BRISCOE
GROUP LIMITED

Interim Report

for the period ended 26 July 2015

Contents

Chairman's and Managing Director's Report

On behalf of the Board of Directors, we are pleased to present the Interim Report of Briscoe Group Limited for the 26 week period ended 26 July 2015.

We are very happy with the sales and margin growth generated by the Group during the first half of this year compared to the same period last year.

Management of inventory levels was particularly challenging with warm weather patterns interrupted from time to time by very cold spells. This reinforced the importance of our close control of inventory levels and flexible promotional programmes to which customers responded well.

Rebel Sport traded strongly throughout the period assisted by the continued alignment of sport with fashion. Excellent management of inventory levels and careful selection of attractive ranges from key suppliers, supported by an effective marketing programme, resulted in significantly improved sales and margin across our sporting goods categories.

An improved sales performance from homewares was achieved during the second quarter as a result of the management team reacting effectively to lower-than-expected trading for the first quarter of the financial year. Every promotion was reviewed to ensure the offers, and the media mixes and weightings, made the most of the conditions to maximise sales and gross profit.

Continual improvements in the ranges and quality of the brands we offer to Briscoes Homeware and Living & Giving customers are a priority. We have continued to refine ranges offered under each brand and have added additional well-known brands in kitchenware, tabletop, manchester and small appliances. Examples include the extension of the Royal Doulton brand into bedware, as well as the addition of the Royal Premiere, Oxo and NutriBullet brands and the extension of the Jamie Oliver brand into kitchen napery.

The second half of this year will see further development of branded products. Already in stores is the redesigned outdoor furniture range under the 'Outdoor Creations', 'Coastal Classic' and 'Amalfi' brands to cover different styles of outdoor furniture and to offer our customers an even higher level of quality for product in this category. The outdoor furniture range is the biggest single import programme for Briscoe Group and we are confident that the enhancements made to the range this year will appeal to customers. This year we will add Masterchef branded barbecues to our range, to build on the success achieved last summer.

Operations

Operational effectiveness and efficiency have been improving steadily throughout the Group for many years, with a commitment to improve our understanding of all important factors that affect our businesses' performance and to adopt the best possible strategies and plans, and make the best possible decisions. The gains have been made from improved systems, better utilisation of information, better training and development of our people, and better internal communication.

There has been increasing sophistication in the ways in which we manage and refine our promotional programmes to drive sales at acceptable margins and ensure seasonal stocks are managed at appropriate levels in the challenging climatic and economic environments that we have been encountering.

A strong focus has been given to assisting our business managers to optimise their store rosters and labour levels to more accurately forecast store labour spend. Improved accuracy of forecasting is proving to be a particularly important skillset of our business managers.

In last year's interim report we outlined the benefits we expected to achieve from the implementation of inventory scanning at our stores. We are pleased to report that the project has achieved the benefits anticipated and is enabling stock to flow quickly and efficiently from receipt through to the sales floor ensuring new season product is available to our customers very quickly. The benefits of this process can be more clearly seen in the Rebel Sport stores where stock processing was traditionally more difficult than in Briscoes Homeware stores.

We continue to experience good growth through our online channel and have established additional fulfilment capacity to come on stream as volumes build towards peak levels later in the year. Search functionality has also been improved to make our websites easier for customers to use. We remain committed to continual improvement of the overall online shopping experience. Online sales now account for over 4% of the total Group sales with strong growth anticipated for the foreseeable future.

We are excited about our Briscoes Homeware initiative to offer a selected range of manchester product to online customers in Australia. This offer went live in early September and is an initial step to explore the attractiveness of selling homeware online in the Australian market. Our approach is deliberately low cost and low risk. It is leveraging existing product ranges, and our established successful technical platform and infrastructure.

Stores

The opening in March of a new Rebel Sport store at Hornby in Christchurch took the total number of Group stores to 80 as at 26 July 2015.

A number of major store projects and relocations were completed during the first half. During February the final stages of the extension and refit were completed at the Briscoes Homeware store in Invercargill. This was the completion of a major staged project that resulted in an increased and updated retail footprint supported by a larger purpose-built storeroom. In March we opened a new Rebel Sport store at Hornby in Christchurch situated alongside our existing Briscoes Homeware store. In April we relocated the Briscoes Homeware store in Taupo to a modern larger location with improved back-of-house facilities. The Briscoes Homeware store in Hamilton was relocated to a new site adjacent to the existing one in May and in July a major refit and a new store layout were completed in Gisborne at our Briscoes Homeware and Rebel Sport stores, respectively.

These major development projects were completed on time and within budget as a result of the commitment and hard work of the development team and affected store teams, all of whom we acknowledge and congratulate for creating improved shopping experiences for our customers.

During the second half of the year we plan to implement projects to realign the retail space in the Rebel Sport stores at Tauranga, Albany and Lyall Bay. The Briscoes Homeware store in Tauranga will undergo a major reconfiguration to improve the customer flow and reflect the latest findings from our space allocation analysis across product categories. We are also well underway with the development of new Briscoes Homeware and Rebel Sport stores at Queenstown with trading anticipated before November 2015.

