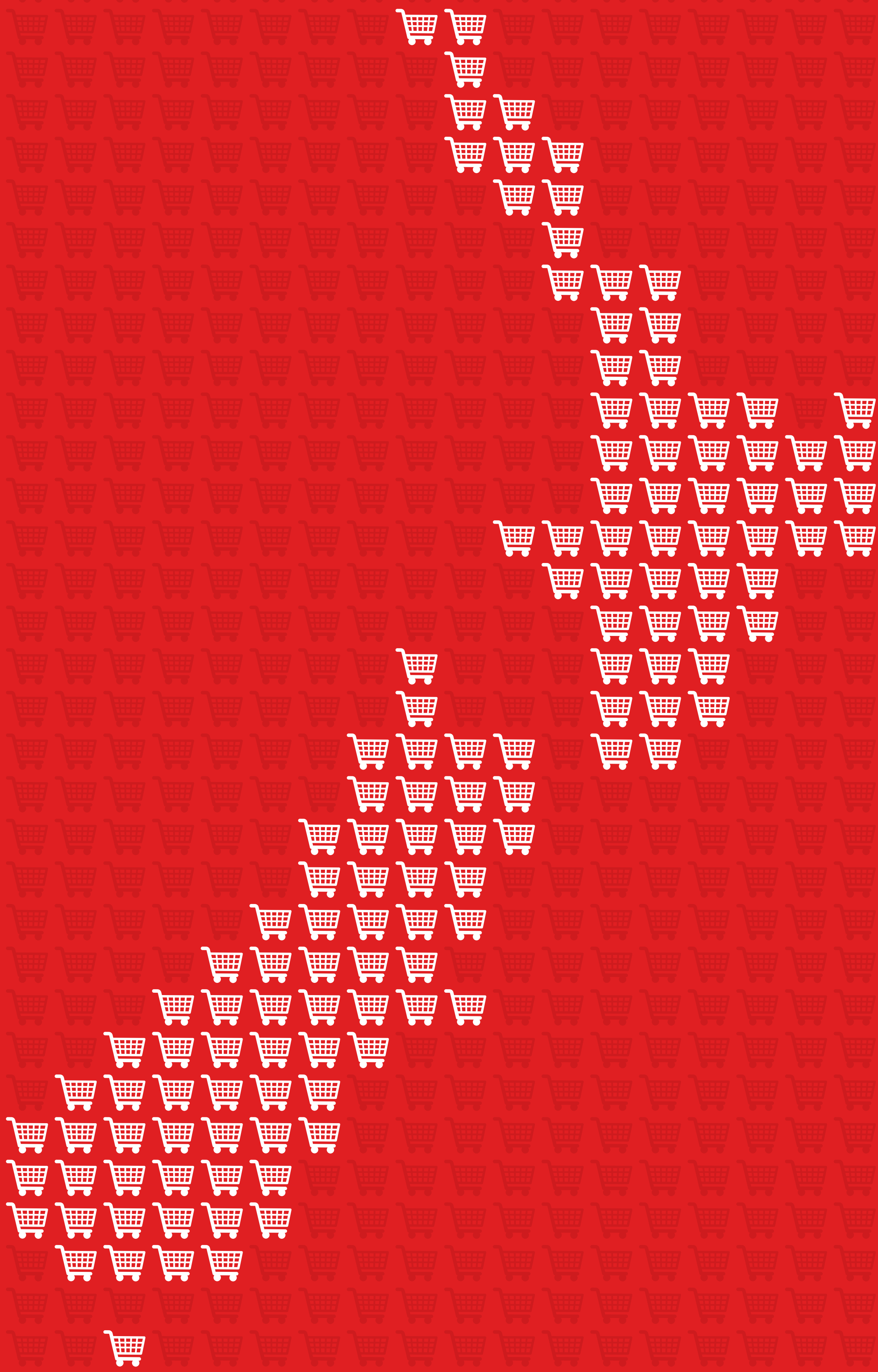

THE WAREHOUSE GROUP LIMITED // INTERIM REPORT 2011

The Warehouse will make a difference to people's lives by making the desirable affordable and supporting New Zealand's communities and the environment.

By putting the customer first, we will succeed. Everything we do flows from this principle.

We enjoy success through working together as one team.

People choose to work for us because we care about and recognise individuals.

Chachi Wiperi from The Warehouse Manukau.

OVERVIEW

GROUP SALES	OPERATING PROFIT	ADJUSTED NPAT
$908m	**$78.9m**	**$53.0m**

OPERATING MARGIN	INTERIM DIVIDEND	TOTAL STORES
8.7%	**15.5**	**138**
	CENTS PER SHARE, FULLY IMPUTED AT 30.0%	STORES ACROSS THE GROUP

HALF YEAR REVIEW

Your directors are pleased to present the unaudited results for the six months ended 30 January 2011. The Group continues to generate solid operating cash flows and remains in a strong financial position. The Directors are very pleased to have been able to declare a dividend of 15.5 cents per share, equal to last year's interim ordinary dividend. The dividend represents 90% of adjusted net profit.

