The Warehouse Group Limited
2011 Full Year Result
and
Strategy Briefing

16 September 2011

GISBORNE

Context

- Response to changing market place, relevance of mass merchant DDS and basis for competing in a sophisticated market.
- Customer satisfaction.
- Shop floor execution.
- Investment.
- Workforce engagement.

Investing for long term sustainable returns.

2011 Full Year Results

Luke Bunt
Chief Financial Officer

Results Overview

- Sales $1,667.8 million, F10 $1,672.7 million, down 0.3%.
- Adjusted EBIT down 7.2% to $117.7 million.
- Adjusted NPAT down 8.9% to $76.0 million.
- Operating cash flow $96.9 million.
- Ordinary dividend down 2.0 cps to 6.5 cps, fully imputed at 30.0%.

Highlights for the Full Year

- Positive sales momentum maintained in all growth categories.
- Online sales doubled with continued range expansion and increased traffic to site.
- Warehouse Stationery sales up 4.1%.
- Property program on track to deliver planned footprint expansion.

BUT

- A difficult year for consumer electronics sector.
- Structural pressures continue to significantly impact entertainment category.

Financial Highlights – Consolidated Group

$NZ millions	F11	F10	Change
Sales	1,667.8	1,672.7	-0.3%
Operating Profit	114.1	124.0	-8.0%
Operating Margin	6.8%	7.4%	-60 bps
EBIT	119.4	126.6	-5.7%
Net Profit After Tax and Minorities	77.8	60.2	+29.3%
Funds Employed	434.4	398.6	+9.0%
Return on Funds Employed	27.4%	32.2%	-480 bps
Free Cash Flow	37.5	76.3	nm
Ordinary Dividend[1]	22.0 cps	24.0 cps	-2.0 cps
Special Dividend[1]	nil	6.5 cps	

- Total sales down 0.3%.
  - The Warehouse down 0.9%
  - Warehouse Stationery up 4.1%
- Trading EBITDA $153.9 million (F10 $165.0 million), depreciation $39.8 million (F10 $41.0 million).
- Reduced operating margin mainly due to sales deleverage in TWL.
- F10 reported NPAT includes non cash deferred tax charge of $23.0 million.
- Adjusted NPAT $76.0 million (F10 $83.4 million).
- Increase in funds employed mainly property related including land acquisition, construction of new Gisborne store and development of Silverdale retail centre.
- Cash conversion 85.3% in F11
- Dividend payout ratio 90% of adjusted NPAT.

[1] Declared.

Segmented Operating Profit

$NZ millions	F11	F10	Change
The Warehouse	98.8	112.7	-12.3%
Warehouse Stationery	10.1	8.0	+25.6%
Other Group Operations	5.2	3.3	+57.3%
Total Operating Profit	**114.1**	**124.0**	**-8.0%**
Financial Services	3.6	2.8	+27.3%
Unusual Items	1.7	(0.2)	nm
Reported EBIT	**119.4**	**126.6**	**-5.7%**

- TWL result mainly a function of sales deleverage and increased store related variable costs.
- WSL profit improvement a function of positive sales leverage, footprint expansion and reversal of one off restructuring costs incurred in F10.
- Improvement in other group operations reflects both cost reduction and increased rent revenues.
- Interest revenues up in Financial Services but movement in dynamic provisioning main contributor to profit improvement.
- Adjusted EBIT $117.7 million down 7.2% on F10 ($126.9 million).

Adjusted Earnings Reconciliation

$NZ millions	EBIT		NPAT	
	F11	F10	F11	F10
Reported Earnings	**119.4**	**126.6**	**77.8**	**60.2**
Electricity derivatives	(0.2)	0.3	(0.1)	0.2
Property divestments	(1.5)	-	(1.1)	-
Deferred tax adjustment	-	-	(0.6)	23.0
Adjusted Earnings	**117.7**	**126.9**	**76.0**	**83.4**

Abridged Balance Sheet

$NZ millions	F11	F10
Inventory	262.7	254.6
Trade Payables	(94.9)	(87.3)
Net Investment in Inventory	**167.8**	**167.3**
Receivables	25.8	19.0
Other Creditors and Provisions	(82.9)	(87.0)
Working Capital	**110.7**	**99.3**
Fixed Assets	316.1	293.4
Investments	7.6	5.9
Funds Employed	**434.4**	**398.6**
Tax Liabilities	(3.4)	(16.9)
Derivatives	(33.3)	(6.0)
Capital Employed	**397.7**	**375.7**
Shareholders' Equity	271.3	303.0
Minority Interests	0.3	0.3
Net Debt	126.1	72.4
Source of Funds	**397.7**	**375.7**

Timing of seasonal stock build.

Earthquake related insurance recoveries and rebates.

Reduced employee related provisions.

Land acquisitions, property development, store investment.

Timing of profit distributions by TWFS.

Tax benefit attached to derivative revaluations.

Derivative revaluations at balance date.

Core debt remains $150 million.

Cash Flow Summary

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$NZ millions	F11	F10
Trading EBITDA	**153.9**	**165.0**
Change in Trade Working Capital	(13.5)	(10.9)
Taxes Paid	(36.2)	(22.2)
Interest Paid	(9.9)	(7.0)
Other Items	2.6	4.3
Operating Cash Flow	**96.9**	**129.2**
Capital Expenditure	(65.9)	(57.3)
Proceeds from Divestments	5.5	0.4
Dividends Received	1.9	4.2
Dividends Paid	(91.2)	(101.5)
Other Items	(0.9)	(0.2)
Net Cash Flow	**(53.7)**	**(25.2)**
Opening Net Debt	(72.4)	(47.2)
Closing Net Debt	**(126.1)**	**(72.4)**

Reversal of tax shield on fresh food and liquor exit costs.

Acquisition of Lunn Avenue, Gisborne and Silverdale development costs, store fit outs and refits.

Sale of Invercargill properties.

Dividend from TWFS.