Financial Results

For the six months ended 26 July 2015, the Group reported an unaudited net profit after tax (NPAT) of $20.46 million, representing an increase of 10.83% over last year's $18.46 million and an increase of 22.36% when normalised by adjusting for the Business Interruption insurance recovery booked last year, and the costs incurred to date in relation to the takeover offer for and the acquisition of shares in Kathmandu Holdings Limited.

The earnings were generated on sales of $243.96 million compared to the $231.45 million generated for the same period last year, an increase of 5.41%.

Gross margin dollars increased 9.20% for the period reflecting the benefit of strong sales growth as well as the gross margin percentage increasing from 39.60% to 41.03%. The gross margin percentage

continues to benefit from the constant focus on inventory management with initiatives such as the stock receipting (via scanning) project implemented last year, continued refinement of the quality and breadth of local and international product ranges as well as foreign exchange cover taken out last year when the New Zealand dollar was stronger against the US dollar than it has been this year. These factors are more than offsetting the high levels of competitiveness across the retailing sectors in which the Group operates.

Earnings before interest and tax (EBIT)[1] of $28.17 million was generated for the six months to 26 July 2015. This compares to $24.90 million for the same period last year and represents an increase of 13.12%.

Segmental Performance

Homeware

Sales from homeware stores increased 3.01% from $153.57 million to $158.19 million for the period under review.

The unsettled weather patterns outlined earlier in this report created substantial challenges for the merchandise and marketing teams and we are particularly pleased with the increases in sales and gross margin generated by their response.

Inventory is well balanced across the categories and with some exciting outdoor ranges due in the second half of the year we are well positioned to drive sales growth.

Sporting Goods

Sales from our sporting goods stores for the first half of this year increased 10.13% from $77.89 million to $85.77 million.

The majority of sporting goods categories performed strongly with stock well managed. The withdrawal from New Zealand of 'FCO' has seen stronger growth for the fishing and camping categories, which should see further benefit as they build toward their peak sales periods across Spring and Summer.

Kathmandu Takeover

Briscoe Group's full takeover offer for Kathmandu Holdings Limited (Kathmandu) closed on 17 September 2015 with insufficient acceptances to satisfy the minimum acceptance condition and thus lapsed in accordance with its terms.

We are disappointed that our offer was unsuccessful as we believe there would be significant benefits for our shareholders and the shareholders of Kathmandu from merging our two businesses. As Kathmandu's largest single shareholder we will continue to watch its performance very closely. We remain open to the idea of progressing this at some stage in the future.

Financial Position

As at 26 July 2015 the Group had cash and bank balances of $16.69 million, compared to $60.24 million at 27 July 2014; the reduction being primarily a result of the acquisition of shares in Kathmandu Holdings Limited.

Inventory levels at 26 July 2015 were $77.47 million, $4.23 million higher than the $73.24 million at the same time last year reflecting the two additional Rebel Sport stores opened at Coastlands (December 2014) and in Hornby (March 2015), increased stock holdings to satisfy the significant increases experienced in online sales and increased levels of product directly imported by the Group.

In addition to the purchase of shares in Kathmandu Holdings Limited, capital expenditure including software, of $9.74 million was made during the six months to 26 July 2015. The main areas of expenditure were for settlement of property transactions, online platform enhancements and store fit-outs and refurbishments.

1. Earnings before interest and tax (EBIT) is a non-GAAP measure. Refer to the income statement on page 5.

Dividend

On 14 September 2015, the directors declared a fully imputed interim dividend of 6.00 cents per share. This compares to last year's interim dividend of 5.50 cents per share and represents 64% of the Group's tax paid profit for the period. Books will close to determine entitlements at 5pm on 28 September 2015 and payment will be made on 5 October 2015. In addition to the interim dividend, a supplementary dividend of 1.0588 cents per share was declared and will be paid to non-resident shareholders.

Half Year Review

The interim financial statements represented in this report are unaudited however they have been independently reviewed by PricewaterhouseCoopers who have issued an unqualified independent review report to the company's shareholders (refer page 20 & 21).

Community Sponsorship

At Briscoe Group we pride ourselves on being a responsible and socially aware corporate citizen.

We are proud to be a key partner of Cure Kids and believe it is important to put our support and resources behind a cause that fits our values. To date we have raised approximately $4.5 million to help them fund leading-edge research to enhance the quality of life for thousands of Kiwi children and their families.

Alaister Wall, Executive Director of Briscoe Group continues as a director of Cure Kids, with support for the charity also coming from throughout the Group and from Group suppliers and other parties we work with.

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

Outlook

The economic outlook for the second half is mixed with uncertainty around the dairy sector and consumer confidence as well as a weaker New Zealand dollar assisting exporters but providing headwinds for importers. Offsetting these to some extent, low interest rates are forecast for the remainder of the year and inflation rates are expected to remain at relatively low levels.

For the rest of this year and certainly into 2016 it will be imperative for retailers to focus on protecting gross margin percentage as we start to experience the effects of a weaker New Zealand dollar against the US dollar. It is inevitable that importers' margins will be adversely affected over time as foreign exchange cover taken at higher levels matures. The Group has carried out extensive analysis and modeling to simulate various price-cost-quantity scenarios to ensure we optimise margin opportunities and challenges as we enter this weaker currency environment.

