

# The Warehouse Group Limited

## Interim Financial Statements

For the 26 weeks ended 26 January 2020

For and on behalf of the Board



---

Joan Withers  
Chair



---

Keith Smith  
Chair of the Audit and Risk Committee

## Consolidated Income Statement

	Note	Unaudited 26 Weeks Ended 26 January 2020 \$ 000	Unaudited 26 Weeks Ended 27 January 2019 \$ 000	Audited 52 Weeks Ended 28 July 2019 \$ 000
<b>Continuing operations</b>				
Retail sales	3	1,683,393	1,640,537	3,071,357
Cost of retail goods sold		(1,117,340)	(1,107,308)	(2,042,722)
<b>Gross profit</b>		<b>566,053</b>	<b>533,229</b>	<b>1,028,635</b>
Other income		4,892	5,505	8,325
Employee expenses		(286,193)	(274,041)	(520,892)
Depreciation and amortisation expenses	3	(75,986)	(30,318)	(60,613)
Other operating expenses		(121,193)	(173,925)	(343,077)
<b>Operating profit from continuing operations</b>	3	<b>87,573</b>	<b>60,450</b>	<b>112,378</b>
Unusual items	4	(21,918)	(3,036)	(9,435)
<b>Earnings before interest and tax from continuing operations</b>		<b>65,655</b>	<b>57,414</b>	<b>102,943</b>
Net interest expense		(23,681)	(5,087)	(8,879)
<b>Profit before tax from continuing operations</b>		<b>41,974</b>	<b>52,327</b>	<b>94,064</b>
Income tax expense		(12,410)	(14,914)	(26,621)
<b>Net profit for the period from continuing operations</b>		<b>29,564</b>	<b>37,413</b>	<b>67,443</b>
<b>Discontinued operations</b>				
Loss from discontinued operations (net of tax)	14	(781)	(1,605)	(1,928)
<b>Net profit for the period</b>		<b>28,783</b>	<b>35,808</b>	<b>65,515</b>
<b>Attributable to:</b>				
Shareholders of the parent		29,155	35,825	65,382
Minority interests		(372)	(17)	133
<b>Net profit for the period</b>		<b>28,783</b>	<b>35,808</b>	<b>65,515</b>
<b>Profit attributable to shareholders of the parent relates to:</b>				
Profit from continuing operations	4	29,936	37,430	67,310
Loss from discontinued operations		(781)	(1,605)	(1,928)
<b>Profit attributable to shareholders of the parent</b>		<b>29,155</b>	<b>35,825</b>	<b>65,382</b>
<b>Earnings per share attributable to shareholders of the parent:</b>				
Basic earnings per share		8.4 cents	10.4 cents	18.9 cents
Basic earnings per share - continuing operations		8.7 cents	10.8 cents	19.5 cents

## Consolidated Statement of Comprehensive Income

		Unaudited 26 Weeks Ended 26 January 2020 \$ 000	Unaudited 26 Weeks Ended 27 January 2019 \$ 000	Audited 52 Weeks Ended 28 July 2019 \$ 000
<b>Net profit for the period</b>		<b>28,783</b>	<b>35,808</b>	<b>65,515</b>
<b>Items that may be reclassified subsequently to the Income Statement</b>				
Movement in foreign currency translation reserve		(28)	(39)	19
Movement in hedge reserves (net of tax)		(8,244)	(15,665)	(11,941)
<b>Total comprehensive income for the period</b>		<b>20,511</b>	<b>20,104</b>	<b>53,593</b>
<b>Attributable to:</b>				
Shareholders of the parent		20,883	20,121	53,460
Minority interest		(372)	(17)	133
<b>Total comprehensive income</b>		<b>20,511</b>	<b>20,104</b>	<b>53,593</b>
<b>Attributable to:</b>				
Total comprehensive income from continuing operations		21,292	21,709	55,521
Total comprehensive income from discontinued operations		(781)	(1,605)	(1,928)
<b>Total comprehensive income</b>		<b>20,511</b>	<b>20,104</b>	<b>53,593</b>
<b>Total comprehensive income from continuing operations attributable to:</b>				
Shareholders of the parent		21,664	21,726	55,388
Minority interest		(372)	(17)	133
<b>Total comprehensive income</b>		<b>21,292</b>	<b>21,709</b>	<b>55,521</b>

## Consolidated Statement of Changes in Equity

(Unaudited)	Note	Share Capital \$ 000	Treasury Stock \$ 000	Hedge Reserves \$ 000	Foreign Currency Translation Reserve \$ 000	Employee Share Benefits Reserve \$ 000	Retained Earnings \$ 000	Minority Interest \$ 000	Total Equity \$ 000
<b>For the 26 weeks ended 26 January 2020</b>									
Balance at the beginning of the period as previously reported		365,517	(5,456)	(1,230)	14	-	122,469	719	482,033
Adjustment on adoption of NZ IFRS 16	17	-	-	-	-	-	(109,972)	(38)	(110,010)
Restated balance at the beginning of the period		365,517	(5,456)	(1,230)	14	-	12,497	681	372,023
Profit for the half year		-	-	-	-	-	29,155	(372)	28,783
Movement in foreign currency translation reserve		-	-	-	(28)	-	-	-	(28)
Movement in derivative cash flow hedges		-	-	(11,614)	-	-	-	-	(11,614)
Movement in de-designated hedges		-	-	164	-	-	-	-	164
Tax related to movement in hedge reserve		-	-	3,206	-	-	-	-	3,206
Total comprehensive income		-	-	(8,244)	(28)	-	29,155	(372)	20,511
Share rights charged to the income statement		-	-	-	-	-	-	229	229
Dividends paid		-	-	-	-	-	(27,747)	(81)	(27,828)
Treasury stock dividends received		-	-	-	-	-	115	-	115
Balance at the end of the period		365,517	(5,456)	(9,474)	(14)	-	14,020	457	365,050

