





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.

\$923.5 MILLION

TOTAL SALES

Sales down 2.9% to \$923.5 million

\$84.2 MILLION

OPERATING PROFIT

Operating Profit up 1.1% to \$84.2 million

\$97.8 MILLION

OPERATING CASHFLOW¹

Operating cashflow \$97.8 million compared to \$64.7 million same period last year

HIGHLIGHTS

\$49.0 MILLION

REPORTED NPAT

Reported NPAT \$49.0 million compared to \$64.3 million same period last year

\$56.8 MILLION

ADJUSTED NPAT

Adjusted NPAT flat on last year at \$56.8 million excluding unusual items

\$76.4 MILLION

NET DEBT¹

Adjusted net debt \$76.4 million compared to \$139.6 million in July 2008

15.5 CENTS

DIVIDEND

Interim dividend of 15.5 cents per share
– pay out consistent with previous year

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

HALF YEAR REVIEW



Your directors are pleased to present the unaudited results for the six months ended 25 January 2009. Given the present economic environment this is a solid result reflecting a strong trading plan supported by investment in direct sourcing and inventory management initiatives. The board is also very pleased to be able to maintain its dividend at a time of significant economic uncertainty.

DEAR SHAREHOLDERS

The Warehouse Group Limited ('Group') reported a half-year net profit after tax of \$49.0 million compared to \$64.3 million last year. The decline in net profit after tax was largely due to a \$7.4 million write down following the exit from fresh food and liquor. Adjusted net profit after tax was equal to last year at \$56.8 million.

GROUP OPERATING PERFORMANCE

Revenue

Group sales for the period were down 2.9% to \$923.5 million. The Warehouse sales for the first half were down 2.2% to \$833.8 million with same store sales down 2.0%. Same store sales were down 1.8% for the second quarter. Warehouse Stationery recorded a decrease in sales of 8.4% to \$88.5 million with same store sales down 7.6% for the first year. Same store sales were down 10.5% for the second quarter.

As a specialist retail format, Warehouse Stationery faced a difficult half year and earnings were impacted by sales deleverage. This meant in a competitive market it was hard for Warehouse Stationery to increase its selling prices and the business was unable to reduce its fixed costs quickly enough in response to declining sales.

Against the backdrop of a challenging market place The Warehouse result was strong; sales held up well which demonstrated our ability to respond to a very difficult trading environment.

Operating profit

Operating profit was up 1.1% to \$84.2 million compared to \$83.3 million for the same period last year. Operating margin was up 30 basis points to 9.1% compared to 8.8% for the same period last year. This result has been driven by a positive performance in The Warehouse chain which has benefited from gross margin improvement and cost reduction initiatives. The benefit attributable to exiting fresh food and liquor was not significant in the first half but will be a contributor to second half earnings.

A pre-tax charge of \$10.6 million was taken in the half year in respect of costs attributable to exiting fresh food and liquor.

Group EBIT (earnings before interest and taxation) was down 19.2% to \$74.5 million compared to \$92.2 million for the same period last year.

Tax-paid profit

The reported tax-paid profit for the period was \$49.0 million, down 24% compared to \$64.3 million for the same period last year. Excluding unusual items, net profit was \$56.8 million flat on last year.

SEGMENTAL RESULTS

The Warehouse

The Warehouse stores recorded a 2.2% drop in sales for the half year ended 25 January 2009 with same store sales down 2.0%. Operating profit was up 2.3% to \$81.2 million and operating margin up 40 basis points to 9.7% compared to 9.3% for the same period last year.

We continue to make changes in response to the economic downturn that have been effective in enabling us to compete vigorously and improve our market share position whilst maintaining margins. There has been a slowdown in consumption and volumes on some categories, particularly appliances and larger ticket items such as outdoor furniture and other discretionary products. However we continue to see improvement in our apparel, consumables and entertainment offers which is very encouraging in the current environment.



We continue to see improvement in our apparel, consumables and entertainment offers which is very encouraging in the current environment.

THE WAREHOUSE	25 JANUARY 2009	27 JANUARY 2008	CHANGE
Sales (\$ million)	833.8	852.9	-2.2%
Operating profit (\$ million)	81.2	79.4	+2.3%
Operating margin	9.7%	9.3%	+40 basis points
Total assets (\$ million)	364.0	385.6	-5.6%
Stores	85	85	No change
Retail space (m ²)	465,530	462,540	+0.6%



The roll out of pharmacy and the leveraging into health and beauty products have continued with one new outlet opening in the first half.