The major development projects we have completed and have planned for the remainder of the year will all be in place prior to the peak Christmas trading period and we remain confident that we have the appropriate plans in place to continue to grow the Group for the benefit of all stakeholders.

Dame Rosanne Meo CHAIRMAN	Rod Duke GROUP MANAGING DIRECTOR

Financial Statements

For the 26 week period ended 26 July 2015 (unaudited)

The Interim Financial Statements presented are signed for and on behalf of the Board, and were authorised for issue on the date below.

Dame Rosanne Meo
CHAIRMAN

Rod Duke
GROUP MANAGING DIRECTOR

14 September 2015

Consolidated Income Statement

For the 26 week period ended 26 July 2015 (unaudited)

	Notes	**26 Week Period Ended 26 July 2015 Unaudited $000**	26 Week Period Ended 27 July 2014 Unaudited $000
Sales revenue	6	**243,963**	231,452
Cost of goods sold		**(143,871)**	(139,791)
Gross profit	6	**100,092**	91,661
Other operating income		**441**	1,867
Store expenses		**(44,022)**	(41,405)
Administration expenses		**(28,340)**	(27,219)
Earnings before interest and tax	6	**28,171**	24,904
Finance income	6	**882**	846
Finance costs	6	**(101)**	(2)
Net finance income	6	**781**	844
Profit before income tax		**28,952**	25,748
Income tax expense		**(8,490)**	(7,286)
Net profit attributable to shareholders	6	**20,462**	18,462
Earnings per share for profit attributable to shareholders:			
Basic earnings per share (cents)		**9.43**	8.55
Diluted earnings per share (cents)		**9.21**	8.37

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 26 July 2015 (unaudited)

	Notes	**26 Week Period Ended 26 July 2015 Unaudited $000**	26 Week Period Ended 27 July 2014 Unaudited $000
Net profit attributable to shareholders		**20,462**	18,462
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Change in value of available-for-sale financial assets	9	**1,885**	-
Fair value (gain)/loss recycled to income statement		**(5,429)**	1,752
Fair value gain/(loss) taken to the cashflow hedge reserve		**9,744**	(2,532)
Deferred tax on fair value gain/(loss) taken to income statement		**1,520**	(491)
Deferred tax on fair value (gain)/loss transfers to cashflow hedge reserve		**(2,728)**	709
Total other comprehensive income		**4,992**	(562)
Total comprehensive income attributable to shareholders		**25,454**	17,900

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

Consolidated Statement of Changes in Equity

For the 26 week period ended 26 July 2015 (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 26 January 2014		44,878	77	785	-	94,908	140,648
Net profit attributable to shareholders for the period		-	-	-	-	18,462	18,462
Other comprehensive income:							
Fair value loss recycled to income statement		-	1,752	-	-	-	1,752
Fair value loss taken to cashflow hedge reserve		-	(2,532)	-	-	-	(2,532)
Deferred tax on fair value loss taken to income statement		-	(491)	-	-	-	(491)
Deferred tax on fair value loss to cashflow hedge reserve		-	709	-	-	-	709
Total comprehensive income for the period		-	(562)	-	-	18,462	17,900
Transactions with owners:							
Dividends paid		-	-	-	-	(17,280)	(17,280)
Share options charged to income statement		-	-	249	-	-	249
Share options exercised	11	789	-	(134)	-	-	655
Transfer for share options lapsed and forfeited		-	-	-	-	-	-
Balance at 27 July 2014		45,667	(485)	900	-	96,090	142,172
Net profit attributable to shareholders for the period		-	-	-	-	20,840	20,840
Other comprehensive income:							
Fair value gain recycled to income statement		-	(1,774)	-	-	-	(1,774)
Fair value gain taken to cashflow hedge reserve		-	6,433	-	-	-	6,433
Deferred tax on fair value gain taken to income statement		-	497	-	-	-	497
Deferred tax on fair value gain to cashflow hedge reserve		-	(1,801)	-	-	-	(1,801)
Total comprehensive income for the period		-	3,355	-	-	20,840	24,195
Transactions with owners:							
Dividends paid		-	-	-	-	(11,887)	(11,887)
Share options charged to income statement		-	-	324	-	-	324
Share options exercised	11	883	-	(128)	-	-	755
Transfer for share options lapsed and forfeited		-	-	(38)	-	38	-
Balance at 25 January 2015		46,550	2,870	1,058	-	105,081	155,559
Net profit attributable to shareholders for the period		-	**-**	**-**	**-**	**20,462**	**20,462**
Other comprehensive income:							
Change in value of available-for-sale financial assets	9	-	**-**	**-**	**1,885**	**-**	**1,885**
Fair value gain recycled to income statement		-	**(5,429)**	**-**	**-**	**-**	**(5,429)**
Fair value gain taken to cashflow hedge reserve		-	**9,744**	**-**	**-**	**-**	**9,744**
Deferred tax on fair value gain taken to income statement		-	**1,520**	**-**	**-**	**-**	**1,520**
Deferred tax on fair value gain to cashflow hedge reserve		-	**(2,728)**	**-**	**-**	**-**	**(2,728)**
Total comprehensive income for the period		-	**3,107**	**-**	**1,885**	**20,462**	**25,454**
Transactions with owners:							
Dividends paid		-	**-**	**-**	**-**	**(18,435)**	**(18,435)**
Share options charged to income statement		-	**-**	**298**	**-**	**-**	**298**
Share options exercised	11	**904**	**-**	**(123)**	**-**	**-**	**781**
Transfer for share options lapsed and forfeited		-	-	-	-	-	-
Balance at 26 July 2015		**47,454**	**5,977**	**1,233**	**1,885**	**107,108**	**163,657**