(Unaudited)		Share Capital \$ 000	Treasury Stock \$ 000	Hedge Reserves \$ 000	Foreign Currency Translation Reserve \$ 000	Employee Share Benefits Reserve \$ 000	Retained Earnings \$ 000	Minority Interest \$ 000	Total Equity \$ 000
<b>For the 26 weeks ended 27 January 2019</b>									
Balance at the beginning of the period as previously reported		365,517	(6,060)	10,711	(5)	766	108,476	879	480,284
Adjustment on adoption of NZ IFRS 15		-	-	-	-	-	(275)	-	(275)
Restated balance at the beginning of the period		365,517	(6,060)	10,711	(5)	766	108,201	879	480,009
Profit for the half year		-	-	-	-	-	35,825	(17)	35,808
Movement in foreign currency translation reserve		-	-	-	(39)	-	-	-	(39)
Movement in derivative cash flow hedges		-	-	(22,060)	-	-	-	-	(22,060)
Movement in de-designated hedges		-	-	303	-	-	-	-	303
Tax related to movement in hedge reserve		-	-	6,092	-	-	-	-	6,092
Total comprehensive income		-	-	(15,665)	(39)	-	35,825	(17)	20,104
Share rights charged to the income statement		-	-	-	-	63	-	-	63
Share rights exercised		-	604	-	-	(829)	225	-	-
Dividends paid		-	-	-	-	-	(20,811)	(106)	(20,917)
Treasury stock dividends received		-	-	-	-	-	87	-	87
Balance at the end of the period		365,517	(5,456)	(4,954)	(44)	-	123,527	756	479,346

(Audited)		Share Capital \$ 000	Treasury Stock \$ 000	Hedge Reserves \$ 000	Foreign Currency Translation Reserve \$ 000	Employee Share Benefits Reserve \$ 000	Retained Earnings \$ 000	Minority Interest \$ 000	Total Equity \$ 000
<b>For the 52 weeks ended 28 July 2019</b>									
Balance at the beginning of the period as previously reported		365,517	(6,060)	10,711	(5)	766	108,476	879	480,284
Adjustment on adoption of NZ IFRS 15		-	-	-	-	-	(275)	-	(275)
Restated balance at the beginning of the period		365,517	(6,060)	10,711	(5)	766	108,201	879	480,009
Profit for the year		-	-	-	-	-	65,382	133	65,515
Movement in foreign currency translation reserve		-	-	-	19	-	-	-	19
Movement in derivative cash flow hedges		-	-	(17,165)	-	-	-	-	(17,165)
Movement in de-designated hedges		-	-	580	-	-	-	-	580
Tax related to movement in hedge reserve		-	-	4,644	-	-	-	-	4,644
Total comprehensive income		-	-	(11,941)	19	-	65,382	133	53,593
Contributions by and distributions to owners:									-
Share rights charged to the income statement		-	-	-	-	63	-	357	420
Share rights exercised		-	604	-	-	(829)	696	(471)	-
Dividends paid		-	-	-	-	-	(52,027)	(179)	(52,206)
Treasury stock dividends received		-	-	-	-	-	217	-	217
Balance at the end of the period		365,517	(5,456)	(1,230)	14	-	122,469	719	482,033

## Consolidated Balance Sheet

	Note	Unaudited As at 26 January 2020 \$ 000	Unaudited As at 27 January 2019 \$ 000	Audited As at 28 July 2019 \$ 000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	11	56,690	24,758	49,297
Trade and other receivables	6	99,766	88,331	90,670
Inventories		581,347	542,771	517,758
Derivative financial instruments	12	2,886	4,470	7,948
Taxation receivable		-	3,856	-
		740,689	664,186	665,673
Assets held for sale		-	4,641	-
<b>Total current assets</b>		<b>740,689</b>	<b>668,827</b>	<b>665,673</b>
<b>Non-current assets</b>				
Property, plant and equipment	9	212,700	229,264	221,161
Right of use assets	15	813,986	-	-
Intangible assets	10	133,963	118,899	125,512
Derivative financial instruments	12	-	786	-
Deferred taxation		87,957	41,295	38,475
<b>Total non-current assets</b>		<b>1,248,606</b>	<b>390,244</b>	<b>385,148</b>
<b>Total assets</b>		<b>1,989,295</b>	<b>1,059,071</b>	<b>1,050,821</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowings	11	125,262	37,700	125,465
Trade and other payables	7	440,586	308,965	352,575
Derivative financial instruments	12	8,323	5,979	939
Taxation payable		1,374	-	713
Lease liabilities	15	92,350	-	-
Provisions	8	51,161	58,167	60,771
		719,056	410,811	540,463
Other liabilities directly associated with assets held for sale		-	1,283	-
<b>Total current liabilities</b>		<b>719,056</b>	<b>412,094</b>	<b>540,463</b>
<b>Non-current liabilities</b>				
Borrowings	11	-	140,177	-
Derivative financial instruments	12	6,866	4,850	7,055
Lease liabilities	15	877,275	-	-
Provisions	8	21,048	22,604	21,270
<b>Total non-current liabilities</b>		<b>905,189</b>	<b>167,631</b>	<b>28,325</b>
<b>Total liabilities</b>		<b>1,624,245</b>	<b>579,725</b>	<b>568,788</b>
<b>Net assets</b>		<b>365,050</b>	<b>479,346</b>	<b>482,033</b>
<b>EQUITY</b>				
Contributed equity		360,061	360,061	360,061
Reserves		(9,488)	(4,998)	(1,216)
Retained earnings		14,020	123,527	122,469
<b>Total equity attributable to shareholders</b>		<b>364,593</b>	<b>478,590</b>	<b>481,314</b>
Minority interest		457	756	719
<b>Total equity</b>		<b>365,050</b>	<b>479,346</b>	<b>482,033</b>
<b>Net assets per share</b>		<b>105.7 cents</b>	<b>138.8 cents</b>	<b>139.6 cents</b>