The Extra trial, which involved the addition of a full supermarket range to some existing stores, has ultimately benefited the company. We have executed a smooth transition from fresh food and liquor during the first half with the final costs in line with expectations. We believe we have not only learned from the experience, but ensured those learnings were leveraged into tangible benefits. By way of example, the roll out of pharmacy and the leveraging into health and beauty products have continued with one new outlet opening in the first half.

We have continued to see the benefits from 'Project Invigorate', a project designed to improve productivity and lift sales through training and application of best practice.

The Warehouse Cellars concept was developed as an integral part of The Warehouse Extra customer offer. Subsequent to the exit from the format, it was determined that a stand alone liquor offer was no longer compatible with the company's future growth plans. The company took the decision in December 2008 to withdraw from the sale of liquor at its six Warehouse Cellars locations.

We have continued to see the benefits from 'Project Invigorate', a project designed to improve productivity and lift sales through training and application of best practice. We have been testing this programme thoroughly over the last six months and expect to complete the roll out of this programme to the remainder of our stores by the end of 2009.

Two store refits, in Botany Downs and Lincoln Road in Auckland, were completed during the period and the roll out of a digital photo offer progressed to 84 stores.

The Warehouse strategy is to continue to grow its market share and deliver profitable growth through building trust on products that customers need at New Zealand's best prices everyday.

Warehouse Stationery

The economic downturn has significantly impacted the office products sector.

Warehouse Stationery recorded a decrease in sales of 8.4% for the half year ended 25 January 2009 with same store sales down 7.6% for the period. Operating profit was down 51.8% to \$1.3 million and operating margin was down 130 basis points to 1.4% compared to 2.7% for the same period last year.

Warehouse Stationery continued to feel the impact of deferred purchasing of large ticket items such as furniture and office equipment. Cost saving initiatives in the first half were not sufficient to offset the impact of sales deleverage.

Cost savings are expected to have a more significant favourable impact on second half earnings. The business has also been very focused on having the right level of inventory and in particular limiting exposure to short life cycle products.

During the period, footprint was increased in catchments where we were not adequately represented with two new stores opened in Mt Maunganui and Papakura.

WAREHOUSE STATIONERY	25 JANUARY 2009	27 JANUARY 2008	CHANGE
Sales (\$ million)	88.5	96.6	-8.4%
Operating profit (\$ million)	1.3	2.6	-51.8%
Operating margin	1.4%	2.7%	-130 basis points
Total assets (\$ million)	60.1	73.0	-17.7%
Stores	45	43	+2 stores
Retail space (m ²)	56,796	57,960	-2.0%



Warehouse Stationery strategy is to focus on the every day needs of its target customers being small to medium business and families, lower the cost of doing business and achieve better utilisation of multi-channel marketing to drive sales and increase market share.

Other Group Operations

Operating profit from other group operations was \$1.7 million compared to \$1.3 million for the same period last year mainly as a result of reduced corporate overheads. The contribution from Financial Services was flat compared to last year at \$1.4 million.

GROUP FINANCIAL POSITION

Assets employed

Total assets increased to \$748.3 million compared to \$656.0 million in January 2008 mainly as a result of higher cash deposits. Fixed assets reduced to \$283 million from \$300 million, primarily as a result of the disposal of fresh food and liquor assets and the sale of surplus property in the second half of the 2008 financial year.

Total gross capital expenditure for the half year was \$17.6 million; lower than historical levels of investment in comparable periods. This relates to the timing of some projects and reduced spend in information systems. Forecast capital expenditure for this financial year is approximately \$40 million.

Our people remain highly customer focused and committed to delivering increased sales, service and profitability.

Operating cashflow was up 51.2% to \$97.8 million after adjusting for movement in working capital distorted by the timing of period end close. This compares to \$64.7 million for the same period last year. Improvement in net trade working capital was a significant contributor to increased cashflow. The company remains focused on further inventory reductions in the second half.

Borrowings

Net debt decreased to \$76.4 million compared to \$115.3 million in January 2008 after adjusting for movement in working capital distorted by the timing of period end close. The structure of the group debt portfolio and maturity profile presents no immediate need to refinance debt.