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

Consolidated Balance Sheet

As at 26 July 2015 (unaudited)

	Notes	**As at 26 July 2015 Unaudited $000**	As at 27 July 2014 Unaudited $000	As at 25 January 2015 Audited $000
EQUITY				
Share capital	11	**47,454**	45,667	46,550
Share options reserve		**1,233**	900	2,870
Cashflow hedge reserve		**5,977**	(485)	1,058
Other reserves	9	**1,885**	-	-
Retained earnings		**107,108**	96,090	105,081
Total equity		**163,657**	142,172	155,559
LIABILITIES				
Non-current liabilities				
Employee benefits		**752**	663	728
Deferred tax		**297**	-	-
Total non-current liabilities		**1,049**	663	728
Current liabilities				
Trade and other payables		**55,023**	47,569	65,702
Provisions		**66**	54	138
Due to related parties	13	**14,651**	-	-
Employee benefits		**7,554**	6,896	8,484
Taxation payable		**2,198**	650	4,142
Derivative financial instruments	14	**13**	950	1
Total current liabilities		**79,505**	56,119	78,467
TOTAL LIABILITIES		**80,554**	56,782	79,195
TOTAL EQUITY AND LIABILITIES		**244,211**	198,954	234,754
ASSETS				
Non-current assets				
Property, plant and equipment		**68,368**	59,724	61,621
Intangible assets		**1,560**	1,771	1,452
Deferred tax		**-**	1,662	929
Available-for-sale financial assets	9,14	**70,568**	-	-
Total non-current assets		**140,496**	63,157	64,002
Current assets				
Cash and cash equivalents		**16,685**	60,240	89,690
Trade and other receivables		**2,202**	1,928	3,819
Inventories		**77,473**	73,236	73,507
Derivative financial instruments	14	**7,355**	393	3,736
Total current assets		**103,715**	135,797	170,752
TOTAL ASSETS		**244,211**	198,954	234,754
Net Tangible Assets per Security (cents)		**74.64**	64.99	71.15

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 26 July 2015 (unaudited)

	Notes	**26 Week Period Ended 26 July 2015 Unaudited $000**	26 Week Period Ended 27 July 2014 Unaudited $000
OPERATING ACTIVITIES			
Cash was provided from			
Receipts from customers		**244,558**	232,386
Rent received		**441**	530
Insurance recovery		**-**	1,337
Interest received		**1,205**	881
		246,204	235,134
Cash was applied to			
Payments to suppliers		**(187,089)**	(184,904)
Payments to employees		**(29,149)**	(27,382)
Interest paid		**(138)**	(2)
Net GST paid		**(11,683)**	(12,172)
Income tax paid		**(10,416)**	(10,160)
		(238,475)	(234,620)
Net cash inflows from operating activities		**7,729**	514
INVESTING ACTIVITIES			
Cash was provided from			
Proceeds from sale of property, plant and equipment		**27**	2
		27	2
Cash was applied to			
Purchase of property, plant and equipment	8	**(9,157)**	(7,480)
Purchase of intangible assets		**(581)**	(876)
Purchase of available-for-sale financial assets		**(54,076)**	-
		(63,814)	(8,356)
Net cash outflows from investing activities		**(63,787)**	(8,354)
FINANCING ACTIVITIES			
Cash was provided from			
Issue of new shares	11	**781**	654
Proceeds from borrowings	10	**27,000**	-
		27,781	654
Cash was applied to			
Dividends paid	12	**(18,435)**	(17,280)
Repayments of borrowings	10	**(27,000)**	-
		(45,435)	(17,280)
Net cash outflows from financing activities		**(17,654)**	(16,626)
Net decrease in cash and cash equivalents		**(73,712)**	(24,466)
Cash and cash equivalents at beginning of period		**89,690**	84,762
Foreign cash balance cash flow hedge adjustment		**707**	(56)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**16,685**	60,240

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 26 July 2015 (unaudited)

	26 Week Period Ended 26 July 2015 Unaudited $000	26 Week Period Ended 27 July 2014 Unaudited $000
RECONCILIATION OF NET CASHFLOW FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT		
Reported net profit attributable to shareholders	**20,462**	18,462
Items not involving cash flows		
Depreciation and amortisation expense	**2,762**	2,847
Fixed increase leases	**11**	21
Bad debts written off and movement in doubtful debts	**39**	36
Inventory adjustments	**1,182**	430
Amortisation of executive share options	**298**	249
Loss on disposal of assets	**94**	57
	4,386	3,640
Add / (deduct) movements in working capital items		
Decrease in trade and other receivables	**1,578**	1,660
Increase in inventories	**(5,148)**	(4,354)
Decrease in taxation payable	**(1,944)**	(2,699)
Decrease in trade payables	**(5,599)**	(10,539)
Decrease in other payables and accruals	**(6,006)**	(5,656)
	(17,119)	(21,588)
Net cash inflows from operating activities	**7,729**	514

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

Notes to the Financial Statements

For the 26 week period ended 26 July 2015 (unaudited)

1. Reporting Entity

These unaudited consolidated condensed interim financial statements (‘interim financial statements’) are for the economic entity comprising Briscoe Group Limited (‘Parent’ or ‘Company’) and its subsidiaries, (together referred to as ‘the Group’).

