

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

Reporting Period	Full Year 27 January 2014 to 25 January 2015
Previous Reporting Period	Full Year 28 January 2013 to 26 January 2014

	Amount (000s)	Percentage change
Sales revenue from ordinary activities	\$507,063	+4.9%
Profit from ordinary activities after tax attributable to shareholders	\$39,302	+17.1%
Net Profit attributable to shareholders.	\$39,302	+17.1%

Final Dividend	Gross amount per share	Imputed amount per share
	8.50 cents	8.50 cents

Audit	The abridged financial statements attached to this report have been audited.
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Comments:	Refer to the section "Full Year Review" for commentary. Earnings before interest and tax (EBIT) is a non-GAAP measure.
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Full Year Review

Highlights for the full year ended 25 January 2015

- Total sales \$507.06 million, +4.86%
- Same store sales growth, +4.94%
- Gross profit \$197.25 million, +5.95%
- Gross profit margin 38.90% (Last year 38.50%)
- EBIT \$53.12 million, +17.47%
- NPAT \$39.30 million, +17.06%
- Final dividend 8.50 cents per share, +6.25%
- Total dividend for the year 14.00 cents per share, +12.00%

The directors of Briscoe Group Limited announce an audited net profit after tax (NPAT) of \$39.30 million for the year ending 25 January 2015, a 17.06% increase on the \$33.58 million for the previous year.

Group Managing Director, Rod Duke, said “We are very pleased to announce another record profit for Briscoe Group; achieved in a challenging market. This year’s result represents a compound 16.1% per annum increase in reported Net Profit After Tax (NPAT) for the last four years and is attributable primarily to our continued focus on improving the way we do things in every area of the business.

The directors have resolved to pay a final dividend of 8.50 cents per share (cps). This compares to last year’s final dividend of 8.00 cps. The dividend is fully imputed and, when added to the interim dividend of 5.50 cps, brings the total dividend for the year to 14.00 cps which represents an increase of 12.00% over last year’s total dividend of 12.50 cps.

The final dividend will be paid on 31 March 2015. The share register will close to determine entitlements to the dividend at 5 pm on 20 March 2015.

The earnings were generated on sales revenue of \$507.06 million, an increase of 4.86% on the \$483.57 million reported in the previous year. On a same store basis, the Group’s sales for the year were 4.94% ahead of the same period last year.

The Group’s gross profit margin for the year increased from 38.50% to 38.90%, reflecting the continued focus the Group has on inventory management, the impact of the new stock receipting technology introduced to all stores during the year, continued refinement of quality and breadth of our product ranges, and the benefits of a strong New Zealand dollar. Other factors that were central to these gross profit margin increases were the overall management of inventories, the effectiveness and aggressiveness of our buying and marketing, and the on-going improvements in the quality of the shopping experiences for customers.

Earnings before interest and taxation (EBIT) increased 17.47% from \$45.22 million for 2013-14 to \$53.12 million for the 2014-15 year. Group EBIT and NPAT for the year was enhanced by the \$1.34 million recovery, included in the profit reported for the first half, as a result of the settlement of the Group’s Business Interruption insurance claim lodged in relation to the February 2011 Christchurch earthquake. Excluding the impact of this recovery EBIT and NPAT for the Group increased by 14.51% and 14.19% respectively, over the same measures recorded for the full 2013-14 year.

The number of homeware stores across the Group remained at 46 during the year with total floor area increasing to 95,787 square metres as a result of the relocations of the Wanganui and Coastlands stores. The new Rebel Sport store that opened at Coastlands in December has been

well received by the local community and is trading well. This additional store and the relocation of the Wanganui store resulted in an increase in total floor area for sporting goods stores to 53,993 square metres.

On a same store basis the homeware and sporting goods segments returned sales increases of 3.52% and 7.87% respectively for the year ended 25 January 2015.

During the year \$12.69 million of capital investment was made by the Group, the largest being for a property purchase in Taylors Road, Auckland, development of property in Invercargill, the fit-out of one new store, the relocation of three stores, a store refurbishment and eleven storeroom reconfigurations.

