

12 March 2010

Company Announcements Office
ASX Limited

The Warehouse Group Limited

Unaudited results for the half year ended 31 January 2010

Attached financial information as required by ASX listing Rule 4.2A.2

1. Appendix 4D disclosures for the half year ended 31 January 2010 including quarterly sales
2. Operational Highlights for the half year ended 31 January 2010
3. Condensed Consolidated Unaudited Financial Statements for the half year ended 31 January 2010, and the Accountants' Report thereon
4. NZX Appendix 7 detailing a distribution of 17 cents per ordinary share to be paid on 30 March 2010 to those shareholders on the company's share register as at 5.00pm NZT 19 March 2010
5. Directors' Declaration in respect of the unaudited Financial Statements
6. Media release

Kerry Nickels
Company Secretary

THE WAREHOUSE GROUP LIMITED	
Results for announcement to the market	
Reporting Period	3 August 2009 to 31 January 2010
Previous Reporting Period	28 July 2008 to 25 January 2009

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\$ 918,916	down (0.5)%
Profit from ordinary activities after tax attributable to shareholders	NZ\$ 57,430	up 17.3 %
Net profit attributable to shareholders	NZ\$ 57,430	up 17.3 %

Distributions	Amount per share	Imputed amount per share
Interim dividend	17.00 cents	8.3731 cents
Final dividend (prior year)	5.50 cents	2.7090 cents
Special dividend (prior year)	10.00 cents	4.9254 cents

Record date - Interim dividend	19 March 2010
Payment date - Interim dividend	30 March 2010

Comments	Refer to press release.
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Asset Backing	January 2010	January 2009
Net tangible asset backing per ordinary share	104.5 cents	118.8 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*.

THE WAREHOUSE GROUP LIMITED	
Supplementary Information	
Reporting Period	3 August 2009 to 31 January 2010
Previous Reporting	28 July 2008 to 25 January 2009

Details of dividends declared or paid during or subsequent to the half year ended 31 January 2010 are as follows:

Type	Record date	Payment date	Amount per share	Total dividend (NZ\$ 000s)	Imputation credits	Supplementary dividend
Interim dividend	03-Apr-09	21-Apr-09	15.50 cents	48,235	7.6343 cents	2.7353 cents
Final dividend	06-Nov-09	18-Nov-09	5.50 cents	17,116	2.7090 cents	0.9706 cents
Special dividend	06-Nov-09	18-Nov-09	10.00 cents	31,119	4.9254 cents	1.7647 cents
Interim dividend	19-Mar-10	30-Mar-10	17.00 cents	52,903	8.3731 cents	3.0000 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 during or since the half year ended 31 January 2010 were:

Directors	
Keith R Smith	Non-executive Chairman
John R Avery	Non Executive (retired 27 November 2009)
Robert L Challinor	Non Executive
Graham F Evans	Non Executive
Ian R Morrice	Executive
James H Ogden	Non Executive (appointed 4 August 2009)
Janine L Smith	Non Executive
Sir Stephen R Tindall	Non Executive

THE WAREHOUSE GROUP LIMITED

Supplementary Information

Reporting Period	3 August 2009 to 31 January 2010
Previous Reporting	28 July 2008 to 25 January 2009

Quarterly sales information:

First quarter sales (3 August 2009 to 1 November 2009)	Sales 2010 (NZ\$ Million)	Sales 2009 (NZ\$ Million)	Change in sales	Change in same store sales
The Warehouse	317.7	322.4	- 1.5 %	+ 0.5 %
Warehouse Stationery	45.2	44.2	+ 2.3 %	+ 3.8 %

The Warehouse Q1 'like for like' same store sales were - 1.2 %

Warehouse Stationery Q1 'like for like' same store sales were + 3.7 %

Second quarter sales (2 November 2009 to 31 January 2010)	Sales 2010 (NZ\$ Million)	Sales 2009 (NZ\$ Million)	Change in sales	Change in same store sales
The Warehouse	503.3	511.4	- 1.6 %	- 1.5 %
Warehouse Stationery	51.0	44.3	+ 15.2 %	+ 17.8 %

The Warehouse Q2 'like for like' same store sales were - 1.1 %

Warehouse Stationery Q2 'like for like' same store sales were + 10.2 %

Year to date sales (3 August 2009 to 31 January 2010)	Sales 2010 (NZ\$ Million)	Sales 2009 (NZ\$ Million)	Change in sales	Change in same store sales
The Warehouse	821.0	833.8	- 1.5 %	- 0.8 %
Warehouse Stationery	96.2	88.5	+ 8.7 %	+ 11.1 %

The Warehouse H1 'like for like' same store sales were - 1.2 %

Warehouse Stationery H1 'like for like' same store sales were + 7.2 %

Store Numbers	The Warehouse		Warehouse Stationery	
	2010	2009	2010	2009
Start Quarter 1	86	85	46	43
End Quarter 1	86	85	46	44
End Quarter 2	86	85	47	46

Store footprint (Square Metres)	The Warehouse		Warehouse Stationery	
	2010	2009	2010	2009
Start Quarter 1	467,596	465,530	56,388	56,532
End Quarter 1	467,596	465,530	55,288	56,317
End Quarter 2	467,596	465,530	56,101	57,028

Note 1

Same store sales calculated on a "like for like" basis are adjusted for the timing effects of last years 53rd week. This means the comparable period for the first half year "like for like" same store sales comparison is the 26 week period ending 1 February 2009. The first quarter and second quarter "like for like" same store sales comparisons are for the 13 week periods ending 2 November 2008 and 1 February 2009 respectively.