The Parent and Group are designated as profit-oriented entities for financial reporting purposes.

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. These interim financial statements have been prepared in accordance with the requirements of the NZX Main Board Listing Rules.

2. Basis of Preparation of Financial Statements

These 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.

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

These interim financial statements are in respect of the 26 week period 26 January 2015 to 26 July 2015. The comparative period is in respect of the 26 week period 27 January 2014 to 27 July 2014. The year-end balance date will be 31 January 2016 and full financial statements will cover the 53 week period 26 January 2015 to 31 January 2016. 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 25 January 2015 have been applied to these consolidated condensed interim financial statements.

3. Accounting Policies

The interim financial statements of the Group for the 26 week period ended 26 July 2015 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 25 January 2015 and with the update and/or addition of the following policies;

Financial assets

Financial assets are classified in the following categories: Loans and receivables, and available for sale. Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. The classification depends on the purpose for which the financial assets were acquired. The classification of financial assets is determined at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are recognised initially at fair value plus transaction costs and are subsequently measured at amortised cost. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are classified as non-current assets. Loans and receivables are included in 'trade and other receivables' in the balance sheet. An assessment is made at each balance date as to whether there is objective evidence that a financial asset or group of financial assets is impaired.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as loans and receivables. They are included in non-current assets unless the investment matures or there is an intention to dispose of it within 12 months of the end of the reporting period. Financial assets carried at fair value are initially recognised at fair value, and transaction costs are expensed in the income statement. Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Gains and losses from investment securities'. Dividends on available-for-sale equity instruments are recognised in the income statement as part of 'Other operating income' when the right to receive the payment is established.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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. Accounting standards

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the period ended 25 January 2015, as described in those annual financial statements.
There were no new standards or amendments to standards applied during the period.

Certain new standards, amendments and interpretations of existing standards have been published that are mandatory for later periods and which the Group has not early adopted. These will be applied by the Group in the mandatory periods listed below. The key items applicable to the Group are:

- **NZ IFRS 9: Financial Instruments** (effective from annual periods beginning on or after 1 January 2018)
  This standard addresses the classification, measurement and recognition of financial assets and liabilities. It replaces the guidance in NZ IAS 39 Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial instruments. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets; amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity are required to be measured at fair value through profit or loss with the irrecoverable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one actually used for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39.

The Group intends to apply this standard in the 2018/19 financial year and is yet to assess its full impact.

- **NZ IFRS 15: Revenue from contracts with customers** (effective from annual periods beginning on or after 1 January 2017) This standard addresses recognition of revenue and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. It replaces the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction Contracts. The standard is not expected to materially impact the Group.

There are no other standards, amendments or interpretations to existing standards which have been issued, but are not yet effective, which are expected to impact the Group significantly.

6. 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. (2014: 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.

Notes to the Financial Statements

For the 26 week period ended 26 July 2015 (unaudited)

For the period ended 26 July 2015	**Homeware**	**Sporting goods**	**Eliminations/ unallocated**	**Total Group**
	$000	**$000**	**$000**	**$000**
INCOME STATEMENT				
Total sales revenue	**158,189**	**85,774**	**–**	**243,963**
Gross profit	**64,494**	**35,598**	**–**	**100,092**
Earnings before interest and tax	**17,590**	**10,662**	**(81)**	**28,171**
Finance income	**1**	**254**	**627**	**882**
Finance costs	**(1)**	**-**	**(100)**	**(101)**
Net finance income	**-**	**254**	**527**	**781**
Income tax expense	**(4,953)**	**(3,056)**	**(481)**	**(8,490)**
Net profit after tax	**12,637**	**7,860**	**(35)**	**20,462**
BALANCE SHEET				
Assets	**132,045**	**53,696**	**58,470**	**244,211**
Liabilities	**47,648**	**25,707**	**7,199**	**80,554**
OTHER SEGMENTAL ITEMS				
Acquisitions of property, plant and equipment, intangibles and investments	**8,915**	**823**	**68,683**[1.]	**78,421**
Depreciation and amortisation expense	**1,874**	**888**	**–**	**2,762**