Inventories totalled \$73.51 million at year-end, being \$4.20 million higher than the \$69.31 million reported for last year. This reflects the additional Rebel Sport store at Coastlands, 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 25 January 2015 were \$89.69 million, \$4.93 million higher than the \$84.76 million as at 26 January 2014. This increase was impacted by the financial year end cut-off date falling six days before the end of the calendar month. Approximately \$20 million of creditor payments are included in the trade payables balance at year-end which were subsequently paid by 31 January 2015. Similarly GST of \$6.4 million was paid on 28 January 2015.

The results are for the 52 week period from 27 January 2014 to 25 January 2015.

Group Managing Director, Rod Duke, said “We continued to expand our network of stores and to refurbish existing stores during the year. In October our Briscoes Homeware and Rebel Sport stores in Wanganui were relocated to a new purpose built configuration on a single location with shared back-of-house facilities. Our new Rebel Sport store in Coastlands, Wellington opened in December and is trading well, complementing the Coastlands Briscoes Homeware store, which was relocated to a larger adjacent site a month earlier. During the year a major refurbishment was completed at our Manukau Rebel Sport store that included the addition of the first Under Armour brand ‘store-in-store’ concept in New Zealand. Store configurations were changed in four Rebel Sport stores to result in improved customer flows and better use of merchandising space. Eleven Briscoes Homeware stores have benefited during the year from storeroom reconfigurations to improve the efficiency and speed with which stock is processed.

“Our online business saw strong sales growth during the year. Going forward we will continue on improving the effectiveness, efficiency and capacity of the fulfilment resources to support future growth. We are also actively improving the look and feel of the websites to make it easier for customers to search and shop with us online, and taking other initiatives to improve the shopping experience for online research and online purchases.

“The introduction of receipting stock via scanning technology was a major project for the entire business and all stores were ‘live’ by the end of September. We have seen a significant improvement in the efficiency of the flow of stock from the back door to the sales floor that certainly made a huge difference in the crucial stock build period before Christmas.

“We look forward to another year of improving and growing our business with another heavy store development schedule planned. During the first half of the year two major refurbishments at Invercargill and Gisborne Briscoes Homeware stores will be completed with the Hamilton and Taupo stores both being relocated to larger and better sites. We are also excited by the five new stores planned for next year. Briscoes Homeware and Rebel Sport will open new stores in Westgate (Auckland) and Queenstown while a new Rebel Sport store will also open in Hornby (Christchurch). 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.

“While many commentators are talking up the outlook for the New Zealand economy we anticipate a continuation of recent challenges for retailers. With oil prices at their lowest levels in recent years, the New Zealand dollar weakening against the US Dollar, economic problems in Europe and continued instability through the Middle East it is difficult to predict how the year will unfold. However we are confident that with the initiatives we have in place, our drive to continue to improve the way we do things in every area of the business, 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. We are cautiously optimistic about the year ahead for Briscoe Group.

“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 5th March 2015

Contact for enquiries:

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BRISCOE GROUP LIMITED CONSOLIDATED INCOME STATEMENT for the 52 week period ended 25 January 2015

	Period ended 25 January 2015 \$000	Period ended 26 January 2014 \$000
Sales revenue	507,063	483,566
Cost of goods sold	(309,816)	(297,392)
Gross profit	197,247	186,174
Other operating income	2,336	118
Store expenses	(86,968)	(85,319)
Administration expenses	(59,493)	(55,751)
Earnings before interest and tax	53,122	45,222
Net finance income	1,767	1,706
Profit before income tax	54,889	46,928
Income tax expense	(15,587)	(13,353)
Net profit attributable to shareholders	39,302	33,575

BRISCOE GROUP LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 52 week period ended 25 January 2015
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	Period ended 25 January 2015 \$000	Period ended 26 January 2014 \$000
Net Profit attributable to shareholders	39,302	33,575
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Fair value (gain)/loss recycled to income statement	(22)	875
Fair value gain taken to the cashflow hedge reserve	3,901	113
Deferred tax on fair value gain/(loss) taken to income statement	6	(245)
Deferred tax on fair value gain taken to cashflow hedge reserve	(1,092)	(31)
Total other comprehensive income	2,793	712
Total comprehensive income attributable to shareholders	42,095	34,287

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 52 week period ended 25 January 2015

