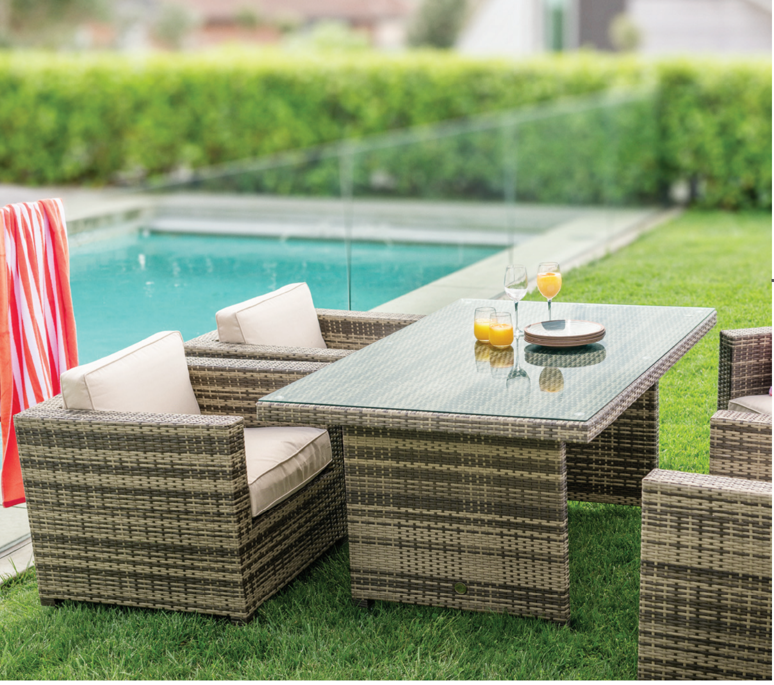
BRISCOE
GROUP LIMITED

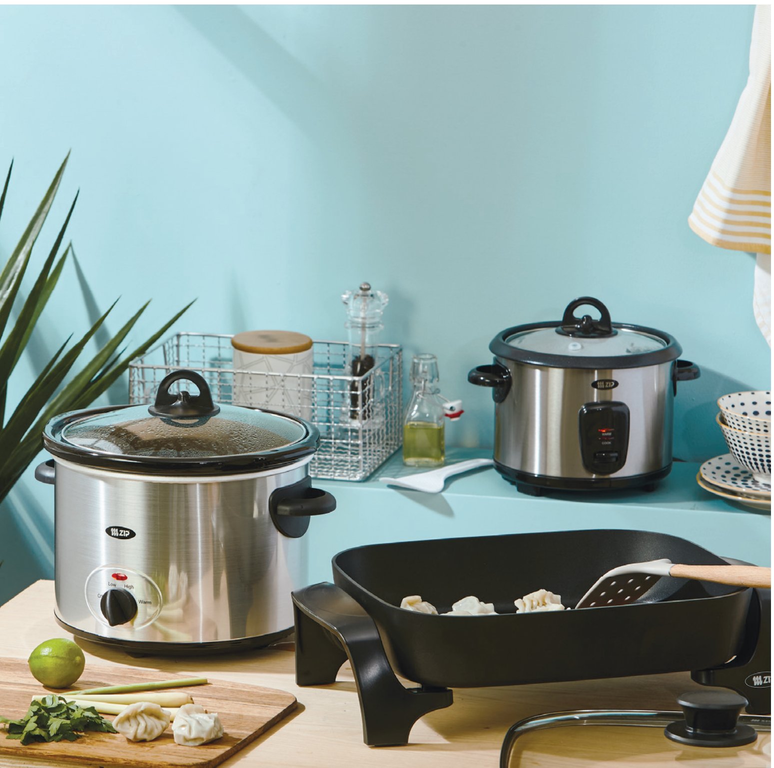
INTERIM REPORT
for the period ended 29 July 2018

REBEL SPORT

BRISCOES HOMEWARE

Living & Giving





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Chairman's and Managing Director's Report

The company produced a solid operating performance and financial results in the first half of the 2019 financial year, with further growth in both sales and earnings despite an inconsistent trading environment.

The retail sector remained highly competitive, with established operators working hard to attract their share of the consumer dollar and meet rising costs, and with further expansion by a major Australian chain. Competition from online retailers continued to grow, both in actual terms and in prospect.

Despite encouraging GDP growth and increased retail spending, consumer confidence remains subdued on the back of relative weakness in the Auckland housing market and the imposition of a regional fuel tax towards the end of the period.

We recently advised that we had begun work in relation to issues concerning the calculation and treatment of employee entitlements. These issues appear to affect numerous businesses across many sectors. Like some other businesses we are working through the necessary exercises to ensure we have fulfilled our commitments. Our first half result includes the payment and provision for amounts due to employees as a result of these exercises.

The company was able to produce a record net profit after tax (NPAT) of $29.34 million for the half-year through a combination of sales growth, enhanced stock control and other efficiency gains. NPAT was 2.7% higher than the $28.58 million recorded in the half-year to July 2017, setting a new first half earnings record for the seventh time in succession. Gross margin increased in both dollar and percentage terms.

Sales revenue was $293.20 million, compared with $281.08 million for the same period last year.

To succeed in such a competitive environment, retailers must offer compelling brand propositions and enjoyable customer experiences. Our homeware customers are seeking real value for money and quality products that perform. We frequently review the products we carry to ensure that what we offer is fresh and relevant; and we continue to work with our supply partners to make Rebel Sport the first choice in New Zealand for its categories of apparel, footwear and other sporting goods.

We believe that our focus on the customer, our mix of retail and product brands, our low-cost base and our ability to respond quickly to market changes position the company well to compete successfully into the future.

Operations

Both the homeware and sporting goods segments continued to perform well despite the shifts in the trading environment. On a same store basis – adjusted for store openings and closures – sales for the half-year were 2.46% ahead of those for the previous corresponding period. Online sales growth remained very strong, at well over 20%, with this channel now approaching 9% of our business.