## Consolidated Statement of Cash Flows

	Note	Unaudited 26 Weeks Ended 26 January 2020 \$ 000	Unaudited 26 Weeks Ended 27 January 2019 \$ 000	Audited 52 Weeks Ended 28 July 2019 \$ 000
<b>Cash flows from operating activities</b>				
Cash received from customers		1,672,262	1,639,654	3,083,748
Payments to suppliers and employees		(1,532,918)	(1,558,695)	(2,853,781)
Income tax paid		(14,806)	(21,096)	(26,540)
Interest paid on leases		(20,369)	-	-
Other interest paid		(3,127)	(4,959)	(8,657)
		101,042	54,904	194,770
Loans repaid by finance business customers		-	22,140	26,417
New loans to finance business customers		-	(17,047)	(23,194)
<b>Net cash flows from operating activities</b>		<b>101,042</b>	<b>59,997</b>	<b>197,993</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		11,817	40	1,860
Proceeds from sale of finance business receivables		-	-	1,850
Purchase of property, plant, equipment and software		(30,594)	(28,187)	(61,326)
Business disposal warranty claim		-	(1,421)	(1,421)
<b>Net cash flows from investing activities</b>		<b>(18,777)</b>	<b>(29,568)</b>	<b>(59,037)</b>
<b>Cash flows from financing activities</b>				
Proceeds from / (Repayment) bank borrowings		-	(11,103)	(63,715)
Lease principal repayments		(47,023)	-	-
Treasury stock dividends received		115	87	217
Dividends paid to parent shareholders		(27,883)	(20,926)	(52,302)
Dividends paid to minority shareholders		(81)	(106)	(179)
Other items		-	(78)	(135)
<b>Net cash flows from financing activities</b>		<b>(74,872)</b>	<b>(32,126)</b>	<b>(116,114)</b>
Net cash flow		7,393	(1,697)	22,842
Opening cash position		49,297	26,455	26,455
<b>Closing cash position</b>		<b>56,690</b>	<b>24,758</b>	<b>49,297</b>
<b>Reconciliation of Operating Cash Flows</b>				
<b>Profit after tax</b>		<b>28,783</b>	<b>35,808</b>	<b>65,515</b>
<b>Non-cash items</b>				
Depreciation and amortisation expenses	3	75,986	30,318	60,613
Gain on early lease terminations		(151)	-	-
Intangible asset impairment	10	-	-	5,478
Share based payment expense		229	63	420
Interest capitalisation		217	224	446
Movement in deferred tax		(3,451)	3,407	4,857
Other items		118	122	418
<b>Total non-cash items</b>		<b>72,948</b>	<b>34,134</b>	<b>72,232</b>
<b>Items classified as investing or financing activities</b>				
Net loss/(gain) on disposal of property, plant and equipment		290	1,374	(10,392)
Gain on sale of finance receivables		-	-	(398)
Supplementary dividend tax credit		136	115	275
<b>Total investing and financing adjustments</b>		<b>426</b>	<b>1,489</b>	<b>(10,515)</b>
<b>Changes in assets and liabilities</b>				
Trade and other receivables		(20,146)	(8,575)	268
Finance business receivables		-	4,388	5,929
Inventories		(63,589)	(18,931)	6,082
Trade and other payables		91,791	29,584	70,785
Provisions		(9,833)	(7,656)	(6,628)
Income tax		662	(10,244)	(5,675)
<b>Total changes in assets and liabilities</b>		<b>(1,115)</b>	<b>(11,434)</b>	<b>70,761</b>
<b>Net cash flows from operating activities</b>		<b>101,042</b>	<b>59,997</b>	<b>197,993</b>

## Notes to the Financial Statements

### 1. GENERAL INFORMATION

The Warehouse Group Limited (the Company) and its subsidiaries (together the Group) trade in the New Zealand retail sector. The Company is a limited liability company incorporated and domiciled in New Zealand. The Group is registered under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act (FMCA) 2013. The address of its registered office is Level 4, 4 Graham Street, PO Box 2219, Auckland. The Company is listed on the New Zealand Stock Exchange (NZX).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting and consequently, do not include all the information required for full financial statements. These Group interim financial statements should be read in conjunction with the annual report for the 52 weeks ended 28 July 2019.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments (including derivative instruments). The reporting currency used in the preparation of the financial statements is New Zealand dollars, rounded to the nearest thousands unless otherwise stated. Certain comparative amounts have been reclassified to conform with the current period presentation.

#### Accounting standards

Except for the adoption of the new lease accounting standard (NZIFRS 16 detailed in notes 15 to 18), the accounting policies that materially affect the measurement of the interim financial statements have been applied on a consistent basis with those used in the audited financial statements for the 52 weeks ended 28 July 2019 and the unaudited interim financial statements for the 26 weeks ended 27 January 2019.

#### Critical accounting judgements, estimates and assumptions

The preparation of the interim financial statements requires the Group to make judgements, estimates and assumptions that effect the reported amounts of assets and liabilities at balance date and the reported amounts of revenues and expenses during the half year. The same significant judgements, estimates and assumptions including those connected with the application of NZIFRS 16 (refer notes 15 to 18) that are summarised in the audited financial statements for the 52 weeks ended 28 July 2019 were applied in the preparation of these interim financial statements.

#### Seasonality

The Group's revenue and profitability follow a seasonal pattern with higher sales and operating profits typically achieved in the first half of the financial year as a result of additional sales generated during the Christmas trading period.

#### Approval of Financial Statements

These consolidated interim financial statements were approved for issue by the Board of Directors on 16 March 2020. Unless as otherwise stated, the financial statements have been reviewed by our Auditors, but are not audited.

### 3. SEGMENT INFORMATION

#### Operating segments

The Group has four operating segments trading in the New Zealand retail sector and a start-up venture to expand the Group's digital offering. These segments form the basis of internal reporting used by management and the Board of Directors to monitor and assess performance and assist with strategy decisions. The Group has disclosed its segment operating profit performance on a basis that excludes the impact of adopting NZIFRS 16 (refer notes 15 to 18). This presentation is consistent with the Groups internal reporting as the Group considers this provides a better base for comparison with previous years.

Each of the four retail segments represent a distinct retail chain, synonymous with its segment name. Customers can purchase product from the retail chains either on-line or through the Group's physical retail store network. The Group's store network currently has 92 The Warehouse stores, 70 Warehouse Stationery stores, 76 Noel Leeming stores and 20 Torpedo7 stores. The Warehouse predominantly sells general merchandise and apparel, Noel Leeming sell technology and appliance products, Torpedo7 sells sporting equipment and as the name indicates Warehouse Stationery sells stationery.

Group support office functions, such as Information Systems, Finance, Brand Executives and People Support are operated using a shared services model which allocates the costs of these support office functions to individual brands calculated on an arm's length basis. The remaining support office functions which relate to corporate and governance functions, a property company and the Group's interest in a chocolate factory are not allocated and form the main components of the "Other Group operations" segment.

