Period Ended 30 July 2017 $000	26 Week Period Ended 31 July 2016 $000
Depreciation of property, plant and equipment	**2,564**	2,484
Amortisation of software costs	**329**	536
Wages, salaries and other short term benefits	**31,290**	30,689
Operating lease rental expense	**14,020**	15,436
Loss on disposal of property, plant and equipment, intangibles and investments	**78**	100

7. Held-for-sale assets

	As at 30 July 2017 $000	As at 31 July 2016 $000	As at 29 January 2017 $000
Property	**5,928**	5,308	-

The only held-for-sale asset at balance date was property owned by the Group in Wellington for which a conditional sale and purchase agreement was signed on 11 August 2017.

8. Property, plant and equipment

Acquisitions and disposals

During the 26 week period ended 30 July 2017, the Group acquired property, plant and equipment with a total cost of $7,066,620 (2016: $4,309,916). Property, plant and equipment with a net book value of $85,161 (2016: $81,639) were disposed of during the 26 week period ended 30 July 2017.

9. 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 30 July 2017. These shares are equity investments quoted in the active market and are defined by NZ IAS 39 as available-for-sale financial assets. An adjustment was made at period end to reflect the fair value of these shares as at 30 July 2017.[1.]

	$000
At 31 January 2016	60,945
Additions	-
Change in value credited to other reserves	11,227
At 31 July 2016	72,172
Additions	-
Change in value credited to other reserves	4,410
At 29 January 2017	76,582
Additions	-
Change in value credited to other reserves	**14,836**
At 30 July 2017	**91,418**

1. Fair value determined to be $2.28 ($2016: $1.80) per share as per NZX closing price of Kathmandu Holdings Limited as at 28 July 2017 (2016: 29 July 2016).

10. Interest bearing liabilities

There were no interest bearing liabilities as at 30 July 2017. (2016: Nil). The facility agreement with the Bank of New Zealand for $60 million in place at the last year-end balance date of 29 January 2017, expired on 26 June 2017. A renewed facility to accommodate the Group's usual seasonal cashflow requirements is expected to be in place by the end of September 2017.

11. Share capital

	Authorised Shares No. of Shares	Share capital $000
At 31 January 2016	217,597,500	48,242
Issue of ordinary shares during the period: Exercise of options	639,000	1,327[1.]
At 31 July 2016	218,236,500	49,569
Issue of ordinary shares during the period: Exercise of options	1,280,000	3,187
At 29 January 2017	219,516,500	52,756
Issue of ordinary shares during the period: Exercise of options	**438,000**	**1,186**[1.]
At 30 July 2017	**219,954,500**	**53,942**

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 438,000 shares issued during the 26 week period ended 30 July 2017 were $121,676 and $1,064,340 respectively ($336,114 and $990,450 respectively for the 639,000 shares issued during the 26 week period ended 31 July 2016).*

12. Dividends

	Period ended 30 July 2017 Cents per share	Period ended 31 July 2016 Cents per share	**Period ended 30 July 2017 $000**	Period ended 31 July 2016 $000
Final dividend for the period ended 29 January 2017	**11.00**	-	**24,152**	-
Final dividend for the period ended 31 January 2016	**-**	9.50	**-**	20,699
	11.00	9.50	**24,152**	20,699

All dividends paid were fully imputed. Supplementary dividends of $172,736 (2016: $152,791) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

13. Fair Value measurements of financial instruments

The Group's activities expose it to a variety of financial risks, market risk (including currency and interest rate risk), credit risk and liquidity 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.

The consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the Group's annual financial statements for the period ending 29 January 2017. There have been no changes in the risk management policies since year end.

Based on NZ IFRS 13 Fair Value Measurement, the fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1: Quoted prices (unadjusted in active market for identical assets and liabilities);

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability, that are not based on observable market data (that is unobservable inputs).

The financial instruments held by the Group that are measured at fair value are; over-the-counter derivatives and available-for-sale assets. The derivatives have been determined to be within level 2 (for the purposes of NZ IFRS 13) of the fair value hierarchy as all significant inputs required to ascertain the fair values are observable. The available-for-sale assets have been determined to be within level 1 as quoted prices are available from an active equities market for identical securities. There were no transfers between levels 1 and 2 during the period.

There were no changes in valuation techniques during the period.

The following methods and assumptions were used to estimate the fair values for each class of financial instrument.

Trade debtors, trade creditors, related party payables and bank balances
The carrying value of these items is equivalent to their fair value.

Foreign exchange contracts
Forward foreign exchange contracts have been fair valued using market forward foreign exchange rates at period end.

Available-for-sale financial assets
Available-for-sale financial assets are shown in these financial statements as Investment in equity securities and have been fair valued using equity prices quoted on market at period end.

The following table presents the Group's assets and liabilities that are measured at fair value at 30 July 2017:

	As at 30 July 2017 $000	As at 31 July 2016 $000	As at 29 January 2017 $000
Assets			
Derivative financial instruments	**2**	156	44
Investment in equity securities	**91,418**	72,172	76,582
Total Assets	**91,420**	72,328	76,626
Liabilities			
Derivative financial instruments	**2,579**	2,341	1,112
Total Liabilities	**2,579**	2,341	1,112

14. Related party transactions

During the 26 week period the Company advanced and repaid loans to its subsidiaries by way of internal transfers between current accounts. In presenting the financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Parent have been eliminated. All transactions with related parties were in the normal course of business and provided on normal commercial terms.