12 March 2010

THE WAREHOUSE GROUP LIMITED

Unaudited results for the half year ended 31 January 2010

The Warehouse Group Limited has today announced its unaudited results for the half year ended 31 January 2010.

HIGHLIGHTS

- TWL achieving sales increases in growth categories but not yet sufficient to offset the impact of the exit from fresh food and liquor and sales shortfalls in other areas.
- Warehouse Stationery sales up 8.7% and EBIT up 139.8%.
- Cost reduction and productivity initiatives achieving planned outcomes.

PROFIT AND DIVIDEND

- Reported net profit after tax \$57.4 million compared to \$49.0 million same period last year
- Net profit after tax, excluding unusual items of \$57.0 million up 0.4% compared to last year
- Interim dividend of 17.0 cps
- Interim dividend includes an additional dividend of 1.5 cps declared to fully distribute imputation credits available at 33.0%.

GROUP FINANCIAL SUMMARY

- Sales down 0.5% to \$918.9 million
- Operating profit down 1.2% to \$83.2 million
- Earnings per share 18.6 cps up 17.0% compared to 15.9 cps for the same period last year
- Operating cash flow \$44.4 million compared to \$97.8 million¹ same period last year
- Net debt \$80.0 million compared to \$76.4 million¹ in January 2009
- Finance facility rollovers completed

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

THE WAREHOUSE OPERATING PERFORMANCE

	2010	2009	Change
Sales (\$millions)	821.0	833.8	-1.5%
Operating profit (\$millions)	78.7	81.2	-3.2%
Total assets (\$millions)	358.0	364.0	-1.7%

- Sales for the half year down 1.5% to \$821.0 million
- Operating profit down 3.2% to \$78.7 million
- Same store sales down 0.8%, "Like for Like" same store sales down 1.2%²
- Operating margin 9.6% compared to 9.7% for the same period last year
- Trading margins impacted by clearance of seasonal merchandise
- Sales increase being achieved in growth categories
- On-line sales growth in line with expectations
- Reduction in CODB flowing through at targeted levels

WAREHOUSE STATIONERY OPERATING PERFORMANCE

	2010	2009	Change
Sales (\$millions)	96.2	88.5	+8.7%
Operating profit (\$millions)	3.0	1.3	+139.8%
Total assets (\$millions)	58.1	60.1	-3.3%

- Sales for the half year up 8.7% to \$96.2 million
- Operating profit up 139.8% to \$3.0 million
- Same store sales up 11.1% "Like for Like" same store sales up 7.2%²
- Operating margin 3.1% compared to 1.4% for the same period last year
- Focused approach to trading driving overall performance improvement
- Sales recovery achieved in most categories.
- Both customer visits and basket size up on last year
- New store in Ashburton opened in December 2009

FINANCIAL POSITION

1. Gearing and Debt Servicing

- Net debt of \$80.0 million compares to \$76.4 million¹ at January 2009
- Net interest cover 25.0 times EBIT compared to 15.2 times EBIT at January 2009
- Fixed charge cover 4.2 times EBITDAR compared to 3.7 times EBITDAR at January 2009

2. Assets and Capital Expenditure

- Total assets decreased to \$648.5 million compared to \$748.3 million in January 2009 due to changes in derivative and lower cash on deposit
- Reported cash on hand decreased by \$82.1 million to \$21.0 million
- Total gross capital expenditure for the half year increased by \$12.9 million to \$30.5 million largely due to the purchase of the Newmarket store in Auckland

² After adjusting for the impact of the 53rd trading week in F09.

3. Cashflow¹

- Operating cash flow down \$53.4 million to \$44.4 million due to a movement in net trade working capital related mainly to higher than normal levels of Goods in Transit at 2 August 2009 and settlement of employee compensation accrued at 2 August 2009

4. Dividend

- An interim dividend of 17.0 cps will be paid to shareholders on 30 March 2010
- Dividend record date 19 March 2010

OUTLOOK

- The underlying non-food retail market is expected to continue showing gradual improvement over 2010 but is likely to remain promotionally driven
- Subject to any material change in the trading conditions F10 adjusted NPAT is forecast to be similar to adjusted NPAT for F09

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 from 9.15am NZT.