Despite the increase in sales, inventory rose only very slightly, from $84.95 million to $85.01 million.

We remain pleased with the way our in-store teams and support functions have met the twin challenges of driving growth and managing inventory. The combination of quality brands and great prices continued to drive momentum, and our teams applied their skills to ensure that this was translated into our trading results.

Progress continued on a range of initiatives to ensure that our brands remain the first choice for homeware and sporting goods in New Zealand:

- An innovative research project to drive deep understanding of the markets in which we operate and customer behaviour within those markets, so we can create opportunities to profitably increase market share
- A major design and implementation programme to upgrade our online platform, which is fundamental to the way many customers engage with our brands, to make the shopping experience even more enjoyable
- New fulfilment centres in Whanganui, Hamilton, Rotorua and Glenfield to support online growth, with further additions planned by the end of the current year
- An extended trial of the 'Click and Collect' initiative, which allows customers to order online and pick up in-store, to ensure they can shop with us in the way they prefer
- Improved processes to drive efficiency and the speed of product movement to customers
- Continued analysis of stock flow to improve product availability and thus drive sales
- Increased capacity in our distribution centre and through external partners to maximise the efficiency of stock management over the key October-to-January trading period
- Continued focus on building and maintaining a safe working environment for staff and customers

We continued to invest in the development of operational business managers throughout the company, building strength and depth in store management to support continued improvement in this area. Training also continues to strengthen our in-store and online teams by improving recruitment and retention, customer care, administration and logistics. Product-based training for departmental managers is assisting them and their teams to meet and exceed customer expectations.

Stores

A number of store projects were progressed during this first half. February saw the opening of a new Rebel Sport store alongside our Briscoes Homeware store in Kerikeri. The new store was well received by the local community and is now fully established ahead of the key summer trading period.

We completed a full refurbishment of our Briscoes Homeware store in Rotorua which established online fulfilment capability as well combining back-of-house facilities across both the Briscoes Homeware and Rebel Sport stores.

Work continued on some major Group-owned property projects. Excellent progress has been made on the build to replace the Group's Support functions in Taylors Road, Auckland. The new offices and retail space are on track for the support office to relocate by September 2019, before the temporary relocation of the existing Briscoes Homeware store to allow for its complete rebuild.

Resource consent was obtained for our project to establish Briscoes Homeware and Rebel Sport stores at Silverdale, north of Auckland. Building consent has been lodged and we are hopeful of being able to open for trade early in 2020.

The existing Briscoes Homeware store at Northlands in Christchurch will relocate during the second half of the year to the new North Link Retail Centre at Papanui, where a new Rebel Sport store will also open before Christmas 2018.

A lease agreement has been signed to establish new Briscoes Homeware and Rebel Sport stores on a site in Mt Roskill, Auckland. We anticipate these stores opening by the end of 2019.

Our People

In August, Fiona Stewart commenced with the Group in the new role of General Manager Marketing and Strategy. Fi's strong marketing background across a number of retail businesses will bring additional perspective to how we focus on, and communicate with, our customers.

We appreciate that the quality of our business is a reflection of the people who operate it and who deal with our customers, suppliers and other trade partners on a daily basis. We have continued our investment in remuneration, and in enhancing other terms and conditions of employment, while remaining prudent as to the flow-on of costs through to our customers.

The investment we have made in training and developing our people is exemplified by the implementation of the Axonify learning platform. This tool provides a customised learning program that delivers and reinforces learning across areas as diverse as customer service, health & safety and trading compliance. It tests individual knowledge and skill on a daily basis to ensure that each of our team members is always competent.

In conjunction with that, through face-to-face training, revised programmes and materials, we continue to invest in building capability throughout the business.

Measures were taken across the business to ensure we provide safe and healthy places to work, shop and visit. These included the creation of traffic management plans for every site as well as the piloting of the 'First Move' manual handling training initiative in a number of locations.

Leadership is key in any business. Our lean operating model has been strengthened by the establishment of Zone Business Manager roles in a number of locations. These roles have provided career opportunities for the appointees along with an enhanced ability to develop and manage our retail network without the onerous overheads associated with traditional retail management structures.

Financial Results

Net Profit After Tax (NPAT) for the six months to 29 July 2018 was $29.34 million (unaudited), a 2.68% increase on the $28.58 million recorded for the previous July half-year.

Sales of $293.20 million were 4.31% higher than the $281.08 million recorded for the previous corresponding period.

Gross margin dollars increased by 5.21% and gross margin percentage increased from 40.58% to 40.93%. This reflected improvements in stock loss measurements as a result of improved loss prevention initiatives, as well as operational strategies focused on optimising inventory availability in relation to online fulfilment stores and promotional programmes.

Earnings before interest and tax (EBIT) was $40.62 million compared to $39.13 million for the same period last year – an increase of 3.80%.

Accounting Standard Change

The recent introduction of accounting standard *NZ IFRS 15: Revenue from Contracts with Customers* means that sales revenue reported by the Group will now include delivery fees charged to online customers for the delivery of products purchased directly online. The corresponding cost incurred by the Group for delivery of product to customers will be included in the total cost of goods sold. These amounts were previously offset and the net cost shown as a store expense. The reclassification will have the effect of increasing sales revenue and cost of goods sold, while decreasing gross profit and store expenses. There is no impact on the Group's reported net profit after tax. The table below shows the effect of the reclassification on selected Group reported amounts for the first halves of both this year and last year.

	1st Half 2018/19		1st Half 2017/18	
	Before Reclassification	After Reclassification	Before Reclassification	After Reclassification
Sales ($000)	292,237	293,200	280,257	281,080
Sales growth (%)	4.27%	4.31%		
Same-store-sales growth %	2.42%	2.46%		
Gross profit ($000)	121,101	120,004	114,992	114,058
Gross profit (%)	41.44%	40.93%	41.03%	40.58%
Store expenses ($000)	50,629	49,532	48,804	47,870
Earnings before interest and tax ($000)	40,615	40,615	39,129	39,129
Net profit after tax ($000)	29,342	29,342	28,576	28,576

Segmental Performance

Homeware

Sales from homeware stores increased 4.58% from $178.53 million to $186.70 million.

