

9 March 2012

Listed Company Relations  
New Zealand Exchange Limited

**The Warehouse Group Limited**

**Unaudited results for the half year ended 29 January 2012**

Attached financial information as required by NZX Listing Rule 10.4.2

1. Appendix 1 (NZX Listing Rule 10.4.2) detailing the Preliminary Announcement for the half year ended 29 January 2012
2. Operational Highlights for the half year ended 29 January 2012, including quarterly sales
3. Condensed Consolidated Unaudited Financial Statements for the half year ended 29 January 2012, and the Accountants' Report thereon
4. Appendix 7 (NZX Listing Rule 7.12.2) detailing a distribution of 13.5 cents per ordinary share to be paid on 19 April 2012 to those shareholders on the company's share register as at 5.00pm NZT 5 April 2012
5. ASX listing rule 4.2A.2 Directors' Declaration in respect of the unaudited Financial Statements
6. Media release

Kerry Nickels  
Company Secretary

<b>THE WAREHOUSE GROUP LIMITED</b>	
<b>Results for announcement to the market</b>	
Reporting Period	1 August 2011 to 29 January 2012
Previous Reporting Period	2 August 2010 to 30 January 2011

The information below supplements the information disclosed in the attached financial statements and management commentary. All figures are NZ\$ unless otherwise stated.

	Amount (NZ\$ 000s)	Percentage change
Revenue from ordinary activities	NZ\$ 937,941	up 3.3 %
Profit from ordinary activities after tax attributable to shareholders	NZ\$ 54,040	up 3.3 %
Net profit attributable to shareholders	NZ\$ 54,040	up 3.3 %

Distributions	Amount per share	Imputed amount per share
Interim dividend	13.50 cents	5.7857 cents
Final dividend (prior year)	6.50 cents	2.7857 cents

Record date - Interim dividend	05 April 2012
Payment date - Interim dividend	19 April 2012

Comments	Refer to media release.
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Asset Backing	January 2012	January 2011
Net tangible asset backing per ordinary share	98.3 cents	93.6 cents

### **Basis of Report**

This market announcement is based on financial statements which have been the subject of a review by the Group's auditor. The auditor's review report and the financial statements are provided with this preliminary final report.

### **Accounting Standards**

The condensed consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice applicable to interim financial statements for profit oriented entities. The condensed consolidated interim financial statements comply with IAS 34 and NZ IAS 34 *Interim Financial Reporting*.

9 March 2012

## **THE WAREHOUSE GROUP LIMITED**

### **Unaudited results for the half year ended 29 January 2012**

**The Warehouse Group Limited has today announced its unaudited results for the half year ended 29 January 2012.**

#### **HIGHLIGHTS**

- Overall sales growth encouraging with the start of an improving same store sales trend that has continued into February
- This reflects the early impact of the strategic initiatives outlined in September
- Margins have held in all major categories except apparel
- Sales leverage has led to increased gross profit dollars, but not sufficient to cover inflationary and strategic investment costs in the half, causing a decline in adjusted NPAT
- Inventory investment required to support our Bargains & Essentials strategy, the growth of key categories, appropriate seasonal entry and product availability
- Significant growth in Online sales of 63%, albeit from a low base
- First 10 full store refits in the rejuvenation strategy commenced in February 2012
- New Warehouse store opened in Whitianga. Replacement store opened in Hastings. Timaru and Pukekohe store extensions completed.
- Two new Warehouse Stationery stores opened in South Dunedin and Te Awamutu.
- Silverdale retail centre well progressed and on track for completion October 2012
- Pah Road and Stoddard Road developments are progressing. These stores address significant areas of under-representation in key Auckland markets.

#### **PROFIT AND DIVIDEND**

- Reported net profit after tax \$54.0 million compared to \$52.3 million same period last year
- Net profit after tax, excluding unusual items of \$46.7 million compared to \$53.0 million same period last year
- Interim dividend of 13.5 cps, down 2.0 cps

#### **GROUP FINANCIAL SUMMARY**

- Sales up 3.3% to \$937.9 million
- Operating profit down 13.9% to \$67.9 million
- Earnings per share 17.5 cps up 3.6% compared to 16.9 cps for the same period last year, based on reported net profit
- Adjusted earnings per share 15.1 cps down 11.9% compared to 17.1 cps for the same period last year, based on adjusted net profit
- Operating cash out flow \$12.2 million compared to an inflow of \$34.4 million for the same period last year
- Net debt \$198.4 million compared to \$103.9 million in January 2011

## **THE WAREHOUSE OPERATING PERFORMANCE**

	2012	2011	Change
Sales (\$millions)	835.7	808.1	+3.4%
Operating profit (\$millions)	62.1	74.0	-16.1%
Total Assets (\$millions)	420.3	367.3	+14.4%

- Sales for the half year up 3.4% to \$835.7 million
- Operating profit down 16.1% to \$62.1 million
- Same store sales up 2.7%
- Operating margin 7.4% compared to 9.2% for the same period last year

## **WAREHOUSE STATIONERY OPERATING PERFORMANCE**

	2012	2011	Change
Sales (\$millions)	100.1	98.1	+2.1%
Operating profit (\$millions)	3.1	3.7	-15.5%
Total Assets (\$millions)	65.0	61.0	+6.6%

- Sales for the half year up 2.1% to \$100.1 million
- Operating profit down 15.5% to \$3.1 million
- Same store sales up 2.2%
- Operating margin 3.1% compared to 3.7% for the same period last year

## **FINANCIAL POSITION**

### **1. Gearing and Debt Servicing**

- Net debt of \$198.4 million compares to \$103.9 million at January 2011
- Net annualised interest cover 11.4 times EBIT compared to 13.3 times EBIT at January 2011
- Annualised fixed charge cover 3.0 times EBITDAR compared to 3.2 times EBITDAR at January 2011

### **2. Assets and Capital Expenditure**

- Total assets increased to \$739.5 million compared to \$718.4 million in January 2011, due to the ongoing investment in the Silverdale retail centre and higher inventory levels
- Total gross capital expenditure for the half year increased by \$11.6 million to \$38.0 million

### **3. Cashflow**

- Operating cash out flow of \$12.2 million was \$46.5 million less than last year largely due to the funding of higher inventory levels and trade receivables.

### **4. Dividend**

- An interim dividend of 13.5 cps to be paid on 19 April 2012 to all shareholders on the Group's share register at the close of business on 5 April 2012.

