

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

Reporting Period	Full Year 28 January 2013 to 26 January 2014
Previous Reporting Period	Full Year 30 January 2012 to 27 January 2013

	Amount (000s)	Percentage change
Sales revenue from ordinary activities	\$483,566	+6.8%
Profit from ordinary activities after tax attributable to shareholders	\$33,575	+10.2%
Net Profit attributable to shareholders.	\$33,575	+10.2%

Final Dividend	Gross amount per share	Imputed amount per share
	8.00 cents	8.00 cents

Audit	The abridged financial statements attached to this report have been audited.
-------	--

Comments:	Refer to the section "Full Year Review" for commentary.
-----------	---

Full Year Review

Highlights for the full year ended 26 January 2014

- Total sales \$483.57 million, +6.82%
- Same store sales growth, +5.23%
- Gross profit \$186.17 million, +5.82%
- Gross profit margin 38.50% (Last year 38.86%)
- EBIT \$45.22 million, +10.38%
- NPAT \$33.58 million, +10.20%
- Final dividend 8.00 cents per share, +14.29%
- Total dividend for the year 12.50 cents per share, +13.64% (Excluding special dividend paid June 2012)

The directors of Briscoe Group Limited announce an audited net profit after tax (NPAT) of \$33.58 million for the year ending 26 January 2014, which compares to \$30.47 million for the previous year.

Group Managing Director, Rod Duke, said “We are very pleased to announce another record profit for Briscoe Group in a market that has been challenging for many retailers. The focus we have continued to place on managing and developing our retail brands has been significant in generating this result and underpins our strong profit growth of recent years. This year’s result represents an increase of 55% over our full year profit result just three years ago for the year ended January 2011.

“The competitiveness of the market has necessitated more aggressive promotions, which has slightly eroded our gross margin percentage, but by continuing to improve the quality of products we sell and increasing the average sale and transaction numbers, our gross margin dollars have increased by nearly 6% over the previous full year.”

The directors have resolved to pay a final dividend of 8.00 cents per share (cps). This compares to last year’s final dividend of 7.00 cps. The dividend is fully imputed and, when added to the interim dividend of 4.50 cps, brings the total dividend for the year to 12.50 cps which represents an increase of 13.64% over last year’s total dividend of 11.00 cps (excluding the special dividend payment made in June 2012).

The final dividend will be paid on 31 March 2014. The share register will close to determine entitlements to the dividend at 5 pm on 21 March 2014.

The earnings were generated on sales revenue of \$483.57 million, an increase of 6.82% on the \$452.70 million reported in the previous year. On a same store basis, the Group’s sales for the year were 5.23% ahead of the same period last year.

The Group’s gross profit margin for the year decreased from 38.86% to 38.50%, reflecting the extraordinarily challenging beginning to the year as a result of the very late start to the winter category sales and also the continued competitiveness of the market throughout the year.

As disclosed at the half-year the reported gross margin and prior year comparisons also reflect a reclassification of costs that the Group has applied to the financial statements for this year and which will apply for future periods. As a result of the Group’s regular review of reporting practices and policies, costs relating to the distribution of product from the central warehouse facility to stores have been reclassified from store expenses and administration expenses to cost of goods sold. The reclassification will bring the cost allocations in line with the allocations adopted by other New Zealand retailers, making the costs more directly comparable.

Reported gross profit margin for the full year was 38.50% as compared to 39.74% before the reclassification. The prior year comparative has been adjusted from 40.01% to 38.86%. Correspondingly, expenses have been decreased by a total of \$6.02 million for this full year as a result of the reclassification and by \$5.16 million for the prior year comparative. As the reclassification represents a transfer of cost only, there is no impact on Group EBIT or NPAT.

Earnings before interest and taxation (EBIT) increased 10.38% from \$40.97 million for 2012-13 to \$45.22 million for the 2013-14 year.

The number of homeware stores across the Group decreased by 2 to 46 during the year as a net result of the closure of 3 Living & Giving stores at Manukau, Nelson and Lambton Quay and the opening of a new Briscoes Homeware store at Kerikeri. The Kerikeri store has been welcomed by the local community and is trading well. Total floor area of the Group's homeware operations increased during the year from 93,014 to 94,402 square metres. The number of sporting goods stores remained unchanged at 32 with total floor area remaining unchanged at 51,884 square metres.

On a same store basis the homeware and sporting goods segments returned sales increases of 4.60% and 6.57% respectively for the year ended 26 January 2014.

During the year \$16.17 million of capital investment was made by the Group including for property purchases made in Invercargill and Petone, the fit-out of one new store, five store refurbishments and the completion of the store counter re-alignment project started last year.

Inventories totalled \$69.31 million at year-end, being \$4.74 million higher than the \$64.57 million reported for last year reflecting the additional Briscoes Homeware store opened in Kerikeri during the year, increased stock holdings to satisfy the significant increases experienced in online sales and increased levels of product directly imported by the Group.