Despite some key categories competing with very strong sales growth in the corresponding period the previous year, they still managed to produce satisfactory sales and margin growth.

A very good close to summer resulted in early sell through of outdoor furniture and related summer products which would normally continue to sell through until April which leaves us in a good position with clean stocks of seasonal merchandise to start summer 2018.

Cold spells drove growth in heating sales and related categories with good management of stock ensuring that the benefit flowed through to margin growth.

Sporting Goods

Sales from our sporting goods stores increased 3.85% from $102.55 million to $106.50 million.

Sporting goods experienced satisfactory sales growth across most hardgoods and footwear categories. Apparel sales were tougher in comparison with heavy competition in womens' apparel and softer demand for supporters' gear.

Last year sporting goods sales for the half-year benefited from the British & Irish Lions rugby tour. This drove significant sales of supporters' gear and the anticipation and significance of the event kept New Zealand focused on sport throughout May, June and July of last year.

Kathmandu

The Group received a dividend of $1.71 million from its investment in Kathmandu Holdings Limited during the half-year. An additional tax expense has been incurred as a result of this interim dividend not being fully imputed for New Zealand shareholders. Briscoe Group invested a further $5.57 million in Kathmandu shares during the period, participating in their capital raising to fund the acquisition of North American retailer, Oboz Footwear. Our shareholding now stands at 18.90% and, as the largest single shareholder, we note the continued significant improvement in Kathmandu's trading performance, in particular in its most recent full-year result.

Financial Position

The Group had cash and bank balances of $46.23 million as at 29 July 2018, compared to $35.70 million the previous year. This period's balance includes approximately $15 million of creditor payments which were paid on 31 July 2018.

Inventory levels were $85.01 million, only slightly higher than the $84.95 million at the same time last year. The latest total reflected the impact of three additional stores opened by the Group since July last year – the Briscoes Homeware stores in Rangiora (September 2017) and Glenfield (December 2017) and a Rebel Sport Store in Kerikeri (February 2018) – and the closure of the Living & Giving store at Riccarton in March 2018.

Net capital expenditure was $9.50 million – predominantly for property development projects, system software and hardware and security equipment upgrades.

Dividend

The directors declared a fully imputed interim dividend of 8.00 cents per share on 20 September 2018. The previous interim dividend was 7.50 cents per share. Books closed to determine entitlements at 5pm on 4 October 2018 and payment to be made on 11 October 2018. A supplementary dividend of 1.4118 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 22 and 23).

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 approximately $7 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

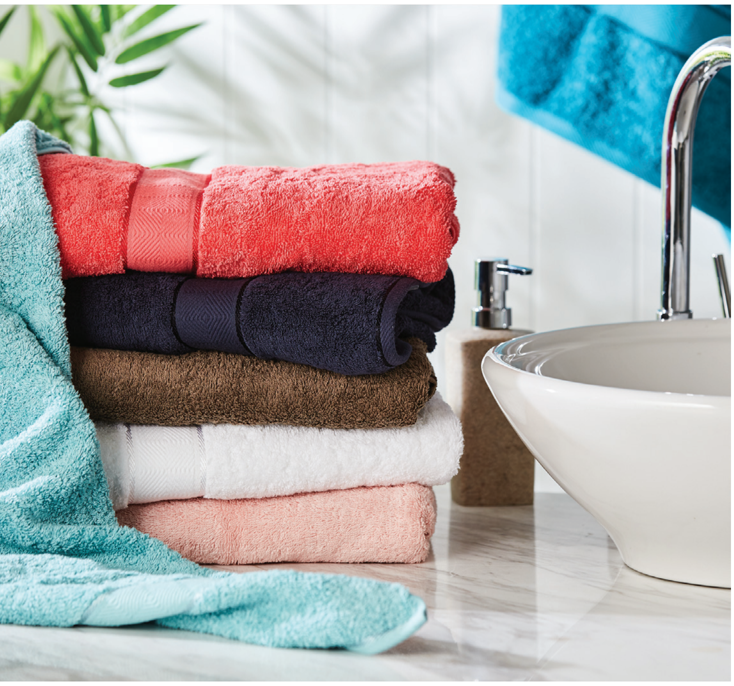
To the extent they are predictable, our expectation is for economic growth and consumer spending for the 2019 financial year to be broadly consistent with recent levels.

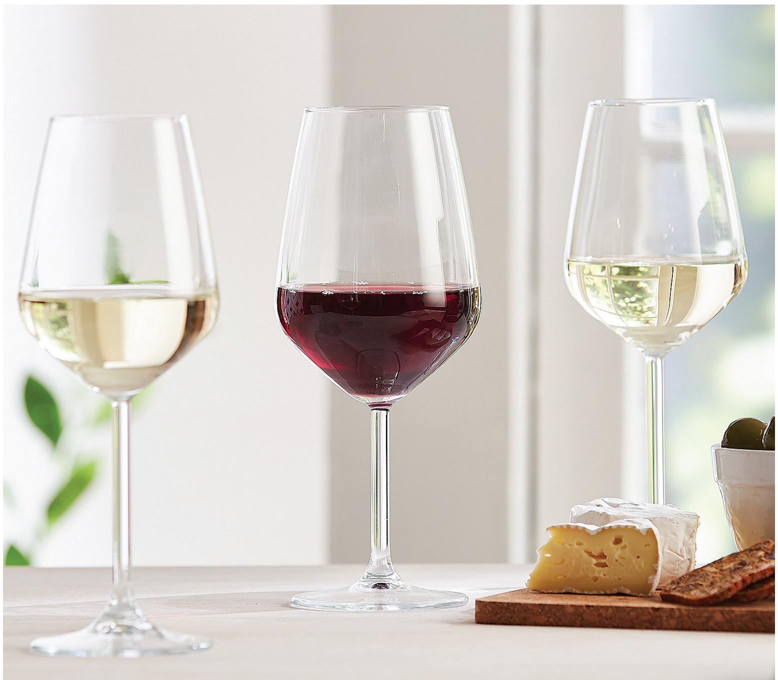
Softness in consumer confidence will have some effect across the retail sector – our goal is to deal with this influence more effectively than our competitors do. Some further increase can be expected in online competition. We have confidence in the company's ability to continue to meet the challenge of trading competitively through this channel.

