The Warehouse Group Limited

2009 Interim Result

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Highlights for the Half Year

- A solid result reflecting a strong trading plan supported by investment in direct sourcing and inventory management initiatives
- Executed a smooth exit from fresh food and liquor
- Strong operating cash flow and financial position
- Dividend maintained at 15.5 cents per share
- Well placed to continue driving price leadership position and market share improvements

Results Overview

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- Sales down 2.9% to $923.5 million
- Operating profit up 1.1% to $84.2 million
- Adjusted NPAT flat on last year at $56.8 million
- Cost to exit fresh food and liquor $10.6 million pre tax, $7.4 million post tax
- Operating cash flow up 51.2% to $97.8 million[*1]

[*1]After adjusting for movement in working capital distorted by timing of period end.

Financial Highlights – Consolidated Group

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$NZ millions	HY09	HY08	Change
Sales	923.5	950.6	-2.9%
Operating Profit	84.2	83.3	+1.1%
Operating Margin	9.1%	8.8%	+30bps
EBIT	74.5	92.2	-19.2%
Net Profit After Tax	49.0	64.3	-23.8%
Earnings per share	15.9 cps	20.8cps	-23.6%
Funds employed*1	419.2	450.7	-7.0%
Free Cash Flow*1	80.4	55.5	+44.8%
Interim Dividend	15.5cps	15.5cps	NC

*1 After adjusting for movement in working capital distorted by timing of period end.

- EBITDA $104.6 million (HY08 $102.5 million).

  Depreciation $20.4 million (HY08 $19.2 million).
- Improvement in operating margin driven by TWL performance.
- Reported EBIT and NPAT impacted by exit from fresh food and liquor (HY09) and reversal of warranty provisions (HY08) – ref p.5.
- Lower funds employed reflects inventory reduction and write-off of fresh food and liquor assets
- Increase in free cash flow driven by reduction in trade working capital and reduced capital expenditure

Adjusted Earnings Reconciliation

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$NZ millions	EBIT		NPAT	
	HY09	HY08	HY09	HY08
Reported Earnings	**74.5**	**92.2**	**49.0**	**64.3**
Fresh food and liquor Exit	10.6	-	7.4	-
ADRT Warranty Provisions	-	(7.2)	-	(7.2)
Electricity Derivatives	0.8	(0.4)	0.6	(0.3)
Property Divestments	(0.3)	-	(0.2)	-
Adjusted Earnings	**$85.6**	**$84.6**	**$56.8**	**$56.8**

Segmented Operating Profit

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$NZ millions	HY09	HY08	Change
The Warehouse	81.2	79.4	+2.3%
Warehouse Stationery	1.3	2.6	-51.8%
Other Group Operations	1.7	1.3	+34.9%
Total Operating Profit	84.2	83.3	+1.1%
Financial Services	1.4	1.4	NC
Unusual Items	(11.1)	7.5	NM
Reported EBIT	74.5	92.2	-19.2%

- TWL benefiting from strong margin management including mix improvement attributable to exit from fresh food and liquor.
- WSL impacted by sales deleverage.
- Improvement in other group operations reflects reduction in corporate overheads.
- Lower cost of funds in Financial Services offset by reduced interest income.
- Unusual items includes cost to exit fresh food and liquor of $10.6 million.

The Warehouse

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$NZ millions	HY09	HY08	*Change*
Sales	833.8	852.9	-2.2%
EBITDA	97.9	95.1	+3.0%
Depreciation	16.7	15.7	+6.1%
EBIT	81.2	79.4	+2.3%
EBIT Margin	9.7%	9.3%	+40bps
Capex	15.4	21.6	-28.7%

- Same store sales for H1 down 2.0%, Q2 down 1.8%.
- Focus on competing vigorously across all categories while maintaining gross margin.
- Cost reduction and sourcing initiatives on track.
- One Pharmacy opened in H1; Blenheim.
- Two refits completed in H1; Botany and Lincoln Road
- Progressed rollout of digital photo labs to 84 stores.
- Continued investment in shelf edge labelling and product life cycle management.

- Proactively reinforcing price leadership position in advertising and in-store communication.
- Adjusting space allocation and product presentation to more closely align to consumers' everyday needs.

Warehouse Stationery

$NZ millions	HY09	HY08	*Change*
Sales	88.5	96.6	-8.4%
EBITDA	3.6	4.7	-23.9%
Depreciation	2.3	2.1	+10.9%
EBIT	1.3	2.6	-51.8%
EBIT Margin	1.4%	2.7%	-130bps

Capex	2.0	5.1	-59.9%

- Same store sales for H1 down 7.6%.
- Office products sector significantly impacted by economic downturn, particularly higher ticket products.
- Cost reduction initiatives in place, benefits expected to flow in H2.
- Inventory reduction initiatives focused on limiting exposure to short life cycle products.
- Two small format stores opened in H1; Mt Maunganui and Papakura. Now trading from 45 stores.