ENDS

Approved by

K R Smith
Chairman
The Warehouse Group Limited

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Investors and Analysts

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Media

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APPENDIX 1 – FINANCIAL PERFORMANCE

The Warehouse Group Limited - Financial Performance for the half-year ended 31 January 2010			
(NZ\$000)	2010	2009	% Change
Sales:			
The Warehouse	821,023	833,793	(1.5)%
Warehouse Stationery	96,173	88,483	8.7 %
Other group operations	4,849	4,856	
Inter-segment eliminations	(3,129)	(3,642)	
Total Group Sales	918,916	923,490	(0.5)%
Operating Profit:			
The Warehouse	78,674	81,249	(3.2)%
Warehouse Stationery	3,014	1,257	139.8%
Other group operations	1,543	1,740	
Total Group Operating Profit	83,222	84,246	(1.2)%
Gain from property disposals	-	316	n.m.
Changes in fair value of derivatives	556	(824)	n.m.
Warehouse Extra decommissioning costs	-	(10,684)	n.m.
Equity earnings from TWFS	1,559	1,449	n.m.
EBIT	85,337	74,503	14.5%
Interest	(3,411)	(4,893)	(30.3%)
Group Pre-tax Profit	81,926	69,610	17.7%
Taxation	(24,382)	(20,598)	18.4%
Minorities	(114)	(44)	n.m.
Reported Tax Paid Profit	57,430	48,968	17.3%
Adjusted Net Profit After Tax	57,041	56,802	0.4%
Operating Margin			
The Warehouse	9.6%	9.7%	
Warehouse Stationery	3.1%	1.4%	
Total Operating Margin	9.1%	9.1%	
Adjusted Net Profit After Tax Margin	6.2%	6.2%	

APPENDIX 2 – SUMMARY BALANCE SHEET

Table 2		
Summary Balance Sheet of The Warehouse Group Limited (NZ\$000)		
	As at 31 January 2010	As at 25 January 2009
Parent shareholders equity	343,630	387,802
Minority Interest	312	214
Total Shareholders Equity	<u>343,942</u>	<u>388,016</u>
Non-current Liabilities	119,330	121,480
Current Liabilities	185,260	238,852
TOTAL EQUITY AND LIABILITIES	648,532	748,348
Property, plant and equipment	268,238	261,006
Computer software	21,977	22,178
Total Fixed Assets	<u>290,215</u>	<u>283,184</u>
Other non current assets	24,912	10,118
Total Non Current assets	<u>315,127</u>	<u>293,302</u>
Current Assets		
- Cash and Deposits	20,957	103,063
- Inventory on Hand	288,023	283,990
- Receivables & Prepayments	20,387	21,205
- Other current assets	4,038	46,788
Total Current Assets	<u>333,405</u>	<u>455,046</u>
TOTAL ASSETS	648,532	748,348

The Warehouse Group Limited
Interim Financial Statements

For the 26 weeks ended 31 January 2010

Accountants' Report

To the shareholders of The Warehouse Group Limited

We have reviewed the interim financial statements on pages 2 to 11. The interim financial statements provide information about the past financial performance and cash flows of the Group, comprising The Warehouse Group Limited and its subsidiaries, for the period ended 31 January 2010 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on page 6.

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 accountant's 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.

Directors' responsibilities

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 31 January 2010 and its financial performance and cash flows for the period ended on that date.

Accountants' responsibilities

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.

Basis of opinion

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 financial statements of the Group for the year ended 31 January 2010 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as accountants conducting this review, auditors of the annual financial statements and providers of other assurance services.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements do not present fairly the financial position of the Group as at 31 January 2010 and its financial performance and cash flows for the period ended on that date, in accordance with both International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34, Interim Financial Reporting.

Our review was completed on 11 March 2010 and our review opinion is expressed as at that date.



Chartered Accountants

Auckland

Consolidated Income Statements

	Note	Unaudited 26 Weeks Ended 31 January 2010 \$ 000	Unaudited 26 Weeks Ended 25 January 2009 \$ 000	Audited 53 Weeks Ended 2 August 2009 \$ 000
Revenue	3	918,916	923,490	1,720,755
Cost of sales		(581,035)	(578,464)	(1,087,375)
Gross profit		337,881	345,026	633,380
Other income		3,285	3,041	6,542
Employee expenses		(142,254)	(143,942)	(280,824)
Lease and occupancy expenses		(38,861)	(39,676)	(81,664)
Depreciation and amortisation expenses	4	(20,562)	(20,361)	(41,840)
Other operating expenses		(56,267)	(59,842)	(110,642)
Operating profit	3	83,222	84,246	124,952
Gain on disposal of property		-	316	315
Changes in fair value of financial instruments		556	(824)	(1,698)
Fresh food and liquor decommissioning costs	13	-	(10,684)	(10,661)
Equity earnings of associate	6	1,559	1,449	3,220
Earnings before interest and tax		85,337	74,503	116,128
Net interest expense		(3,411)	(4,893)	(6,837)
Profit before tax		81,926	69,610	109,291
Income tax expense		(24,382)	(20,598)	(32,295)
Profit after tax		57,544	49,012	76,996
Minority interests		(114)	(44)	(214)
Profit attributable to shareholders		57,430	48,968	76,782
Basic earnings per share		18.6 cents	15.9 cents	24.9 cents
Diluted earnings per share		18.5 cents	15.8 cents	24.8 cents
Net assets per share		111.6 cents	126.0 cents	104.3 cents