DEAR SHAREHOLDERS

The Warehouse Group Limited ("Group") reported a half year net profit after tax of $52.3 million compared to $57.4 million in the prior comparable period. Adjusted net profit after tax for the period was $53.0 million, compared to $57.0 million for the same period last year.

GROUP OPERATING PERFORMANCE

Revenue

Group sales for the period were $908.0 million, down 1.2% compared to the first half year last year. The Warehouse sales for the first half were down 1.6% to $808.1 million. Warehouse Stationery recorded an increase in sales of 2.0% to $98.1 million for the period.

Operating profit

Group operating profit was down 5.2% to $78.9 million, primarily a function of lower sales in The Warehouse.

Operating margin was lower at 8.7%, compared to 9.1% for the same period last year.

Group earnings before interest and taxation were down 5.2% to $80.9 million, compared to $85.3 million for the same period last year.

Tax-paid profit

The reported tax-paid profit for the period was $52.3 million, down 8.9%, compared to $57.4 million for the same period last year. Adjusted net profit for the half year was $53.0 million, compared to $57.0 million for the same period last year, down 7.1%.

SEGMENTAL RESULTS

The Warehouse

The Warehouse reported a 1.6% drop in sales for the half year ended 30 January 2011, with same store sales down 2.6%. Operating profit was down 5.9% to $74.0 million, compared to $78.7 million for the same period last year. The Warehouse operating margin was 9.2% compared to last year at 9.6%.

The overall retail sector is currently experiencing an extended cyclical downturn as a result of continued uncertainty in the economy. This tough environment plus a higher New Zealand dollar resulted in increased discounting and price deflation across the market.

Although the decline in CD's, DVD's and consumer electronics resulted in a sales shortfall for the business we are pleased with progress on a

THE WAREHOUSE	2011	2010	CHANGE
Sales ($ million)	**808.1**	821.0	–1.6%
Operating profit ($ million)	**74.0**	78.7	–5.9%
Operating margin	**9.2%**	9.6%	–40bp
Total assets ($ million)	**367.3**	358.0	+2.6%
Stores	**88**	86	+2
Retail space (m^2)	**475,498**	467,596	+1.7%

HOME OUR CUSTOMERS MAKE THEIR HOUSE A HOME WITH OUR QUALITY HOMEWARES AT LOW PRICES.

EVERYDAY NEEDS OUR REGULAR CUSTOMERS RECOGNISE THE OUTSTANDING VALUE WE OFFER EVERY WEEK FOR THEIR EVERYDAY NEEDS.

number of fronts. For example, our sporting business was up 4.6%, our home appliance business was up 4.0%, our housewares business was up 2.5% and furniture was up over 9%. Other areas of focus such as everyday needs and health and beauty were also up significantly on last year.

A new small format store was opened in Rolleston and a replacement store was opened in Gisborne. Extensions to existing stores in Pukekohe and Timaru commenced during the reporting period.

Warehouse Stationery

Warehouse Stationery sales were $98.1 million, up 2.0% compared to last year. Same store sales were up 3.1% for the half and up 1.2% for the second quarter. Operating profit was up 21.7% to $3.7 million. Operating margin also improved, up to 3.7%, compared to 3.1% for the same period last year.

It is pleasing to see that the recovery phase established last year in this business has maintained its positive momentum.

The company now has 50 stores with additional stores at Kerikeri, Riccarton and Gisborne opening during the period and performing well.

Other Group Operations

Operating profit from other group operations was $1.2 million, compared to $1.5 million for the same period last year, which is net of a $0.5 million donation to the NZ Red Cross Canterbury Earthquake Fund.

The contribution from Financial Services increased slightly to $1.6 million, compared to $1.5 million last year reflecting increased insurance business and continuous improvement in execution in the core cards business.

GROUP FINANCIAL POSITION

Assets employed

Total assets increased to $718.4 million compared to $648.5 million at January 2010 due to increased cash on deposit. Fixed assets increased to $298.5 million from $290.2 million, primarily as a result of investment in property, store development and growth initiatives.

Operating capital expenditure for the half year increased by $8.6 million to $18.1 million. Capital expenditure for this financial year, which is targeted at property, store development, modular investment and information systems is forecast to be in the range of $55.00 to $60.0 million.

WAREHOUSE STATIONERY	2011	2010	CHANGE
Sales ($ million)	**98.1**	96.2	+2.0%
Operating profit ($ million)	**3.7**	3.0	+21.7%
Operating margin	**3.7%**	3.1%	+60bp
Total assets ($ million)	**61.0**	58.1	+5.0%
Stores	**50**	47	+3
Retail space (m^2)	**58,369**	56,101	+4.0%

OUTDOORS OUR EXTENSIVE RANGE OF AFFORDABLE RECREATION EQUIPMENT HELPS FAMILIES ENJOY THE GREAT OUTDOORS.