External factors driving cost increases are already factored into our plans for the year. These include the impact of the decline in the New Zealand dollar relative to the US currency. We are well covered for the remainder of the year and will continue to monitor the issue and act accordingly.

We remain focused on the factors within our control – optimising our bricks and mortar network, enhancing our online presence and improving our performance across a range of internal dimensions including the customer experience, inventory management and speed of product movement.

With a marketing proposition that continues to deliver value to our customers, we are confident of continued strong performance over the balance of the year.





Directors' Approval of Consolidated Interim Financial Statements

Authorisation for Issue

The Board of Directors authorised the issue of these Consolidated Interim Financial Statements on 20 September 2018.

Approval by Directors

The Directors are pleased to present the Consolidated Interim Financial Statements for Briscoe Group Limited for the 26 week period ended 29 July 2018. (Comparative period is for the 26 week period ended 30 July 2017).

Dame Rosanne Meo
CHAIRMAN

Rod Duke
GROUP MANAGING DIRECTOR

20 September 2018
For and on behalf of the Board of Directors

Consolidated Income Statement

For the 26 week period ended 29 July 2018 (unaudited)

	Notes	26 Week Period Ended 29 July 2018 Unaudited $000	26 Week Period Ended 30 July 2017 Unaudited $000
Sales revenue	16	**293,200**	281,080
Cost of goods sold	16	**(173,196)**	(167,022)
Gross profit		**120,004**	114,058
Other operating income		**2,108**	2,183
Store expenses	16	**(49,532)**	(47,870)
Administration expenses		**(31,965)**	(29,242)
Earnings before interest and tax		**40,615**	39,129
Finance income		**419**	245
Finance costs		**(67)**	(75)
Net finance income		**352**	170
Profit before income tax		**40,967**	39,299
Income tax expense		**(11,625)**	(10,723)
Net profit attributable to shareholders	5	**29,342**	28,576
Earnings per share for profit attributable to shareholders:			
Basic earnings per share (cents)		**13.28**	13.00
Diluted earnings per share (cents)		**13.08**	12.73

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 29 July 2018 (unaudited)

	Notes	26 Week Period Ended 29 July 2018 Unaudited $000	26 Week Period Ended 30 July 2017 Unaudited $000
Net profit attributable to shareholders		**29,342**	28,576
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Change in value of investment in equity securities	8	**37,266**	14,836
Fair value (gain)/loss recycled to income statement		**(631)**	452
Fair value gain/(loss) taken to cashflow hedge reserve		**4,421**	(1,972)
Deferred tax on fair value gain/(loss) taken to income statement		**177**	(127)
Deferred tax on fair value (gain)/loss taken to cashflow hedge reserve		**(1,238)**	552
Total other comprehensive income		**39,995**	13,741
Total comprehensive income attributable to shareholders		**69,337**	42,317

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

Consolidated Balance Sheet

As at 29 July 2018 (unaudited)

	Notes	**As at 29 July 2018 Unaudited $000**	As at 30 July 2017 Unaudited $000	As at 28 January 2018 Audited $000
ASSETS				
Current assets				
Cash and cash equivalents		**46,230**	35,701	78,193
Trade and other receivables		**2,540**	2,930	2,737
Inventories		**85,005**	84,946	74,494
Held-for-sale assets		**-**	5,928	-
Derivative financial instruments		**2,459**	2	47
Total current assets		**136,234**	129,507	155,471
Non-current assets				
Property, plant and equipment		**88,598**	74,572	83,326
Intangible assets		**2,116**	1,104	1,364
Deferred tax		**3,045**	3,502	2,983
Investment in equity securities	8	**138,261**	91,418	95,427
Total non-current assets		**232,020**	170,596	183,100
TOTAL ASSETS		**368,254**	300,103	338,571
LIABILITIES				
Current liabilities				
Trade and other payables		**70,785**	69,994	81,161
Taxation payable		**3,253**	2,034	6,980
Derivative financial instruments		**6**	2,579	1,276
Total current liabilities		**74,044**	74,607	89,417
Non-current liabilities				
Trade and other payables		**735**	747	726
Total non-current liabilities		**735**	747	726
TOTAL LIABILITIES		**74,779**	75,354	90,143
NET ASSETS		**293,475**	224,749	248,428
EQUITY				
Share capital	10	**57,429**	53,942	56,467
Cashflow hedge reserve		**1,814**	(1,911)	(915)
Share options reserve		**1,163**	1,124	1,045
Other reserves		**64,010**	22,735	26,744
Retained earnings		**169,059**	148,859	165,087
TOTAL EQUITY		**293,475**	224,749	248,428
Net Tangible Assets per Security (cents)		**131.77**	101.68	111.90

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 29 July 2018 (unaudited)