Consolidated Statements of Comprehensive Income

	Unaudited 26 Weeks Ended 31 January 2010 \$ 000	Unaudited 26 Weeks Ended 25 January 2009 \$ 000	Audited 53 Weeks Ended 2 August 2009 \$ 000
Profit for the period	57,544	49,012	76,996
Movement in cash flow hedge reserve net of tax	11,821	23,936	(24,325)
Total comprehensive income for the period	69,365	72,948	52,671
Attributable to:			
Shareholders of the company	69,251	72,904	52,457
Minority interest	114	44	214
	69,365	72,948	52,671

Consolidated Statements of Changes in Equity

	Unaudited 26 Weeks Ended 31 January 2010 \$ 000	Unaudited 26 Weeks Ended 25 January 2009 \$ 000	Audited 53 Weeks Ended 2 August 2009 \$ 000
Equity at the beginning of the period	321,144	334,656	334,656
Total comprehensive income for the period	69,365	72,948	52,671
Share rights charged to the income statement	1,259	1,317	2,600
Dividends paid to shareholders of the company	(48,235)	(17,116)	(65,351)
Dividends paid to minority interest	(53)	(21)	(154)
Treasury stock dividends received	464	174	664
Purchase of treasury stock	(2)	(3,942)	(3,942)
Equity at the end of the period	343,942	388,016	321,144
Equity consists of:			
Share capital	251,445	251,445	251,445
Treasury stock	(12,607)	(14,429)	(14,356)
Cashflow hedge reserve	(8,916)	27,524	(20,737)
Employee share benefits reserve	2,521	2,761	3,654
Retained earnings	111,187	120,501	100,887
Total equity attributable to shareholders	343,630	387,802	320,893
Minority interest	312	214	251
Total equity	343,942	388,016	321,144

Consolidated Balance Sheets

	Note	Unaudited As at 31 January 2010 \$ 000	Unaudited As at 25 January 2009 \$ 000	Audited As at 2 August 2009 \$ 000
ASSETS				
Current assets				
Cash and cash equivalents	9	20,957	103,063	52,752
Trade and other receivables		20,387	21,205	24,466
Inventories		288,023	283,990	257,943
Derivative financial instruments	7	4,038	45,520	122
Taxation receivable		-	1,268	557
Total current assets		333,405	455,046	335,840
Non-current assets				
Property, plant and equipment	4	268,238	261,006	257,488
Computer software	4	21,977	22,178	23,192
Investments	6	5,701	5,605	7,376
Derivative financial instruments	7	43	865	508
Deferred taxation		19,168	3,648	24,844
Total non-current assets		315,127	293,302	313,408
Total assets		648,532	748,348	649,248
LIABILITIES				
Current liabilities				
Borrowings	9	907	-	-
Trade and other payables	8	128,280	205,029	137,459
Derivative financial instruments	7	13,585	772	27,063
Provisions	10	34,982	33,051	43,939
Taxation payable		7,506	-	-
Total current liabilities		185,260	238,852	208,461
Non-current liabilities				
Borrowings	9	100,000	100,000	100,000
Derivative financial instruments	7	2,967	5,517	3,522
Provisions	10	16,363	15,963	16,121
Total non-current liabilities		119,330	121,480	119,643
Total liabilities		304,590	360,332	328,104
Net assets		343,942	388,016	321,144
EQUITY				
Contributed equity		238,838	237,016	237,089
Reserves		(6,395)	30,285	(17,083)
Retained earnings		111,187	120,501	100,887
Total equity attributable to shareholders		343,630	387,802	320,893
Minority interest		312	214	251
Total equity	12	343,942	388,016	321,144

Condensed Consolidated Statements of Cash Flows

	Unaudited 26 Weeks Ended 31 January 2010	Unaudited 26 Weeks Ended 25 January 2009	Audited 53 Weeks Ended 2 August 2009
	\$ 000	\$ 000	\$ 000
Cash flows from operating activities			
Cash received from customers	927,107	937,471	1,738,414
Interest income	254	426	1,101
Payments to suppliers and employees	(864,063)	(745,898)	(1,517,104)
Income tax paid	(15,190)	(9,004)	(19,108)
Interest paid	(3,712)	(5,646)	(8,844)
Net cash flows from operating activities	44,396	177,349	194,459
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	88	999	1,489
Dividend received from associate	3,234	3,035	3,035
Purchase of property, plant, equipment and software	(32,075)	(17,591)	(37,103)
Other items	-	2	2
Net cash flows from investing activities	(28,753)	(13,555)	(32,577)
Cash flows from financing activities			
Proceeds from / (Repayment of) short term borrowings	907	(57,000)	(57,000)
Purchase of treasury stock	(2)	(3,942)	(3,942)
Treasury stock dividends received	464	174	664
Dividends paid to parent shareholders	(48,754)	(17,334)	(66,090)
Dividends paid to minority shareholders	(53)	(21)	(154)
Net cash flows from financing activities	(47,438)	(78,123)	(126,522)
Net cash flow	(31,795)	85,671	35,360
Opening cash position	52,752	17,392	17,392
Closing cash position	20,957	103,063	52,752
	-	-	-
Reconciliation of Operating Cash Flows			
Profit after tax	57,544	49,012	76,996
Non-cash items			
Depreciation and amortisation expenses	20,562	20,361	41,840
Share based payment expense	1,259	1,317	2,600
Movement in deferred tax	609	265	(248)
Changes in fair value of financial instruments	(556)	824	1,698
Share of surplus retained by associate	(1,559)	(1,449)	(3,220)
Total non-cash items	20,315	21,318	42,670
Items classified as investing or financing activities			
Net (gain) / loss on sale of property, plant and equipment	276	(41)	1,274
Fresh food and liquor decommissioning costs	-	7,594	7,938
Supplementary dividend tax credit	519	218	739
Total investing and financing adjustments	795	7,771	9,951
Changes in assets and liabilities			
Trade and other receivables	4,077	5,392	2,131
Inventories	(30,079)	(8,909)	17,638
Trade and other payables	(7,604)	81,902	12,454
Provisions	(8,715)	9,751	20,797
Income tax	8,063	11,112	11,822
Total changes in assets and liabilities	(34,258)	99,248	64,842
Net cash flows from operating activities	44,396	177,349	194,459
	-	-	-