## **OUTLOOK**

- Trading conditions expected to remain uncertain in the remainder of the financial year
- Subject to any material change in expected trading conditions FY12 adjusted NPAT is forecast to be between \$62.0 million and \$66.0 million (FY11 adjusted NPAT \$76.0 million).
- Reported FY12 NPAT is expected to be in the order of \$80.0 million

## **RESULT BRIEFING**

- A post result briefing will be conducted today at 9.15am. The audio of the briefing will be broadcast live via web cast on [www.thewarehouse.co.nz](http://www.thewarehouse.co.nz) from 9.15am NZT.

**ENDS**

### **Approved by**

G F Evans

Chairman

The Warehouse Group Limited



THE WAREHOUSE GROUP LIMITED	
Supplementary Information	
Reporting Period	1 August 2011 to 29 January 2012
Previous Reporting Period	2 August 2010 to 30 January 2011

### SUMMARY INCOME STATEMENT

(NZ \$000)	2012	2011	% Change
The Warehouse	835,741	808,059	+ 3.4%
Warehouse Stationery	100,116	98,080	+ 2.1%
Other group operations	5,628	4,890	
Inter-segment eliminations	(3,544)	(3,079)	
<b>SALES</b>	<b>937,941</b>	<b>907,950</b>	+ 3.3%
The Warehouse	62,127	74,026	- 16.1%
Warehouse Stationery	3,099	3,668	- 15.5%
Other group operations	2,715	1,227	
<b>OPERATING PROFIT</b>	<b>67,941</b>	<b>78,921</b>	- 13.9%
Gain on disposal of property	-	142	
Changes in fair value of financial instruments	-	194	
Release of warranty provisions	7,355	-	
Equity earnings of associate	1,429	1,643	
<b>EBIT</b>	<b>76,725</b>	<b>80,900</b>	- 5.2%
Net interest expense	(5,424)	(5,153)	
Income tax expense	(17,151)	(23,403)	
Minority interests	(110)	(52)	
<b>TAX PAID PROFIT</b>	<b>54,040</b>	<b>52,292</b>	+ 3.3%
<b>ADJUSTED PROFIT</b>	<b>46,685</b>	<b>52,962</b>	- 11.9%
<b>OPERATING MARGIN</b>			
The Warehouse	7.4 %	9.2 %	- 180 bp
Warehouse Stationery	3.1 %	3.7 %	- 60 bp
Total Group	7.2 %	8.7 %	- 150 bp
<b>TAX PAID PROFIT MARGIN</b>	5.8 %	5.8 %	-

THE WAREHOUSE GROUP LIMITED	
Supplementary Information	
Reporting Period	At 29 January 2012
Previous Reporting Period	At 30 January 2011

### SUMMARY BALANCE SHEET

(NZ \$000)	2012	2011
Parent shareholder's equity	320,701	309,802
Minority interest	300	225
<b>TOTAL EQUITY</b>	<b>321,001</b>	<b>310,027</b>
Borrowings	150,356	98,798
Derivatives	5,289	2,301
Provisions	12,051	16,789
Deferred taxation	-	3,421
<b>TERM LIABILITIES</b>	<b>167,696</b>	<b>121,309</b>
Bank overdraft and borrowings	67,328	93,532
Trade and other payables	137,055	138,871
Derivatives	8,807	10,750
Provisions	30,852	34,020
Current taxation	6,656	9,874
<b>CURRENT LIABILITIES</b>	<b>250,698</b>	<b>287,047</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>739,395</b>	<b>718,383</b>
Cash and deposits	19,299	88,405
Trade and other receivables	33,866	23,312
Inventories	338,892	300,001
Available for sale land and buildings	5,744	-
<b>CURRENT ASSETS</b>	<b>397,801</b>	<b>411,718</b>
Trade and other receivables	1,101	1,704
Fixed assets	327,148	298,492
Investments	9,014	5,653
Derivatives	2,530	816
Deferred taxation	1,801	-
<b>NON CURRENT ASSETS</b>	<b>341,594</b>	<b>306,665</b>
<b>TOTAL ASSETS</b>	<b>739,395</b>	<b>718,383</b>

<b>THE WAREHOUSE GROUP LIMITED</b>	
<b>Supplementary Information</b>	
Reporting Period	1 August 2011 to 29 January 2012
Previous Reporting	2 August 2010 to 30 January 2011

Details of dividends declared or paid during or subsequent to the half year ended 30 January 2011 are as follows:

Type	Record date	Payment date	Amount per share	Total dividend (NZ\$ 000s)	Imputation credits	Supplementary dividend
Interim dividend	08-Apr-11	20-Apr-11	15.50 cents	48,235	6.6429 cents	2.7353 cents
Final dividend	04-Nov-11	16-Nov-11	6.50 cents	20,228	2.7857 cents	1.1471 cents
Interim dividend	05-Apr-12	19-Apr-12	13.50 cents	42,011	5.7857 cents	2.3824 cents

New Zealand imputation credits are attached to each dividend payment. A supplementary dividend is attached to each dividend paid to non-resident shareholders. The Warehouse Group Limited does not operate any type of dividend reinvestment plan.

The directors of The Warehouse Group Limited, at any time during or since the half year ended 30 January 2011 were:

Directors		
Graham F Evans	Non-executive Chairman	
Keith R Smith	Non-executive Deputy Chairman	
HJ Mark Callaghan	Non Executive	(resigned July 2011)
Robert L Challinor	Non Executive	(retired November 2011)
Ian R Morrice	Executive	(resigned May 2011)
James H Ogden	Non Executive	
Janine L Smith	Non Executive	
Sir Stephen R Tindall	Non Executive	
Eduard (Ted) K van Arkel	Non Executive	(appointed July 2011)



THE WAREHOUSE GROUP LIMITED	
Quarterly Sales Information	
Reporting Period	1 August 2011 to 29 January 2012
Previous Reporting	2 August 2010 to 30 January 2011

Quarterly sales information:

First quarter sales (1 August 2011 to 30 October 2011)	Sales 2012 (NZ\$ Million)	Sales 2011 (NZ\$ Million)	Change in sales	Change in same store sales
The Warehouse	323.1	315.8	+ 2.3 %	+ 2.1 %
Warehouse Stationery	47.3	46.5	+ 1.7 %	+ 0.3 %

Second quarter sales (31 October 2011 to 29 January 2012)	Sales 2012 (NZ\$ Million)	Sales 2011 (NZ\$ Million)	Change in sales	Change in same store sales
The Warehouse	512.6	492.3	+ 4.1 %	+ 3.1 %
Warehouse Stationery	52.8	51.6	+ 2.4 %	+ 3.9 %

Year to date sales (1 August 2011 to 29 January 2012)	Sales 2012 (NZ\$ Million)	Sales 2011 (NZ\$ Million)	Change in sales	Change in same store sales
The Warehouse	835.7	808.1	+ 3.4 %	+ 2.7 %
Warehouse Stationery	100.1	98.1	+ 2.1 %	+ 2.2 %

Store Numbers	The Warehouse		Warehouse Stationery	
	2012	2011	2012	2011
Start Quarter 1	88	87	51	47
End Quarter 1	89	88	51	48
End Quarter 2	89	88	52	50

The South City Warehouse Stationery store has been treated as a reduction to both store numbers and store footprint in the current quarter. This store was closed following damage sustained during the Canterbury Earthquake in February 2011. At this time it is unknown when this store will be reopened.