Dividend

The directors have declared a fully imputed interim dividend of 15.5 cents per share, representing a payout ratio of 85% of adjusted earnings. The dividend will be paid on 21 April 2009 with the entitlement date being 3 April 2009.

Outlook and challenges ahead

So long as the prospect of higher unemployment and low consumer confidence remains, the retail environment will continue to be challenging and retail spending under pressure. The changes we are making in response to the recession have enabled us to compete vigorously whilst maintaining margins. Subject to any further material adverse change in operating conditions the directors expect adjusted net profit after tax for the full year to be similar to adjusted net profit after tax achieved last year.



The Warehouse strategy is to continue to grow its market share and deliver profitable growth through building trust on products that customers need at New Zealand's best prices everyday.

The Group remains in a very strong financial position. We believe we are very well placed to continue to drive our price leadership position and provide for customers' everyday needs. Across the business we are continuously improving in all areas. 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.

Keith Smith
CHAIRMAN

Ian Morrice
MANAGING DIRECTOR

11 March 2009

Accountants' Report



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Accountants' Report

To the shareholders of The Warehouse Group Limited

We have reviewed the interim condensed consolidated financial statements ("financial statements") on pages 7 to 16. The financial statements provide information about the past financial performance and cash flows of the Group for the period ended 25 January 2009 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on page 11.

Directors' responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Group as at 25 January 2009 and its financial performance and cash flows for the period ended on that date.

Accountants' responsibilities

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

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 financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Group for the period ended 25 January 2009 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand.

We carry out other assignments for the Company in the area of assurance services. In addition, certain partners and employees of our firm may deal with the Company on normal terms within the ordinary course of the trading activities of the Group. We have no other relationship with or interests in the Company or any of its subsidiaries other than in our capacity as accountants conducting this review.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements which have been prepared in accordance with International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting do not present fairly the financial position of the Group as at 25 January 2009 and its financial performance and cash flows for the period ended on that date.

Our review was completed on 11 March 2009 and our review opinion is expressed as at that date.

Chartered Accountants
 Auckland



Condensed Consolidated Income Statements

	NOTE	UNAUDITED HALF YEAR ENDED 25 JANUARY 2009 \$ 000	UNAUDITED HALF YEAR ENDED 27 JANUARY 2008 \$ 000	AUDITED FULL YEAR ENDED 27 JULY 2008 \$ 000
Revenue	3	923,490	950,588	1,735,030
Cost of sales		(578,464)	(614,391)	(1,125,859)
Gross profit		345,026	336,197	609,171
Other income		3,041	6,262	10,251
Employee expenses		(143,942)	(139,183)	(259,157)
Lease and occupancy expenses		(39,676)	(38,062)	(78,155)
Depreciation and amortisation expenses	4	(20,361)	(19,189)	(39,634)
Other operating expenses		(59,842)	(62,732)	(121,336)
Operating profit	3	84,246	83,293	121,140
Gain on disposal of property		316	–	1,176
Changes in fair value of financial instruments		(824)	364	2,126
Warehouse Extra decommissioning costs	13	(10,684)	–	–
Release of warranty provisions		–	7,208	7,208
Equity earnings of associate	6	1,449	1,382	3,037
Earnings before interest and tax		74,503	92,247	134,687
Net interest expense		(4,893)	(2,705)	(6,394)
Profit before tax		69,610	89,542	128,293
Income tax expense		(20,598)	(25,254)	(37,350)
Profit after tax		49,012	64,288	90,943
Minority interests		(44)	(9)	(174)
Profit attributable to shareholders		48,968	64,279	90,769
Basic earnings per share		15.9 cents	20.8 cents	29.4 cents
Diluted earnings per share		15.8 cents	20.8 cents	29.3 cents
Net assets per share		126.0 cents	113.8 cents	108.4 cents

The above condensed financial statements should be read in conjunction with the accompanying notes.