WAREHOUSE STATIONERY HAS A UNIQUE POSITION IN NEW ZEALAND MEETING THE NEEDS OF BOTH SMALL BUSINESSES AND CONSUMERS.

Operating cashflow was down $10.0 million to $34.4 million, due to a movement in net trade working capital related mainly to higher than usual levels of inventory.

Borrowings

Net debt of $103.9 million, which includes the senior bond, compares to $80.0 million at January 2010.

Dividend

The directors declared a fully imputed interim dividend of 15.5 cents per share, which is equal to last year's interim ordinary dividend. The dividend represents 90% of adjusted net profit.

The dividend payment date is 20 April 2011.

CEO succession

The Board announced on 8 February 2011 that, following a transition period, Mark Powell will succeed Ian Morrice as Group Chief Executive Officer in 2011. Mark's appointment reflects well on the company's succession planning and the quality of the management group at The Warehouse. Mark is a highly experienced retailer who initially became involved with The Warehouse in 2002.

Outlook and challenges ahead

Trading conditions are expected to remain challenging for the remainder of the year.

The Christchurch earthquake is not expected to have any material impact on the company's financial performance or position.

The Group remains in a very strong financial position. We believe we are well placed to continue to leverage our clear value proposition for families to make the desirable affordable for New Zealand families. Continuous improvement remains a key focus in all areas of our business. Our people remain highly customer focused and committed to delivering increased sales, service and profitability.

We aim to continue delivering a high return to shareholders and thank all our team members, suppliers, customers and shareholders for their ongoing support and strong interest in the company.

Ian R Morrice

Keith Smith
CHAIRMAN

Ian Morrice
MANAGING DIRECTOR

10 March 2011

Independent Accountants' Report

TO THE SHAREHOLDERS OF THE WAREHOUSE GROUP LIMITED

Report on the Interim Financial Statements

We have reviewed the interim financial statements ("the interim financial statements") of The Warehouse Group Limited on pages 6 to 15, which comprise the consolidated balance sheets as at 30 January 2011, the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and condensed consolidated statements of cash flows for the period then ended, and 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 interim financial statements that present fairly the financial position of the Group as at 30 January 2011, and its consolidated financial performance and cash flows for the period ended on that date.

Accountants' Responsibility

We are responsible for reviewing the interim 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 interim 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 interim financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the interim financial statements of the Group for the period ended 30 January 2011 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 services. These matters have not impaired our independence as accountants of the Group.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim 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 30 January 2011 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.

PricewaterhouseCoopers

Chartered Accountants
Auckland
10 March 2011

Consolidated Income Statements

	NOTE	UNAUDITED 26 WEEKS ENDED 30 JANUARY 2011	UNAUDITED 26 WEEKS ENDED 31 JANUARY 2010	AUDITED 52 WEEKS ENDED 1 AUGUST 2010
		$ 000	$ 000	$ 000
Revenue	3	**907,950**	918,916	1,672,695
Cost of sales		**(571,500)**	(581,035)	(1,064,012)
Gross profit		**336,450**	337,881	608,683
Other income		**3,181**	3,285	6,984
Employee expenses		**(140,813)**	(142,254)	(268,665)
Lease and occupancy expenses		**(41,356)**	(38,861)	(78,330)
Depreciation and amortisation expenses	4	**(20,151)**	(20,562)	(40,937)
Other operating expenses		**(58,390)**	(56,267)	(103,686)
Operating profit	3	**78,921**	83,222	124,049
Gain on disposal of property		**142**	–	–
Changes in fair value of financial instruments		**194**	556	(282)
Equity earnings of associate	6	**1,643**	1,559	2,808
Earnings before interest and tax		**80,900**	85,337	126,575
Net interest expense		**(5,153)**	(3,411)	(7,409)
Profit before tax		**75,747**	81,926	119,166
Income tax expense before Government Budget changes		**(22,491)**	(24,382)	(35,590)
Income tax expense relating to Government Budget changes		**(912)**	–	(23,036)
Net profit for the period		**52,344**	57,544	60,540
Attributable to:				
Shareholders of the parent		**52,292**	57,430	60,185
Minority interests		**52**	114	355
Profit attributable to shareholders		**52,344**	57,544	60,540
Basic earnings per share		**16.9 cents**	18.6 cents	19.5 cents
Diluted earnings per share		**16.8 cents**	18.5 cents	19.4 cents
Net assets per share		**100.1 cents**	111.6 cents	98.0 cents

The above Interim Financial Statements should be read in conjunction with the accompanying notes.