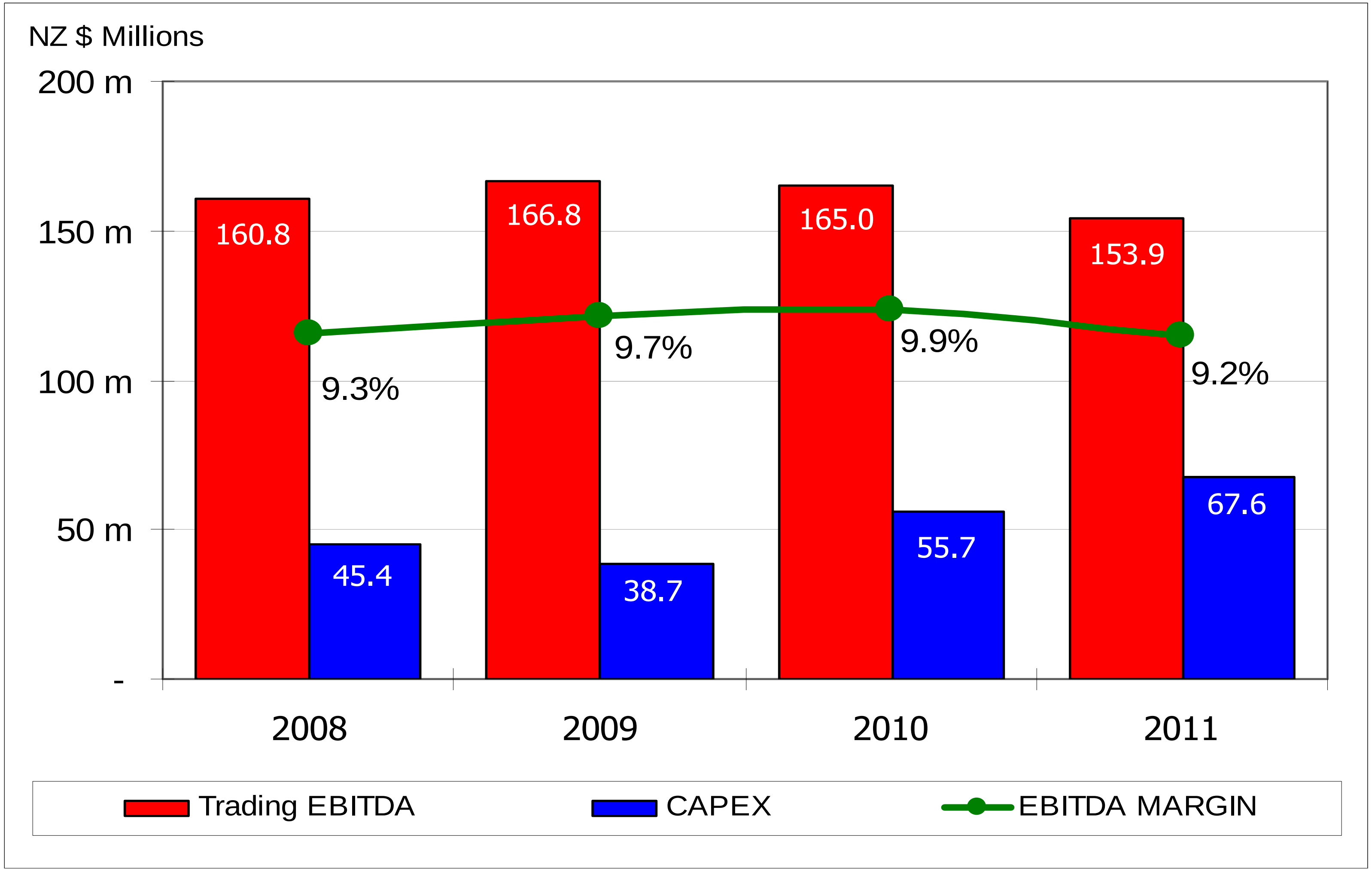
Lower special dividend paid in F11.

Purchase of treasury stock and ESOP advances.

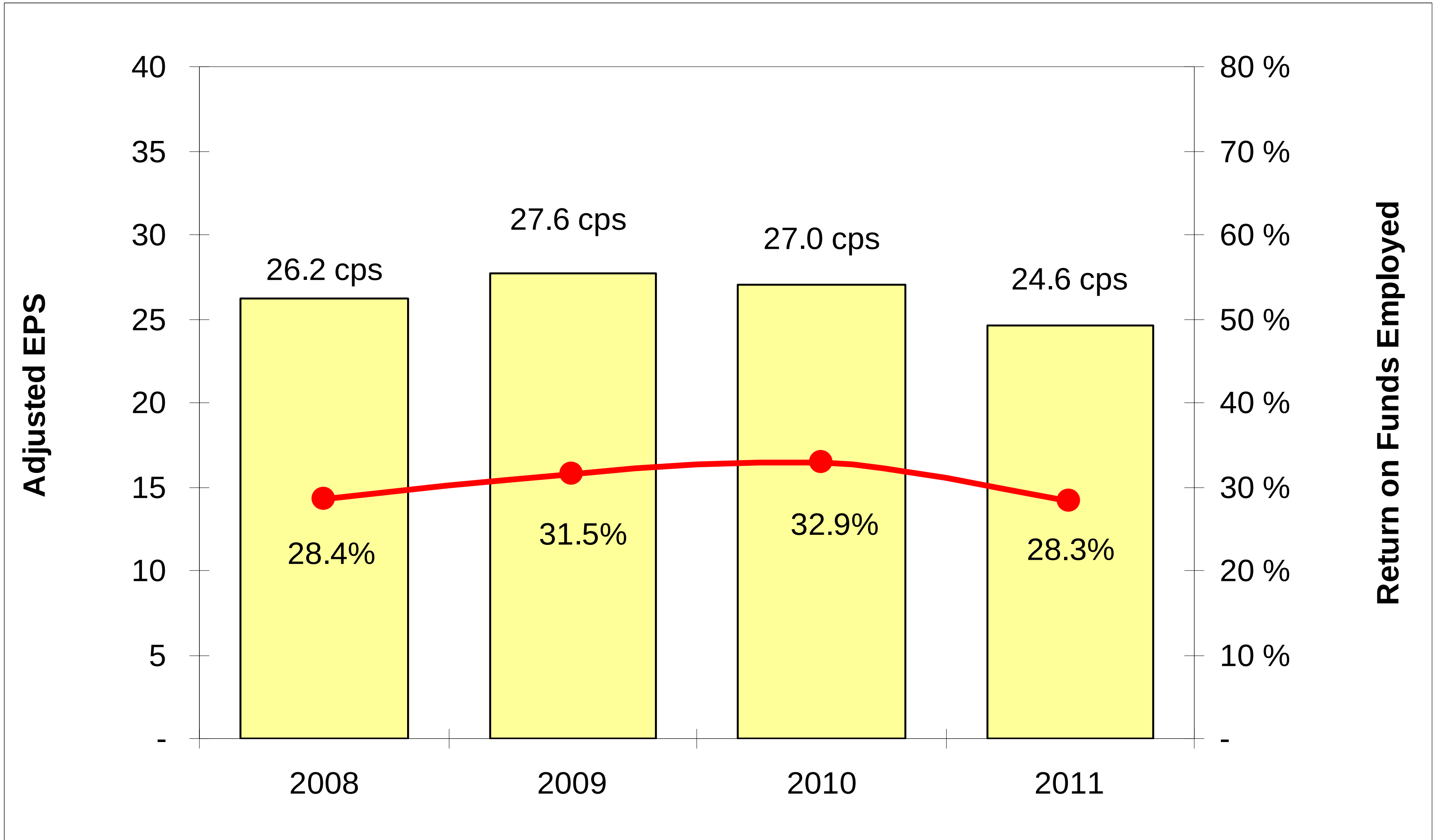
Cash Conversion Ratio (OCF +ADR)/(ADJ. NPAT+ D+A)	**85.3%**	**107.3%**

F11 partially impacted by timing of insurance recoveries and TWFS dividends.