Condensed Consolidated Balance Sheets

	NOTE	UNAUDITED AS AT 25 JANUARY 2009 \$ 000	UNAUDITED AS AT 27 JANUARY 2008 \$ 000	AUDITED AS AT 27 JULY 2008 \$ 000
ASSETS				
Current assets				
Cash and cash equivalents	8	103,063	4,749	17,392
Trade and other receivables		21,205	30,827	26,599
Inventories		283,990	293,816	275,581
Derivative financial instruments	7	45,520	1,527	4,816
Available for sale land and buildings		–	2,595	–
Taxation receivable		1,268	–	12,379
Total current assets		455,046	333,514	336,767
Non-current assets				
Property, plant and equipment	4	261,006	274,284	270,693
Computer software	4	22,178	23,535	23,814
Investments	6	5,605	5,537	7,191
Derivative financial instruments	7	865	2,172	2,301
Deferred taxation		3,648	16,971	14,171
Total non-current assets		293,302	322,499	318,170
Total assets		748,348	656,013	654,937
LIABILITIES				
Current liabilities				
Borrowings	8	–	–	57,000
Trade and other payables	10	205,029	135,763	124,018
Derivative financial instruments	7	772	3,153	–
Provisions	9	33,051	29,362	24,364
Taxation payable		–	1,757	–
Total current liabilities		238,852	170,035	205,382
Non-current liabilities				
Borrowings	8	100,000	120,000	100,000
Derivative financial instruments	7	5,517	27	–
Provisions	9	15,963	14,774	14,899
Total non-current liabilities		121,480	134,801	114,899
Total liabilities		360,332	304,836	320,281
Net assets		388,016	351,177	334,656
EQUITY				
Contributed equity		237,016	238,188	238,773
Reserves		30,285	2,915	7,174
Retained earnings		120,501	109,880	88,518
Total equity attributable to shareholders		387,802	350,983	334,465
Minority interest		214	194	191
Total equity	12	388,016	351,177	334,656

The above condensed financial statements should be read in conjunction with the accompanying notes.



Condensed Consolidated Statements of Changes in Equity

	UNAUDITED HALF YEAR ENDED 25 JANUARY 2009 \$ 000	UNAUDITED HALF YEAR ENDED 27 JANUARY 2008 \$ 000	AUDITED FULL YEAR ENDED 27 JULY 2008 \$ 000
Equity at the beginning of the period	334,656	400,183	400,183
Net change in fair value of cash flow hedges	23,936	9,549	12,790
Share rights charged to the income statement	1,317	1,367	2,720
Profit for the period	49,012	64,288	90,943
Total recognised income and expenses	74,265	75,204	106,453
Share options exercised	–	708	961
Dividends paid to shareholders of the company	(17,116)	(125,940)	(174,168)
Dividends paid to minority interest	(21)	(110)	(278)
Treasury stock dividends received	174	1,135	1,519
Purchase of treasury stock	(3,942)	(3)	(14)
Equity at the end of the period	388,016	351,177	334,656
Total recognised income and expense for the period is attributable to:			
Shareholders of the company	74,221	75,195	106,279
Minority interest	44	9	174
Total recognised income and expenses	74,265	75,204	106,453
Equity consists of:			
Share capital	251,445	251,140	251,445
Treasury stock	(14,429)	(12,952)	(12,672)
Cashflow hedge reserve	27,524	347	3,588
Employee share benefits reserve	2,761	2,568	3,586
Retained earnings	120,501	109,880	88,518
Total equity attributable to shareholders	387,802	350,983	334,465
Minority interest	214	194	191
Total equity	388,016	351,177	334,656

The above condensed financial statements should be read in conjunction with the accompanying notes.

Condensed Consolidated Statements of Cash Flows

	UNAUDITED HALF YEAR ENDED 25 JANUARY 2009	UNAUDITED HALF YEAR ENDED 27 JANUARY 2008	AUDITED FULL YEAR ENDED 27 JULY 2008
	\$ 000	\$ 000	\$ 000
Cash flows from operating activities			
Cash received from customers	937,471	963,161	1,751,388
Interest income	426	1,762	2,098
Payments to suppliers and employees	(745,898)	(876,812)	(1,599,130)
Income tax paid	(9,004)	(17,604)	(40,427)
Interest paid	(5,646)	(5,775)	(11,371)
Net cash flows from operating activities	177,349	64,732	102,558
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	999	12,558	17,179
Dividend received from associate	3,035	4,753	4,754
Purchase of property, plant, equipment and software	(17,591)	(27,231)	(45,694)
Other items	2	(17)	(43)
Net cash flows from investing activities	(13,555)	(9,937)	(23,804)
Cash flows from financing activities			
Proceeds from/(Repayment of) short term borrowings	(57,000)	–	57,000
Repayment of term borrowings	–	–	(20,000)
Share options exercised	–	708	961
Purchase of treasury stock	(3,942)	–	–
Treasury stock dividends received	174	1,135	1,519
Dividends paid to parent shareholders	(17,334)	(128,783)	(177,568)
Dividends paid to minority shareholders	(21)	(110)	(278)
Net cash flows from financing activities	(78,123)	(127,050)	(138,366)
Net cash flow	85,671	(72,255)	(59,612)
Opening cash position	17,392	77,004	77,004
Closing cash position	103,063	4,749	17,392