Consolidated Statements of Comprehensive Income

	UNAUDITED 26 WEEKS ENDED 30 JANUARY 2011	UNAUDITED 26 WEEKS ENDED 31 JANUARY 2010	AUDITED 52 WEEKS ENDED 1 AUGUST 2010
	$ 000	$ 000	$ 000
Net profit for the period	**52,344**	57,544	60,540
Movement in cash flow hedge reserve net of tax	**(4,600)**	11,821	16,730
Total comprehensive income for the period	**47,744**	69,365	77,270
Attributable to:			
Shareholders of the company	**47,692**	69,251	76,915
Minority interest	**52**	114	355
	47,744	69,365	77,270

Consolidated Statements of Changes in Equity

	UNAUDITED 26 WEEKS ENDED 30 JANUARY 2011	UNAUDITED 26 WEEKS ENDED 31 JANUARY 2010	AUDITED 52 WEEKS ENDED 1 AUGUST 2010
	$ 000	$ 000	$ 000
Equity at the beginning of the period	**303,246**	321,144	321,144
Total comprehensive income for the period	**47,744**	69,365	77,270
Share rights charged to the income statement	**1,084**	1,259	2,609
Shares issued to employee share purchase plan	**–**	–	2,700
Dividends paid to shareholders of the company	**(42,011)**	(48,235)	(101,139)
Dividends paid to minority interest	**(167)**	(53)	(266)
Treasury stock dividends received	**206**	464	940
Purchase of treasury stock	**(75)**	(2)	(12)
Equity at the end of the period	**310,027**	343,942	303,246
Equity consists of:			
Share capital	**251,445**	251,445	251,445
Treasury stock	**(6,351)**	(12,607)	(8,262)
Cashflow hedge reserve	**(8,607)**	(8,916)	(4,007)
Employee share benefits reserve	**2,336**	2,521	3,422
Retained earnings	**70,979**	111,187	60,308
Total equity attributable to shareholders	**309,802**	343,630	302,906
Minority interest	**225**	312	340
Total equity	**310,027**	343,942	303,246

The above Interim Financial Statements should be read in conjunction with the accompanying notes.

Consolidated Balance Sheets

	NOTE	UNAUDITED AS AT 30 JANUARY 2011 $ 000	UNAUDITED AS AT 31 JANUARY 2010 $ 000	AUDITED AS AT 1 AUGUST 2010 $ 000
ASSETS				
Current assets				
Cash and cash equivalents	8	**88,405**	20,957	101,226
Trade and other receivables		**23,312**	20,387	16,929
Inventories		**300,001**	288,023	254,606
Derivative financial instruments	7	**–**	4,038	167
Total current assets		**411,718**	333,405	372,928
Non-current assets				
Trade and other receivables		**1,704**	–	2,091
Property, plant and equipment	4	**278,357**	268,238	272,346
Computer software	4	**20,135**	21,977	21,040
Investments	6	**5,653**	5,701	5,921
Derivative financial instruments	7	**816**	43	706
Deferred taxation		**–**	19,168	–
Total non-current assets		**306,665**	315,127	302,104
Total assets		**718,383**	648,532	675,032
LIABILITIES				
Current liabilities				
Borrowings	8	**93,532**	907	75,000
Trade and other payables	5	**138,871**	128,280	120,056
Derivative financial instruments	7	**10,750**	13,585	3,586
Provisions	9	**34,020**	34,982	37,649
Taxation payable		**9,874**	7,506	11,350
Total current liabilities		**287,047**	185,260	247,641
Non-current liabilities				
Borrowings	8	**98,798**	100,000	98,642
Derivative financial instruments	7	**2,301**	2,967	3,269
Provisions	9	**16,789**	16,363	16,637
Deferred taxation		**3,421**	–	5,597
Total non-current liabilities		**121,309**	119,330	124,145
Total liabilities		**408,356**	304,590	371,786
Net assets		**310,027**	343,942	303,246
EQUITY				
Contributed equity		**245,094**	238,838	243,183
Reserves		**(6,271)**	(6,395)	(585)
Retained earnings		**70,979**	111,187	60,308
Total equity attributable to shareholders		**309,802**	343,630	302,906
Minority interest		**225**	312	340
Total equity	11	**310,027**	343,942	303,246

The above Interim Financial Statements should be read in conjunction with the accompanying notes.