## Notes to the Financial Statements - continued

### 3. SEGMENT INFORMATION - (Continued)

Operating performance	Note	REVENUE			OPERATING PROFIT		
		(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
		26 Weeks Ended 26 January 2020	26 Weeks Ended 27 January 2019	52 Weeks Ended 28 July 2019	26 Weeks Ended 26 January 2020	26 Weeks Ended 27 January 2019	52 Weeks Ended 28 July 2019
		\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
The Warehouse		938,784	929,503	1,705,687	59,810	46,576	85,075
Warehouse Stationery		133,828	132,812	268,592	9,304	5,915	16,669
<b>Warehouse Segment</b>		<b>1,072,612</b>	<b>1,062,315</b>	<b>1,974,279</b>	<b>69,114</b>	<b>52,491</b>	<b>101,744</b>
Noel Leeming		512,778	487,271	924,648	21,429	17,557	38,103
Torpedo7		98,418	89,929	172,474	(4,203)	(1,786)	(7,027)
<b>Noel Leeming Segment</b>		<b>611,196</b>	<b>577,200</b>	<b>1,097,122</b>	<b>17,226</b>	<b>15,771</b>	<b>31,076</b>
TheMarket		388	-	-	(7,687)	(2,287)	(5,996)
Other Group operations		3,721	4,348	8,508	(10,757)	(5,525)	(14,446)
Inter-segment eliminations		(4,524)	(3,326)	(8,552)			
<b>Retail Group</b>		<b>1,683,393</b>	<b>1,640,537</b>	<b>3,071,357</b>	<b>67,896</b>	<b>60,450</b>	<b>112,378</b>
Adjustments for NZIFRS 16	16				19,677	-	-
<b>Operating profit from continuing operations</b>					<b>87,573</b>	<b>60,450</b>	<b>112,378</b>
Unusual items	4				(21,918)	(3,036)	(9,435)
<b>Earnings before interest and tax from continuing operations</b>					<b>65,655</b>	<b>57,414</b>	<b>102,943</b>
<b>Operating margin</b>							
The Warehouse (%)					6.4	5.0	5.0
Warehouse Stationery (%)					7.0	4.5	6.2
Noel Leeming (%)					4.2	3.6	4.1
Torpedo7 (%)					(4.3)	(2.0)	(4.1)
<b>Total Retail Group (%)</b>					<b>4.0</b>	<b>3.7</b>	<b>3.7</b>

  

Capital expenditure and depreciation	Note	DEPRECIATION & AMORTISATION			CAPITAL EXPENDITURE		
		(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
		26 Weeks Ended 26 January 2020	26 Weeks Ended 27 January 2019	52 Weeks Ended 28 July 2019	26 Weeks Ended 26 January 2020	26 Weeks Ended 27 January 2019	52 Weeks Ended 28 July 2019
		\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Warehouse segment		22,056	23,321	46,310	22,328	21,107	47,753
Noel Leeming segment		5,261	5,613	11,364	5,845	4,942	10,276
TheMarket		852	511	1,200	1,550	1,292	3,641
Other Group operations		725	873	1,739	219	107	433
<b>Property, plant, equipment and software</b>		<b>28,894</b>	<b>30,318</b>	<b>60,613</b>	<b>29,942</b>	<b>27,448</b>	<b>62,103</b>
Right of use assets	15	47,092	-	-			
<b>Total Group</b>	9	<b>75,986</b>	<b>30,318</b>	<b>60,613</b>			

  

Balance sheet information	Note	TOTAL ASSETS			TOTAL LIABILITIES		
		(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
		As at 26 January 2020	As at 27 January 2019	As at 28 July 2019	As at 26 January 2020	As at 27 January 2019	As at 28 July 2019
		\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Warehouse segment		582,274	541,723	536,464	373,577	240,168	302,333
Noel Leeming segment		276,008	266,800	238,747	133,567	145,995	128,001
TheMarket		7,981	5,167	6,906	3,070	904	1,940
Other Group operations		86,012	89,237	97,483	2,581	3,952	2,342
<b>Operating assets / liabilities</b>		<b>952,275</b>	<b>902,927</b>	<b>879,600</b>	<b>512,795</b>	<b>391,019</b>	<b>434,616</b>
<b>Unallocated assets / liabilities</b>							
Cash and borrowings		56,690	24,758	49,297	125,262	177,877	125,465
Derivative financial instruments		2,886	5,256	7,948	15,189	10,829	7,994
Right of use assets / Lease liabilities	15	813,986	-	-	969,625	-	-
Intangible goodwill and brands		75,501	80,979	75,501	-	-	-
Taxation		87,957	45,151	38,475	1,374	-	713
<b>Total</b>		<b>1,989,295</b>	<b>1,059,071</b>	<b>1,050,821</b>	<b>1,624,245</b>	<b>579,725</b>	<b>568,788</b>

## Notes to the Financial Statements - continued

### 4. ADJUSTED NET PROFIT

Adjusted net profit reconciliation	Note	(Unaudited)	(Unaudited)	(Audited)
		26 Weeks Ended 26 January 2020	26 Weeks Ended 27 January 2019	52 Weeks Ended 28 July 2019
		\$ 000	\$ 000	\$ 000
<b>Adjusted net profit</b>		46,215	39,616	74,103
<b>Add back: Unusual items</b>				
Gain on property disposal		88	-	11,761
Brand impairment (Torpedo7)	10	-	-	(5,478)
Restructuring costs		(22,006)	(3,036)	(15,718)
<b>Unusual items</b>		(21,918)	(3,036)	(9,435)
Income tax relating to unusual items		6,137	850	2,642
<b>Unusual items after taxation</b>		(15,781)	(2,186)	(6,793)
Adjustments for NZIFRS 16	16	(498)	-	-
<b>Net profit from continuing operations attributable to shareholders of the parent</b>		29,936	37,430	67,310

Certain transactions can make the comparison of profits between years difficult. The Group uses adjusted net profit as a key indicator of performance and considers it a better measure of underlying business performance. The Group also uses it as the basis for determining dividend payments. Adjusted net profit makes allowance for the after tax effect of unusual items which are not directly connected with the Group's normal trading activities. The Group defines unusual items as any gains or losses from the disposal of properties or investments, goodwill and brand impairment, costs relating to business acquisitions or disposals and costs connected with restructuring the Group. Following the adoption of NZIFRS 16 (refer note 15) the non-cash impact relating to the new lease accounting standard are treated as a component of adjusted net profit.