	Notes	**26 Week Period Ended 29 July 2018 Unaudited $000**	26 Week Period Ended 30 July 2017 Unaudited $000
OPERATING ACTIVITIES			
Cash was provided from			
Receipts from customers		**293,087**	279,624
Rent received		**401**	401
Dividends received		**1,707**	1,604
Interest received		**564**	291
Insurance recovery		**-**	178
		295,759	282,098
Cash was applied to			
Payments to suppliers		**(227,915)**	(216,114)
Payments to employees		**(34,689)**	(34,514)
Interest paid		**(67)**	(50)
Net GST paid		**(9,062)**	(10,118)
Income tax paid		**(16,475)**	(15,035)
		(288,208)	(275,831)
Net cash inflows from operating activities		**7,551**	6,267
INVESTING ACTIVITIES			
Cash was provided from			
Proceeds from sale of property, plant and equipment		**-**	5
		-	5
Cash was applied to			
Purchase of property, plant and equipment		**(8,348)**	(7,067)
Purchase of intangible assets		**(1,150)**	(472)
Investment in equity securities		**(5,568)**	-
		(15,066)	(7,539)
Net cash outflows from investing activities		**(15,066)**	(7,534)
FINANCING ACTIVITIES			
Cash was provided from			
Issue of new shares	10	**845**	1,064
Net proceeds from borrowings	9	**-**	-
		845	1,064
Cash was applied to			
Dividends paid	11	**(25,401)**	(24,152)
		(25,401)	(24,152)
Net cash outflows from financing activities		**(24,556)**	(23,088)
Net decrease in cash and cash equivalents		**(32,071)**	(24,355)
Cash and cash equivalents at beginning of period		**78,193**	60,066
Foreign cash balance cash flow hedge adjustment		**108**	(10)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**46,230**	35,701

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 29 July 2018 (unaudited)

	26 Week Period Ended 29 July 2018 Unaudited $000	26 Week Period Ended 30 July 2017 Unaudited $000
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT		
Reported net profit attributable to shareholders	**29,342**	28,576
Items not involving cash flows		
Depreciation and amortisation expense	**3,430**	2,893
Adjustment for fixed increase leases	**10**	4
Bad debts and movement in doubtful debts	**51**	49
Inventory adjustments	**451**	1,143
Amortisation of executive share options cost	**265**	367
Loss on disposal of assets	**44**	78
	4,251	4,534
Impact of changes in working capital items		
Decrease/(Increase) in trade and other receivables	**146**	(420)
Increase in inventories	**(10,962)**	(7,158)
Decrease in taxation payable	**(3,727)**	(4,250)
Decrease in trade payables	**(10,326)**	(9,104)
Decrease in other payables and accruals	**(1,173)**	(5,911)
	(26,042)	(26,843)
Net cash inflows from operating activities	**7,551**	6,267

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 29 July 2018 (unaudited)

	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 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	8	-	-	-	14,836	-	14,836
Net fair value loss taken through cashflow hedge reserve		-	(1,095)	-	-	-	(1,095)
Total comprehensive income for the period		-	(1,095)	-	14,836	28,576	42,317
Transactions with owners:							
Dividends paid	11	-	-	-	-	(24,152)	(24,152)
Share options charged to income statement		-	-	367	-	-	367
Share options exercised	10	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
Net profit attributable to shareholders for the period		-	-	-	-	32,749	32,749
Other comprehensive income:							
Change in value of investment in equity securities		-	-	-	4,009	-	4,009
Net fair value gain taken through cashflow hedge reserve		-	996	-	-	-	996
Total comprehensive income for the period		-	996	-	4,009	32,749	37,754
Transactions with owners:							
Dividends paid		-	-	-	-	(16,558)	(16,558)
Share options charged to income statement		-	-	265	-	-	265
Share options exercised		2,525	-	(307)	-	-	2,218
Transfer for share options lapsed and forfeited		-	-	(37)	-	37	-
Balance at 28 January 2018		56,467	(915)	1,045	26,744	165,087	248,428
Net profit attributable to shareholders for the period		**-**	**-**	**-**	**-**	**29,342**	**29,342**
Other comprehensive income:							
Change in value of investment in equity securities	8	**-**	**-**	**-**	**37,266**	**-**	**37,266**
Net fair value gain taken through cashflow hedge reserve		**-**	**2,729**	**-**	**-**	**-**	**2,729**
Total comprehensive income for the period		**-**	**2,729**	**-**	**37,266**	**29,342**	**69,337**
Transactions with owners:							
Dividends paid	11	**-**	**-**	**-**	**-**	**(25,401)**	**(25,401)**
Share options charged to income statement		**-**	**-**	**266**	**-**	**-**	**266**
Share options exercised	10	**962**	**-**	**(117)**	**-**	**-**	**845**
Transfer for share options lapsed and forfeited		**-**	**-**	**(31)**	**-**	**31**	**-**
Balance at 29 July 2018		**57,429**	**1,814**	**1,163**	**64,010**	**169,059**	**293,475**

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 29 July 2018 (unaudited)

1. Reporting Entity

Briscoe Group Limited (the Company) and its subsidiaries (together the Group) is a retailer of homeware and sporting goods. The Company is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange (NZX). Briscoe Group Limited is registered under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is 36 Taylor's Road, Morningside, Auckland 1025, New Zealand. The Company is registered in Australia as a foreign company under the name Briscoe Group Australasia Limited and is listed on the Australian Securities Exchange as a foreign exempt entity. (NZX / ASX code: BGP)

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 28 January 2018 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 29 January 2018 to 29 July 2018. The comparative period is in respect of the 26 week period 30 January 2017 to 30 July 2017. The year-end balance date will be 27 January 2019 and full financial statements will cover the 52 week period 29 January 2018 to 27 January 2019. 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 28 January 2018 have been applied to these consolidated condensed interim financial statements.

3. Accounting Policies

Other than the effect of new accounting standards adopted during the period as set out in Note 16, the interim financial statements of the Group for the 26 week period ended 29 July 2018 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 28 January 2018.

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.