Notes to the Financial Statements

1. GENERAL INFORMATION

The Warehouse Group Limited and its subsidiaries (together the "Group") operate as a retail chain with 86 general merchandise and 47 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 have been prepared in accordance with IAS 34 and NZ IAS 34 *Interim Financial Reporting*.

The consolidated interim financial statements do not include all of the information required for full annual financial statements. Accordingly, this report should be read in conjunction with the consolidated financial statements and related notes in the Group's Annual Report for the 53 weeks ended 2 August 2009 ("2009 Annual Report").

The accounting policies set out in the 2009 Annual Report have been applied consistently to all periods presented in these financial statements, except as described below.

NZ IAS 1 (Amendment): Presentation of Financial Statements

The new amendment was mandatory for the first time for the financial period commencing 3 August 2009. The amendment requires 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be disclosed in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income in these interim financial statements.

Approval of Financial Statements

These consolidated interim financial statements were approved for issue by the Board of Directors on 11 March 2010. 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 31 January 2010 \$ 000	(Unaudited) 26 Weeks Ended 25 January 2009 \$ 000	(Audited) 53 Weeks Ended 2 August 2009 \$ 000	(Unaudited) 26 Weeks Ended 31 January 2010 \$ 000	(Unaudited) 26 Weeks Ended 25 January 2009 \$ 000	(Audited) 53 Weeks Ended 2 August 2009 \$ 000
SEGMENT PERFORMANCE						
The Warehouse	821,023	833,793	1,531,114	78,674	81,249	120,238
Warehouse Stationery	96,173	88,483	187,167	3,014	1,257	1,596
Other group operations	4,849	4,856	8,419	1,534	1,740	3,118
Inter-segment eliminations	(3,129)	(3,642)	(5,945)	-	-	-
	918,916	923,490	1,720,755	83,222	84,246	124,952
Operating margin						
The Warehouse (%)				9.6	9.7	7.9
Warehouse Stationery (%)				3.1	1.4	0.9
Operating profit (%)				9.1	9.1	7.3

	DEPRECIATION & AMORTISATION			CAPITAL EXPENDITURE		
	(Unaudited) 26 Weeks Ended 31 January 2010 \$ 000	(Unaudited) 26 Weeks Ended 25 January 2009 \$ 000	(Audited) 53 Weeks Ended 2 August 2009 \$ 000	(Unaudited) 26 Weeks Ended 31 January 2010 \$ 000	(Unaudited) 26 Weeks Ended 25 January 2009 \$ 000	(Audited) 53 Weeks Ended 2 August 2009 \$ 000
The Warehouse	16,757	16,697	33,751	8,858	15,415	33,966
Warehouse Stationery	2,271	2,329	5,362	709	2,032	4,378
Other group operations	1,534	1,335	2,727	20,895	144	371
Operating assets / liabilities	20,562	20,361	41,840	30,462	17,591	38,715

Notes to the Financial Statements - continued

3. SEGMENT INFORMATION - continued

	TOTAL ASSETS			TOTAL LIABILITIES		
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
	As at	As at	As at	As at	As at	As at
	31 January 2010	25 January 2009	2 August 2009	31 January 2010	25 January 2009	2 August 2009
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
The Warehouse	357,991	364,006	347,725	137,029	215,153	163,224
Warehouse Stationery	58,106	60,066	53,639	29,531	26,591	21,151
Other group operations	182,528	164,307	161,725	5,651	4,885	5,730
Operating assets / liabilities	598,625	588,379	563,089	172,211	246,629	190,105
Unallocated assets / liabilities						
Cash and cash equivalents	20,957	103,063	52,752	100,907	100,000	100,000
Derivative financial instruments	4,081	46,385	630	16,552	6,289	30,585
Investments	5,701	5,605	7,376	-	-	-
Taxation	19,168	4,916	25,401	7,506	-	-
Warranty provision	-	-	-	7,414	7,414	7,414
Total	648,532	748,348	649,248	304,590	360,332	328,104