1.Refer Note 9

For the period ended 27 July 2014	Homeware	Sporting goods	Eliminations/ unallocated	Total Group
	$000	$000	$000	$000
INCOME STATEMENT				
Total sales revenue	153,567	77,885	–	231,452
Gross profit	60,149	31,512	–	91,661
Earnings before interest and tax	15,856	8,278	770	24,904
Finance income	-	220	626	846
Finance costs	-	-	(2)	(2)
Net finance income	-	220	624	844
Income tax expense	(4,438)	(2,379)	(469)	(7,286)
Net profit after tax	11,418	6,119	925	18,462
BALANCE SHEET				
Assets	112,319	50,650	35,985	198,954
Liabilities	44,280	22,827	(10,325)	56,782
OTHER SEGMENTAL ITEMS				
Acquisitions of property, plant and equipment, intangibles and investments	7,278	1,078	-	8,356
Depreciation and amortisation expense	1,948	899	–	2,847

Notes to the Financial Statements

For the 26 week period ended 26 July 2015 (unaudited)

7. Expenses

	26 Week Period Ended 26 July 2015 $000	26 Week Period Ended 27 July 2014 $000
Depreciation	**2,289**	2,307
Amortisation	**473**	540
Wages, salaries and other short term benefits	**28,541**	26,889
Operating lease rental expense	**14,264**	14,358
Kathmandu Holdings Limited takeover expenses (refer Note 16)	**950**[1.]	-
Loss on disposal of property, plant and equipment, intangibles and investments	**94**	57

1.Takeover expenses are included in administration expenses in the income statement.

8. Property, plant and equipment

Acquisitions and disposals

During the 26 week period ended 26 July 2015, the Group acquired property, plant and equipment with a total cost of $9,156,939 (2014: $7,480,008). Property, plant and equipment with a cost of $2,882,249 (2014: $1,448,092) were disposed of during the 26 week period ended 26 July 2015, resulting in a net loss of $93,981 (2014: net loss of $56,679)

9. Available-for-sale financial assets

Between 17 June 2015 and 30 June 2015 Briscoe Group Limited acquired 40,095,432 shares in Kathmandu Holdings Limited for a value of $68,682,734. The holding represents a 19.9% ownership in Kathmandu Holdings Limited. These shares are equity investments quoted in the active market. As required by NZ IAS 39 they have been classified as available-for-sale financial assets. An adjustment was made at period end to reflect the fair value of these shares as at 26 July 2015[1.].

	$000
At 25 January 2015	
Additions	68,683
Change in value credited to other reserves	1,885
At 26 July 2015	70,568

1. Fair value determined to be $1.76 per share as per NZX closing price of Kathmandu Holdings Limited as at 24 July 2015

10. Borrowings

The Group has a facility agreement with the Bank of New Zealand dated 25 June 2015 for $100,000,000. Any drawdowns are repayable in full on the expiry date of the facility being 25 June 2016. Interest is payable based on the BKBM rate plus applicable margin. The facility is secured against the assets of the Group and its subsidiaries. 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.

The covenants entered into by the Group require specified calculations of Group's earnings before interest, tax, depreciation and amortisation (EBITDA) plus lease rental costs to exceed total fixed charges (net interest expense and lease rental costs) at the end of each half during the financial year. Similarly EBITDA must be no less than a specified proportion of total net debt at the end of each half. The calculations of these covenants are specified in the bank facility agreement of 25 June 2015.

Movements in borrowings are analysed as follows:	**$000**
At 26 January 2014	**-**
Proceeds of new borrowings	-
Repayments of borrowings	-
At 27 July 2014	**-**
Proceeds of new borrowings	-
Repayments of borrowings	-
At 25 January 2015	**-**
Proceeds of new borrowings	**27,000**
Repayments of borrowings	**(27,000)**
At 26 July 2015	**-**

11. Share capital

	Authorised Shares	**Share capital**
	No. of Shares	**$000**
At 26 January 2014	215,534,000	44,878
Issue of ordinary shares during the period:		
Exercise of options	503,000	789[1.]
At 27 July 2014	216,037,000	45,667
Issue of ordinary shares during the period:		
Exercise of options	555,500	883
At 25 January 2015	216,592,500	46,550
Issue of ordinary shares during the period:		
Exercise of options	**566,000**	**904**[1.]
At 26 July 2015	**217,158,500**	**47,454**

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 566,000 shares issued during the 26 week period ended 26 July 2015 were $122,994 and $781,080 respectively ($134,657 and $653,900 respectively for the 503,000 shares issued during the 26 week period ended 27 July 2014).

12. Dividends

	Period ended 26 July 2015 Cents per share	Period ended 27 July 2014 Cents per share	Period ended 26 July 2015 $000	Period ended 27 July 2014 $000
Final dividend for the period ended 25 January 2015	**8.50**	-	**18,435**	-
Final dividend for the period ended 26 January 2014	-	8.00	-	17,280
	8.50	8.00	**18,435**	17,280

All dividends paid were fully imputed. Supplementary dividends of $131,409 (2014: $110,030) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

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. Except for the transaction to purchase shares from RA Duke Limited and Kein Geld (NZ) Limited (as detailed below), all transactions with related parties were in the normal course of business. All transactions were provided on normal commercial terms.