Condensed Consolidated Statements of Cash Flows

	UNAUDITED 26 WEEKS ENDED 30 JANUARY 2011 $ 000	UNAUDITED 26 WEEKS ENDED 31 JANUARY 2010 $ 000	AUDITED 52 WEEKS ENDED 1 AUGUST 2010 $ 000
Cash flows from operating activities			
Cash received from customers	**907,665**	927,107	1,687,894
Interest income	**1,218**	254	927
Payments to suppliers and employees	**(843,588)**	(864,063)	(1,529,539)
Income tax paid	**(24,707)**	(15,190)	(22,181)
Interest paid	**(6,249)**	(3,712)	(7,950)
Net cash flows from operating activities	**34,339**	44,396	129,151
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	**1,020**	88	401
Staff share purchase advances repaid	**315**	–	84
Dividend received from associate	**1,911**	3,234	4,263
Purchase of property, plant, equipment and software	**(26,412)**	(32,075)	(57,280)
Other items	**(65)**	(2)	(2)
Net cash flows from investing activities	**(23,231)**	(28,755)	(52,534)
Cash flows from financing activities			
Proceeds from short term borrowings	**18,532**	907	–
Proceeds from senior bond	**–**	–	98,400
Repayment of term borrowings	**–**	–	(25,000)
Treasury stock dividends received	**206**	464	940
Dividends paid to parent shareholders	**(42,500)**	(48,754)	(102,217)
Dividends paid to minority shareholders	**(167)**	(53)	(266)
Net cash flows from financing activities	**(23,929)**	(47,436)	(28,143)
Net cash flow	**(12,821)**	(31,795)	48,474
Opening cash position	**101,226**	52,752	52,752
Closing cash position	**88,405**	20,957	101,226

Reconciliation of Operating Cash Flows

Profit after tax	**52,344**	57,544	60,540
Non-cash items			
Depreciation and amortisation expenses	**20,151**	20,562	40,937
Share based payment expense	**1,084**	1,259	2,609
Interest amortisation	**93**	–	57
Movement in deferred tax	**(316)**	609	23,237
Changes in fair value of financial instruments	**(194)**	(556)	282
Share of surplus retained by associate	**(1,643)**	(1,559)	(2,808)
Total non-cash items	**19,175**	20,315	64,314
Items classified as investing or financing activities			
Net loss on sale of property, plant and equipment	**135**	276	1,623
Supplementary dividend tax credit	**489**	519	1,078
Total investing and financing adjustments	**624**	795	2,701
Changes in assets and liabilities			
Trade and other receivables	**(6,317)**	4,077	8,076
Inventories	**(45,396)**	(30,079)	3,337
Trade and other payables	**18,803**	(7,604)	(15,950)
Provisions	**(3,418)**	(8,715)	(5,774)
Income tax	**(1,476)**	8,063	11,907
Total changes in assets and liabilities	**(37,804)**	(34,258)	1,596
Net cash flows from operating activities	**34,339**	44,396	129,151

The above Interim Financial Statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. GENERAL INFORMATION

The Warehouse Group Limited and its subsidiaries (together the "Group") operate as a retail chain with 88 general merchandise and 50 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 30 January 2011 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 1 August 2010 and the unaudited interim financial statements for the 26 weeks ended 31 January 2010.

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 1 August 2010.

(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.

Approval of Financial Statements

These consolidated interim financial statements were approved for issue by the Board of Directors on 10 March 2011. 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 30 JANUARY 2011	(UNAUDITED) 26 WEEKS ENDED 31 JANUARY 2010	(AUDITED) 52 WEEKS ENDED 1 AUGUST 2010	(UNAUDITED) 26 WEEKS ENDED 30 JANUARY 2011	(UNAUDITED) 26 WEEKS ENDED 31 JANUARY 2010	(AUDITED) 52 WEEKS ENDED 1 AUGUST 2010
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
SEGMENT PERFORMANCE						
The Warehouse	**808,059**	821,023	1,476,219	**74,026**	78,674	112,664
Warehouse Stationery	**98,080**	96,173	193,599	**3,668**	3,014	8,044
Other group operations	**4,890**	4,849	8,107	**1,227**	1,534	3,341
Inter-segment eliminations	**(3,079)**	(3,129)	(5,230)	**–**	–	–
	907,950	918,916	1,672,695	**78,921**	83,222	124,049
Operating margin						
The Warehouse (%)				**9.2**	9.6	7.6
Warehouse Stationery (%)				**3.7**	3.1	4.2
Operating profit (%)				**8.7**	9.1	7.4

Notes to the Financial Statements – continued

3. SEGMENT INFORMATION – continued

	DEPRECIATION & AMORTISATION			CAPITAL EXPENDITURE		
	(UNAUDITED) 26 WEEKS ENDED 30 JANUARY 2011	(UNAUDITED) 26 WEEKS ENDED 31 JANUARY 2010	(AUDITED) 52 WEEKS ENDED 1 AUGUST 2010	(UNAUDITED) 26 WEEKS ENDED 30 JANUARY 2011	(UNAUDITED) 26 WEEKS ENDED 31 JANUARY 2010	(AUDITED) 52 WEEKS ENDED 1 AUGUST 2010
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
The Warehouse	**16,325**	16,757	33,307	**15,204**	8,858	22,905
Warehouse Stationery	**2,416**	2,271	4,608	**2,939**	709	4,310
Other group operations	**1,410**	1,534	3,022	**8,269**	20,895	28,454
Operating assets / liabilities	**20,151**	20,562	40,937	**26,412**	30,462	55,669