Store footprint (Square Metres)	The Warehouse		Warehouse Stationery	
	2012	2011	2012	2011
Start Quarter 1	476,115	470,156	58,307	56,101
End Quarter 1	484,299	472,543	58,307	56,241
End Quarter 2	484,299	475,498	57,164	58,369

**The Warehouse Group Limited**  
**Interim Financial Statements**

**For the 26 weeks ended 29 January 2012**

## Consolidated Income Statements

	Note	Unaudited 26 Weeks Ended 29 January 2012 \$ 000	Unaudited 26 Weeks Ended 30 January 2011 \$ 000	Audited 52 Weeks Ended 31 July 2011 \$ 000
Revenue	3	937,941	907,950	1,667,777
Cost of sales		(600,503)	(571,500)	(1,061,478)
<b>Gross profit</b>		<b>337,438</b>	<b>336,450</b>	<b>606,299</b>
Other income		3,290	3,181	6,485
Employee expenses		(146,721)	(140,813)	(267,799)
Lease and occupancy expenses		(43,112)	(41,356)	(81,942)
Depreciation and amortisation expenses	4	(20,610)	(20,151)	(39,772)
Other operating expenses		(62,344)	(58,390)	(109,135)
<b>Operating profit</b>	3	<b>67,941</b>	<b>78,921</b>	<b>114,136</b>
Gain on disposal of property		-	142	1,470
Changes in fair value of financial instruments		-	194	194
Release of warranty provisions		7,355	-	-
Equity earnings of associate	5	1,429	1,643	3,575
<b>Earnings before interest and tax</b>		<b>76,725</b>	<b>80,900</b>	<b>119,375</b>
Net interest expense		(5,424)	(5,153)	(9,845)
<b>Profit before tax</b>		<b>71,301</b>	<b>75,747</b>	<b>109,530</b>
Income tax expense before Government Budget changes		(17,151)	(22,491)	(32,022)
Income tax expense relating to Government Budget changes		-	(912)	637
<b>Net profit for the period</b>		<b>54,150</b>	<b>52,344</b>	<b>78,145</b>
<b>Attributable to:</b>				
Shareholders of the parent		54,040	52,292	77,829
Minority interests		110	52	316
<b>Profit attributable to shareholders</b>		<b>54,150</b>	<b>52,344</b>	<b>78,145</b>
<b>Basic earnings per share</b>		<b>17.5 cents</b>	<b>16.9 cents</b>	<b>25.1 cents</b>
<b>Diluted earnings per share</b>		<b>17.4 cents</b>	<b>16.8 cents</b>	<b>25.0 cents</b>
<b>Net assets per share</b>		<b>103.6 cents</b>	<b>100.1 cents</b>	<b>87.7 cents</b>

**Consolidated Statements of Comprehensive Income**

	Unaudited 26 Weeks Ended 29 January 2012 \$ 000	Unaudited 26 Weeks Ended 30 January 2011 \$ 000	Audited 52 Weeks Ended 31 July 2011 \$ 000
<b>Net profit for the period</b>	54,150	52,344	78,145
Movement in cash flow hedge reserve net of tax	14,886	(4,600)	(20,097)
<b>Total comprehensive income for the period</b>	69,036	47,744	58,048
<b>Attributable to:</b>			
Shareholders of the company	68,926	47,692	57,732
Minority interest	110	52	316
	69,036	47,744	58,048

**Consolidated Statements of Changes in Equity**

	Unaudited 26 Weeks Ended 29 January 2012 \$ 000	Unaudited 26 Weeks Ended 30 January 2011 \$ 000	Audited 52 Weeks Ended 31 July 2011 \$ 000
<b>Equity at the beginning of the period</b>	271,540	303,246	303,246
Total comprehensive income for the period	69,036	47,744	58,048
Share rights charged to the income statement	801	1,084	1,640
Dividends paid to shareholders of the company	(20,228)	(42,011)	(90,246)
Dividends paid to minority interest	(135)	(167)	(331)
Treasury stock dividends received	93	206	416
Purchase of treasury stock	(106)	(75)	(1,233)
<b>Equity at the end of the period</b>	321,001	310,027	271,540
<b>Equity consists of:</b>			
Share capital	251,445	251,445	251,445
Treasury stock	(5,552)	(6,351)	(7,385)
Cashflow hedge reserve	(9,218)	(8,607)	(24,104)
Employee share benefits reserve	1,514	2,336	2,812
Retained earnings	82,512	70,979	48,447
<b>Total equity attributable to shareholders</b>	320,701	309,802	271,215
Minority interest	300	225	325
<b>Total equity</b>	321,001	310,027	271,540

## Consolidated Balance Sheets

	Note	Unaudited As at 29 January 2012 \$ '000	Unaudited As at 30 January 2011 \$ '000	Audited As at 31 July 2011 \$ '000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	8	19,299	88,405	23,016
Trade and other receivables	7	33,866	23,312	24,378
Inventories		338,892	300,001	262,663
Available for sale land and buildings	4	5,744	-	5,744
<b>Total current assets</b>		<b>397,801</b>	<b>411,718</b>	<b>315,801</b>
<b>Non-current assets</b>				
Trade and other receivables	7	1,101	1,704	1,413
Property, plant and equipment	4	310,644	278,357	291,922
Computer software	4	16,504	20,135	18,432
Investments	5	9,014	5,653	7,585
Derivative financial instruments	6	2,530	816	1,138
Deferred taxation		1,801	-	3,832
<b>Total non-current assets</b>		<b>341,594</b>	<b>306,665</b>	<b>324,322</b>
<b>Total assets</b>		<b>739,395</b>	<b>718,383</b>	<b>640,123</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowings	8	67,328	93,532	-
Trade and other payables	12	137,055	138,871	128,913
Derivative financial instruments	6	8,807	10,750	25,903
Provisions	9	30,852	34,020	38,773
Taxation payable		6,656	9,874	7,202
<b>Total current liabilities</b>		<b>250,698</b>	<b>287,047</b>	<b>200,791</b>
<b>Non-current liabilities</b>				
Borrowings	8	150,356	98,798	149,129
Derivative financial instruments	6	5,289	2,301	8,568
Provisions	9	12,051	16,789	10,095
Deferred taxation		-	3,421	-
<b>Total non-current liabilities</b>		<b>167,696</b>	<b>121,309</b>	<b>167,792</b>
<b>Total liabilities</b>		<b>418,394</b>	<b>408,356</b>	<b>368,583</b>
<b>Net assets</b>		<b>321,001</b>	<b>310,027</b>	<b>271,540</b>
<b>EQUITY</b>				
Contributed equity		245,893	245,094	244,060
Reserves		(7,704)	(6,271)	(21,292)
Retained earnings		82,512	70,979	48,447
<b>Total equity attributable to shareholders</b>		<b>320,701</b>	<b>309,802</b>	<b>271,215</b>
Minority interest		300	225	325
<b>Total equity</b>	11	<b>321,001</b>	<b>310,027</b>	<b>271,540</b>