Material transactions between the Company and its subsidiaries were:	26 Week Period Ended 26 July 2015 $000	26 Week Period Ended 27 July 2014 $000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	**6,015**	5,926
The Sports Authority Limited (trading as Rebel Sport)	**3,319**	3,029
Total management fees charged	**9,334**	8,955
Dividends received by the Company from:		
Briscoes (NZ) Limited	**9,214**	8,623
The Sports Authority Limited (trading as Rebel Sport)	**9,214**	8,622
Total dividends received	**18,428**	17,245

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

- The R A Duke Trust, of which RA Duke and AJ Wall are trustees, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments of $308,000 (2014: $302,000) from the Group, under an agreement to lease premises to The Sports Authority Limited.
- RA Duke Trust (including RA Duke Limited) received dividends of $14,404,550 (2014: $13,527,293).
- Briscoe Group Limited acquired 10,053,847 shares in Kathmandu Holdings Limited from RA Duke Limited and Kein Geld (NZ) Limited for $14,651,077, including brokerage fees of $43,844. (Six million of those shares were originally acquired by RA Duke Limited and Kein Geld (NZ) Limited in their own right and the remainder were acquired for Briscoe Group Limited by Kein Geld (NZ) Limited as agent and bare trustee for Briscoe Group Limited). This amount was outstanding as at balance date and subsequently paid to RA Duke Limited on 28 August 2015. Under the agreement to purchase the shares the consideration was payable on demand with interest charged at an agreed rate referenced to the BKBM rate.
- RA Duke Limited received interest of $40,244 in relation to the amounts advanced to Briscoe Group Limited in relation to the transfer of shares in Kathmandu Holdings Limited.
- P Duke, spouse of RA Duke, received payments of $32,500 (2014: $32,500) in relation to her employment as an overseas buying specialist with Briscoe Group Limited and rental payments of $358,250 (2014: $393,372) as owner of the Briscoes Homeware premises at Panmure, Auckland under an agreement to lease premises to Briscoes (NZ) Limited.
- The Hualien Trust, of which P Duke is a trustee, received dividends of $85,000 (2014: $101,200).

Notes to the Financial Statements

For the 26 week period ended 26 July 2015 (unaudited)

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

	26 Week Period Ended 26 July 2015		26 Week Period Ended 27 July 2014	
	Directors' Fees $000	**Dividends $000**	Directors' Fees $000	Dividends $000
Executive Director				-
RA Duke	-	-	-	-
AJ Wall	-	**19**	-	18
Non Executive Directors				
MM Devine	**29**	**3**	29	-
SH Johnstone	**33**	**85**[1.]	33	80[1.]
RPO'L Meo	**47**	**-**	47	-
	109	**107**	109	98

1. Dividends shown represent total dividends received on jointly owned shares.

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

	26 Week Period Ended 26 July 2015 $000	26 Week Period Ended 27 July 2014 $000
Executive Director		
RA Duke [1.]	**14,405**	13,527
AJ Wall [1.2.]	**14,509**	13,625
Non Executive Directors		
MM Devine	**-**	-
SH Johnstone	**-**	-
RPO'L Meo	**9**	8

1. *The RA Duke Trust, of which RA Duke and AJ Wall are trustees, received dividends of $14,404,550 during the 26 week period (2014: $13,527,293).*
2. *The Tunusa Trust, of which AJ Wall is a trustee, received dividends of $104,550 during the 26 week period (2014: $98,400)*

14. 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 risks 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 25 January 2015. There have been no changes in the risk management policies since year end.

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

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

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

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

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

There were no changes in valuation techniques during the period.

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

Trade debtors, trade creditors, related party payables and bank balances

The carrying value of these items is equivalent to their fair value.

Foreign exchange contracts

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

Available-for-sale financial assets

Available-for-sale financial assets have been fair valued using equity prices quoted on market at period end.

The following table presents the Group's assets and liabilities that are measured at fair value at 26 July 2015:

	As at 26 July 2015 $000	As at 27 July 2014 $000
Assets		
Derivative financial instruments	**7,355**	393
Available-for-sale financial assets	**70,568**	-
Total Assets	**77,923**	393
Liabilities		
Derivative financial instruments	**13**	950
Total Liabilities	**13**	950

15. Contingent liabilities

There were no contingent liabilities as at 26 July 2015 (2014: Nil).

16. Events after balanced date

On 14 September 2015 the directors resolved to provide for an interim dividend to be paid in respect of the 53 week period ending 31 January 2016. The dividend will be paid at a rate of 6.00 cents per share on issue as at 28 September 2015, with full imputation credits attached.

Since balance date and up to the date of these financial statements a further 107,000 ordinary shares have been issued under the Briscoe Group Executive Share Option Plan as a result of executives exercising share options.

On 24 July 2015 a takeover offer was made to purchase the 80.1% of Kathmandu Holdings Limited shares that the company does not own. Since that date a number of announcements have been made to the NZX in relation to the offer. The offer will close on 17 September 2015.

pwc

Independent Review Report

To the Shareholders of Briscoe Group Limited

Report on the Interim Financial Statements

We have reviewed the accompanying interim condensed consolidated financial statements ("financial statements") of Briscoe Group Limited (the "Group") on pages 5 to 19, which comprise the balance sheet as at 26 July 2015, and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period ended on that date, and accounting policies and selected explanatory notes.