Abridged Balance Sheet
Adjusted for timing of period end close

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$NZmillions	HY09	HY08
Inventory	284.0	293.8
Trade Payables	(100.8)	(108.9)
Net Investment in Inventory	183.2	184.9
Receivables	21.2	30.8
Other Creditors and Provisions	(74.0)	(70.9)
Working Capital	130.4	144.8
Fixed Assets	283.2	300.4
Investments	5.6	5.5
Funds Employed	419.2	450.7
Net Tax Balances	4.9	15.2
Other items	40.3	0.5
Capital Employed	464.4	466.4
Shareholders Equity	387.8	350.9
Minority Interests	0.2	0.2
Net Debt	76.4	115.3
Source of Funds	464.4	466.4

Inventory reduction of 3.3% vs sales reduction 2.9%.

Reduction in business markets receivables and trade rebates.

Sale of Manukau land and WSL support office H2 F08, write down of fresh food and liquor assets H1 F09.

Revaluation of FX contracts and related tax effect.

311,195,868 shares on issue at 25 January 2009.

Maturity profile of funding facilities presents no immediate need to refinance debt.

Cash Flow Summary
Adjusted for timing of period end close

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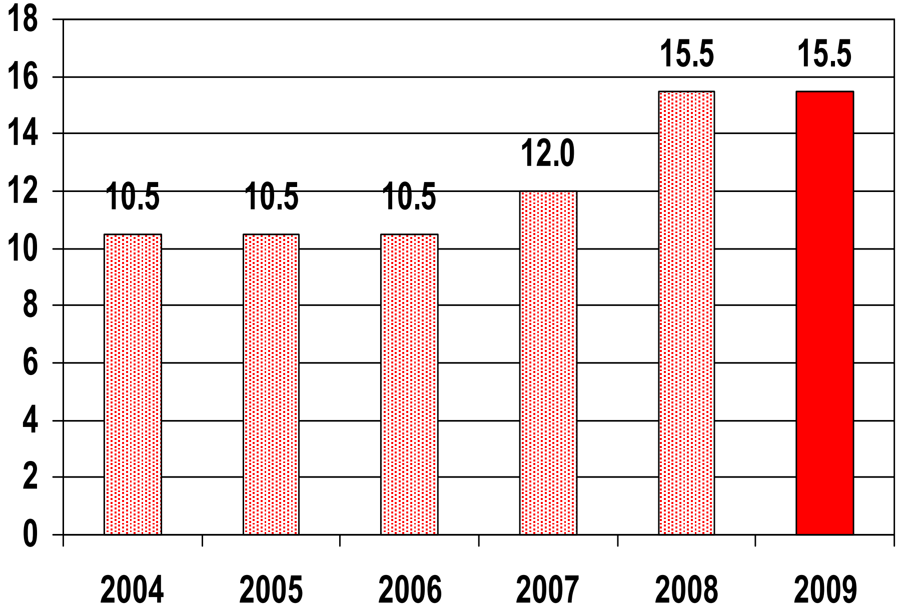
$NZ millions	HY09	HY08
Trading EBITDA	104.6	102.5
Change in Trade Working Capital	9.0	(17.4)
Taxes Paid	(9.0)	(17.6)
Interest Paid	(5.2)	(4.0)
Other Items	(1.6)	1.2
Operating Cash Flow	97.8	64.7
Capital Expenditure	(17.6)	(27.2)
Proceeds from Divestments	1.0	12.6
Dividends Received	3.2	5.8
Dividends Paid	(17.3)	(128.9)
Share Options Exercised	-	0.7
Purchase of Treasury Stock	(3.9)	-
Net Cashflow	63.2	(72.3)
Opening Net Debt	(139.6)	(43.0)
Closing Net Debt	(76.4)	(115.3)

Cash Conversion Ratio (OCF +ADR)/(NPAT+ D+A)	131.3%	91.1%

- Inventory reduction and lower trade receivables..
- Reduction in corporate tax rate and lower assessable earnings after exit costs.
- Cash cost of exit from fresh food and liquor $3.1 million
- Adjusted timing of projects and lower spend in information systems.
- Dividends from TWFS and treasury stock.
- Shares purchased on market for allocation under LTIP.

Interim Dividend

Interim Dividend (cps)



TIMETABLE

Announcement Date:	**Thursday, 12 March 2009**
Record Date:	**Friday, 3 April 2009**
Payment Date:	**Tuesday, 21 April 2009**

- An interim dividend of 15.5 cents per share has been declared, unchanged from last year.
- Dividends will be fully imputed.

F09 Earnings Guidance

The Warehouse Trading Update

- Same store sales flat on last year for February
- Business still performing to plan

Retail Environment

- Macro-environmental factors point to a sustained downturn in economic activity resulting in low consumer confidence and high employment risk
- General retail spending is expected to remain under pressure for some time

Full Year Guidance

- Subject to any further material adverse change in the economic environment F09 adjusted NPAT is expected to be similar to adjusted NPAT for F08

QUESTIONS