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. (2017: 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 29 July 2018

	Homeware $000	Sporting goods $000	Eliminations/ unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	**186,701**	**106,499**	**-**	**293,200**
Gross profit	**77,195**	**42,809**	**-**	**120,004**
Earnings before interest and tax	**23,694**	**14,330**	**2,591**	**40,615**
Finance income	**100**	**294**	**25**	**419**
Finance costs	**-**	**-**	**(67)**	**(67)**
Net finance income / (costs)	**100**	**294**	**(42)**	**352**
Income tax expense	**(6,751)**	**(4,095)**	**(779)**	**(11,625)**
Net profit after tax	**17,043**	**10,529**	**1,770**	**29,342**
BALANCE SHEET				
Assets	**149,832**	**93,891**	**124,531**[1.]	**368,254**
Liabilities	**57,238**	**29,222**	**(11,681)**	**74,779**
OTHER SEGMENTAL ITEMS				
Acquisitions of property, plant and equipment, intangibles and investments	**8,609**	**889**	**5,568**	**15,066**
Depreciation and amortisation expense	**2,400**	**1,030**	**-**	**3,430**

1. Investment in equity securities	*138,261*
Intercompany eliminations	*(20,879)*
Other balances	*7,149*
	124,531

For the period ended 30 July 2017

	Homeware $000	Sporting goods $000	Eliminations/ unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	178,526	102,554	-	281,080
Gross profit	72,877	41,181	-	114,058
Earnings before interest and tax	22,399	14,008	2,722	39,129
Finance income	97	128	20	245
Finance costs	-	-	(75)	(75)
Net finance income / (costs)	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

6. Expenses

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

	26 Week Period Ended 29 July 2018 $000	26 Week Period Ended 30 July 2017 $000
Depreciation of property, plant and equipment	**3,032**	2,564
Amortisation of software costs	**398**	329
Wages, salaries and other short term benefits	**35,055**	31,290
Operating lease rental expense	**16,836**	14,020
Loss on disposal of property, plant and equipment, intangibles and investments	**44**	78

7. Property, plant and equipment

Acquisitions and disposals

During the 26 week period ended 29 July 2018, the Group acquired property, plant and equipment with a total cost of $8,348,098 (2017: $7,066,620). Property, plant and equipment with a net book value of $46,200 (2017: $85,161) were disposed of during the 26 week period ended 29 July 2018.

8. Investment in equity securities

In June 2015 Briscoe Group Limited acquired 40,095,432 shares in Kathmandu Holdings Limited for a value of $68,682,734. During March and April 2018, as part of capital raising programmes initiated by Kathmandu, Briscoe Group Limited acquired a further 2,577,870 shares for a cost of $5,568,198. The holding represented an 18.94% ownership in Kathmandu Holdings Limited as at 29 July 2018. These shares are equity investments, quoted in the active market, which the Group has elected to designate as a financial asset at fair value through other comprehensive income (FVOCI). An adjustment was made at period end to reflect the fair value of these shares as at 29 July 2018.[1.]

	$000
At 29 January 2017	76,582
Additions	-
Change in value credited to other reserves	14,836
At 30 July 2017	91,418
Additions	-
Change in value credited to other reserves	4,009
At 28 January 2018	95,427
Additions	**5,568**
Change in value credited to other reserves	**37,266**
At 29 July 2018	**138,261**

1. Fair value determined to be $3.24 ($2017: $2.28) per share as per NZX closing price of Kathmandu Holdings Limited as at 27 July 2018 (2017: 28 July 2017).

9. Interest bearing liabilities

There were no interest bearing liabilities as at 29 July 2018. (2017: Nil). The unsecured facility with the Bank of New Zealand for $40 million in place at the last year-end balance date of 28 January 2018, expires on 20 September 2018 and will be renewed for a further twelve months. The facility is sufficiently flexible that the amounts can be drawn down and repaid to accommodate fluctuations in operating cash flows within overall limits, without the need for prior approval of the bank.

10. Share capital

	Authorised Shares No. of Shares	Share capital $000
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
Issue of ordinary shares during the period: Exercise of options	840,000	2,525
At 28 January 2018	220,794,500	56,467
Issue of ordinary shares during the period: Exercise of options	**320,000**	**962**[1.]
At 29 July 2018	**221,114,500**	**57,429**

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 320,000 shares issued during the 26 week period ended 29 July 2018 were $116,928 and $844,800 respectively ($121,676 and $1,064,340 respectively for the 438,000 shares issued during the 26 week period ended 30 July 2017).*

11. Dividends

	Period ended 29 July 2018 Cents per share	Period ended 30 July 2017 Cents per share	**Period ended 29 July 2018 $000**	Period ended 30 July 2017 $000
Final dividend for the period ended 28 January 2018	**11.50**	-	**25,401**	-
Final dividend for the period ended 29 January 2017	**-**	11.00	**-**	24,152
	11.50	11.00	**25,401**	24,152

All dividends paid were fully imputed. Supplementary dividends of $183,738 (2017: $172,736) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

On 20 September 2018 the Directors resolved to provide for an interim dividend to be paid in respect of the period ended 27 January 2019. The dividend will be paid at the rate of 8.00 cents per share for all shares on issue as at 4 October 2018, will full imputation credits attached.

12. 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 28 January 2018. 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 (foreign exchange contracts) and an investment in equity securities. 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 investment in equity securities is 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.

Derivative financial instruments
Derivative financial instruments comprise of forward foreign exchange contracts which have been fair valued using market forward foreign exchange rates at period end.

Investment in equity securities
The investment in equity securities has 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 29 July 2018:

	As at 29 July 2018 $000	As at 30 July 2017 $000	As at 28 January 2018 $000
Assets			
Derivative financial instruments	**2,459**	2	47
Investment in equity securities	**138,261**	91,418	95,427
Total Assets	**140,720**	91,420	95,474
Liabilities			
Derivative financial instruments	**6**	2,579	1,276
Total Liabilities	**6**	2,579	1,276

13. 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 29 July 2018 $000	26 Week Period Ended 30 July 2017 $000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	**6,458**	6,612
The Sports Authority Limited (trading as Rebel Sport)	**3,765**	3,847
Total management fees charged	**10,223**	10,459
Dividends received by the Company from:		
Briscoes (NZ) Limited	**25,396**	24,148
The Sports Authority Limited (trading as Rebel Sport)	**-**	-
Total dividends received	**25,396**	24,148

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 is a trustee, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments of $322,500 (2017: $315,250) 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 (2017: $267,582) 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 $19,613,279 (2017: $18,737,965).