Reconciliation of Operating Cash Flows

Profit after tax	49,012	64,288	90,943
Non-cash items			
Depreciation and amortisation expenses	20,361	19,189	39,634
Share based payment expense	1,317	1,367	2,720
Movement in deferred tax	265	(723)	688
Changes in fair value of financial instruments	824	(364)	(2,126)
Share of surplus retained by associate	(1,449)	(1,382)	(3,037)
Total non-cash items	21,318	18,087	37,879
Items classified as investing or financing activities			
Net (gain)/loss on sale of property, plant and equipment	(41)	(58)	(754)
Warehouse Extra plant and equipment written off	7,594	–	–
Release of warranty provisions	–	(7,208)	(7,208)
Supplementary dividend tax credit	218	2,843	3,400
Total investing and financing adjustments	7,771	(4,423)	(4,562)
Changes in assets and liabilities			
Trade and other receivables	5,392	(5,301)	(1,084)
Inventories	(8,909)	(39,046)	(20,811)
Trade and other payables	81,902	25,675	13,723
Provisions	9,751	1,277	(3,569)
Income tax	11,112	4,175	(9,961)
Total changes in assets and liabilities	99,248	(13,220)	(21,702)
Net cash flows from operating activities	177,349	64,732	102,558

The above condensed 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 85 general merchandise and 45 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 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*. As the condensed consolidated interim financial statements do not include all of the information required for full annual financial statements they should be read in conjunction with the consolidated financial statements and related notes in the Group's Annual Report for the year ended 27 July 2008 ("2008 Annual Report").

The accounting policies set out in the 2008 Annual Report have been applied consistently to all periods presented in these financial statements, except where the Group early adopted NZ IFRS 8 *Operating Segments* (refer to note 3). There have been no other changes in accounting policies from those applied in the 2008 Annual Report.

Approval of Financial Statements

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on 11 March 2009. The financial statements have been reviewed, not audited.

3. SEGMENT INFORMATION

(HALF YEAR FIGURES ARE UNAUDITED)	REVENUE			OPERATING PROFIT		
	HALF YEAR JANUARY 2009	HALF YEAR JANUARY 2008	FULL YEAR JULY 2008	HALF YEAR JANUARY 2009	HALF YEAR JANUARY 2008	FULL YEAR JULY 2008
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
SEGMENT PERFORMANCE						
The Warehouse	833,793	852,859	1,533,625	81,249	79,394	112,744
Warehouse Stationery	88,483	96,622	199,471	1,257	2,609	5,070
Other group operations	4,856	5,142	7,611	1,740	1,290	3,326
Inter-segment eliminations	(3,642)	(4,035)	(5,677)	–	–	–
	923,490	950,588	1,735,030	84,246	83,293	121,140
Operating margin						
The Warehouse (%)				9.7	9.3	7.4
Warehouse Stationery (%)				1.4	2.7	2.5
Operating profit (%)				9.1	8.8	7.0

(HALF YEAR FIGURES ARE UNAUDITED)	TOTAL ASSETS			TOTAL LIABILITIES		
	HALF YEAR JANUARY 2009	HALF YEAR JANUARY 2008	FULL YEAR JULY 2008	HALF YEAR JANUARY 2009	HALF YEAR JANUARY 2008	FULL YEAR JULY 2008
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
The Warehouse	364,006	385,593	368,112	215,153	145,694	131,543
Warehouse Stationery	60,066	72,990	65,061	26,591	20,410	18,711
Other group operations	164,307	166,474	163,514	4,885	6,355	5,613
Operating assets/liabilities	588,379	625,057	596,687	246,629	172,459	155,867
Unallocated assets/liabilities						
Cash and cash equivalents	103,063	4,749	17,392	100,000	120,000	157,000
Derivative financial instruments	46,385	3,699	7,117	6,289	3,180	–
Investments	5,605	5,537	7,191	–	–	–
Taxation	4,916	16,971	26,550	–	1,757	–
Warranty provision	–	–	–	7,414	7,440	7,414
Total	748,348	656,013	654,937	360,332	304,836	320,281

There were no changes to the Group's reporting segments following the application of the new segment reporting standard NZ IFRS 8 *Operating Segments* which requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.