#### Restructuring Costs

In January 2017, the Group commenced a 3 year transformation program to change its business operating model, which included shifting The Warehouse away from a 'Hi-Lo' pricing model to an 'Every Day Low Price' model. The changes have been designed to drive an improvement in financial performance, reduce costs and generate greater customer relevance. The changes focused primarily on simplification to reduce complexities, reduce working capital, drive efficiencies and increase business agility. This involved strengthening and consolidating the various Group support service functions to drive synergy benefits. It also involved combining The Warehouse and Warehouse Stationery and similarly combining the Noel Leeming and Torpedo7 Groups by integrating their operating structures and executive leadership teams.

The Group partnered with a management consultancy firm to assist with the transformation process and strategy implementation. In addition to a retainer the Group recognised an expense for success fees payable to the management consultancy firm where they were involved in transformation initiatives that achieved the expected outcomes. All the success fees which are payable have been recognised as an expense in respect of this phase of the transformation program which concluded in January 2020.

### 5. DIVIDENDS

Dividends paid	CENTS PER SHARE			DIVIDENDS PAID		
	(Unaudited) 26 Weeks Ended 26 January 2020	(Unaudited) 26 Weeks Ended 27 January 2019	(Audited) 52 Weeks Ended 28 July 2019	(Unaudited) 26 Weeks Ended 26 January 2020	(Unaudited) 26 Weeks Ended 27 January 2019	(Audited) 52 Weeks Ended 28 July 2019
				\$ 000	\$ 000	\$ 000
Prior year final dividend	8.0	6.0	6.0	27,747	20,811	20,811
Interim dividend	-	-	9.0	-	-	31,216
<b>Total dividends paid</b>	<b>8.0</b>	<b>6.0</b>	<b>15.0</b>	<b>27,747</b>	<b>20,811</b>	<b>52,027</b>

On 16 March 2020 the Board declared a fully imputed interim dividend of 10.0 cents per ordinary share to be paid on 17 April 2020 to all shareholders on the Group's share register at the close of business on 2 April 2020. The declared dividend represents a payout ratio of 75.0% (January 2019: 78.8%; July 2020: 79.6%) of adjusted net profit (refer note: 4).



## Notes to the Financial Statements - continued

### 6. TRADE AND OTHER RECEIVABLES

Trade and Other Receivables	(Unaudited)	(Unaudited)	(Audited)
	As at 26 January 2020	As at 27 January 2019	As at 28 July 2019
	\$ 000	\$ 000	\$ 000
Trade receivables	55,860	45,760	42,335
Prepayments	17,371	16,794	13,479
Property disposal proceeds	-	-	11,050
Rebate accruals and other debtors	26,535	25,777	23,806
<b>Total trade and other receivables</b>	<b>99,766</b>	<b>88,331</b>	<b>90,670</b>

### 7. TRADE AND OTHER PAYABLES

Trade and Other Payables	(Unaudited)	(Unaudited)	(Audited)
	As at 26 January 2020	As at 27 January 2019	As at 28 July 2019
	\$ 000	\$ 000	\$ 000
Local trade creditors and accruals	224,905	237,317	211,132
Overseas trade creditors	135,776	6,717	76,869
Goods in transit creditors	31,469	28,264	20,508
Capital expenditure creditors	1,989	1,124	2,641
Goods and services tax	18,725	8,942	14,345
Reward schemes, lay-bys, Christmas club deposits and gift vouchers	17,612	16,994	17,393
Interest accruals	762	886	736
Payroll accruals	9,348	8,721	8,951
<b>Total trade and other payables</b>	<b>440,586</b>	<b>308,965</b>	<b>352,575</b>

Overseas trade creditors have increased significantly compared to the prior year as a result of the Group changing the payment terms to overseas trade suppliers in November 2018. The Group had previously paid overseas trade suppliers upon the receipt of valid shipping documentation. The new terms are consistent with commercial practice and defer the timing of payments to overseas trade suppliers by up to 120 days following the receipt of the shipping documentation.

### 8. PROVISIONS

Provisions	(Unaudited)	(Unaudited)	(Audited)
	As at 26 January 2020	As at 27 January 2019	As at 28 July 2019
	\$ 000	\$ 000	\$ 000
Current liabilities	51,161	58,167	60,771
Non-current liabilities	21,048	22,604	21,270
<b>Total provisions</b>	<b>72,209</b>	<b>80,771</b>	<b>82,041</b>
<b>Provisions consist of:</b>			
Employee entitlements	58,828	67,060	68,694
Make good provision	7,832	7,907	7,722
Sales returns provision	5,549	5,677	5,625
Onerous lease	-	127	-
<b>Total provisions</b>	<b>72,209</b>	<b>80,771</b>	<b>82,041</b>

## Notes to the Financial Statements - continued

### 9. PROPERTY, PLANT, EQUIPMENT AND COMPUTER SOFTWARE

Property, Plant, Equipment and Computer Software	Note	(Unaudited) As at 26 January 2020 \$ 000	(Unaudited) As at 27 January 2019 \$ 000	(Audited) As at 28 July 2019 \$ 000
Assets held for sale		-	1,516	-
Property, plant and equipment		212,700	229,264	221,161
Computer software	10	58,462	37,920	50,011
<b>Carrying amount</b>		<b>271,162</b>	<b>268,700</b>	<b>271,172</b>
<b>Movement in property, plant, equipment and software</b>				
Carrying amount at the beginning of the period		271,172	272,993	272,993
Capital expenditure	3	29,942	27,448	62,103
Depreciation and amortisation	3	(28,894)	(30,318)	(60,613)
Disposals		(1,058)	(1,423)	(3,311)
<b>Carrying amount at the end of the period</b>		<b>271,162</b>	<b>268,700</b>	<b>271,172</b>

### 10. INTANGIBLE ASSETS

Intangible Assets	Note	(Unaudited) As at 26 January 2020 \$ 000	(Unaudited) As at 27 January 2019 \$ 000	(Audited) As at 28 July 2019 \$ 000
Computer software	9	58,462	37,920	50,011
Brands		18,045	23,523	18,045
Goodwill		57,456	57,456	57,456
<b>Net book value</b>		<b>133,963</b>	<b>118,899</b>	<b>125,512</b>
<b>Movement in Brands</b>				
Balance at the beginning of the period		18,045	23,523	23,523
Brand impairment (Torpedo7)	4	-	-	(5,478)
<b>Balance at the end of the period</b>		<b>18,045</b>	<b>23,523</b>	<b>18,045</b>

The Group performs a detailed impairment assessment of intangible assets prior to the end of each financial year and at each interim reporting date considers if there are any indicators of impairment which could have a bearing on the impairment assessments. The Group's interim review did not identify any significant indicators of impairment in respect of the cash generating units connected with the Group's material intangible assets.