Directors' Responsibility for the Financial Statements

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

Our Responsibility

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

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

We are independent of the Group. Our firm carries out other services for the Group from time to time in the areas of accounting and taxation advice. 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 financial statements of the Company are not prepared, in all material respects, in accordance with NZ IAS 34.

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

Restriction on Use of Our Report

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body, for our review procedures, for this report, or for the conclusion we have formed.

PricewaterhouseCoopers

Chartered Accountants
14 September 2015

Auckland

Notes:

Directory

Directors

Dame Rosanne PO'L Meo (Chairman)

Mary M Devine

Rodney A Duke

Stuart H Johnstone

Alaister J Wall

Registered Office

36 Taylors Road

Morningside

Auckland

Telephone (09) 815 3737

Facsimile (09) 815 3738

Postal Address

PO Box 884

Auckland Mail Centre

Auckland

Solicitors

Simpson Grierson

Bankers

Bank of New Zealand

Auditors

PricewaterhouseCoopers

Share Registrars

Link Market Services Limited

Level 16

19 Victoria Street

PO Box 91976

Auckland 1142

Telephone +64 9 375 5999

Websites

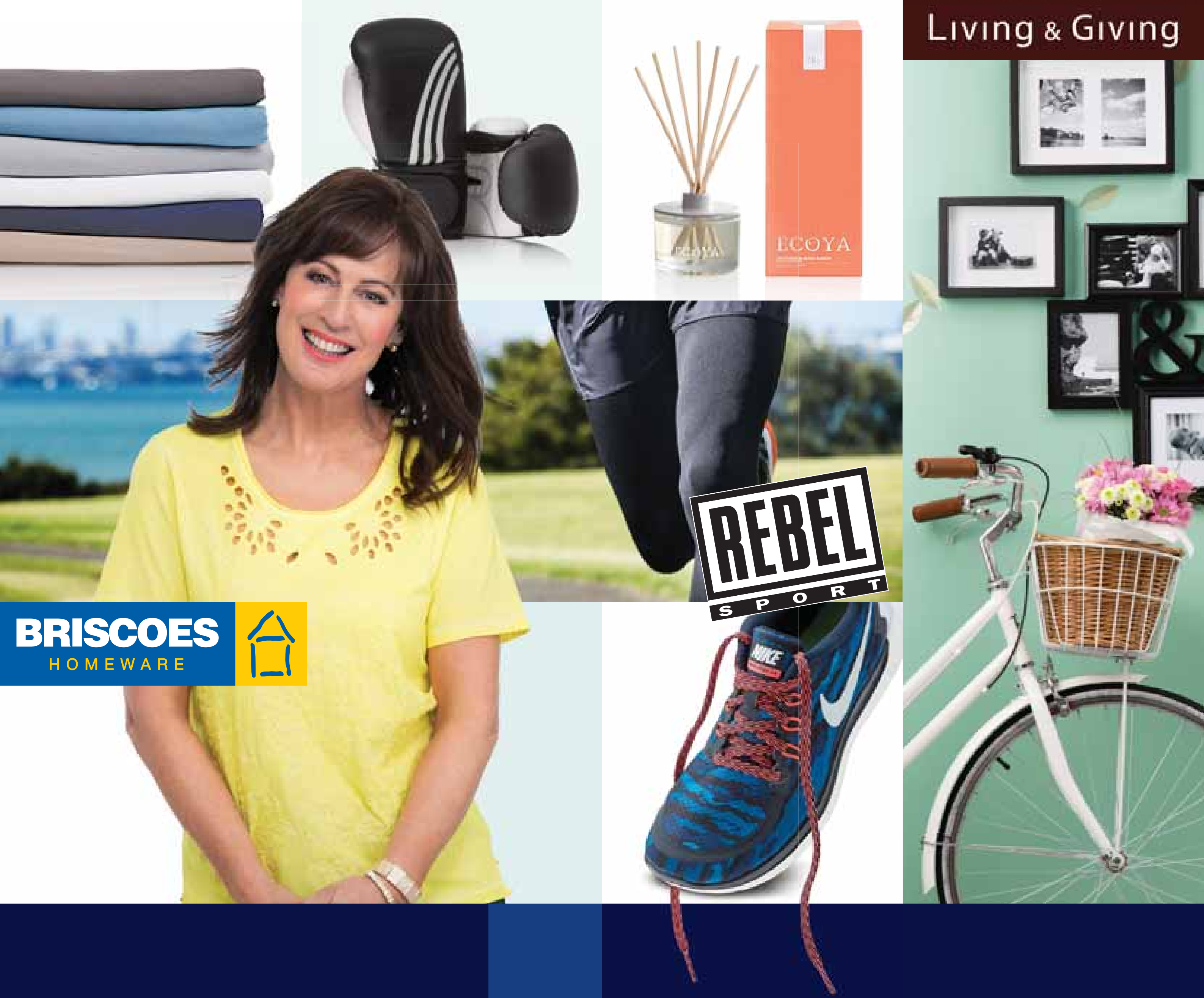
www.briscoegroup.co.nz

www.briscoes.co.nz

www.briscoes.com.au

www.rebelsport.co.nz

www.livingandgiving.co.nz



BRISCOE
GROUP LIMITED