Operating Earnings and Investment



Adjusted EPS and ROFE



Net Debt and Book Gearing

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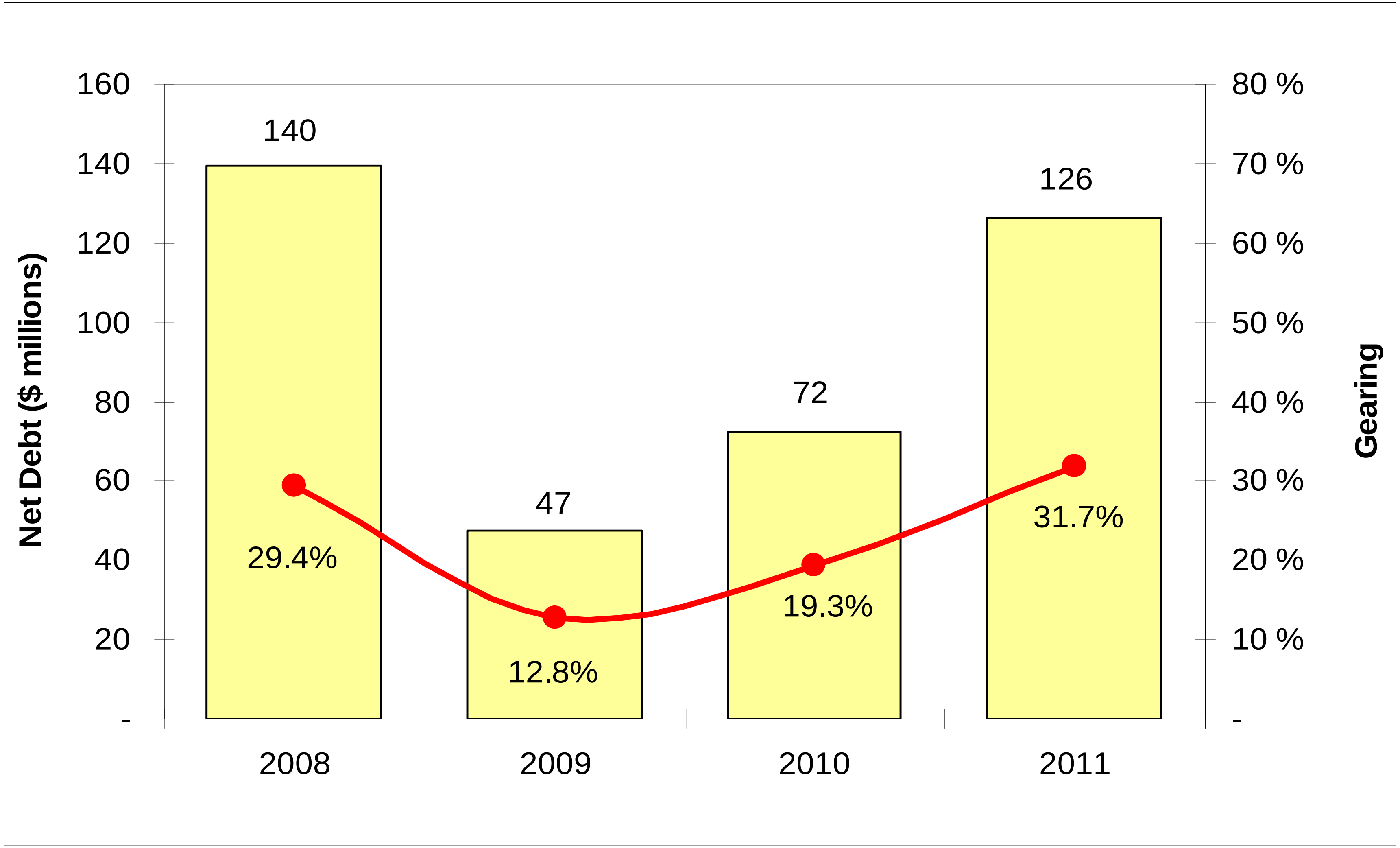
where everyone gets a bargain



Summary of Financing Ratios

$NZ millions	F11	F10	F09	F08
Interest Cover (times)	12.1	17.1	17.0	21.1
Fixed Charges Cover (times)	3.1	3.4	3.2	3.6
Net debt / EBITDA (times)	0.8	0.4	0.3	0.8
Net debt / net debt plus equity (%)	31.7	19.3	12.8	29.4

All ratios well within debt covenants and internal benchmarks.

$NZ millions	F11	F10	Change
Sales	1,462.9	1,476.2	-0.9%
EBITDA	130.8	146.0	-10.4%
Depreciation and Amortisation	(32.0)	(33.3)	-3.8%
Operating Profit	98.8	112.7	-12.3%
Operating Margin	6.8%	7.6%	-80 bps

Capital Expenditure	37.3	22.9	+62.9%

Stock Turn	4.0	3.9	+0.1x

- Same store sales down 0.9%, H2 up 1.4%.
- Positive momentum in growth categories consistent through H1 and H2. Sales up 7.2% year on year.
- “Every day needs” category up 4.9% year on year. Solid contributor in H2.
- Core Head to Toe and Home categories flat on last year. Volumes up but price deleverage.
- Significant decline continues in entertainment and consumer electronics categories.
- Trading margins maintained despite promotionally driven market.
- Year 2 objectives achieved in online channel. Sufficient scale established to achieve positive earnings momentum.
- Capex increase reflects footprint expansion, store refits and modular investments.