## Condensed Consolidated Statements of Cash Flows

	Unaudited 26 Weeks Ended 29 January 2012	Unaudited 26 Weeks Ended 30 January 2011	Audited 52 Weeks Ended 31 July 2011
	\$ 000	\$ 000	\$ 000
<b>Cash flows from operating activities</b>			
Cash received from customers	938,050	907,665	1,668,968
Interest income	106	1,218	1,896
Payments to suppliers and employees	(923,156)	(843,588)	(1,525,886)
Income tax paid	(21,228)	(24,707)	(36,235)
Interest paid	(5,924)	(6,249)	(11,833)
<b>Net cash flows from operating activities</b>	<b>(12,152)</b>	<b>34,339</b>	<b>96,910</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	352	1,020	5,567
Staff share purchase advances repaid	291	315	622
Dividend received from associate	-	1,911	1,911
Purchase of property, plant, equipment and software	(39,008)	(26,412)	(65,896)
Other items	(29)	(65)	(88)
<b>Net cash flows from investing activities</b>	<b>(38,394)</b>	<b>(23,231)</b>	<b>(57,884)</b>
<b>Cash flows from financing activities</b>			
Proceeds from short term borrowings	67,328	18,532	-
Repayment of term borrowings	-	-	(25,000)
Purchase of treasury stock	-	-	(1,042)
Treasury stock dividends received	93	206	416
Dividends paid to parent shareholders	(20,457)	(42,500)	(91,279)
Dividends paid to minority shareholders	(135)	(167)	(331)
<b>Net cash flows from financing activities</b>	<b>46,829</b>	<b>(23,929)</b>	<b>(117,236)</b>
Net cash flow	(3,717)	(12,821)	(78,210)
Opening cash position	23,016	101,226	101,226
<b>Closing cash position</b>	<b>19,299</b>	<b>88,405</b>	<b>23,016</b>
	-	-	-
<b>Reconciliation of Operating Cash Flows</b>			
Profit after tax	54,150	52,344	78,145
<b>Non-cash items</b>			
Depreciation and amortisation expenses	20,610	20,151	39,772
Share based payment expense	801	1,084	1,640
Interest capitalisation	(365)	93	(61)
Movement in deferred tax	(3,758)	(316)	(1,740)
Changes in fair value of financial instruments	-	(194)	(194)
Share of surplus retained by associate	(1,429)	(1,643)	(3,575)
<b>Total non-cash items</b>	<b>15,859</b>	<b>19,175</b>	<b>35,842</b>
<b>Items classified as investing or financing activities</b>			
Net loss on sale of property, plant and equipment	191	135	(462)
Supplementary dividend tax credit	229	489	1,033
<b>Total investing and financing adjustments</b>	<b>420</b>	<b>624</b>	<b>571</b>
<b>Changes in assets and liabilities</b>			
Trade and other receivables	(9,406)	(6,317)	(7,432)
Inventories	(76,229)	(45,396)	(8,057)
Trade and other payables	9,564	18,803	7,348
Provisions	(5,964)	(3,418)	(5,359)
Income tax	(546)	(1,476)	(4,148)
<b>Total changes in assets and liabilities</b>	<b>(82,581)</b>	<b>(37,804)</b>	<b>(17,648)</b>
<b>Net cash flows from operating activities</b>	<b>(12,152)</b>	<b>34,339</b>	<b>96,910</b>
	-	-	-



## Notes to the Financial Statements

### 1. GENERAL INFORMATION

The Warehouse Group Limited and its subsidiaries (together the "Group") operate as a retail chain with 89 general merchandise and 52 stationery stores spread across New Zealand.

The Warehouse Group Limited is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Level 8, 120 Albert Street, PO Box 2219, Auckland. The Group is dual listed on the New Zealand and Australian stock exchanges.

The Warehouse Group Limited is a company registered under the New Zealand Companies Act 1993 and is an issuer for the purposes of the New Zealand Financial Reporting Act 1993.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements for the reporting period ended 29 January 2012 have been prepared in accordance with generally accepted accounting practice in New Zealand, International Accounting Standard 34 and NZ IAS 34 Interim Financial Reporting.

The preparation of interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments (including derivative instruments). The Group is designated as a profit-oriented entity for financial reporting purposes. The reporting currency used in the preparation of the financial statements is New Zealand dollars, rounded to the nearest thousands.

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 31 July 2011 and the unaudited interim financial statements for the 26 weeks ended 30 January 2011.

The interim financial statements do not include all of the information normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial statements and related notes in the Group's Annual Report for the 52 weeks ended 31 July 2011.

#### (a) Changes in accounting policies

There have been no significant changes in accounting policies during the current period. Accounting policies have been applied on a basis consistent with the prior interim and annual financial statements.

During the period the following two amended NZ IFRS's became effective which were adopted by the Group. The adoption of the amended standards have no significant impact on the Group's interim financial statements.

NZ IAS 34 "Interim Financial Reporting" provides additional guidance relating to disclosure requirements. NZ IAS 24 "Related Party Disclosures" amends the definition of a related party.

#### (b) 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 8 March 2012. Unless as otherwise stated, the financial statements have been reviewed by our Auditors, but are not audited.