Material transactions between the Company and its subsidiaries were:

	26 Week Period Ended 30 July 2017 $000	26 Week Period Ended 31 July 2016 $000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	**6,612**	6,229
The Sports Authority Limited (trading as Rebel Sport)	**3,847**	3,651
Total management fees charged	**10,459**	9,880
Dividends received by the Company from:		
Briscoes (NZ) Limited	**24,148**	10,337
The Sports Authority Limited (trading as Rebel Sport)	**-**	10,337
Total dividends received	**24,148**	20,674

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

- The R A Duke Trust, of which RA Duke and AJ Wall are trustees, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments of $315,250 (2016: $308,000) 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 $267,582 (2016: $89,194) as owner of the Briscoes Homeware premises at Wairau Park, Auckland, under an agreement to lease premises to Briscoes (NZ) Limited.

- RA Duke Trust (including RA Duke Limited) received dividends of $18,737,965 (2016: $16,139,770).

- P Duke, spouse of RA Duke, received payments of $32,500 (2016: $32,500) in relation to her employment as an overseas buying specialist with Briscoe Group Limited and rental payments of $412,500 (2016: $385,375) as owner of the Briscoes Homeware premises at Panmure, Auckland under an agreement to lease premises to Briscoes (NZ) Limited.

- The Hualien Trust, of which P Duke is a trustee, received dividends of $110,000 (2016: $95,000).

Notes to the Financial Statements

For the 26 week period ended 30 July 2017 (unaudited)

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

	26 Week Period Ended 30 July 2017		26 Week Period Ended 31 July 2016	
	Directors' Fees	**Dividends**	Directors' Fees	Dividends
	$000	**$000**	$000	$000
Executive Director				
RA Duke	**-**	**-**	-	-
AJ Wall[1.]	**-**	**-**	-	21
Non-Executive Directors				
SH Johnstone[2.]	**-**	**-**	22	95
RPO'L Meo	**54**	**-**	49	-
MM Devine	**37**	**3**	33	3
AD Batterton[3.]	**39**	**-**	13	-
RAB Coupe[4.]	**37**	**-**	-	-
	167	**3**	117	119

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

	26 Week Period Ended 30 July 2017	26 Week Period Ended 31 July 2016
	$000	$000
Executive Director		
RA Duke[5.]	**18,738**	16,140
AJ Wall[1,5.]	**-**	16,257
Non-Executive Directors		
RPO'L Meo	**11**	10
MM Devine	**-**	-
AD Batterton[3.]	**-**	-
RAB Coupe[4.]	**-**	-

1. AJ Wall retired from the Board of Directors on 30 September 2016.

2. SH Johnstone retired from the Board of Directors on 31 May 2016.

3. AD Batterton was appointed to the Board of Directors as an Independent Non-Executive Director on 1 June 2016.

4. RAB 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 $18,737,965 during the 26 week period (2016: $16,139,770).

15. Contingent liabilities

There were no contingent liabilities as at 30 July 2017. (2016: Nil).

16. Events after balance date

On 8 September 2017 the directors resolved to provide for an interim dividend to be paid in respect of the 52 week period ending 28 January 2018. The dividend will be paid at a rate of 7.50 cents per for all shares on issue as at 22 September 2017, with full imputation credits attached.

Since balance date and up to the date of these financial statements a further 605,000 ordinary shares have been issued under the Briscoe Group Executive Share Option Plan as a result of executives exercising share options.

17. Accounting standards

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the period ended 29 January 2017, as described in those annual financial statements.

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 instruments 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* and related interpretations. 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 review report

To the shareholders of Briscoe Group Limited

Report on the interim financial statements

We have reviewed the accompanying financial statements of Briscoe Group Limited (the Company) and its controlled entities (together, the Group) on pages 6 to 19, which comprise the consolidated balance sheet as at 30 July 2017, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period ended on that date, and selected explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible on behalf of the Company for the preparation and presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditor of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

We are independent of the Group. Other than in our capacity as the auditor, we have no relationship with, or interests in, the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Group are not prepared, in all material respects, in accordance with NZ IAS 34.

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 8000, F: +64 9 355 8001, pwc.co.nz

Who we report to

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review 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 shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
8 September 2017

Auckland

Notes

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Directory

Directors

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

Registered Office

36 Taylors Road
Morningside
Auckland 1025
Telephone (09) 815 3737
Facsimile (09) 815 3738

Postal Address

PO Box 884
Auckland Mail Centre
Auckland 1140

Solicitors

Simpson Grierson

Bankers

Bank of New Zealand

Auditors

PricewaterhouseCoopers

Share Registrar

Link Market Services Limited
Deloitte Centre
Level 11
80 Queen Street
Auckland 1010
Telephone +64 9 375 5998

Websites

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