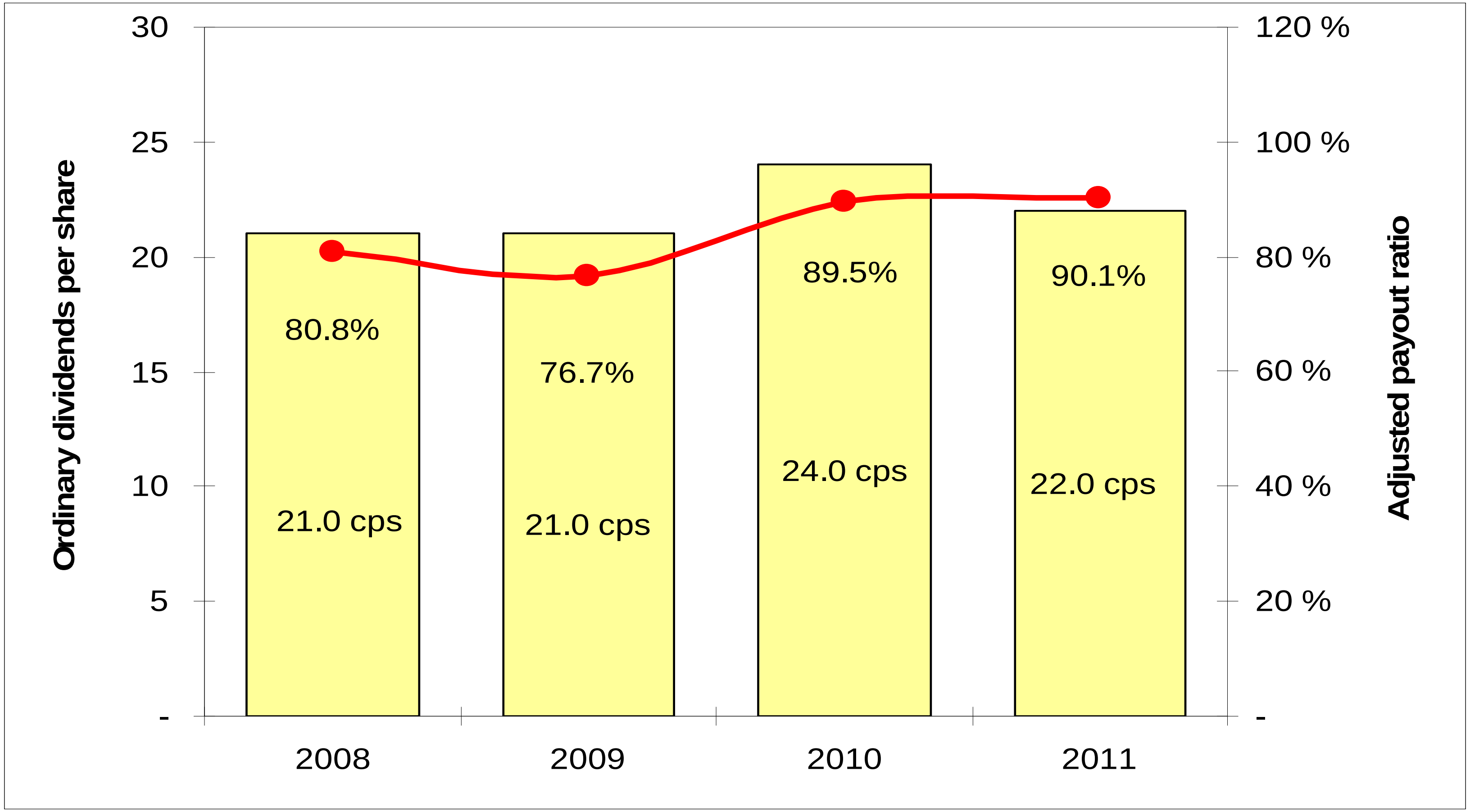
Warehouse Stationery

$NZ millions	F11	F10	Change
Sales	201.5	193.6	+4.1%
EBITDA	15.0	12.7	+18.6%
Depreciation and Amortisation	(4.9)	(4.7)	+6.4%
Operating Profit*	10.1	8.0	+25.6%
Operating Margin	5.0%	4.2%	+80bps
Capital Expenditure	6.2	4.3	+42.9%
Stock Turn	3.5	3.7	-0.2x

- Same store sales up 4.6%, H2 up 6.0%.
- Significant growth in computer products and mobile phones.
- Footprint expansion delivering sales and EBIT growth. Four new stores opened during the year:
  - Kerikeri
  - Gisborne
  - Riccarton
  - Levin
- Flow on from prior year store openings remains strongly positive.
- South City closed since February 2011.
- Capex increase mainly new store fit outs and refits.
- Stock turn impacted by timing of new store openings and pipeline fill.

***Note:** F10 operating profit includes $1.2million one off charge associated with restructuring of central distribution operation.

Ordinary dividends



- Final dividend down 2.0 cps to 6.5 cps.
- Total ordinary dividend for the year 22.0 cps.
- Dividends fully imputed at 30.0 per cent.

Record date:	4 November 2011
Payment date:	16 November 2011

Strategy Briefing

- Red Sheds
- Blue Sheds
- Online Trading
- Business Unit Synergy

Mark Powell
Chief Executive Officer

Strategy Briefing

Red Sheds

Customer Insight and Perception

- TWL a mass-market retailer well represented in all customer segments other than extremes
- Families are the core TWL market segment, with some other mass-market segment under-representation
- Important the core is not alienated in pursuit of growth in under-represented segments
- Overall “value for money” a key driver of consumer preference
- In-store execution and related abandonment have been a critical issue
- Quality perception also an issue, influenced by store environment
- Being online is part of being ‘in the game’, not an optional extra

Rejuvenate and Maintain

where everyone gets a bargain

Build & Drive

"Where everyone gets their essentials"

Focused Brand Communication

- 'House of Bargains'

AND

- 'Home of Essentials'
- Excitement, Range and Price

Bridging Variety and Discount Department Stores

1. **Clear Brand Positioning and Approach to Product, Price and Promotion**

2. **Clear 'Way of Working'**

3. **Targeted Category Growth**

4. **Improved Store Experience: Execution**

5. **Improved Store Experience: Rejuvenation**

Focus on Basics: Product, Price, Promotion and Store Experience.

1. Clear Brand Positioning and Approach to Product, Price, Promotion

- **‘House of Bargains’** and **‘Home of Essentials’**
- Clear ‘Product, Price, Promo Framework’ guiding advertising, promotions, pricing and store execution
- Appropriate EDLP and HI-LO pricing philosophies.
- Appropriate use of price positioning tools: Price Perceptors, Key Volume Drivers, Break Through Pricing (WOW)
- Value Streams: Continuity Availability & Non-Continuity Life Cycle

Old Look Advertising

thewarehouse
where everyone gets a bargain


All a Kiwi Dad wants!
Remember Father's Day - 4th September
20% OFF
Auto Gift Packs
Now $11.99pk
Save $3
Now $23.99pk
Save $6
What's hot this week...
ALL Calvin Klein fragrances
our weekly WOW!
2 for $10
Save $9.98
Cadbury Favourites 300g
While stocks last
More Prints in store.
Any 2 for $16
Or $11ea
Match Men's Slogan Printed Tee or Singlet
now $49.ea
Save up to $36
Calvin Klein Range
Parallel Import - see page 23 for details.
$18
save $10.99
Rolling Organiser 110L
money-back guarantee
All stores open until at least 8pm daily (Mosgiel open until at least 6pm)
OR Shop online at www.thewarehouse.co.nz
thewarehouse
where everyone gets a bargain


BLOCKBUSTER BARGAINS
SAT & SUN ONLY
30 TO 60% OFF
A huge range of Curtains & Nets
Selected Maison d'Or Towels
$12
$18
ALL Maison d'Or Duvet Covers
$50
Licensed Duvet Covers
$35
Microfibre Pillows 2 Pack
$15
ALL Living & Co. Throws
$10
ALL Living & Co. Cushions
$10
30% OFF
Women's Robes, Jeans, Maya Tops & Garage Tops
Men's Urban Equip Tees & Shorts
Kids' Canvas Shoes, Leggings & Skirts
1/4 Carat of Diamonds
$180
50% OFF
Kids' Single Printed Satin boxers
WANT MORE? We've got it!
OR shop online at thewarehouse.co.nz
thewarehouse
where everyone gets a bargain


All a Kiwi Dad wants!
Remember Father's Day - This Sunday
our weekly WOWS!
50% OFF
These Fragrances
$169.99
$38
$49
$19.99
Upgrade your Telecom CDMA phone & get a great deal
$20
20% OFF
Auto Gift Packs
$29.99
$89
AT LEAST 30% OFF
Selected Transonic & SANYO Televisions
SAVE $110
SAVE $220
SAVE $400
SAVE $400
Women's 2 day deals
Merino Jumpers
$20
$5.99
$12
Can't decide on a Father's Day Gift?
Check out our full range of gift, gaming and iTunes cards
money-back guarantee
All stores open until at least 8pm daily (Mosgiel open until at least 6pm)
OR shop online at thewarehouse.co.nz
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New Look Advertising