- P Duke, spouse of RA Duke, received payments of $32,500 (2017: $32,500) in relation to her employment as an overseas buying specialist with Briscoe Group Limited and rental payments of $412,500 (2017: $412,500) as owner of the Briscoes Homeware premises at Panmure, Auckland under an agreement to lease premises to Briscoes (NZ) Limited.

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

	26 Week Period Ended 29 July 2018		26 Week Period Ended 30 July 2017	
	Directors' Fees	**Dividends**	Directors' Fees	Dividends
	$000	**$000**	$000	$000
Executive Director				
RA Duke	**-**	**-**	-	-
Non-Executive Directors				
RPO'L Meo	**63**	**-**	54	-
MM Devine	**37**	**1**	37	3
AD Batterton	**39**	**-**	39	-
RAB Coupe	**38**	**1**	37	-
	177	**2**	167	3

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

	26 Week Period Ended 29 July 2018	26 Week Period Ended 30 July 2017
	$000	$000
Executive Director		
RA Duke	**19,613**	18,738
Non-Executive Directors		
RPO'L Meo	**12**	11
MM Devine	**-**	-
AD Batterton	**1**	-
RAB Coupe	**-**	-

14. Contingent liabilities

There were no contingent liabilities as at 29 July 2018. (2017: Nil).

15. Events after balance date

On 20 September 2018 the directors resolved to provide for an interim dividend to be paid in respect of the 52 week period ending 27 January 2019. The dividend will be paid at a rate of 8.00 cents per share on issue as at 4 October 2018, with full imputation credits attached.

16. Accounting standards

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the period ended 28 January 2018, as described in those annual financial statements.

There were two new standards applied during the period.

• ***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, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group notes the following impacts from the adoption of the new standard on 29 January 2018.

The Group has assessed which business models apply to its financial assets and classified these into the appropriate categories under NZ IFRS 9. The only reclassification arising is for the investment in equity securities which was previously classified under NZ IAS 39 as an available for sale financial asset, and for which a fair value through other comprehensive income (FVOCI) election is available under NZ IFRS 9. The Group has taken this election. The new standard will not affect the measurement of these equity instruments . However, cumulative gains or losses realised on the sale of equity instruments at FVOCI will no longer be transferred to profit or loss on sale, but instead will be reclassified from Other Reserves to Retained Earnings.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have such liabilities. The derecognition rules have been transferred from *NZ IAS 39: Financial Instruments: Recognition and Measurement* and have not been changed.

The new hedge accounting rules align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group's risk management strategies and hedge documentation are aligned with the requirements of NZ IFRS 9, and these relationships are treated as continuing hedges. The Group's current hedge relationships qualify as continuing cash flow hedges upon the adoption of NZ IFRS 9. Under NZ IFRS 9, the Group's forward foreign exchange contracts are accounted for using the forward rate approach, whereby the hedged risk is designated as being changes in the forward rate, with changes in the full fair value of the forward contracts being accounted for through other comprehensive income (to the extent the hedge is effective). Accordingly, the Group does not have a significant impact on the accounting treatment for its hedging relationships. The nature and extent of the Group's disclosure note in relation to its hedging relationships will change in the consolidated financial statements for the full year period ending 27 January 2019.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as was the case under NZ IAS 39. The standard applies to the Group in relation to financial assets classified at amortised cost, being the Group's trade receivables. Based on the Group's assessment of historical provision rates and forward-looking analysis, there is no material financial impact on the impairment provisions.

• ***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. It replaces the current revenue recognition guidance in *NZ IAS: 18 Revenue* and *NZ IAS 11: Construction Contracts*. The new standard is based on the principle that revenue is recognised when control of a good and service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group has taken a full retrospective approach and no practical expedients have been applied.

Adoption of NZ IFRS 15 has given rise to the reclassification of delivery fees charged to customers and the corresponding cost incurred by the Group for these customer deliveries has been reclassified to align with this. Delivery fees charged to customers are considered to be part of the same performance obligation as the sale of the goods, as control of the goods passes to customers when they physically receive the goods. Previously, the delivery fees charged and corresponding cost incurred have been offset and the net cost shown under 'store expenses' in the income statement. The reclassification has the following effects in the period ended 29 July 2018:

- increases sales revenue by the amount of the delivery fees charged by the Group to customers by $0.96 million
- increases the cost of gozount of the cost incurred by the Group for the deliveries by $2.06 million
- decreases 'store expenses' by $1.10 million

The Group's income statement for the comparative period shown in these interim financial statements has been reclassified to reflect the effects outlined above. A reconciliation showing the adjustments made to the income statement to restate the prior period comparatives is shown below:

	26 Week Period Ended 30 July 2017 Before Reclassification	Adjustments	**26 Week Period Ended 30 July 2017 After Reclassification**
	$000	$000	**$000**
Sales revenue	280,257	823	**281,080**
Cost of goods sold	(165,265)	(1,757)	**(167,022)**
Gross profit	114,992	(934)	**114,058**
Other operating income	2,183	-	**2,183**
Store expenses	(48,804)	934	**(47,870)**
Administration expenses	(29,242)	-	**(29,242)**
Earnings before interest and tax	39,129	-	**39,129**
Finance income	245	-	**245**
Finance costs	(75)	-	**(75)**
Net finance income	170	-	**170**
Profit before income tax	39,299	-	**39,299**
Income tax expense	(10,723)	-	**(10,723)**
Net profit attributable to shareholders	28,576	-	**28,576**

There were no other material impacts on revenue recognition as a result of the adoption of NZ IFRS 15. There was no impact on basic or diluted earnings per share as a result of adopting NZ IFRS 15.

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 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 income statement will also be impacted by the recognition of an interest expense and a depreciation expense and the removal of the current rental expense.

This standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $117 million. On adoption, NZ IFRS 16 will have a significant impact on the Group's consolidated balance sheet and consolidated income statement.