### 3. SEGMENT INFORMATION

	REVENUE			OPERATING PROFIT		
	(Unaudited) 26 Weeks Ended 29 January 2012 \$ '000	(Unaudited) 26 Weeks Ended 30 January 2011 \$ '000	(Audited) 52 Weeks Ended 31 July 2011 \$ '000	(Unaudited) 26 Weeks Ended 29 January 2012 \$ '000	(Unaudited) 26 Weeks Ended 30 January 2011 \$ '000	(Audited) 52 Weeks Ended 31 July 2011 \$ '000
<b>SEGMENT PERFORMANCE</b>						
The Warehouse	835,741	808,059	1,462,912	62,127	74,026	98,777
Warehouse Stationery	100,116	98,080	201,453	3,099	3,668	10,103
Other group operations	5,628	4,890	8,320	2,715	1,227	5,256
Inter-segment eliminations	(3,544)	(3,079)	(4,908)	-	-	-
	<b>937,941</b>	<b>907,950</b>	<b>1,667,777</b>	<b>67,941</b>	<b>78,921</b>	<b>114,136</b>
<b>Operating margin</b>						
The Warehouse (%)				7.4	9.2	6.8
Warehouse Stationery (%)				3.1	3.7	5.0
<b>Operating profit (%)</b>				<b>7.2</b>	<b>8.7</b>	<b>6.8</b>

The "other group" operating profit for the current half year period includes an onerous lease expense (\$2.002 million – refer note 9) and a reversal of previously accrued costs (\$1.900 million) attributed to lease exposures.

## Notes to the Financial Statements - continued

## 3. SEGMENT INFORMATION - continued

	DEPRECIATION & AMORTISATION			CAPITAL EXPENDITURE		
	(Unaudited) 26 Weeks Ended 29 January 2012 \$ 000	(Unaudited) 26 Weeks Ended 30 January 2011 \$ 000	(Audited) 52 Weeks Ended 31 July 2011 \$ 000	(Unaudited) 26 Weeks Ended 29 January 2012 \$ 000	(Unaudited) 26 Weeks Ended 30 January 2011 \$ 000	(Audited) 52 Weeks Ended 31 July 2011 \$ 000
The Warehouse	16,571	16,325	32,041	18,694	15,204	37,319
Warehouse Stationery	2,714	2,416	4,902	1,697	2,939	6,161
Other group operations	1,325	1,410	2,829	17,641	8,269	24,109
<b>Operating assets / liabilities</b>	<b>20,610</b>	<b>20,151</b>	<b>39,772</b>	<b>38,032</b>	<b>26,412</b>	<b>67,589</b>

	TOTAL ASSETS			TOTAL LIABILITIES		
	(Unaudited) As at 29 January 2012 \$ 000	(Unaudited) As at 30 January 2011 \$ 000	(Audited) As at 31 July 2011 \$ 000	(Unaudited) As at 29 January 2012 \$ 000	(Unaudited) As at 30 January 2011 \$ 000	(Audited) As at 31 July 2011 \$ 000
The Warehouse	420,290	367,255	340,777	147,741	147,232	139,639
Warehouse Stationery	65,030	61,021	59,379	27,346	27,743	24,688
Other group operations	221,431	195,233	204,396	4,871	7,350	6,099
<b>Operating assets / liabilities</b>	<b>706,751</b>	<b>623,509</b>	<b>604,552</b>	<b>179,958</b>	<b>182,325</b>	<b>170,426</b>
<b>Unallocated assets / liabilities</b>						
Cash and cash equivalents	19,299	88,405	23,016	217,684	192,330	149,129
Derivative financial instruments	2,530	816	1,138	14,096	13,051	34,471
Investments	9,014	5,653	7,585	-	-	-
Taxation	1,801	-	3,832	6,656	13,295	7,202
Warranty provision	-	-	-	-	7,355	7,355
<b>Total</b>	<b>739,395</b>	<b>718,383</b>	<b>640,123</b>	<b>418,394</b>	<b>408,356</b>	<b>368,583</b>

## 4. PROPERTY, PLANT, EQUIPMENT AND SOFTWARE

	(Unaudited) As at 29 January 2012 \$ 000	(Unaudited) As at 30 January 2011 \$ 000	(Audited) As at 31 July 2011 \$ 000
Available for sale land and buildings	5,744	-	5,744
Property, plant and equipment	310,644	278,357	291,922
Computer software	16,504	20,135	18,432
<b>Net book value</b>	<b>332,892</b>	<b>298,492</b>	<b>316,098</b>
<b>Movement in property, plant, equipment and software</b>			
Balance at the beginning of the period	316,098	293,386	293,386
Capital expenditure	38,032	26,412	67,589
Depreciation and amortisation	(20,610)	(20,151)	(39,772)
Earthquake impairment	(85)	-	(113)
Disposals	(543)	(1,155)	(4,992)
Balance at the end of the period	<b>332,892</b>	<b>298,492</b>	<b>316,098</b>

## Available for sale land and buildings

In November 2011 the Group entered a sale and purchase agreement to sell the Distribution Centre at Puhinui Road, Auckland (carrying amount \$5.744 million) for a consideration of \$18.500 million. When the agreement is completed in July 2012 and possession of the property passes to the purchaser it is expected that the Group will record a gain on sale of approximately \$12.500 million.



## Notes to the Financial Statements - continued

## 5. INVESTMENT

	(Unaudited) As at 29 January 2012 \$ 000	(Unaudited) As at 30 January 2011 \$ 000	(Audited) As at 31 July 2011 \$ 000
Investment at beginning of the year	7,585	5,921	5,921
Share of associates profit before taxation	2,015	2,348	5,124
Less taxation	(586)	(705)	(1,549)
Equity earnings of associate	1,429	1,643	3,575
Dividend received from associate	-	(1,911)	(1,911)
Investment at end of the period	9,014	5,653	7,585

**The Warehouse Financial Services Limited**

The Group has a 49% (2011: 49%) interest, and Westpac a 51% (2011: 51%) interest in The Warehouse Financial Services Limited.

## 6. DERIVATIVE FINANCIAL INSTRUMENTS

	(Unaudited) As at 29 January 2012 \$ 000	(Unaudited) As at 30 January 2011 \$ 000	(Audited) As at 31 July 2011 \$ 000
Non-current assets	2,530	816	1,138
Current liabilities	(8,807)	(10,750)	(25,903)
Non-current liabilities	(5,289)	(2,301)	(8,568)
	(11,566)	(12,235)	(33,333)
<b>Derivative financial instruments consist of:</b>			
Foreign exchange contracts	(8,694)	(9,537)	(30,867)
Interest rate swaps	(2,872)	(2,698)	(2,466)
	(11,566)	(12,235)	(33,333)

The Group continues to manage its foreign exchange and interest rate risks in accordance with the policies and parameters detailed in the 2011 Annual Report.

The Group's foreign exchange contracts relate to commitments to purchase US dollars. The following table lists the key inputs used to determine the mark to market valuation of the Group's foreign exchange contracts at balance date.