## Notes to the Financial Statements - continued

### 11. BORROWINGS

Net debt	(Unaudited)	(Unaudited)	(Audited)
	As at 26 January 2020	As at 27 January 2019	As at 28 July 2019
	\$ 000	\$ 000	\$ 000
Cash on hand and at bank	56,690	24,758	49,297
Bank borrowings	-	37,612	-
Pre NZIFRS 16 finance leases	-	88	50
Fixed rate senior bond (coupon: 5.30%)	125,000	-	125,000
Fair value adjustment relating to effective interest	429	-	799
Unamortised capitalised costs on senior bond	(167)	-	(384)
<b>Current bank borrowings</b>	<b>125,262</b>	<b>37,700</b>	<b>125,465</b>
Bank borrowings	-	15,000	-
Pre NZIFRS 16 finance leases	-	16	-
Fixed rate senior bond (coupon: 5.30%)	-	125,000	-
Fair value adjustment relating to effective interest	-	763	-
Unamortised capitalised costs on senior bond	-	(602)	-
<b>Non-current borrowings</b>	<b>-</b>	<b>140,177</b>	<b>-</b>
<b>Total borrowings</b>	<b>125,262</b>	<b>177,877</b>	<b>125,465</b>
<b>Net debt</b>	<b>68,572</b>	<b>153,119</b>	<b>76,168</b>
<b>Committed bank credit facilities at balance date are:</b>			
Bank debt facilities	180,000	200,000	180,000
Bank facilities used	-	(52,612)	-
<b>Unused bank debt facilities</b>	<b>180,000</b>	<b>147,388</b>	<b>180,000</b>
Letter of credit facilities	23,000	28,000	28,000
Letters of credit	(1,194)	(1,711)	(2,467)
<b>Unused letter of credit facilities</b>	<b>21,806</b>	<b>26,289</b>	<b>25,533</b>
<b>Total unused bank facilities</b>	<b>201,806</b>	<b>173,677</b>	<b>205,533</b>

The Group issued a 5 year fixed rate senior bond on the New Zealand stock exchange (NZX) in June 2015 with interest payable every six months (15 June and 15 December) based on a 5.30% coupon. The bond is classified as a current liability as it matures in June 2020 which is less than 12 months following balance date. The Group values access to diverse capital sources and is currently assessing options regarding the issue of a new bond on the NZX. If the timing of a reissuance is impacted by issues associated with the coronavirus (COVID-19), the Group has enough bank facilities to repay the bond.

### 12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Financial Instruments	(Unaudited)	(Unaudited)	(Audited)
	As at 26 January 2020	As at 27 January 2019	As at 28 July 2019
	\$ 000	\$ 000	\$ 000
Current assets	2,886	4,470	7,948
Non-current assets	-	786	-
Current liabilities	(8,323)	(5,979)	(939)
Non-current liabilities	(6,866)	(4,850)	(7,055)
<b>Total derivative financial instruments</b>	<b>(12,303)</b>	<b>(5,573)</b>	<b>(46)</b>
<b>Derivative financial instruments consist of:</b>			
Current assets	2,319	4,470	7,071
Current liabilities	(8,323)	(5,979)	(939)
Foreign exchange contracts	(6,004)	(1,509)	6,132
Current assets	567	-	-
Non-current assets	-	786	877
Non-current liabilities	(6,866)	(4,850)	(7,055)
Interest rate swaps	(6,299)	(4,064)	(6,178)
<b>Total derivative financial instruments</b>	<b>(12,303)</b>	<b>(5,573)</b>	<b>(46)</b>

The Group continues to manage its foreign exchange and interest rate risks in accordance with the policies and parameters detailed in the July 2019 Annual Report.

The Group's foreign exchange contracts hedge forecast inventory purchases priced in US dollars over the next 12 months. The following table lists the key inputs used to determine the fair value of the Group's foreign exchange contracts and hedge levels at balance date.

US Dollar forward contracts			
Notional amount (NZ\$000)	401,452	320,991	373,386
Average contract rate (\$)	0.6523	0.6833	0.6759
Spot rate used to determine fair value (\$)	0.6611	0.6846	0.6631
Forecast next twelve month USD hedge level (percentage)	67.2	64.9	64.8

## Notes to the Financial Statements - continued

### 13. FAIR VALUE MEASUREMENT

The following table sets out the Group's financial instruments that are measured subsequent to initial recognition at fair values and are grouped into levels based on the degree to which the fair value is observable:

Level 1 - fair value measurements derived from quoted prices in active markets for identical assets.

Level 2 - fair value measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Asset / (Liability)	Note	(Unaudited)	(Unaudited)	(Audited)	
		As at 26 January 2020	As at 27 January 2019	As at 28 July 2019	
		\$'000	\$'000	\$'000	
<b>Derivatives used for hedging</b>					
Foreign exchange contracts	(Level 2)	12	(6,004)	(1,509)	6,132
Interest rate swaps	(Level 2)	12	(6,299)	(4,064)	(6,178)
Senior bond fair value adjustment relating to effective interest	(Level 2)	11	(429)	(763)	(799)

There has been no transfers between levels or changes in the valuation methods used to determine the fair value of the Group's financial instruments during the current and comparative periods. Sensitivities to reasonably possible changes in non-market observable valuation inputs would not have a material impact on the Group's financial results.

Specific valuation techniques used to value financial instruments are:

- Forward exchange contracts determined using forward exchange market rates at the balance date (refer note 12).
- Interest rate swaps calculated as the present value of the estimated future cash flows based on the applicable market interest yield rates at balance date.

Except for the Group's fixed rate senior bond (refer note 11) and derivatives (detailed above) the carrying value of the Group's financial assets and liabilities approximate fair value. The fixed rate senior bond is listed on the NZX and measured at amortised cost. The fair value of fixed rate senior bonds at balance date, based on the last price traded on the New Zealand stock exchange (level 1 valuation), were as follows.