Management has developed a model to calculate the full quantitative impact of their current operating leases under NZ IFRS 16 as at 28 January 2019, being the date of adoption. The model requires management to make some key judgements including:

- The incremental borrowing rate used to discount lease assets and liabilities; and
- The lease term including potential rights of renewals.

Management's process to date highlights that the potential impact based on the current lease arrangements is expected to be material to the consolidated balance sheet on the date of adoption (being 28 January 2019), with impacts on the following line items:

- Recognition of a right of use asset;
- Recognition of a lease liability; and
- Decrease in opening retained earnings.

The impact on the consolidated income statement for the period ended 26 January 2020 is expected to be:

- Decrease in store expenses (operating lease rental expense);
- Increase in depreciation and amortisation expense; and
- Increase in finance costs (interest expense).

The impact on each of these line items is expected to be significant however currently management do not expect the overall effect on net profit attributable to shareholders to be material. An estimate of the quantitative impact of the above was disclosed in the 28 January 2018 Annual Report.

The above has no cash effect to the Group and the change is for financial reporting purposes only.

Current estimates are likely to change at time of adoption and for the period ended 26 January 2020, mainly due to:

- Finalisation of management's judgements and subsequent movements in the inherent borrowing rate (interest rates);
- New lease contracts entered into by the Group;
- Any changes to existing lease contracts; and
- Change in management's judgement to exercise rights of renewals under lease arrangements.

The Group currently intends to adopt the simplified transition approach under NZ IFRS 16 in the period ended 26 January 2020 and will not restate comparative amounts for the period prior to first adoption.

Independent review report

To the shareholders of Briscoe Group Limited

Report on the interim financial statements

We have reviewed the accompanying interim financial statements of Briscoe Group Limited (the Company) and its controlled entities (together, the Group) on pages 6 to 21, which comprise the consolidated balance sheet as at 29 July 2018, 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 interim financial statements

The Directors are responsible on behalf of the Company for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and 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 interim 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 interim 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 interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and 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 interim 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 interim financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of financial and tax due diligence and advice on executive incentive schemes. The provision of these other services has not impaired our independence.

Conclusion

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

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
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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 Company and the Company's 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
20 September 2018

Auckland

Notes

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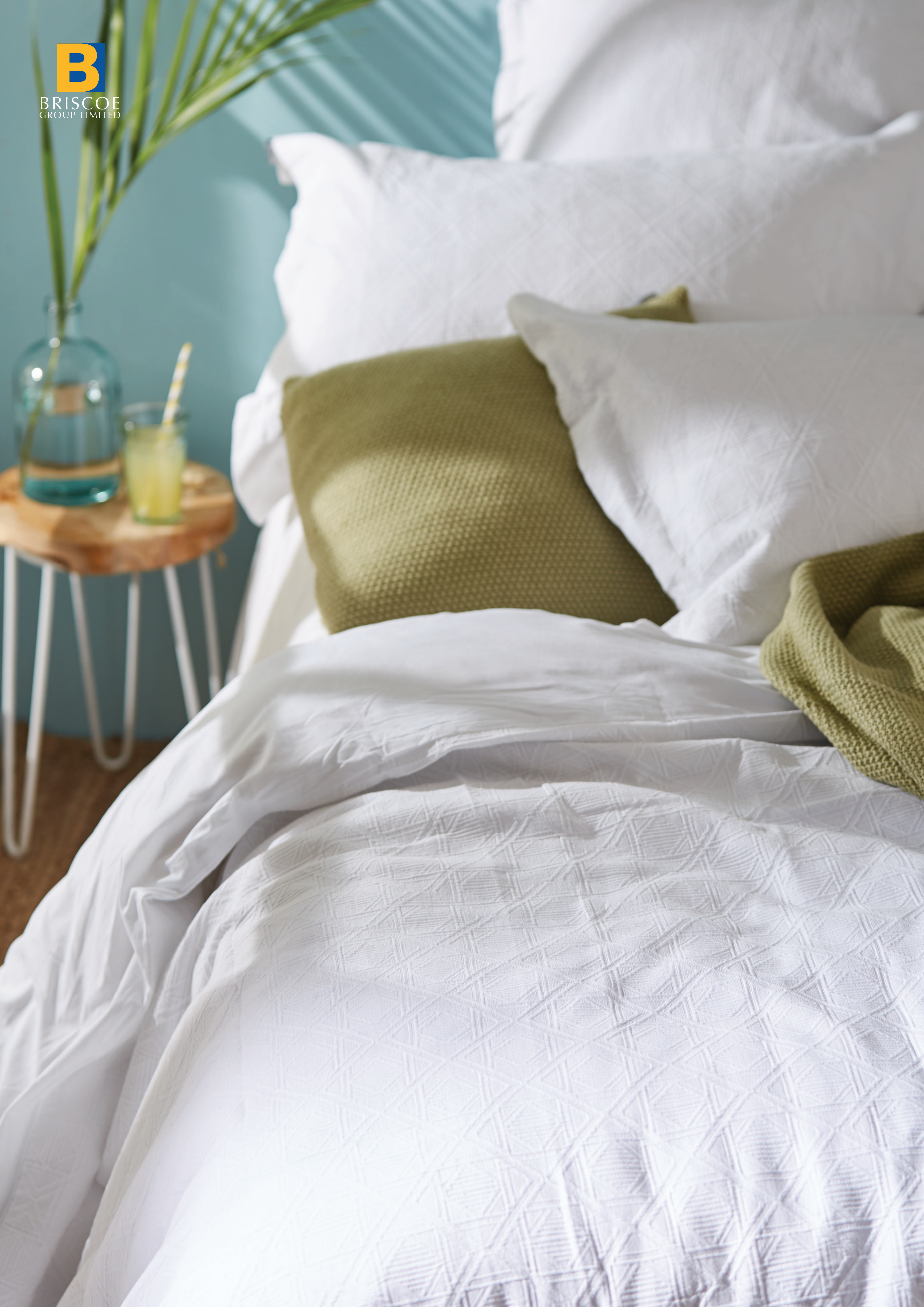
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