**US Dollar forward contracts - cash flow hedges**

Notional amount (NZ\$000)	181,595	175,515	252,382
Average contract rate (\$)	0.7762	0.7207	0.7558
Spot rate used to determine fair value (\$)	0.8249	0.7729	0.8792

## 7. TRADE AND OTHER RECEIVABLES

	(Unaudited) As at 29 January 2012 \$ 000	(Unaudited) As at 30 January 2011 \$ 000	(Audited) As at 31 July 2011 \$ 000
Trade receivables	19,767	17,875	14,336
Allowance for impairment	(670)	(823)	(681)
	19,097	17,052	13,655
Other debtors and prepayments	14,210	5,650	10,160
Employee share purchase plan loans	1,660	2,314	1,976
	34,967	25,016	25,791
Less: Non-current employee share purchase plan loans	(1,101)	(1,704)	(1,413)
Current trade and other receivables	33,866	23,312	24,378

Other debtors includes an insurance receivable of \$3.390 million (HY 2011: \$Nil; FY 2011 \$3.302 million) for insured losses arising from the 2010/11 Canterbury earthquakes and Rotorua Warehouse Stationery store fire in December 2011.

## Notes to the Financial Statements - continued

## 8. DEBT

	(Unaudited) As at 29 January 2012 \$ 000	(Unaudited) As at 30 January 2011 \$ 000	(Audited) As at 31 July 2011 \$ 000
Cash on hand and at bank	19,299	18,405	16,916
Deposits at call	-	70,000	6,100
Cash and cash equivalents	19,299	88,405	23,016
Current borrowings	67,328	93,532	-
Non-current borrowings	150,356	98,798	149,129
Total borrowings	217,684	192,330	149,129
Net debt / (funds)	198,385	103,925	126,113
<b>Committed credit facilities at balance date are:</b>			
Debt facilities	300,000	300,000	275,000
Facilities used	(217,684)	(192,330)	(175,000)
Unused debt facilities	82,316	107,670	100,000
Letter of credit facilities	28,000	28,000	28,000
Letters of credit	(5,026)	(6,167)	(13,184)
Unused letter of credit facilities	22,974	21,833	14,816
Total unused bank facilities	105,290	129,503	114,816

## 9. PROVISIONS

	(Unaudited) As at 29 January 2012 \$ 000	(Unaudited) As at 30 January 2011 \$ 000	(Audited) As at 31 July 2011 \$ 000
Current liabilities	30,852	34,020	38,773
Non-current liabilities	12,051	16,789	10,095
	42,903	50,809	48,868
<b>Provisions consist of:</b>			
Annual performance based compensation	2,163	7,440	3,871
Annual leave	18,435	18,193	17,987
Long service leave	6,623	6,247	6,402
Other employee benefits	7,181	5,911	7,049
<b>Employee benefits</b>	34,402	37,791	35,309
Make good provision	2,913	2,933	2,892
Sales returns provision	2,847	2,730	2,607
Onerous lease	2,741	-	705
Warranty provision	-	7,355	7,355
	42,903	50,809	48,868

## Provision movements:

	WARRANTY			ONEROUS LEASE		
	(Unaudited) 26 Weeks Ended 29 January 2012 \$ 000	(Unaudited) 26 Weeks Ended 30 January 2011 \$ 000	(Audited) 52 Weeks Ended 31 July 2011 \$ 000	(Unaudited) 26 Weeks Ended 29 January 2012 \$ 000	(Unaudited) 26 Weeks Ended 30 January 2011 \$ 000	(Audited) 52 Weeks Ended 31 July 2011 \$ 000
Opening balance	7,355	7,414	7,414	705	-	-
Arising during the period	-	-	-	2,036	-	705
Provisions released	(7,355)	-	-	-	-	-
Net settlements	-	(59)	(59)	-	-	-
Closing balance	-	7,355	7,355	2,741	-	705

WARRANTY PROVISION (refer note 15)

## ONEROUS LEASE

As part of a project to align and integrate the support office functions of The Warehouse and Warehouse Stationery a decision was made to locate both support functions within the one office building. This will result in the current Warehouse Stationery support office building being vacant from July 2012. An onerous lease provision (\$2.002 million) representing the lease obligation during the expected period of vacancy has been recognised during the current half year period.



## Notes to the Financial Statements - continued

## 10. DIVIDENDS

	CENTS PER SHARE			DIVIDENDS PAID		
	(Unaudited) 26 Weeks Ended 29 January 2012	(Unaudited) 26 Weeks Ended 30 January 2011	(Audited) 52 Weeks Ended 31 July 2011	(Unaudited) 26 Weeks Ended 29 January 2012	(Unaudited) 26 Weeks Ended 30 January 2011	(Audited) 52 Weeks Ended 31 July 2011
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Prior year final dividend	6.5	8.5	8.5	20,228	26,451	26,451
Interim dividend	-	-	15.5	-	-	48,235
Special dividend - final	6.5	8.5	24.0	20,228	26,451	74,686
	-	5.0	5.0	-	15,560	15,560
Total dividends paid	6.5	13.5	29.0	20,228	42,011	90,246

On 8 March 2012 the board declared a fully imputed interim dividend of 13.5 cents per ordinary share to be paid on 19 April 2012 to all shareholders on the Group's share register at the close of business on 5 April 2012.

## 11. EQUITY

(Unaudited)	Share Capital	Treasury Stock	Cash Flow Hedge Reserve	Employee Share Benefits Reserve	Retained Earnings	Minority Interest	Total Equity
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
<b>For the 26 weeks ended 29 January 2012</b>							
Balance at the beginning of the period	251,445	(7,385)	(24,104)	2,812	48,447	325	271,540
Profit for the half year	-	-	-	-	54,040	110	54,150
Net change in fair value of cash flow hedges	-	-	14,886	-	-	-	14,886
Share rights charged to the income statement	-	-	-	801	-	-	801
Share rights exercised	-	1,939	-	(2,099)	160	-	-
Dividends paid	-	-	-	-	(20,228)	(135)	(20,363)
Treasury stock dividends received	-	-	-	-	93	-	93
Purchase of treasury stock	-	(106)	-	-	-	-	(106)
Balance at the end of the period	251,445	(5,552)	(9,218)	1,514	82,512	300	321,001