TWL Brand Positioning and Personality

RATIONAL REASONS TO SHOP

- PRICE AND RANGE
- VALUE FOR MONEY

EMOTIONAL REASONS TO SHOP

- BARGAINS AND EXCITEMENT
- COMMUNITY AND ENVIRONMENT

WHO WE ARE

"House of Bargains, Home of Essentials – for Everyone"

"Making a difference to families lives by making the desirable affordable"
"Where Everyone Gets a Bargain"

WHAT WE WANT TO BE FAMOUS FOR

OUR BUSINESS

- MEETING NEW ZEALANDERS' NEEDS AND WANTS

CUSTOMERS

- ALL NEW ZEALANDERS

COMPETITORS

- RECOGNISING WE COMPETE ON MANY FRONTS

STORE EXPERIENCE

- EASY TO SHOP
- CONTEMPORARY
- SURPRISE AND DELIGHT

CUSTOMER VALUE

- BUILDING TRUST AND CUSTOMER LOYALTY

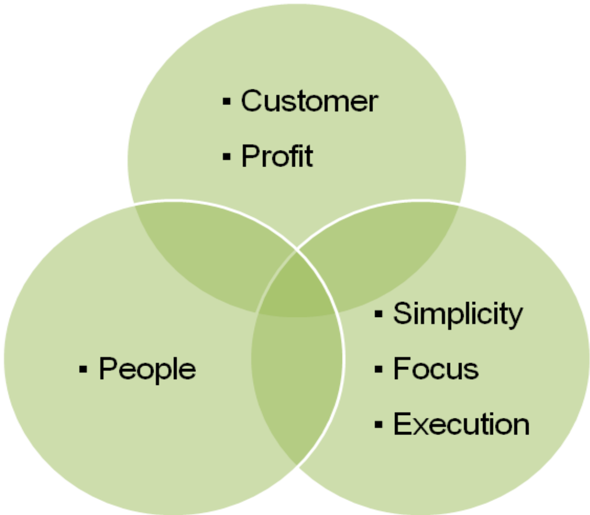
APPROACH TO RETAILING

- HELPING KIWIS LIVE BETTER

2. Clear 'Way of Working'

- Core Purpose, Guiding Principles and Customer Promise
- Thinking Smarter, Common Language, Team Model and Leadership Model
- Comprehensive Plan/Act/Review cycles to drive change and continuous improvement
- Redefining Store, Merchandise and Business Support

Core Purpose, Principles & Promise



3. Targeted Category Growth

- Category Strategy – clarity of role and growth potential
- Range Hierarchy - Basic, Better, Best
- Brands vs Private Label
- Parallel Import Program
- Fit for purpose product quality
- Price Optimisation and ‘Burn’ Management
- Origin Strategy – China vs Rest of World

Category Strategy

Market Growth and/or TWL Growth Potential

PLAY / GROW
HIGH GROWTH OPPORTUNITY / LOW TWL SHARE

Examples:
- Books
- Health & Beauty
- Sporting
- Jewellery

WIN / LEAD
HIGH GROWTH OPPORTUNITY / HIGH TWL SHARE GAIN

Examples:
- Storage
- Manchester

SHOW
LOW GROWTH OPPORTUNITY / LOW TWL SHARE
DRIVE EFFICIENCY

Examples:
- Hardware
- Automotive

PLAY/ SUSTAIN
LOW GROWTH OPPORTUNITY / HIGH TWL SHARE
BALANCE PROFIT AND GROWTH

Examples:
- CDs and DVDs
- Gaming

TWL Market Share

Quality Strategy

1. **Fit for purpose quality is a major customer perception issue**

2. **Overall review of quality team and approach**
   - Bring together QA/QC (both in Auckland and Shanghai) and CSR into origin services team
   - Implement QA/QC checks for non-SRO suppliers as an origin service

3. **Critical improvement in QA/QC for General Merchandise**
   - Small appliances and self-assembly are critical priorities
   - Develop ‘fit for purpose’ quality guides and reduce product returns
   - Product specifications to be improved
   - QA/QC checking processes to be developed at origin

4. **QA/QC for apparel**
   - “Basic” merchandise to be distinguished from “Better” and “Best”
   - Further develop QC centre in Shanghai
   - Develop plans for other origins

4. Store Experience: Execution

- Working Smarter ➔ Selling Smarter
- Promotions execution
- Pricing execution
- Service & Availability
- Productivity Improvement

Store Execution Priorities

1. **Improving customer service**
   - Better shopping experience
   - Better service in key departments
   - More red-shirts on the shop floor

2. **Delivering retail basics**
   - Availability, pricing and store standards

3. **Improving productivity**
   - Better workload management

4. **Driving team engagement to drive store performance**

Plus:

5. **Development of store based fulfilment centres**

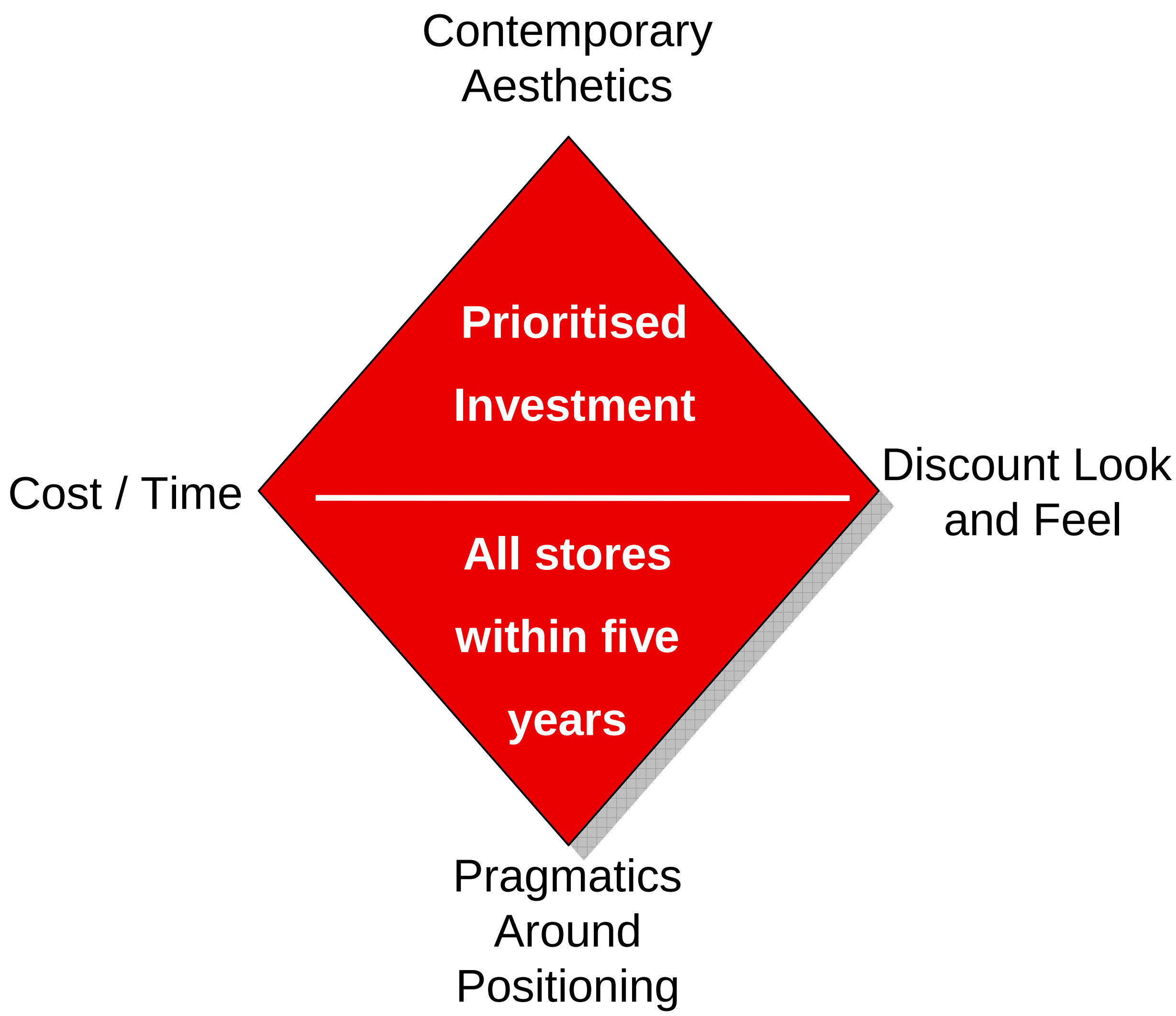
5. Store Experience: Rejuvenation

- External Modernisation program - 50+ stores
- Internal Refit program - 60+ stores
- Significant capital investment over 3 to 5 years

External Modernisation

"The store is the physical embodiment of the brand and all that it stands for"

Retail Environment Principles



Principles need to be reflective of the key drivers of our business:

- Great entrance with an event canyon
- H2T shop that is the main feature
- Adjacencies that make customer sense Consistent Layouts within Brands
- Strong identity in key everyday categories;
  - Baby Shop
  - Pet Shop
  - H&B Shop
  - Party Shop
- Seasonal features
- Aisle of Value and Bulk Zone
- Better use of space

The approach to layouts and adjacencies will be a pragmatic one:

Must have adjacencies:

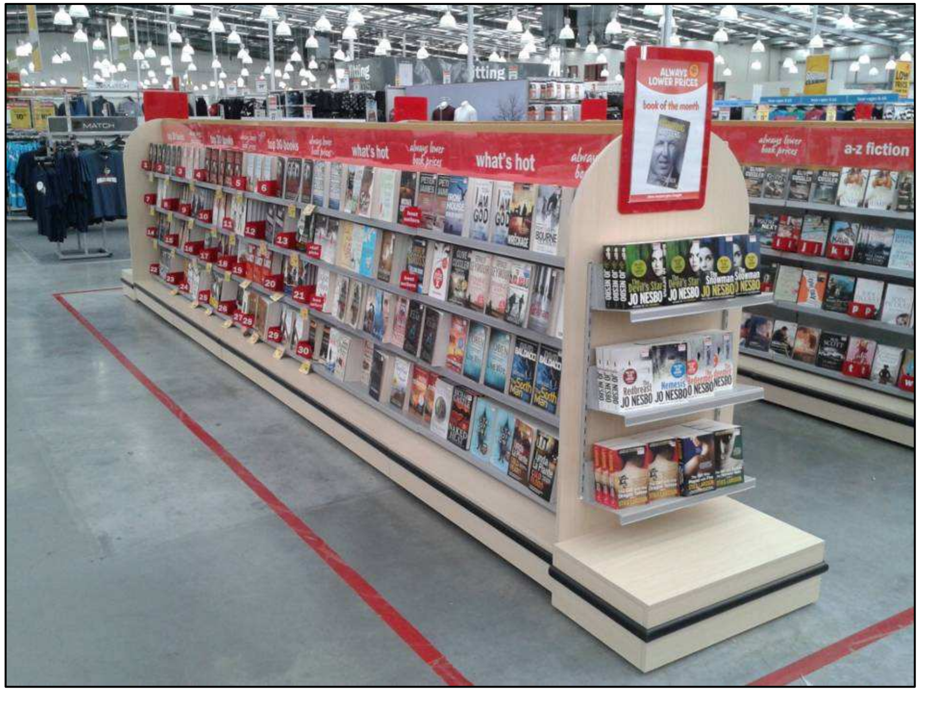
- H2T categories together
- Home categories together

Highly desirable adjacencies:

- Womenswear and Health & Beauty
- Health & Beauty and Baby & Nursery
- Baby & Nursery and Kids
- Appliances & Technology
- Gardening & DIY and Automotive
- Home & H2T
- Kid Zone

Modular Investment – Refresh Before & After

Modular Investment – Bookzone Before & After



Modular Investment – Jewellery Before & After

Clear Brand Positioning and Approach to Product, Price and Promotion

Clear ‘Way of Working’

Targeted Category Growth

Improved Store Experience: Execution

Improved Store Experience: Rejuvenation

Focus on Basics: Product, Price, Promotion and Store Experience.

Strategy Briefing

Blue Sheds

Rational reasons to shop

- Value
- Range
- Knowledge
- Solutions Focus

Emotional reasons to shop

- Fun
- Comfort
- Ease
- Inspiring

Who we are

"Huge Range, Low Prices, Great Service, Anywhere, Everyday"

What we want to be famous for

"Products & Services for customers to Work, Study, Create & Connect to their full potential "

Our Business
- Solutions to work, study, create and connect

Customers
- Small and Home Business
- Creative Bods
- Students

Competitors
- Diverse range of competitors

Store Experience
- Convenience
- Professionalism
- Service

- **Customer Value**
- Responsive
- Trustworthy

- **Approach to Retailing**
- Innovative
- Modern
- Surprise and Delight

warehouse stationery

"Huge Range, Low Prices". "One stop shop for all your office needs"

How it works

TECHNOLOGY

Low prices + FOCUSED RANGE, FOCUSED & CREDIBLE SUPPORT, FINANCE OFFERS

FURNITURE

Huge range, lowest prices + VALUE

STATIONERY

Huge range, lowest prices

ART & CRAFT

Lowest prices + EVERYTHING THE MASS MARKET NEEDS, ALWAYS AVAILABLE

Key Growth Strategies

Products and Services

- Heart of the Office (HOTO) - Technology and Furniture
- Art and Craft (A&C)
- Print and Copy
- Cross Category Development