Fixed Rate Senior Bond	(Unaudited)	(Unaudited)	(Audited)
	As at 26 January 2020	As at 27 January 2019	As at 28 July 2019
Face value (\$000)	125,000	125,000	125,000
Coupon (%)	5.30	5.30	5.30
Market yield (%)	2.75	3.75	2.90
Maturity	June 2020	June 2020	June 2020
NZX quoted closing price (\$)	1.01586	1.02711	1.02712
Fair value (\$000)	126,983	128,389	128,390

### 14. DISCONTINUED OPERATIONS

The Group sold its Financial Services business (excluding Diners Club (NZ)) in September 2017. The Diners Club (NZ) business was divided between the merchant acquisition business and the card issuance operations. The finance receivables associated with the card issuance operations were sold in April 2019. The remaining Diners Club (NZ) merchant acquisition business was part of a network participation agreement (NPA) with Diners Club International and the Groups obligations under this agreement ceased in December 2019. The Group has committed to extending reduced franchise services for three months beyond the expiry of the NPA to assist with merchant transition, on the basis that the extension of these services generate a positive commercial return.

The results and cash flows from the Financial Services Group are as follows.

Financial Services Group results and cash flows	(Unaudited)	(Unaudited)	(Audited)
	26 Weeks Ended 26 January 2020	26 Weeks Ended 27 January 2019	52 Weeks Ended 28 July 2019
	\$'000	\$'000	\$'000
Finance business revenue	38	599	1,262
Expenses	(1,144)	(2,815)	(4,383)
Gain on sale of finance receivables	-	-	398
<b>Loss before interest and tax</b>	<b>(1,106)</b>	<b>(2,216)</b>	<b>(2,723)</b>
Interest expense	21	(14)	9
Loss before tax	(1,085)	(2,230)	(2,714)
Income tax benefit	304	625	786
<b>Loss from discontinued operations</b>	<b>(781)</b>	<b>(1,605)</b>	<b>(1,928)</b>
<b>Cash flows from discontinued operations</b>			
Net cash flows from operating activities	(750)	966	2,461
Net cash flows from investing activities	-	(1,423)	429
Net cash flows from financing activities	679	542	(3,327)

## Notes to the Financial Statements - continued

### 15. LEASE LIABILITIES AND RIGHT OF USE ASSETS

#### New accounting policy

A 'lease liability and a corresponding 'right of use' asset is recognised when the Group commences a lease with a term exceeding 12 months and has sufficient value not to be characterised as a low value lease. The initial lease liability and corresponding 'right of use' asset represents the present value of future lease payments discounted using the Groups incremental borrowing rate over the lease term including any contractual lease extension options considered reasonably certain to be exercised. The future lease payments adjust for contractual fixed rate lease payment adjustments but no adjustment is made for inflation indexed lease payment increases.

Lease payments are allocated between the lease liability and the finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

The Group adopted NZIFRS 16 'Leases', which replaced the previous guidance in NZIAS 17 for lease accounting in the current reporting period. On adoption of NZIFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under NZIAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of transition (28 July 2019). The Group's weighted average incremental borrowing rate applied to the lease liabilities on transition was 4.23%.

The Group used the 'modified retrospective approach' for its transition which does not permit the Group to restate comparative amounts for the periods prior to adoption. This transition approach allowed the Group to use hindsight to determine the commencement date of leases by removing the requirement to retrospectively assess the likelihood that options to extend or terminate leases would be exercised. There was also an optional exemption to exclude short term leases and leases of low value assets which the Group elected to apply. The reclassifications and the adjustments arising from the new leasing rules and recognised in the opening balance sheet on 28 July 2019 are detailed in note 17.

The table below details the movements in the 'right-of-use' assets for the period following the adoption of NZIFRS 16 through to current balance date.

Right of use assets	(Unaudited) Cost \$ 000	(Unaudited) Accumulated Depreciation \$ 000	(Unaudited) Carrying Amount \$ 000
<b>For the 26 weeks ended 26 January 2020</b>			
Carrying amount at transition	1,510,584	(676,093)	834,491
Additions	31,971	-	31,971
Depreciation	-	(47,092)	(47,092)
Lease terminations	(15,543)	10,159	(5,384)
<b>Carrying amount at the end of the period</b>	<b>1,527,012</b>	<b>(713,026)</b>	<b>813,986</b>

The table below details the movements in the lease liabilities for the period following the adoption of NZIFRS 16 through to current balance date and provides a reconciliation between the liabilities recognised at transition with the lease commitments (calculated in accordance with NZIAS 17) disclosed in the July 2019 annual report.

Lease liabilities	(Unaudited) Carrying Amount \$ 000
<b>As at 28 July 2019</b>	
Operating lease commitment disclosed at 28 July 2019	661,508
Adjustments as a result of different treatment of extension and termination options	601,863
Calculation refinements	1,896
The above adjustments discounted at the Group's incremental borrowing rate at transition	(275,054)
Carrying amount at transition	990,213
Additions	31,971
Interest for the period	20,369
Lease repayments	(67,393)
Early lease terminations	(5,535)
<b>Carrying amount at the end of the period</b>	<b>969,625</b>

The early lease terminations are largely due to the Group replacing a number of the motor vehicle fleet leases since July 2019 in a move to shift away from petrol to electric powered motor vehicles.

Lease liability maturity analysis	(Unaudited) Gross Lease Payments \$ 000	(Unaudited) Interest \$ 000	(Unaudited) Carrying Amount \$ 000
Within one year	131,872	(39,522)	92,350
One to two years	127,633	(35,321)	92,312
Two to five years	346,351	(84,666)	261,685
Beyond five years	622,807	(99,529)	523,278
<b>Total</b>	<b>1,228,663</b>	<b>(259,038)</b>	<b>969,625</b>
Current lease liability			92,350
Non-current lease liability			877,275
<b>Total</b>			<b>969,625</b>

## Notes to the Financial Statements - continued

### 16. IMPACT OF NZIFRS 16 ON THE INCOME STATEMENT

The following table details the adjustments to the income statement as a result of the adoption of NZIFRS 16.