Notes to the Financial Statements – continued

4. PROPERTY, PLANT, EQUIPMENT AND SOFTWARE

(HALF YEAR FIGURES ARE UNAUDITED)	HALF YEAR JANUARY 2009 \$ 000	HALF YEAR JANUARY 2008 \$ 000	FULL YEAR JULY 2008 \$ 000
Available for sale land and buildings	–	2,595	–
Property, plant and equipment	261,006	274,284	270,693
Computer software	22,178	23,535	23,814
Net book value	283,184	300,414	294,507
(a) Movement in property, plant, equipment and software			
Balance at the beginning of the period	294,507	305,154	305,154
Capital expenditure	17,591	26,949	45,414
Depreciation and amortisation	(20,361)	(19,189)	(39,634)
Warehouse Extra assets written off	(7,594)	–	–
Disposals	(959)	(12,500)	(16,427)
Balance at the end of the period	283,184	300,414	294,507
(b) Depreciation and amortisation by segment			
The Warehouse	16,697	15,732	32,263
Warehouse Stationery	2,329	2,101	4,641
Other group operations	1,335	1,356	2,730
	20,361	19,189	39,634

5. COMMITMENTS

(HALF YEAR FIGURES ARE UNAUDITED)	HALF YEAR JANUARY 2009 \$ 000	HALF YEAR JANUARY 2008 \$ 000	FULL YEAR JULY 2008 \$ 000
(a) Capital commitments			
Capital expenditure contracted for at balance date but not recognised as liabilities is set out below:			
Within one year	1,683	507	2,507
(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	53,569	53,917	53,710
1-2 Years	43,753	46,098	45,071
2-5 Years	80,383	90,450	84,083
5+ Years	27,443	43,948	34,901
	205,148	234,413	217,765

6. INVESTMENT

(HALF YEAR FIGURES ARE UNAUDITED)	HALF YEAR JANUARY 2009 \$ 000	HALF YEAR JANUARY 2008 \$ 000	FULL YEAR JULY 2008 \$ 000
Investment at beginning of the year	7,191	8,908	8,908
Share of associates profit before taxation	2,093	2,098	4,587
Less taxation	(644)	(716)	(1,550)
Equity earnings of associate	1,449	1,382	3,037
Dividend received from associate	(3,035)	(4,753)	(4,754)
Investment at end of the period	5,605	5,537	7,191

The Warehouse Financial Services Limited

The Group has a 49% interest, and Westpac Holdings-NZ-Limited 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.

Notes to the Financial Statements – continued

7. DERIVATIVE FINANCIAL INSTRUMENTS

(HALF YEAR FIGURES ARE UNAUDITED)	HALF YEAR JANUARY 2009	HALF YEAR JANUARY 2008	FULL YEAR JULY 2008
	\$ 000	\$ 000	\$ 000
Current assets	45,520	1,527	4,816
Non-current assets	865	2,172	2,301
Current liabilities	(772)	(3,153)	–
Non-current liabilities	(5,517)	(27)	–
	40,096	519	7,117
Derivative financial instruments consist of:			
Foreign exchange contracts – cash flow hedge	45,424	(3,153)	3,954
Interest rate swaps – cash flow hedge	(6,290)	3,649	1,377
Electricity contracts – economic hedge	962	23	1,786
	40,096	519	7,117

The Group continues to manage its foreign exchange, interest rate and electricity price risks in accordance with the policies and parameters detailed in the 2008 Annual Report.

The increase in the fair value of the Group's foreign exchange contracts is due to the decline in the US dollar exchange rate.