Store Experience

- Visuals
- Right sizing

Footprint Expansion

- 9 new stores over 3 to 5 years

Channel Development

- Business Accounts
- Online

Heart of the Office

Store Experience

1. HOTO and A&C Hubs

2. Specific Category developments

   - Fixtures and visual merchandising

3. Specific Store developments:

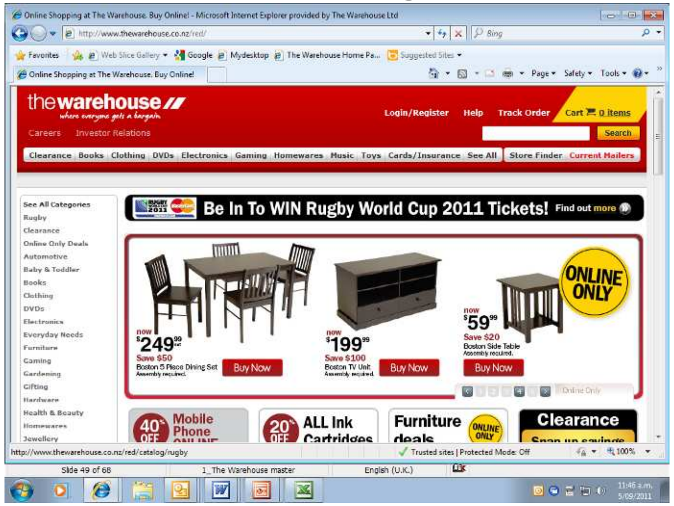
   - Right sizing oversized stores (Masterton, Papanui, Palmerston North)
   - Space layouts and proportionality
   - Range class optimisation

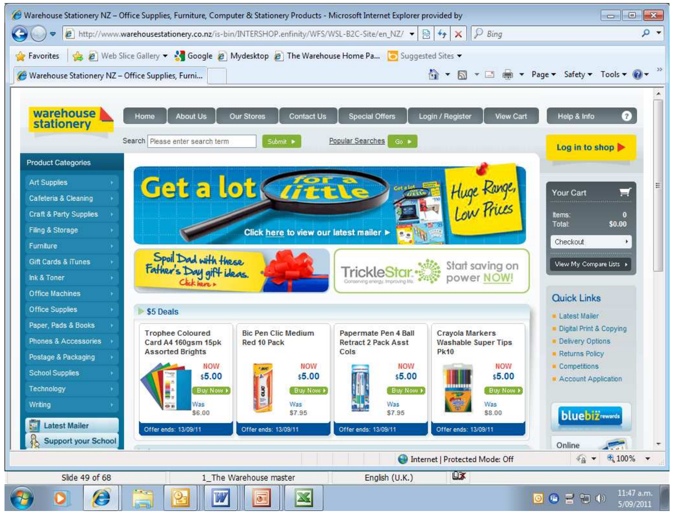
Strategy Briefing

Online

TWL / WSL Online Objectives

- Align operating model to take advantage of core business strengths
- Drive excellent execution
- Extend Ranges and Categories
- Simplify fulfilment:
  - Store based fulfilment 3 locations – Auckland, Wellington and Christchurch
  - DC based fulfilment for selected TWL categories. e.g. high volume high cube products
  - Drop ship for extended range e.g. long tail on books
- Objective to triple sales over five years





Key is being positioned to follow the customer.

Strategy Briefing

Red / Blue Synergy

Red / Blue

Background

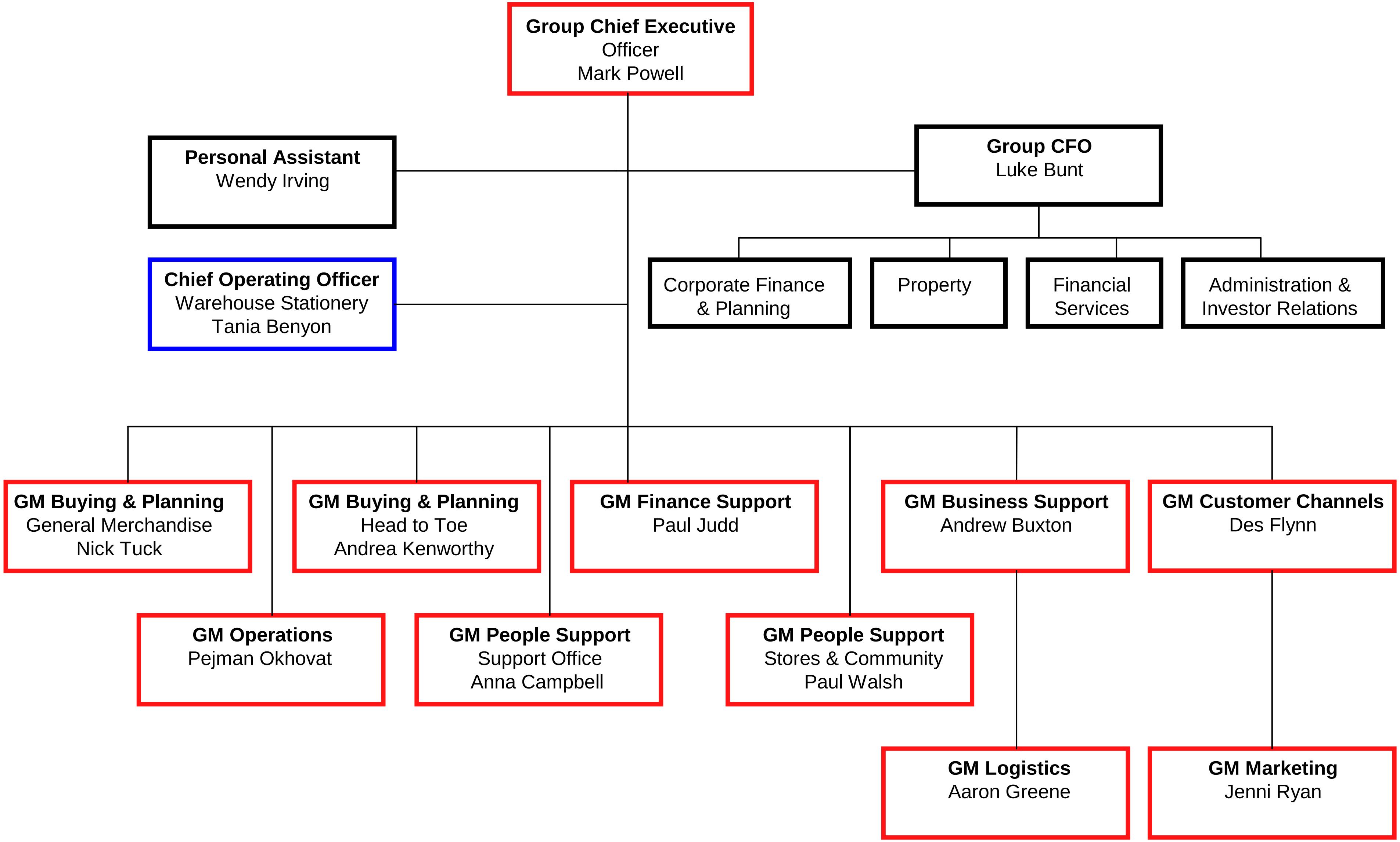
- Historically the Red and Blue merchandise teams have operated independently
- Independent channels risk destructive, rather than constructive competitive tension
- There are clear merchandise strengths in each channel:
  - **Red:** Direct sourcing, logistics, market scale, historical price positioning
  - **Blue:** Brand engagement in technology and communications, store execution

Opportunity

- Align the Red and Blue merchandise teams:
  - Leverage channel strengths to reduce COGS and take market share
  - Build merchandise team capability
- Support the ranging of branded technology product into Red Sheds

Key is to achieve alignment while maintaining differentiation for the customer.