Consolidated Income Statement	FOR THE 26 WEEKS ENDED 26 JANUARY 2020		
	(Unaudited)	(Unaudited)	(Unaudited)
	NZIFRS 16	Adjustments	Pre NZIFRS 16
	\$ 000	\$ 000	\$ 000
<b>Continuing operations</b>			
Retail sales	1,683,393	-	1,683,393
Cost of retail goods sold	(1,117,340)	-	(1,117,340)
<b>Gross profit</b>	<b>566,053</b>	<b>-</b>	<b>566,053</b>
Other income	4,892	-	4,892
Employee expenses	(286,193)	-	(286,193)
Depreciation and amortisation expenses	(75,986)	47,092	(28,894)
Other operating expenses	(121,193)	(66,769)	(187,962)
<b>Operating profit from continuing operations</b>	<b>87,573</b>	<b>(19,677)</b>	<b>67,896</b>
Unusual items	(21,918)	-	(21,918)
<b>Earnings before interest and tax from continuing operations</b>	<b>65,655</b>	<b>(19,677)</b>	<b>45,978</b>
Net interest expense	(23,681)	20,369	(3,312)
<b>Profit before tax from continuing operations</b>	<b>41,974</b>	<b>692</b>	<b>42,666</b>
Income tax expense	(12,410)	(194)	(12,604)
<b>Net profit for the period from continuing operations</b>	<b>29,564</b>	<b>498</b>	<b>30,062</b>

The impact of NZIFRS 16 on the income statement decreases operating expenses by removing the lease expense previously calculated in accordance with NZIAS 17, increasing the depreciation expense for the depreciation on the new 'right-of-use' assets and increasing the interest expense for the interest element connected with repayment of the new lease liabilities.

### 17. IMPACT OF NZIFRS 16 ON THE BALANCE SHEET

The following table details the balance sheet reclassifications and adjustments arising from adopting the new leasing rules recognised both at the end of the current period and in the transition balance sheet.

Abbreviated Balance Sheet	AS AT TRANSITION 28 JULY 2019			AS AT 26 JANUARY 2020		
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
	NZIFRS 16	Adjustments	Pre NZIFRS 16	NZIFRS 16	Adjustments	Pre NZIFRS 16
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Right of use assets	834,491	(834,491)	-	813,986	(813,986)	-
Deferred taxation	81,257	(42,782)	38,475	87,957	(42,976)	44,981
All other assets	1,012,346	-	1,012,346	1,087,352	-	1,087,352
<b>Total assets</b>	<b>1,928,094</b>	<b>(877,273)</b>	<b>1,050,821</b>	<b>1,989,295</b>	<b>(856,962)</b>	<b>1,132,333</b>
Trade and other payables	349,695	2,880	352,575	440,586	2,155	442,741
Lease liabilities	990,213	(990,213)	-	969,625	(969,625)	-
Borrowings	125,415	50	125,465	125,262	-	125,262
All other liabilities	90,748	-	90,748	88,772	-	88,772
<b>Total liabilities</b>	<b>1,556,071</b>	<b>(987,283)</b>	<b>568,788</b>	<b>1,624,245</b>	<b>(967,470)</b>	<b>656,775</b>
<b>Net assets</b>	<b>372,023</b>	<b>110,010</b>	<b>482,033</b>	<b>365,050</b>	<b>110,508</b>	<b>475,558</b>

In addition to recognising the new 'right of use' assets and related 'lease liabilities' adjustments were made to recognise the effect of deferred taxation on these adjustments and to 'trade and other payables' to remove operating lease incentives and accruals calculated in accordance with NZIAS 17.

### 18. IMPACT OF NZIFRS 16 ON THE STATEMENT OF CASH FLOWS

The following table details the cash flow statement reclassifications in the current reporting period as a result of the adoption of NZIFRS 16 which reclassify lease repayments between the principal and interest components.

Abbreviated Statement of Cash Flows	FOR THE 26 WEEKS ENDED 26 JANUARY 2020		
	(Unaudited)	(Unaudited)	(Unaudited)
	NZIFRS 16	Adjustments	Pre NZIFRS 16
	\$ 000	\$ 000	\$ 000
Payments to suppliers and employees	(1,532,918)	(67,392)	(1,600,310)
Interest paid on leases	(20,369)	20,369	-
All other operating cash flows	1,654,329	-	1,654,329
<b>Net cash flows from operating activities</b>	<b>101,042</b>	<b>(47,023)</b>	<b>54,019</b>
<b>Net cash flows from investing activities</b>	<b>(18,777)</b>	<b>-</b>	<b>(18,777)</b>
Lease principal repayments	(47,023)	47,023	-
All other financing cash flows	(27,849)	-	(27,849)
<b>Net cash flows from financing activities</b>	<b>(74,872)</b>	<b>47,023</b>	<b>(27,849)</b>
<b>Net cash flow</b>	<b>7,393</b>	<b>-</b>	<b>7,393</b>

## Notes to the Financial Statements - continued

### 19. COMMITMENTS

Commitments	(Unaudited) As at 26 January 2020 \$ 000	(Unaudited) As at 27 January 2019 \$ 000	(Audited) As at 28 July 2019 \$ 000
<b>Capital commitments</b>			
Capital expenditure contracted for at balance date but not recognised as liabilities is set out below:			
Within one year	2,542	1,021	1,452

### 20. RELATED PARTIES

Except for Directors' fees, key executive remuneration and dividends paid by the Group to its Directors, there have been no other related party transactions during the period.

### 21. CONTINGENT LIABILITIES

The Group has no material contingent liabilities other than those arising in the normal course of business, being primarily letters of credit issued to secure future purchasing requirements and store lease commitments.

### 22. IMPACT OF CORONAVIRUS

The coronavirus "outbreak" (COVID-19) was declared a public health emergency and later declared a pandemic by the World Health Organisation on 30 January 2020 and 11 March 2020, respectively. Both declarations were made after the Group's period end balance date. Given the developing nature of the virus and downstream consequences it is too early to determine the impact this virus may have on the Group. On 26 February a trading update was provided on the impact of COVID-19 on the Group operations, stating that the Group did not expect there to be a material impact on the full year financial results. We continue to actively monitor the situation and recognise the impact of COVID-19 on the Group could manifest through three areas, our team members, supply chain and customer demand. The Group has mitigation plans which will be assessed and implemented as the situation develops however should this pandemic continue for a prolonged period of time it may have a material adverse financial impact.