Cash and bank balances as at 26 January 2014 were \$84.76 million, \$7.22 million higher than the \$77.54 million as at 27 January 2013. This year's cash balances were impacted by the financial year end cut-off date falling five days before the end of the calendar month. Approximately \$16 million of creditor payments are included in the trade payables balance at year end which were subsequently paid by 31 January 2014. Similarly GST of \$7 million was paid on 28 January 2014.

Net cash inflows from operating activities were \$46.09 million, \$14.68 million above those of last year, primarily as a result of increased sales volume and the timing of creditor payments at year-end.

Net cash outflows from investing activities were \$16.17 million reflecting investment made in property transactions, store fit-outs and refurbishments during the year.

The results are for the 52 week period from 28 January 2013 to 26 January 2014.

Group Managing Director, Rod Duke, said "The Group's store opening / refurbishment programme continued during the year. In October we opened a new Briscoes Homeware store in Kerikeri, which had been eagerly anticipated and in early December we extended the trading area of the Ashburton Briscoes Homeware store to allow for increased sales in the seasonal categories. Four other Briscoes Homeware stores had work completed in relation to counter-realignments. During the year considerable effort has been put into the improvement of Rebel Sport stores with five stores at Panmure, The Base in Hamilton, Dunedin, New Plymouth and Invercargill all benefiting from full store refurbishments with seven other stores gaining from service counter realignments and/or new apparel fixtures. All of these projects have freed up additional retail space, which has contributed to improved merchandising and higher sales.

"Our online business has seen significant sales growth during the year across all three brands and

we will continue to develop this important channel. The success experienced by the online team during the year has helped them to identify additional opportunities to drive sales, improve efficiencies and optimise the use of resources to support growth. We intend to continue to review our fulfilment capability to ensure we can service the expected increase in sales in the most cost effective way.

“The Sales and Service programme of our store management teams places our customers at the centre of everything we do. It is clear that the decisions our retail teams make are right for our customers and right for the generation of profitability for the stores and for the Group as a whole.

“We look forward to another year of improving and growing our business. Major works are planned to extend and totally refurbish the Hamilton and Invercargill Briscoes Homeware stores. Our existing Briscoes Homeware store at Taupo will relocate to a larger site resulting in increased retail space, improved back-of-house facilities and better customer parking. In Wanganui we will relocate both the Briscoes Homeware and the Rebel Sport stores together on one site and in Coastlands we will relocate the Briscoes Homeware store to a new larger site adjacent to the existing location and open a new Rebel Sport store in the vacated Briscoes Homeware space. All of these major projects will provide customers with brand new, state-of-the-art stores, which can be expected to result in improved customer experience and higher levels of profitability. In addition to these store developments we are planning for a number of larger projects involving new stores within the next three years.

“While many commentators are talking up the outlook for the New Zealand economy we see a number of retailers continuing to struggle to grow profitability. Our experience leads us to be cautiously optimistic about the year ahead for Briscoe Group. We are confident that with the initiatives we have in place and the pleasing start we have made to the new financial year, we will continue to strengthen our position as New Zealand’s leading retailer of homeware and sporting goods.

“On behalf of the Board I would like to acknowledge the huge contribution again, from all team members and thank them for their continued support and effort over the past 12 months.”

Thursday 6th March 2014

Contact for enquiries:

Rod Duke
Group Managing Director
Tel: (09) 815 3737

BRISCOE GROUP LIMITED CONSOLIDATED INCOME STATEMENT for the 52 week period ended 26 January 2014

	Period ended 26 January 2014 \$000	Period ended 27 January 2013 \$000
Sales revenue	483,566	452,702
Cost of goods sold	<u>(297,392)</u>	<u>(276,760)</u>
Gross profit	<u>186,174</u>	175,942
Other operating income	118	221
Store expenses	(85,319)	(81,414)
Administration expenses	<u>(55,751)</u>	<u>(53,779)</u>
Earnings before interest and tax	45,222	40,970
Net finance income	<u>1,706</u>	1,702
Profit before income tax	46,928	42,672
Income tax expense	<u>(13,353)</u>	<u>(12,204)</u>
Net profit attributable to shareholders	<u>33,575</u>	<u>30,468</u>

BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 52 week period ended 26 January 2014
--

	Period ended 26 January 2014 \$000	Period ended 27 January 2013 \$000
Net Profit attributable to shareholders	33,575	30,468
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Fair value loss recycled to income statement	875	1,422
Fair value gain / (loss) taken to the cashflow hedge reserve	113	(1,744)
Deferred tax on fair value hedge taken to income statement	(245)	(398)
Deferred tax on fair value transfers to cashflow hedge reserve	(31)	488
Total other comprehensive income	712	(232)
Total comprehensive income attributable to shareholders	34,287	30,236

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 52 week period ended 26 January 2014

