

16 May 2013

Thanks Rosanne. Welcome you to our 2013 Annual General Meeting and thank you all for coming. Once again I am delighted to report to you that Briscoe Group continues to deliver consistently outstanding results.

We continue to trade well, delivering profit increases that are ahead of most competitors. My team at Briscoe Group remains committed to continuous and constant improvement. The market conditions remain tough and it is a credit to the team that they really have stuck to their knitting during difficult trading conditions.

Just to recap on the key highlights from our F2013 result:

- Same store sales increased by 2.6% in a year when RS was competing with the positive effect that the RWC had generated in the previous year
- Gross profit margin increased from 39.5% to 40% assisted by the effect of the continued strength of the NZ\$ versus US\$.
- Stock turn improved despite an increase in the amount of product imported directly by BGR.
- NPAT improved by 10.7%

Given the tough trading conditions for retailers throughout the year we are proud of these results.

The start to this current financial year has been challenging due to the fantastic summer weather that seems to be never ending. It's tough to sell heaters, blankets, sweatshirts and jackets in March when the temperature is in the mid 20's! Despite this unseasonal weather we are pleased with the start to the year.

Group sales for the quarter ended 28 April 2013 were \$108.6million, representing an increase of 5.9% against the same quarter last year.

The continued competitiveness across the retailing industry and the very late start to the winter season has impacted the gross margin percentage which has tracked below last year during this quarter. However, the strong lift in sales and the continued tight control of costs has resulted in a tax paid profit in line with that produced for the three months to the end of April last year.

Homeware sales increased by 5.5% to \$69.7M for the quarter and sporting goods increased sales significantly by 6.6% to \$38.8Mm. Same store sales increased by 2.4% for homeware and by 5.3% for sporting goods compared with the year prior.

BGR's continued strong performance gives us confidence that our culture of continuously improving the basics of our business will continue to provide profit growth.

Our experience in the on-line space has confirmed that there is significant growth available to BGR by further developing our on-line businesses. This year we plan to increase the number of fulfillment hubs to allow for substantial growth in both the homeware and sporting goods sectors. The way we market our retail brands is changing and increasingly we are using a mix of traditional and on-line media to

effectively reach the markets we wish to target. So far this year total visits to our websites has averaged more than 750,000 visits per month, with online sales more than 100% up on the first three months for last year. While we recognise these sites have only been fully transactional for around 18 months we are very encouraged by the growth we are experiencing.

We remain committed to offering our customers the best places to shop, be it on-line or in traditional stores, and will continue to upgrade and add suitable locations to our network.

This year we will continue to focus on getting the best return from every metre of retail space we occupy. Projects across Briscoes Homeware and Rebel Sport stores will focus on updating and relaying fixtures to maximize linear footage, replacing service counters to improve customer service and to free up retail space. Projects of this nature have delivered good results over the last 2 years and the projects planned for this year will do the same.

Merchandise.

Retailing is still about getting the right product at the right price, in the right place at the right time. Our merchandise team remains focused on building product assortments that offer our customers real choice and value. Last year I talked about the addition of premium brands at accessible prices and this drive has continued throughout the year. When our buying team travel overseas to Europe, India or China their focus is always on improving the ranges we offer our customers and the continued strength of the NZ\$ has helped us to continue to build additional top quality products into our ranges. Developing merchandise ranges is genuinely exciting and I'm confident that the new product we will offer our customers over the coming year will continue to keep Briscoes Homeware as the first choice for homewares.

Marketing

The purpose of our marketing is to position our retail brands as the first choice for their market. During times when sales are tougher to achieve we have the determination and the ability to change the mix and tone of the messages we promote to fight to retain market share. We believe this flexibility is a key strength of Briscoe Group and remain committed to this approach. Store Operations

Constant improvement is the Briscoe Group culture and it applies equally in stores as it does in Support Office. Our store based people are the face of our business and as such are critically important to our success. The Sales and Service programme which I mentioned last year has now been rolled out throughout every profit centre and is used to create a weekly focus on the things which we determine are the key drivers of the business. Sales and service calls are completed by the GM Operations on a weekly basis with groups of Business Managers. This process not only creates the priorities for the week but also gives our Business Managers a forum to discuss issues and share ideas.

We remain committed to our profit centre structure and believe that having motivated Business Managers, who are accountable for their performance and rewarded on their results, creates a positive environment where customers are the focus.

Store Development Programme for 2013.

I spoke last year about the ambitious nature of our development programme for 2012. I'm happy to confirm that all of the planned projects were completed which is a

credit to the guys and girls who have put in plenty of blood, sweat and tears to get the projects completed on time and under budget. Thank you and well done.

As mentioned earlier, this year we will finish the project started last year to replace service counters in Briscoes Homeware and Rebel Sport stores and replace apparel fixtures in Rebel Sport stores. These projects give us the opportunity to maximize the use of our retail space and are often accompanied by a general relay of the remaining store fixtures to keep the stores fresh and current. While not as glamorous as new store openings these projects deliver real benefits to existing customers as well as improved performance.

In conclusion. Briscoe Group has continued to trade well producing solid returns for our shareholders. We have done this because our people have focused on;

- Improving the quality and value of our product ranges
- Creating impactful, relevant promotions delivered to our customers via a medium of their choice and through a channel of their choice
- Continuing to improve our inventory management and analysis skills to drive profit through improved product availability
- Keeping costs firmly under control, and
- Improving the service we offer our customers.

To us these are the retail basics and they will continue to be our focus in a constantly changing retail landscape

Thank you.