	TOTAL ASSETS			TOTAL LIABILITIES		
	(UNAUDITED) AS AT 30 JANUARY 2011	(UNAUDITED) AS AT 31 JANUARY 2010	(AUDITED) AS AT 1 AUGUST 2010	(UNAUDITED) AS AT 30 JANUARY 2011	(UNAUDITED) AS AT 31 JANUARY 2010	(AUDITED) AS AT 1 AUGUST 2010
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
The Warehouse	**367,255**	357,991	326,639	**147,232**	137,029	137,178
Warehouse Stationery	**61,021**	58,106	52,861	**27,743**	29,531	23,509
Other group operations	**195,233**	182,528	187,512	**7,350**	5,651	6,241
Operating assets / liabilities	**623,509**	598,625	567,012	**182,325**	172,211	166,928
Unallocated assets / liabilities						
Cash and cash equivalents	**88,405**	20,957	101,226	**192,330**	100,907	173,642
Derivative financial instruments	**816**	4,081	873	**13,051**	16,552	6,855
Investments	**5,653**	5,701	5,921	**–**	–	–
Taxation	**–**	19,168	–	**13,295**	7,506	16,947
Warranty provision	**–**	–	–	**7,355**	7,414	7,414
Total	**718,383**	648,532	675,032	**408,356**	304,590	371,786

4. PROPERTY, PLANT, EQUIPMENT AND SOFTWARE

	(UNAUDITED) AS AT 30 JANUARY 2011	(UNAUDITED) AS AT 31 JANUARY 2010	(AUDITED) AS AT 1 AUGUST 2010
	$ 000	$ 000	$ 000
Property, plant and equipment	**278,357**	268,238	272,346
Computer software	**20,135**	21,977	21,040
Net book value	**298,492**	290,215	293,386
Movement in property, plant, equipment and software			
Balance at the beginning of the period	**293,386**	280,680	280,680
Capital expenditure	**26,412**	30,462	55,669
Depreciation and amortisation	**(20,151)**	(20,562)	(40,937)
Disposals	**(1,155)**	(365)	(2,026)
Balance at the end of the period	**298,492**	290,215	293,386

5. TRADE AND OTHER PAYABLES

	(UNAUDITED) AS AT 30 JANUARY 2011	(UNAUDITED) AS AT 31 JANUARY 2010	(AUDITED) AS AT 1 AUGUST 2010
	$ 000	$ 000	$ 000
Trade creditors	**107,351**	97,500	90,712
Goods in transit creditors	**13,458**	14,015	12,918
Unearned income (includes layby's, gift vouchers and Christmas club deposits)	**8,786**	7,556	7,743
Payroll accruals	**9,276**	9,209	8,683
	138,871	128,280	120,056

Notes to the Financial Statements – continued

6. INVESTMENT

	(UNAUDITED) AS AT 30 JANUARY 2011 $ 000	(UNAUDITED) AS AT 31 JANUARY 2010 $ 000	(AUDITED) AS AT 1 AUGUST 2010 $ 000
Investment at beginning of the year	**5,921**	7,376	7,376
Share of associates profit before taxation	**2,348**	2,226	4,033
Less taxation	**(705)**	(667)	(1,225)
Equity earnings of associate	**1,643**	1,559	2,808
Dividend received from associate	**(1,911)**	(3,234)	(4,263)
Investment at end of the period	**5,653**	5,701	5,921

The Warehouse Financial Services Limited

The Group has a 49% (2010: 49%) interest, and Westpac a 51% (2010: 51%) interest in The Warehouse Financial Services Limited.

7. DERIVATIVE FINANCIAL INSTRUMENTS

	(UNAUDITED) AS AT 30 JANUARY 2011 $ 000	(UNAUDITED) AS AT 31 JANUARY 2010 $ 000	(AUDITED) AS AT 1 AUGUST 2010 $ 000
Current assets	**–**	4,038	167
Non-current assets	**816**	43	706
Current liabilities	**(10,750)**	(13,585)	(3,586)
Non-current liabilities	**(2,301)**	(2,967)	(3,269)
	(12,235)	(12,471)	(5,982)
Derivative financial instruments consist of:			
Foreign exchange contracts – cash flow hedge	**(9,537)**	(10,191)	(2,757)
Interest rate swaps – cash flow hedge	**(2,698)**	(2,924)	(3,031)
Electricity contracts – economic hedge	**–**	644	(194)
	(12,235)	(12,471)	(5,982)

The Group continues to manage its foreign exchange, interest rate and electricity price risks in accordance with the policies and parameters detailed in the 2010 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$000)	**175,515**	135,771	175,812
Average contract rate ($)	**0.7207**	0.6406	0.7066
Spot rate used to determine fair value ($)	**0.7729**	0.7011	0.7260