	Share Capital \$000	CashFlow Hedge Reserve \$000	Share Options Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 29 January 2012	41,732	(403)	660	99,223	141,212
Net profit attributable to shareholders	-	-	-	30,468	30,468
Other comprehensive income:					
Fair value loss recycled to income statement	-	1,422	-	-	1,422
Fair value loss taken to the cashflow hedge reserve	-	(1,744)	-	-	(1,744)
Deferred tax on fair value hedge taken to income statement	-	(398)	-	-	(398)
Deferred tax on fair value transfers to cashflow hedge reserve	-	488	-	-	488
Total comprehensive income for the period	-	(232)	-	30,468	30,236
Transactions with owners:					
Dividends paid	-	-	-	(43,806)	(43,806)
Share options charged to income statement	-	-	458	-	458
Share options exercised	585	-	(104)	-	481
Transfer for share options lapsed and forfeited	-	-	(92)	92	-
Balance at 27 January 2013	42,317	(635)	922	85,977	128,581
Net profit attributable to shareholders	-	-	-	33,575	33,575
Other comprehensive income:					
Fair value loss recycled to income statement	-	875	-	-	875
Fair value gain taken to the cashflow hedge reserve	-	113	-	-	113
Deferred tax on fair value hedge taken to income statement	-	(245)	-	-	(245)
Deferred tax on fair value transfers to cashflow hedge reserve	-	(31)	-	-	(31)
Total comprehensive income for the period	-	712	-	33,575	34,287
Transactions with owners:					
Dividends paid	-	-	-	(24,700)	(24,700)
Share options charged to income statement	-	-	528	-	528
Share options exercised	2,561	-	(609)	-	1,952
Transfer for share options lapsed and forfeited	-	-	(56)	56	-
Balance at 26 January 2014	44,878	77	785	94,908	140,648

BRISCOE GROUP LIMITED
CONSOLIDATED BALANCE SHEET
as at 26 January 2014

	26 January 2014 \$000	27 January 2013 \$000
EQUITY		
Share capital	44,878	42,317
Cashflow hedge reserve	77	(635)
Share options reserve	785	922
Retained earnings	94,908	85,977
Total equity	140,648	128,581
LIABILITIES		
Non-current liabilities		
Employee benefits	545	575
Total non-current liabilities	545	575
Current liabilities		
Trade and other payables	62,785	50,532
Provisions	96	89
Derivative financial instruments	205	855
Taxation payable	3,349	3,561
Employee benefits	7,756	7,638
Total current liabilities	74,191	62,675
TOTAL LIABILITIES	74,736	63,250
TOTAL EQUITY AND LIABILITIES	215,384	191,831
ASSETS		
Non-current assets		
Property, plant and equipment	54,610	44,563
Intangible assets	1,435	1,307
Deferred tax	1,269	1,237
Total non-current assets	57,314	47,107
Current assets		
Cash and cash equivalents	84,762	77,541
Trade and other receivables	3,624	2,534
Inventories	69,312	64,573
Derivative financial instruments	372	76
Total current assets	158,070	144,724
TOTAL ASSETS	215,384	191,831
Net Tangible Assets per Security (cents)	64.59	59.56

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the 52 week period ended 26 January 2014

	Period ended 26 January 2014 \$000	Year ended 27 January 2013 \$000
OPERATING ACTIVITIES		
Receipts from customers	483,744	452,904
Rent received	114	46
Dividends received	4	4
Insurance recovery	-	171
Interest received	1,765	1,778
Operating Cash Inflows	485,627	454,903
Payments to suppliers & employees	(417,331)	(397,001)
Interest paid	(11)	(12)
Income tax paid	(13,874)	(12,021)
Net GST paid	(8,319)	(14,463)
Operating Cash Outflows	(439,535)	(423,497)
Net cash flows from operating activities	46,092	31,406
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	5	24
Investing Cash Inflows	5	24
Purchase of property, plant and equipment	(15,248)	(5,175)
Purchases of intangible assets	(922)	(651)
Investing Cash Outflows	(16,170)	(5,826)
Net cash flows from investing activities	(16,165)	(5,802)
FINANCING ACTIVITIES		
Issue of new shares	1,952	481
Financing Cash Inflows	1,952	481
Dividends paid	(24,700)	(43,806)
Financing Cash Outflows	(24,700)	(43,806)
Net cash applied to financing activities	(22,748)	(43,325)
Net increase (decrease) in cash held	7,179	(17,721)
Cash at beginning of year	77,541	95,337
Cash flow hedge adjustment	42	(75)
Cash at end of year	84,762	77,541

Earnings per Security (EPS)

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

	Current full year (cents per share)	Previous corresponding full year (cents per share)
Basic EPS	15.6	14.3
Diluted EPS	15.3	14.0

Dividends Paid / Payable

	Date Paid / To be paid	Cents per share (fully imputed)
Interim Dividend for the period ended 26 January 2014	30 September 2013	4.50
Final Dividend for the period ended 26 January 2014	31 March 2014	8.00

Segment Information

	Homeware \$000	Sporting goods \$000	Eliminations / Unallocated \$000	Total Group \$000
For the period ended 26 January 2014				
Sales Revenue	326,726	156,840	-	483,566
Earnings Before Interest and tax	31,227	12,644	1,351	45,222

	Homeware \$000	Sporting Goods \$000	Eliminations / Unallocated \$000	Total Group \$000
For the period ended 27 January 2013				
Sales Revenue	307,051	145,651	-	452,702
Earnings Before Interest and tax	29,251	10,370	1,349	40,970