4. PROPERTY, PLANT, EQUIPMENT AND SOFTWARE

	(Unaudited)	(Unaudited)	(Audited)
	As at	As at	As at
	31 January 2010	25 January 2009	2 August 2009
	\$ 000	\$ 000	\$ 000
Property, plant and equipment	268,238	261,006	257,488
Computer software	21,977	22,178	23,192
Net book value	290,215	283,184	280,680
Movement in property, plant, equipment and software			
Balance at the beginning of the period	280,680	294,507	294,507
Capital expenditure	30,462	17,591	38,715
Depreciation and amortisation	(20,562)	(20,361)	(41,840)
Fresh food and liquor decommissioning costs	-	(7,594)	(7,938)
Disposals	(365)	(959)	(2,764)
Balance at the end of the period	290,215	283,184	280,680

5. COMMITMENTS

	(Unaudited)	(Unaudited)	(Audited)
	As at	As at	As at
	31 January 2010	25 January 2009	2 August 2009
	\$ 000	\$ 000	\$ 000
(a) Capital commitments			
Capital expenditure contracted for at balance date but not recognised as liabilities is set out below:			
Within one year	3,214	1,683	2,965
(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	53,008	53,569	56,186
1-2 Years	42,449	43,753	45,250
2-5 Years	72,437	80,383	81,489
5+ Years	19,784	27,443	28,070
	187,678	205,148	210,995

Notes to the Financial Statements - continued

6. INVESTMENT

	(Unaudited) As at 31 January 2010 \$ 000	(Unaudited) As at 25 January 2009 \$ 000	(Audited) As at 2 August 2009 \$ 000
Investment at beginning of the year	7,376	7,191	7,191
Share of associates profit before taxation	2,226	2,093	4,611
Less taxation	(667)	(644)	(1,391)
Equity earnings of associate	1,559	1,449	3,220
Dividend received from associate	(3,234)	(3,035)	(3,035)
Investment at end of the period	5,701	5,605	7,376

The Warehouse Financial Services Limited

The Group has a 49% interest, and Westpac a 51% interest in The Warehouse Financial Services Limited. There have been no changes in the shareholders or the percentage shareholdings since the company was formed in July 2001.

7. DERIVATIVE FINANCIAL INSTRUMENTS

	(Unaudited) As at 31 January 2010 \$ 000	(Unaudited) As at 25 January 2009 \$ 000	(Audited) As at 2 August 2009 \$ 000
Current assets	4,038	45,520	122
Non-current assets	43	865	508
Current liabilities	(13,585)	(772)	(27,063)
Non-current liabilities	(2,967)	(5,517)	(3,522)
	(12,471)	40,096	(29,955)
Derivative financial instruments consist of:			
Foreign exchange contracts - cash flow hedge	(10,191)	45,424	(26,401)
Interest rate swaps - cash flow hedge	(2,924)	(6,290)	(3,642)
Electricity contracts - economic hedge	644	962	88
	(12,471)	40,096	(29,955)

The Group continues to manage its foreign exchange, interest rate and electricity price risks in accordance with the policies and parameters detailed in the 2009 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)	135,771	221,911	195,062
Average contract rate (\$)	0.6406	0.6338	0.5615
Spot rate used to determine fair value (\$)	0.7011	0.5308	0.6565

8. TRADE AND OTHER PAYABLES

	(Unaudited) As at 31 January 2010 \$ 000	(Unaudited) As at 25 January 2009 \$ 000	(Audited) As at 2 August 2009 \$ 000
Trade creditors	97,500	174,623	102,919
Goods in transit creditors	14,015	16,129	20,260
Unearned income (includes layby's, gift vouchers and Christmas club deposits)	7,556	7,509	5,997
Payroll accruals	9,209	6,768	8,283
	128,280	205,029	137,459

The timing of the previous year half year balance date occurred earlier in the month than the current half year balance date. The change in timing meant monthly trade creditors were paid after the half year balance date in the previous year half year. The amount of monthly trade creditor payments paid after balance date in the previous year half year were \$79.467 million.

Notes to the Financial Statements - continued

9. DEBT

	(Unaudited) As at 31 January 2010 \$ 000	(Unaudited) As at 25 January 2009 \$ 000	(Audited) As at 2 August 2009 \$ 000
Cash on hand and at bank	20,957	16,863	15,652
Deposits at call	-	86,200	37,100
Cash and cash equivalents	20,957	103,063	52,752
Current borrowings	907	-	-
Non-current borrowings	100,000	100,000	100,000
Total borrowings	100,907	100,000	100,000
Net debt / (funds)	79,950	(3,063)	47,248
Committed credit facilities at balance date are:			
Debt facilities	255,000	255,000	275,000
Facilities used	(100,907)	(100,000)	(100,000)
Unused debt facilities	154,093	155,000	175,000
Letter of credit facilities	28,000	33,000	30,000
Letters of credit	(9,720)	(6,948)	(18,508)
Unused letter of credit facilities	18,280	26,052	11,492
Total unused bank facilities	172,373	181,052	186,492