(Unaudited)	Share Capital	Treasury Stock	Cash Flow Hedge Reserve	Employee Share Benefits Reserve	Retained Earnings	Minority Interest	Total Equity
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
<b>For the 26 weeks ended 30 January 2011</b>							
Balance at the beginning of the period	251,445	(8,262)	(4,007)	3,422	60,308	340	303,246
Profit for the half year	-	-	-	-	52,292	52	52,344
Net change in fair value of cash flow hedges	-	-	(4,600)	-	-	-	(4,600)
Share rights charged to the income statement	-	-	-	1,084	-	-	1,084
Share rights exercised	-	1,986	-	(2,170)	184	-	-
Dividends paid	-	-	-	-	(42,011)	(167)	(42,178)
Treasury stock dividends received	-	-	-	-	206	-	206
Purchase of treasury stock	-	(75)	-	-	-	-	(75)
Balance at the end of the period	251,445	(6,351)	(8,607)	2,336	70,979	225	310,027

(Audited)	Share Capital	Treasury Stock	Cash Flow Hedge Reserve	Employee Share Benefits Reserve	Retained Earnings	Minority Interest	Total Equity
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
<b>For the 52 weeks ended 31 July 2011</b>							
Balance at the beginning of the period	251,445	(8,262)	(4,007)	3,422	60,308	340	303,246
Profit for the year	-	-	-	-	77,829	316	78,145
Net change in fair value of cash flow hedges	-	-	(20,097)	-	-	-	(20,097)
Share rights charged to the income statement	-	-	-	1,640	-	-	1,640
Share rights exercised	-	2,110	-	(2,250)	140	-	-
Dividends paid	-	-	-	-	(90,246)	(331)	(90,577)
Treasury stock dividends received	-	-	-	-	416	-	416
Purchase of treasury stock	-	(1,233)	-	-	-	-	(1,233)
Balance at the end of the period	251,445	(7,385)	(24,104)	2,812	48,447	325	271,540

## Notes to the Financial Statements - continued

## 12. TRADE AND OTHER PAYABLES

	(Unaudited) As at 29 January 2012 \$ 000	(Unaudited) As at 30 January 2011 \$ 000	(Audited) As at 31 July 2011 \$ 000
Trade creditors	104,536	105,946	98,053
Goods in transit creditors	11,320	13,458	12,130
Unearned income (includes layby's, gift vouchers and Christmas club deposits)	9,668	8,786	8,457
Interest accruals	1,321	1,405	1,349
Payroll accruals	10,210	9,276	8,924
	137,055	138,871	128,913

## 13. ADJUSTED NET PROFIT RECONCILIATION

	(Unaudited) 26 Weeks Ended 29 January 2012 \$ 000	(Unaudited) 26 Weeks Ended 30 January 2011 \$ 000	(Audited) 52 Weeks Ended 31 July 2011 \$ 000
Adjusted net profit	46,685	52,962	76,027
Unusual items			
Gain on disposal of property	-	142	1,470
Changes in fair value of financial instruments	-	194	194
Release of warranty provisions	7,355	-	-
	7,355	336	1,664
Income tax relating to unusual items	-	(94)	(499)
Income tax expense relating to Government Budget changes	-	(912)	637
Net Profit attributable to shareholders of the parent	54,040	52,292	77,829

## 14. COMMITMENTS

	(Unaudited) As at 29 January 2012 \$ 000	(Unaudited) As at 30 January 2011 \$ 000	(Audited) As at 31 July 2011 \$ 000
(a) Capital commitments			
Capital expenditure contracted for at balance date but not recognised as liabilities is set out below:			
Within one year	52,177	16,437	46,224
(b) Operating lease commitments			
Commitments for minimum lease payments in relation to non-cancellable operating leases at balance date are as follows:			
Future minimum rentals payable			
0-1 Years	60,818	54,679	56,483
1-2 Years	48,434	45,431	46,011
2-5 Years	69,889	73,450	66,607
5+ Years	40,969	21,649	20,486
	220,110	195,209	189,587

The capital expenditure commitments at balance date include costs to complete a retail development in Silverdale of \$31.636 million (HY 2011: \$2.260 million; FY 2011: \$38,301 million) which has a planned completion date of October 2012.



## Notes to the Financial Statements - continued

### 15. WARRANTY PROVISIONS AND CONTINGENT LIABILITIES

#### The Warehouse Australia

In November 2005 the Group sold the business assets of The Warehouse Australia to Australian Discount Retail ("ADR"). The Group provided for the settlement of potential claims at that time which could arise from warranties and indemnities made to ADR as part of the sale and purchase agreement (refer note 9). The last of the warranties relating to the sale of the business assets expired in December 2011. The Group was not notified of any unsettled claims when the warranty period expired. The remaining warranty provisions relating to the sale and purchase agreement were released when the warranty period expired.

There are still however potential residual exposures for unknown claims arising from the Group's ownership of The Warehouse Australia business prior to November 2005 that cannot be quantified. Under commercial arrangements associated with the sale process in November 2005, the Group retained guarantees to certain landlords in respect of rental payments by ADR after November 2005. It remains uncertain whether the Group's still retains contingent liabilities in respect of these leases.

The Group has no other 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.

### 16. RELATED PARTIES

Except for director's fees, key executive remuneration and dividends paid by the Group to its directors, there have been no related party transactions.



## ***Independent Accountants' Report*** to the shareholders of The Warehouse Group Limited

### ***Report on the Interim Financial Statements***

We have reviewed the interim condensed financial statements ("financial statements") of The Warehouse Group Limited on pages 2 to 12, which comprise the consolidated balance sheets as at 29 January 2012, the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the period then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

### ***Directors' Responsibility for the Interim Financial Statements***

The Company's Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Group as at 29 January 2012, and its financial performance and cash flows for the period ended on that date.

### ***Accountants' Responsibility***

We are responsible for reviewing the financial statements presented by the Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Group for the period ended 29 January 2012 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

We have no relationship with, or interests in, The Warehouse Group Limited other than in our capacities as accountants conducting this review, auditors of the annual financial statements and providers of other assurance and advisory services. These matters have not impaired our independence as accountants of the Group.



## ***Independent Accountants' Report***

The Warehouse Group Limited

### ***Opinion***

Based on our review, nothing has come to our attention that causes us to believe that the financial statements which have been prepared in accordance with International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting do not present fairly the financial position of the Group as at 29 January 2012 and its financial performance and cash flows for the period ended on that date.

### ***Restriction on Distribution or Use***

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 an accountants' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our review procedures, for this report or for the opinions we have formed.

A handwritten signature in blue ink that reads "PricewaterhouseCoopers".

Chartered Accountants

Auckland

8 March 2012

Appendix 7 of Listing Rules.