Senior Leadership Team



Strategy Briefing

- Property Development
- Capital Investment
- Financing and Key Ratios

Luke Bunt
Chief Financial Officer

	2008	2011	2016
Retail Stores			
The Warehouse	85	88	93
Warehouse Stationery	43	51	60
Retail Trading Area m^2			
The Warehouse	400,770	407,120	440,000
Warehouse Stationery	46,800	47,680	55,000

Footprint expansion recommenced in 2009. National coverage by F15/F16

Timaru and Pukekohe Extensions

Timaru
added 1700m^2

Pukekohe
added 500m^2

Gisborne – Replacement Store

Red Shed
5900m^2 adding 2300m^2

New Blue Shed
700m^2

Royal Oak – Auckland In-fill

Total development 7500m^2 GFA. The Warehouse 6300m^2 GFA.
Planned opening end 2012 calendar year.

Silverdale Retail Centre Development

Land purchased in 1994. Three year development commenced in early 2010. Opening end 2012 calendar year.

Silverdale Centre

Total gross floor area 22700m^2 across 35 tenancies with 980 car parks on two levels.

Primary anchor The Warehouse at 7800m² GFA, (6400m² trading)
plus Warehouse Stationery

Co-anchor Countdown Supermarket at 4200m^2 GFA

Gross Capital Investment - $430 million over 5 years
$millions

Financial Years	2012	2013	2014	2015	2016
Property Development and New Stores	70	35	21	22	30
Store Refits and Modernisation	19	31	32	23	24
Infrastructure and Business Maintenance	24	16	19	20	16
Blue Sheds	5	6	6	5	5
Projected Capex	**118**	**88**	**78**	**70**	**75**

Projected Depreciation F12, $42 - $44 million vs F11 $39.8 million.

Financing

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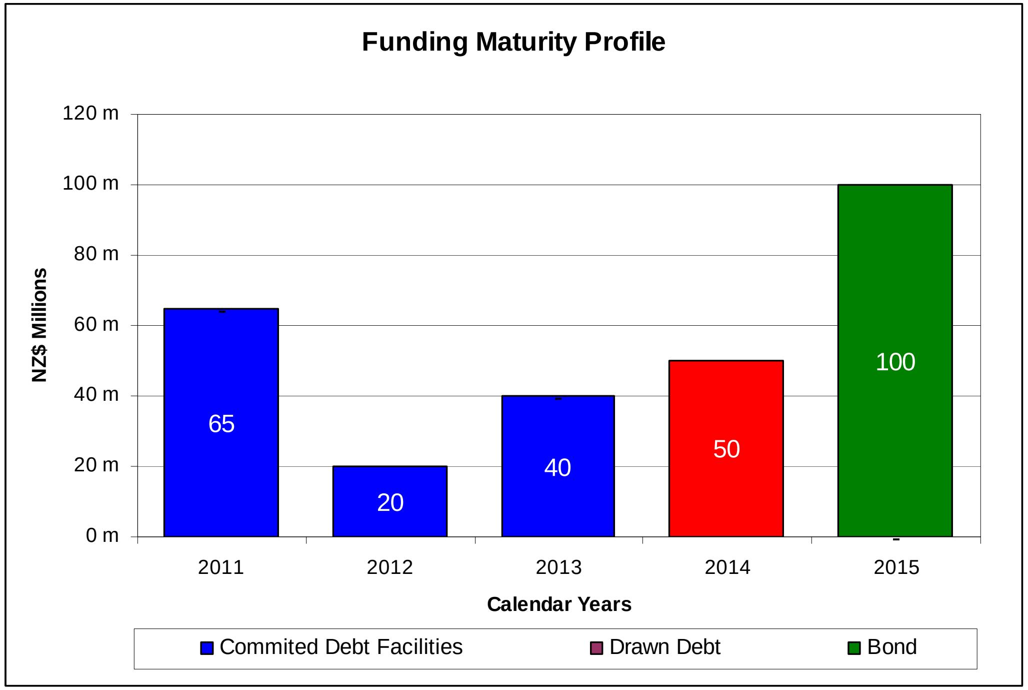
Committed Borrowing Facilities	$millions	Utilisation @ 31 July 2011
ANZ National Bank	40	
Bank of New Zealand	40	
Hong Kong & Shanghai Bank	10	
Kiwibank	20	
Westpac Banking Corporation	65	
Total Trading Banks	**175**	**28.6%**
Fixed Rate Senior Bond	100	100%
Total Facilities	**275**	**54.5%**
Minimum counter party credit rating AA-		



Gearing Covenant – quarterly maximum	50%	F11	35.5% - 38.3%
Gearing Covenant – seasonal peak	60%	F11	40.8%

Key Financing Ratios and Cost of Debt

	Bank	Benchmark	F11 Actual	F12 Projection
Interest cover (EBIT/Interest)	2.0x min		12.1 x	10.4 x
Fixed charges cover		2.0 x min	3.1 x	3.0 x
Net debt / EBITDA		3.0 x – 4.0 x max	0.8 x	1.2 x
Net debt / net debt plus equity	50.0% max		31.7%	39.6%

F12 Projected cost of debt - core debt 7.4% (fixed rate portfolio only)
- working capital facilities margin over term rate

Strategy Briefing

- Dividend Policy
- Capital Management
- Outlook
- F12 Profit Guidance

Graham Evans
Chairman

Dividend Policy and Capital Management

- The board expects the Group to continue its strong cash flow performance enabling the company to fund its future capital requirements from existing facilities and to retain the current dividend payout ratio of 90% of adjusted net profit after tax.

- The Warehouse Group's approach to capital management is set out in our 2010 annual report and remains unchanged.

- With particular reference to gearing, although a significant increase in capital expenditure is planned, the board's objective is to continue managing capital structure with the intention of maintaining conservative gearing ratios. Going forward, cash generated from any possible sale of property assets would be applied to debt reduction in the first instance.

- Dividend policy and capital structure together with associated benchmarks will continue to be reviewed on a regular basis.

Outlook and Earnings Guidance

Retail Environment

- Over the past 12 months underlying non-food retail sales continued to show signs of gradual improvement.
- Although New Zealand's general economic outlook supports strengthening consumer confidence a number of factors, both domestic and international, point to ongoing uncertainty and volatility.
- We expect consumer spending in the non-food sector to continue improving over the next 12 months but the extent of any underlying growth remains uncertain.

Full Year Guidance

- Earnings are significantly influenced by trading performance over the critical January quarter with guidance only provided post Christmas trading.
- However, having assessed a number of factors including the shorter term impact of the company's strategic plan and reinvestment program, the board is of the view that earnings for F12 are likely to fall below that achieved in F11 and therefore below current market consensus.
- F12 adjusted NPAT is projected to be in the order of $70 million.
- F12 reported NPAT is projected to be in the order of $80 million.
- Subject to any event or material change in trading conditions that may trigger a continuous disclosure obligation, earnings guidance will be updated at the time of the half year result announcement in March 2012.

QUESTIONS