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)	221,911	139,150	155,514
Average contract rate (\$)	0.6338	0.7321	0.7448
Spot rate used to determine fair value (\$)	0.5308	0.7681	0.7416

8. DEBT

(HALF YEAR FIGURES ARE UNAUDITED)	HALF YEAR JANUARY 2009	HALF YEAR JANUARY 2008	FULL YEAR JULY 2008
	\$ 000	\$ 000	\$ 000
Cash on hand and at bank	16,863	2,849	17,392
Deposits at call	86,200	1,900	–
Cash and cash equivalents	103,063	4,749	17,392
Current borrowings	–	–	57,000
Non-current borrowings	100,000	120,000	100,000
Total borrowings	100,000	120,000	157,000
Net debt/(funds)	(3,063)	115,251	139,608
Committed credit facilities at balance date are:			
Debt facilities	255,000	290,000	270,000
Facilities used	(100,000)	(120,000)	(157,000)
Unused debt facilities	155,000	170,000	113,000
Letter of credit facilities	33,000	33,000	33,000
Letters of credit	(6,948)	(7,020)	(14,085)
Unused letter of credit facilities	26,052	25,980	18,915
Total unused bank facilities	181,052	195,980	131,915

Debt facilities of \$120.000 million were due for annual renewal during the current half year period. After an assessment of the Groups future funding requirements these facilities were reduced by \$15.000 million and renewed for a further year. A two year debt facility of \$50.000 million was also rolled over for a further two year term during the current half year period.

The Group continues to manage its treasury function in accordance with those policies and parameters detailed in the 2008 Annual Report. The Group's treasury policy requires bank counter parties to have a Standard & Poor's credit rating of at least AA-. During the current half year period one of the Group's bank counter parties credit rating dropped below this minimum threshold. This bank was used for foreign exchange transactions and bank deposits and will not be used until its credit rating has improved.



Notes to the Financial Statements – continued

9. PROVISIONS

(HALF YEAR FIGURES ARE UNAUDITED)	HALF YEAR JANUARY 2009	HALF YEAR JANUARY 2008	FULL YEAR JULY 2008
	\$ 000	\$ 000	\$ 000
Current liabilities	33,051	29,362	24,364
Non-current liabilities	15,963	14,774	14,899
	49,014	44,136	39,263
Provisions consist of:			
Performance based compensation	10,761	7,808	948
Annual leave	15,886	15,627	15,815
Long service leave	5,591	4,698	4,891
Other employee benefits	4,102	3,716	5,334
Employee benefits	36,340	31,849	26,988
Make good provision	2,612	2,234	2,370
Sales returns provision	2,648	2,613	2,491
Warranty provision	7,414	7,440	7,414
	49,014	44,136	39,263

10. TRADE AND OTHER PAYABLES

(HALF YEAR FIGURES ARE UNAUDITED)	HALF YEAR JANUARY 2009	HALF YEAR JANUARY 2008	FULL YEAR JULY 2008
	\$ 000	\$ 000	\$ 000
Trade creditors	174,623	105,015	97,889
Goods in transit creditors	16,129	14,973	12,835
Unearned income (includes laybys, gift vouchers and Christmas club deposits)	7,509	7,209	7,287
Payroll accruals	6,768	8,566	6,007
	205,029	135,763	124,018

The timing of the current half year balance date was earlier in the month than the prior comparable periods causing an increase in the amount of trade creditors. The payment of trade creditors in the current half year period was made after balance date where as trade creditors were paid prior to balance date in the comparable periods. The amount of the trade creditor payments made on the first working day following the current half year balance date were \$79.467 million.

11. DIVIDENDS

(HALF YEAR FIGURES ARE UNAUDITED)	HALF YEAR JANUARY 2009	HALF YEAR JANUARY 2008	FULL YEAR JULY 2008
	\$ 000	\$ 000	\$ 000
Prior year final dividend	17,116	17,103	17,103
Interim dividend	–	–	48,228
	17,116	17,103	65,331
Special dividend	–	108,837	108,837
Total dividends paid	17,116	125,940	174,168

(HALF YEAR FIGURES ARE UNAUDITED)	CENTS PER SHARE		
	HALF YEAR JANUARY 2009	HALF YEAR JANUARY 2008	FULL YEAR JULY 2008
Prior year final dividend	5.5 cents	5.5 cents	5.5 cents
Interim dividend	n/a	n/a	15.5 cents
Special dividend	n/a	35.0 cents	35.0 cents

On 11 March 2009 the board declared a fully imputed interim dividend of 15.5 cents per ordinary share to be paid on 21 April 2009 to all shareholders on the Group's share register at the close of business on 3 April 2009.