EMAIL: [announce@nzx.com](mailto:announce@nzx.com)

## Notice of event affecting securities

New Zealand Stock Exchange Listing Rule 7.12.2. For rights, Listing Rules 7.10.9 and 7.10.10. For change to allotment, Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one  
(Please provide any other relevant  
details on additional pages)

Full name of Issuer	THE WAREHOUSE GROUP LIMITED		
Name of officer authorised to make this notice	Graham Evans	Authority for event, e.g. Directors' resolution	Directors' resolution
Contact phone number	(09) 489 8900	Contact fax number	(09) 488 3241
Date	08 / 03 / 2012		

<b>Nature of event</b> Tick as appropriate	Bonus Issue <input type="checkbox"/>	If ticked, state whether: Taxable <input type="checkbox"/> / Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>
	Rights Issue non-renounceable <input type="checkbox"/>	Capital change <input type="checkbox"/>	Call <input type="checkbox"/>	Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input checked="" type="checkbox"/>
				Full Year <input type="checkbox"/>	Special <input type="checkbox"/>

**EXISTING securities affected by this** *If more than one security is affected by the event, use a separate form.*

Description of the class of securities	Ordinary Shares (311,195,868)	ISIN	NZ WHSE 000 156
<i>If unknown, contact NZX</i>			

**Details of securities issued pursuant to this event** *If more than one class of security is to be issued, use a separate form for each class.*

Description of the class of securities				ISIN	
<i>If unknown, contact NZX</i>					
Number of Securities to be issued following event		Minimum Entitlement		Ratio, e.g. 1 for 2	
Conversion, Maturity, Call Payable or Exercise Date		Treatment of Fractions			
Strike price per security for any issue in lieu or date Strike Price available.		Enter N/A if not applicable	Tick if <i>pari passu</i> <input type="checkbox"/>	OR	provide an explanation of the ranking

**Monies Associated with Event** *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

<i>In dollars and cents</i>		Source of Payment	Retained earnings
Amount per security	\$0.135		
Excluded income (only applicable to PIEs)	Not Applicable		
Currency	New Zealand dollars	Supplementary dividend details - Listing Rule 7.12.7	Amount per security in dollars and cents \$0.023824
Total monies	\$42,011,442		Date Payable 19 April, 2012

### Taxation

<i>Amount per Security in Dollars and cents to six decimal places</i>	
In the case of a taxable bonus issue state strike price	\$
Resident Withholding Tax	\$0.005786
Imputation Credits (Give details)	\$0.057857
Foreign Withholding Tax	\$0.000000
FWP Credits (Give details)	\$0.000000

### Timing

(Refer Appendix 8 in the Listing Rules)

#### Record Date 5pm

For calculation of entitlements -

5 April, 2012

#### Application Date

Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.

19 April, 2012

#### Notice Date

Entitlement letters, call notices, conversion notices mailed

#### Allotment Date

For the issue of new securities. Must be within 5 business days of record date.

#### OFFICE USE ONLY

Ex Date:  
Commence Quoting Rights:  
Cease Quoting Rights 5pm:  
Commence Quoting New Securities:  
Cease Quoting Old Security 5pm:

Security Code:

Security Code:



THE WAREHOUSE GROUP LIMITED	
Directors' Declaration	
Reporting Period	1 August 2011 to 29 January 2012
Previous Reporting	2 August 2010 to 30 January 2011

**Directors' Declaration in respect of the Group Financial Statements  
for the half year ended 29 January 2012**

**Introduction**

It is a requirement of the Australian Stock Exchange Listing Rules that a declaration be given by the directors of the company in respect of the financial statements for the company and its subsidiaries and associates (Group) for the half year ended 29 January 2012. This declaration must be filed with the Australian Stock Exchange.

**Declaration**

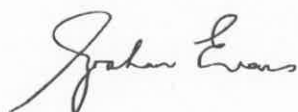
In the opinion of the Directors of The Warehouse Group Limited:

The Group financial statements dated 29 January 2012 and the notes to those financial statements comply with accounting standards issued by the New Zealand Institute of Chartered Accountants; and

The Group financial statements dated 29 January 2012 and the notes to those financial statements give a true and fair view of the financial position and performance of the Group; and

In the Director's opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors dated 8 March 2012 and is signed for and on behalf of the Board of Directors by the Chairman.



**G F Evans**  
**Chairman**

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**MEDIA RELEASE**

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**THE WAREHOUSE GROUP ANNOUNCES INTERIM RESULTS**

**Net Profit After Tax up 3.3% to \$54.0 million  
Interim Dividend of 13.5 cents per share declared**

**Auckland, 9 March 2012** – The board of The Warehouse Group today announced a net profit after tax of \$54.0 million, up 3.3% compared to \$52.3 million last year. Adjusted net profit after tax for the period was \$46.7 million compared to \$53.0 million last year, down 11.9%.

Group sales for the half year were \$937.9 million, up 3.3% compared to the first half last year.

The Directors have declared an interim dividend of 13.5 cents per share, representing 90% of adjusted earnings, which is 2 cents less than last year's interim dividend.

In announcing the result, Chairman Graham Evans says "the strategic direction set out last September has already started to have a positive impact. The Board understand that the scale of change required to reverse long term trends is significant and building long term sustainable growth in profits will take time. This result needs to be considered in that context."

The Warehouse reported sales of \$835.7 million up 3.4% compared to the first half last year. Same store sales were up 2.7% for the half and up 3.1% for the second quarter, with an improving trend each month which continued in February. Operating profit for the half year was down 16.1% to \$62.1 million.

Commenting on The Warehouse result Group Chief Executive Officer, Mark Powell says "the positive same store sales trend continuing into February has been encouraging. Margins have held in all major categories other than Apparel. However, the resultant growth in gross profit dollars has not been sufficient to combat inflationary and strategic investment cost increases, causing the decline in adjusted earnings."

"Technology was especially strong, CD and DVD's have stabilised and recorded increased gross profit this year, reversing the declining trend. Health and beauty and fragrances were also strong performers. Christmas confectionary and decorations had outstanding results. This reflects that customers are seeing a difference and indicates the early traction our strategy is achieving. The aim of the Warehouse is to be the "House of Bargains" and "Home of Essentials" for all New Zealanders" Mr Powell says.

Warehouse Stationery sales were \$100.1 million up 2.1% compared to last year. Same store sales were up 2.2% for the half and up 3.9% for the second quarter. Operating profit for the half year was down 15.5% to \$3.1 million.

Mr Powell says "the first quarter was challenging for Warehouse Stationery however the second quarter was strong and this trend continued through the remainder of the Back to School period."

Subject to any material change in anticipated trading conditions, the Directors expect adjusted net profit after tax for the full year to be between \$62.0 million and \$66.0 million.

Dividends will be paid on 19 April 2012 with the record date being 5 April 2012.

**ENDS**