10. PROVISIONS

	(Unaudited) As at 31 January 2010 \$ 000	(Unaudited) As at 25 January 2009 \$ 000	(Audited) As at 2 August 2009 \$ 000
Current liabilities	34,982	33,051	43,939
Non-current liabilities	16,363	15,963	16,121
	51,345	49,014	60,060
Provisions consist of:			
Annual performance based compensation	8,582	10,761	19,103
Cash settled share-based compensation	887	-	1,464
Annual leave	18,416	15,886	16,365
Long service leave	6,002	5,591	5,696
Other employee benefits	4,582	4,102	4,919
Employee benefits	38,469	36,340	47,547
Make good provision	2,699	2,612	2,703
Sales returns provision	2,763	2,648	2,396
Warranty provision	7,414	7,414	7,414
	51,345	49,014	60,060

11. DIVIDENDS

	CENTS PER SHARE			DIVIDENDS PAID		
	(Unaudited) 26 Weeks Ended 31 January	(Unaudited) 26 Weeks Ended 25 January	(Audited) 53 Weeks Ended 2 August	(Unaudited) 26 Weeks Ended 31 January \$ 000	(Unaudited) 26 Weeks Ended 25 January \$ 000	(Audited) 53 Weeks Ended 2 August \$ 000
Prior year final dividend	5.5	5.5	5.5	17,116	17,116	17,116
Interim dividend	-	-	15.5	-	-	48,235
	5.5	5.5	21.0	17,116	17,116	65,351
Special dividend	10.0	-	-	31,119	-	-
Total dividends paid	15.5	5.5	21.0	48,235	17,116	65,351

On 11 March 2010 the board declared a fully imputed interim dividend of 17.0 cents per ordinary share to be paid on 30 March 2010 to all shareholders on the Group's share register at the close of business on 19 March 2010.

Notes to the Financial Statements - continued

12. 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 31 January 2010							
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

(Unaudited)	Share Capital	Treasury Stock	Cash Flow Hedge Reserve	Employee Share Benefits Reserve	Retained Earnings	Minority Interest	Total Equity
For the 26 weeks ended 25 January 2009							
Balance at the beginning of the period	251,445	(12,672)	3,588	3,586	88,518	191	334,656
Profit for the half year	-	-	-	-	48,968	44	49,012
Net change in fair value of cash flow hedges	-	-	23,936	-	-	-	23,936
Share rights charged to the income statement	-	-	-	1,317	-	-	1,317
Share rights exercised	-	2,185	-	(2,142)	(43)	-	-
Dividends paid	-	-	-	-	(17,116)	(21)	(17,137)
Treasury stock dividends received	-	-	-	-	174	-	174
Purchase of treasury stock	-	(3,942)	-	-	-	-	(3,942)
Balance at the end of the period	251,445	(14,429)	27,524	2,761	120,501	214	388,016

(Audited)	Share Capital	Treasury Stock	Cash Flow Hedge Reserve	Employee Share Benefits Reserve	Retained Earnings	Minority Interest	Total Equity
For the 53 weeks ended 2 August 2009							
Balance at the beginning of the period	251,445	(12,672)	3,588	3,586	88,518	191	334,656
Profit for the year	-	-	-	-	76,782	214	76,996
Net change in fair value of cash flow hedges	-	-	(24,325)	-	-	-	(24,325)
Share rights charged to the income statement	-	-	-	2,600	-	-	2,600
Share rights exercised	-	2,258	-	(2,532)	274	-	-
Dividends paid	-	-	-	-	(65,351)	(154)	(65,505)
Treasury stock dividends received	-	-	-	-	664	-	664
Purchase of treasury stock	-	(3,942)	-	-	-	-	(3,942)
Balance at the end of the period	251,445	(14,356)	(20,737)	3,654	100,887	251	321,144

Notes to the Financial Statements - continued

13. CONTINGENT LIABILITIES

The Warehouse Financial Services Limited - 49% owned

The Commerce Commission issued civil proceedings against Visa, Mastercard and all issuers of Visa and Mastercard, including The Warehouse Financial Services Limited, for alleged breaches of the Commerce Act 1986 in relation to credit card interchange fees and scheme rules. The Commerce Commission alleged that the setting of interchange fees and rules amount to price fixing, or have the effect of substantially lessening competition. The Commerce Commission and The Warehouse Financial Services Limited settled this matter in September 2009.

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

J H Ogden is both a director of the Group and Kiwibank Limited. The Group has a \$20.000 million debt facility with Kiwibank, which forms part of an overall debt facility of \$255.000 million (refer note 9). The Group uses the Kiwibank debt facility as part of its day to day cash management. Fees incurred on the facility are on an arms length basis at normal commercial terms.

K R Smith, the Group's Chairman, was appointed as a director of Mighty River Power Limited (MRP) in May 2009. MRPO is a supplier of electricity to the Group. During the half year the Group paid \$3.682 million to MRP (\$6.074 million for the full year ended July 2009) to purchase electricity on an arms length basis at normal commercial terms.

15. SUBSEQUENT EVENTS

On 9 February 2010 the Group announced its intention to offer up to \$100.000 million of five year unsecured, unsubordinated, fixed rate bonds (maturity date 15 June 2015) to the New Zealand public. Two of the main considerations behind the proposed bond issuance were to diversify the Groups sources of funds and to lengthen the maturity profile of the Groups debt.