Notes to the Financial Statements – continued

8. DEBT

	(UNAUDITED) AS AT 30 JANUARY 2011	(UNAUDITED) AS AT 31 JANUARY 2010	(AUDITED) AS AT 1 AUGUST 2010
	$ 000	$ 000	$ 000
Cash on hand and at bank	**18,405**	20,957	16,786
Deposits at call	**70,000**	–	84,440
Cash and cash equivalents	**88,405**	20,957	101,226
Current borrowings	**93,532**	907	75,000
Non-current borrowings	**98,798**	100,000	98,642
Total borrowings	**192,330**	100,907	173,642
Net debt / (funds)	**103,925**	79,950	72,416
Committed credit facilities at balance date are:			
Debt facilities	**300,000**	255,000	330,000
Facilities used	**(192,330)**	(100,907)	(175,000)
Unused debt facilities	**107,670**	154,093	155,000
Letter of credit facilities	**28,000**	28,000	28,000
Letters of credit	**(6,167)**	(9,720)	(15,899)
Unused letter of credit facilities	**21,833**	18,280	12,101
Total unused bank facilities	**129,503**	172,373	167,101

9. PROVISIONS

	(UNAUDITED) AS AT 30 JANUARY 2011	(UNAUDITED) AS AT 31 JANUARY 2010	(AUDITED) AS AT 1 AUGUST 2010
	$ 000	$ 000	$ 000
Current liabilities	**34,020**	34,982	37,649
Non-current liabilities	**16,789**	16,363	16,637
	50,809	51,345	54,286
Provisions consist of:			
Annual performance based compensation	**7,440**	8,582	9,707
Cash settled share-based compensation	**–**	887	1,684
Annual leave	**18,193**	18,416	18,478
Long service leave	**6,247**	6,002	6,199
Other employee benefits	**5,911**	4,582	5,586
Employee benefits	**37,791**	38,469	41,654
Make good provision	**2,933**	2,699	2,730
Sales returns provision	**2,730**	2,763	2,488
Warranty provision	**7,355**	7,414	7,414
	50,809	51,345	54,286

10. DIVIDENDS

	CENTS PER SHARE			DIVIDENDS PAID		
	(UNAUDITED) 26 WEEKS ENDED 30 JANUARY 2011	(UNAUDITED) 26 WEEKS ENDED 31 JANUARY 2010	(AUDITED) 52 WEEKS ENDED 1 AUGUST 2010	(UNAUDITED) 26 WEEKS ENDED 30 JANUARY 2011	(UNAUDITED) 26 WEEKS ENDED 31 JANUARY 2010	(AUDITED) 52 WEEKS ENDED 1 AUGUST 2010
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Prior year final dividend	**8.5**	5.5	5.5	**26,451**	17,116	17,116
Interim dividend	**–**	–	15.5	**–**	–	48,235
	8.5	5.5	21.0	**26,451**	17,116	65,351
Special dividend – interim	**–**	–	1.5	**–**	–	4,669
Special dividend – final	**5.0**	10.0	10.0	**15,560**	31,119	31,119
Total dividends paid	**13.5**	15.5	32.5	**42,011**	48,235	101,139

On 10 March 2011 the board declared a fully imputed interim dividend of 15.5 cents per ordinary share to be paid on 20 April 2011 to all shareholders on the Group's share register at the close of business on 8 April 2011.

Notes to the Financial Statements – continued

11. EQUITY

(UNAUDITED)	SHARE CAPITAL	TREASURY STOCK	CASH FLOW HEDGE RESERVE	EMPLOYEE SHARE BENEFITS RESERVE	RETAINED EARNINGS	MINORITY INTEREST	TOTAL EQUITY
For the 26 weeks ended 30 January 2011	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
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

(UNAUDITED)	SHARE CAPITAL	TREASURY STOCK	CASH FLOW HEDGE RESERVE	EMPLOYEE SHARE BENEFITS RESERVE	RETAINED EARNINGS	MINORITY INTEREST	TOTAL EQUITY
For the 26 weeks ended 31 January 2010	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Balance at the beginning of the period	251,445	(14,356)	(20,737)	3,654	100,887	251	321,144
Profit for the half year	–	–	–	–	57,430	114	57,544
Net change in fair value of cash flow hedges	–	–	11,821	–	–	–	11,821
Share rights charged to the income statement	–	–	–	1,259	–	–	1,259
Share rights exercised	–	1,751	–	(2,392)	641	–	–
Dividends paid	–	–	–	–	(48,235)	(53)	(48,288)
Treasury stock dividends received	–	–	–	–	464	–	464
Purchase of treasury stock	–	(2)	–	–	–	–	(2)
Balance at the end of the period	251,445	(12,607)	(8,916)	2,521	111,187	312	343,942