	Share Capital \$000	CashFlow Hedge Reserve \$000	Share Options Reserve \$000	Retained Earnings \$000	Total Equity \$000
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 loss taken to income statement	-	(245)	-	-	(245)
Deferred tax on fair value gain taken 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
Net profit attributable to shareholders	-	-	-	39,302	39,302
Other comprehensive income:					
Fair value gain recycled to income statement	-	(22)	-	-	(22)
Fair value gain taken to the cashflow hedge reserve	-	3,901	-	-	3,901
Deferred tax on fair value gain taken to income statement	-	6	-	-	6
Deferred tax on fair value gain taken to cashflow hedge reserve	-	(1,092)	-	-	(1,092)
Total comprehensive income for the period	-	2,793	-	39,302	42,095
Transactions with owners:					
Dividends paid	-	-	-	(29,167)	(29,167)
Share options charged to income statement	-	-	573	-	573
Share options exercised	1,672	-	(262)	-	1,410
Transfer for share options lapsed and forfeited	-	-	(38)	38	-
Balance at 25 January 2015	46,550	2,870	1,058	105,081	155,559

BRISCOE GROUP LIMITED
CONSOLIDATED BALANCE SHEET
as at 25 January 2015

	25 January 2015 \$000	26 January 2014 \$000
EQUITY		
Share capital	46,550	44,878
Cashflow hedge reserve	2,870	77
Share options reserve	1,058	785
Retained earnings	105,081	94,908
Total equity	155,559	140,648
LIABILITIES		
Non-current liabilities		
Employee benefits	728	545
Total non-current liabilities	728	545
Current liabilities		
Trade and other payables	65,702	62,785
Provisions	138	96
Derivative financial instruments	1	205
Taxation payable	4,142	3,349
Employee benefits	8,484	7,756
Total current liabilities	78,467	74,191
TOTAL LIABILITIES	79,195	74,736
TOTAL EQUITY AND LIABILITIES	234,754	215,384
ASSETS		
Non-current assets		
Property, plant and equipment	61,621	54,610
Intangible assets	1,452	1,435
Deferred tax	929	1,269
Total non-current assets	64,002	57,314
Current assets		
Cash and cash equivalents	89,690	84,762
Trade and other receivables	3,819	3,624
Inventories	73,507	69,312
Derivative financial instruments	3,736	372
Total current assets	170,752	158,070
TOTAL ASSETS	234,754	215,384
 Net Tangible Assets per Security (cents)	 71.15	 64.59

BRISCOE GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the 52 week period ended 25 January 2015

	Period ended 25 January 2015 \$000	Year ended 26 January 2014 \$000
OPERATING ACTIVITIES		
Receipts from customers	507,115	483,744
Rent received	995	114
Dividends received	4	4
Insurance recovery	1,337	-
Interest received	1,635	1,765
Operating Cash Inflows	511,086	485,627
Payments to suppliers & employees	(433,487)	(417,331)
Interest paid	(6)	(11)
Income tax paid	(15,540)	(13,874)
Net GST paid	(17,002)	(8,319)
Operating Cash Outflows	(466,035)	(439,535)
Net cash flows from operating activities	45,051	46,092
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	10	5
Investing Cash Inflows	10	5
Purchase of property, plant and equipment	(11,630)	(15,248)
Purchases of intangible assets	(1,057)	(922)
Investing Cash Outflows	(12,687)	(16,170)
Net cash flows from investing activities	(12,677)	(16,165)
FINANCING ACTIVITIES		
Issue of new shares	1,410	1,952
Financing Cash Inflows	1,410	1,952
Dividends paid	(29,167)	(24,700)
Financing Cash Outflows	(29,167)	(24,700)
Net cash applied to financing activities	(27,757)	(22,748)
Net increase (decrease) in cash held	4,617	7,179
Cash at beginning of year	84,762	77,541
Cash flow hedge adjustment	311	42
Cash at end of year	89,690	84,762

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	18.2	15.6
Diluted EPS	17.8	15.3

Dividends Paid / Payable

	Date Paid / To be paid	Cents per share (fully imputed)
Interim Dividend for the period ended 25 January 2015	30 September 2014	5.50
Final Dividend for the period ended 25 January 2015	31 March 2015	8.50

Segment Information

	Homeware \$000	Sporting goods \$000	Eliminations / Unallocated \$000	Total Group \$000
For the period ended 25 January 2015				
Sales Revenue	337,190	169,873	-	507,063
Earnings Before Interest and tax	33,169	18,362	1,591	53,122

	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