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 **Keith Smith** Authority for event, e.g. Directors' resolution **Directors' resolution**

Contact phone number **(09) 489 8900** Contact fax number **(09) 488 3241** Date **11 / 03 / 10**

Nature of event Tick as appropriate
 Bonus Issue If ticked, state whether: Taxable / Non Taxable Conversion Interest Rights Issue Renounceable
 Rights Issue non-renounceable Capital change Call Dividend If ticked, state whether: Interim Full Year Special

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**
 If unknown, contact NZSE

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
 If unknown, contact NZSE

Number of Securities to be issued following event Minimum Entitlement Ratio, e.g. for for

Conversion, Maturity, Call Payable or Exercise Date Treatment of Fractions

Strike price per security for any issue in lieu or date Strike Price available. Tick if pari passu OR provide an explanation of the ranking

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

In dollars and cents
 Amount per security **\$0.170** Source of Payment **Retained earnings**
 Currency **New Zealand dollars** Supplementary dividend details - Listing Rule 7.12.7 **\$0.030000**
 Total monies **\$52,903,298** Date Payable **30 March, 2010**

Taxation Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price \$ Resident Withholding Tax \$ Credits (Give details) **\$0.083731**

Timing (Refer Appendix 8 in the Listing Rules)

Record Date 5pm For calculation of entitlements - must be the last business day of a week **19 March, 2010**
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. **30 March, 2010**

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	3 August 2009 to 31 January 2010
Previous Reporting	28 July 2008 to 25 January 2009

**Directors' Declaration in respect of the Group Financial Statements
for the half year ended 31 January 2010**

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 31 January 2010. 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 31 January 2010 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 31 January 2010 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 11 March 2010 and is signed for and on behalf of the Board of Directors by the Chairman.



K R Smith
Chairman

MEDIA RELEASE

THE WAREHOUSE GROUP ANNOUNCES INTERIM RESULTS

***Net Profit After Tax Maintained
Interim Dividend Increased***

Auckland, 12 March 2010 – The board of The Warehouse Group today announced reported net profit after tax for the half year of \$57.4 million compared to \$49.0 million in the prior comparable period. Last year's first half profit included a \$7.4 million post tax charge relating to the exit from fresh food and liquor.

Adjusted net profit after tax for the half year ended 31 January 2010 was \$57.0 million compared to adjusted net profit of \$56.8 million last year, excluding unusual items.

Group sales for the half year were \$918.9 million, down 0.5% on the prior comparable period. After adjusting for discontinued activities, sales were up 0.7%. Last year's first half sales included \$11.3 million attributable to discontinued fresh food and liquor.

The Directors have declared an interim dividend of 17.0 cents per share, which includes an increase of 1.5 cents per share compared to the 2009 interim dividend in order to distribute the balance of imputation credits available at 33 cents.

In announcing the result, Chairman Keith Smith says, "The group continues to deliver consistent earnings compared to the first half of 2009 which was a strong result in the recession."

The Warehouse reported sales of \$821.0 million, flat compared to last year after adjusting for discontinued activities. After adjusting for F09's 53rd week same store sales for the half year were down 1.2% with second quarter sales down 1.1%.

Operating profit for the half year was down 3.2% to \$78.7 million.

Commenting on The Warehouse result Group Chief Executive Officer, Ian Morrice says, "The recovery in overall retail spending remains patchy with some specialist sectors seeing quite a bounce-back from the recessionary levels of 2008/9. Department stores as a sector has not seen the lifts experienced by softgoods, clothing and appliance specialists in the second six months of 2009. The Warehouse' sales performance reflects this"

Mr Morrice also commented, "Our strong overall margin performance achieved in the first half of the 2009 financial year has been maintained, although having planned for increased sales which didn't eventuate, we have needed to clear more seasonal inventory than the same period last year impacting gross margins. We are pleased with the progress we are continuing to make on a number of our growth initiatives but these gains are not yet sufficient to offset the exit from fresh food and liquor and sales shortfalls in other areas."

Warehouse Stationery reported sales of \$96.2 million up 8.7% compared to last year. After adjusting for F09's 53rd week same store sales for the half year were up 7.2% with second quarter same store sales up 10.2%.

Operating profit was up 139.8% to \$3.0 million.

Mr Morrice says, "We are very pleased with the overall performance improvement in Warehouse Stationery over this first half. This reflects a very focused approach to trading with customer visits increasing and sales recovery being achieved across most categories. We expect sales to recover to levels at least equal to the 2008 financial year having experienced such a significant drop in consumer spending in 2009".

Subject to any material change in expected trading conditions, the Directors expect adjusted net profit after tax for the full year to be similar to adjusted NPAT for F09.

Dividends will be paid on 30 March 2010 with the record date being 19 March 2010.

ENDS

Background: The Warehouse Group Limited

The Warehouse Group Limited comprises 86 Warehouse stores and 47 Warehouse Stationery stores in New Zealand. The company has a turnover of \$1.7 billion and employs over 7,000 people.

Contact details regarding this announcement:

Investors and Analysts

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Media

Ian Morrice, Group CEO to be contacted
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