(AUDITED)	SHARE CAPITAL	TREASURY STOCK	CASH FLOW HEDGE RESERVE	EMPLOYEE SHARE BENEFITS RESERVE	RETAINED EARNINGS	MINORITY INTEREST	TOTAL EQUITY
For the 52 weeks ended 1 August 2010	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Balance at the beginning of the period	251,445	(14,356)	(20,737)	3,654	100,887	251	321,144
Profit for the year	–	–	–	–	60,185	355	60,540
Net change in fair value of cash flow hedges	–	–	16,730	–	–	–	16,730
Share rights charged to the income statement	–	–	–	2,609	–	–	2,609
Share rights exercised	–	1,751	–	(2,471)	720	–	–
Shares issued to employee share purchase plan	–	4,355	–	(370)	(1,285)	–	2,700
Dividends paid	–	–	–	–	(101,139)	(266)	(101,405)
Treasury stock dividends received	–	–	–	–	940	–	940
Purchase of treasury stock	–	(12)	–	–	–	–	(12)
Balance at the end of the period	251,445	(8,262)	(4,007)	3,422	60,308	340	303,246

Notes to the Financial Statements – continued

12. COMMITMENTS

	(UNAUDITED) AS AT 30 JANUARY 2011 $ 000	(UNAUDITED) AS AT 31 JANUARY 2010 $ 000	(AUDITED) AS AT 1 AUGUST 2010 $ 000
(a) Capital commitments			
Capital expenditure contracted for at balance date but not recognised as liabilities is set out below:			
Within one year	**16,437**	3,214	14,927
(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	**54,679**	53,008	52,696
1-2 Years	**45,431**	42,449	42,775
2-5 Years	**73,450**	72,437	69,134
5+ Years	**21,649**	19,784	15,335
	195,209	187,678	179,940

13. CONTINGENT LIABILITIES

The Warehouse Australia

In November 2005 the Group sold the business assets of The Warehouse Australia to Australian Discount Retail ("ADR"). In accordance with the sale and purchase agreement, the Group provided certain warranties and indemnities to ADR. Most of those warranties and indemnities have been settled or have expired. However, a number continue and, as such, provisioning has been made in the financial statements where it is probable that a liability exists from these obligations.

There are still 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. In January 2009 ADR was placed in receivership; until this process concludes it remains uncertain whether the existing status of the Group's contingent liabilities will change.

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.

14. RELATED PARTIES

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

Related party directorships

K R Smith, the Group's Chairman, is a director of Mighty River Power Limited (MRP). MRP is a supplier of electricity to the Group. During the half year the Group paid $4.419 million (2010: $3.682 million) to MRP to purchase electricity on an arms length basis at normal commercial terms.

15. CHRISTCHURCH EARTHQUAKE

On Tuesday 22 February 2011 an earthquake measuring 6.3 on the Richter scale struck Christchurch city. The financial impact of the earthquake in Christchurch is currently expected to be immaterial with any losses eventuating expected to be covered by the Group's material damage and business interruption insurance.

Directory

Board of Directors
Keith Smith (Chairman)
Mark Callaghan
Robert Challinor
Graham Evans
Ian Morrice (Managing Director)
James Ogden
Janine Smith
Sir Stephen Tindall

Group Chief Executive Officer
Ian Morrice

Chief Financial Officer
Luke Bunt

Company Secretary
Kerry Nickels

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Auditor
PricewaterhouseCoopers
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Auckland 1142, New Zealand

Shareholder Enquiries
Shareholders with enquiries regarding share transactions, changes of address or dividend payments should contact the Share Registrar in the country in which their shares are registered.

You can also manage your shareholding electronically by using Computershare's secure website www.computershare.co.nz/investorcentre whereby you can view your share balance, change your address, view payment and tax information, update your payment instructions and update your report options.

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Direct Crediting of Dividends
To minimise the risk of fraud and misplacement of dividend cheques, shareholders are strongly recommended to have all payments made by way of direct credit to their nominated bank account in New Zealand or Australia.

Investor Relations
For investor relations enquiries email investor@twl.co.nz

Stock Exchange Listings
NZSX trading code: WHS
ASX trading code: WHS

Company Numbers
NZ Incorporation: AK/611207
ARBN 094 719 089

Website
www.thewarehouse.co.nz

New Zealand Business Council
for Sustainable Development

The company is a member of the New Zealand Business Council for Sustainable Development (NZBCSD).

The NZBCSD is a coalition of leading businesses united by a shared commitment to sustainable development via the three pillars of: economic growth, ecological balance and social progress. Its mission is to provide business leadership as a catalyst for change toward sustainable development and to promote eco-efficiency, innovation and responsible entrepreneurship.

World Business Council for
Sustainable Development

The company is a member of the World Business Council for Sustainable Development (WBCSD).

The WBCSD is a CEO-led, global association of some 200 companies dealing exclusively with business and sustainable development. The Council provides a platform for companies to explore sustainable development, share knowledge, experiences and best practices, and to advocate business positions on these issues in a variety of forums, working with governments, non-governmental and inter-governmental organisations.

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