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
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
For the half year 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

(UNAUDITED)	SHARE CAPITAL	TREASURY STOCK	CASH FLOW HEDGE RESERVE	EMPLOYEE SHARE BENEFITS RESERVE	RETAINED EARNINGS	MINORITY INTEREST	TOTAL EQUITY
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
For the half year ended 27 January 2008							
Balance at the beginning of the period	250,297	(14,699)	(9,202)	2,584	170,908	295	400,183
Profit for the half year	–	–	–	–	64,279	9	64,288
Net change in fair value of cash flow hedges	–	–	9,549	–	–	–	9,549
Share options exercised	843	–	–	(135)	–	–	708
Share options forfeited	–	–	–	(8)	8	–	–
Share rights charged to the income statement	–	–	–	1,367	–	–	1,367
Share rights exercised	–	1,750	–	(1,240)	(510)	–	–
Dividends paid	–	–	–	–	(125,940)	(110)	(126,050)
Treasury stock dividends received	–	–	–	–	1,135	–	1,135
Purchase of treasury stock	–	(3)	–	–	–	–	(3)
Balance at the end of the period	251,140	(12,952)	347	2,568	109,880	194	351,177

(AUDITED)	SHARE CAPITAL	TREASURY STOCK	CASH FLOW HEDGE RESERVE	EMPLOYEE SHARE BENEFITS RESERVE	RETAINED EARNINGS	MINORITY INTEREST	TOTAL EQUITY
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
For the year ended 27 July 2008							
Balance at the beginning of the period	250,297	(14,699)	(9,202)	2,584	170,908	295	400,183
Profit for the year	–	–	–	–	90,769	174	90,943
Net change in fair value of cash flow hedges	–	–	12,790	–	–	–	12,790
Share options exercised	1,148	–	–	(187)	–	–	961
Share options forfeited	–	–	–	(82)	82	–	–
Share rights charged to the income statement	–	–	–	2,720	–	–	2,720
Share rights exercised	–	2,041	–	(1,449)	(592)	–	–
Dividends paid	–	–	–	–	(174,168)	(278)	(174,446)
Treasury stock dividends received	–	–	–	–	1,519	–	1,519
Purchase of treasury stock	–	(14)	–	–	–	–	(14)
Balance at the end of the period	251,445	(12,672)	3,588	3,586	88,518	191	334,656



Notes to the Financial Statements – continued

13. WAREHOUSE EXTRA DECOMMISSIONING COSTS

Following a review of the future earnings potential of The Warehouse Extra format the board decided to discontinue this store format. A phased withdrawal from fresh produce, meat, frozen foods and liquor was undertaken during the current half year in the three pre-existing Extra stores and six Cellars stores. The exit and restructuring costs are classified as non operating costs.

14. CONTINGENT LIABILITIES

The Warehouse Financial Services Limited – 49% owned

The Commerce Commission has issued civil proceedings against Visa, Mastercard and a number of other financial institutions including The Warehouse Financial Services Limited for alleged price-fixing in relation to credit card interchange fees. Further to the Commerce Commission's allegations, a group of retailers has also brought an action against the same financial institutions seeking damages for the alleged price fixing of the credit card interchange fees. At this time it is not possible to quantify the amount of the liability, if any, that may arise out of these proceedings. No provision has been recognised in the accounts for this potential liability.

The Warehouse Australia

In November 2005 the Group sold the assets of The Warehouse Australia.

In accordance with the sale and purchase agreement, the Group provided certain warranties and indemnities to the purchaser of The Warehouse Australia assets. Most of those warranties and indemnities have been settled or have expired. A number continue and a provision 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 a contingent liability under guarantees to certain landlords in respect of rental payments by the purchaser after November 2005. Most of these guarantees are released on the first lease renewal. In January 2009 the purchaser of The Warehouse Australia assets was placed in receivership. The receiver is continuing to trade the business and is actively attempting to sell the purchaser's business. Until this sale 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.

15. RELATED PARTIES

Except for directors remuneration and dividends paid by the Group to its Directors there have been no other related party transactions.

Directory

Board of Directors

Keith R Smith (Chairman)
John R Avery
Robert L Challinor
Graham F Evans
Ian R Morrice (Managing Director)
Janine L Smith
Stephen R Tindall

Chief Executive Officer

Ian Morrice

Chief Financial Officer

Luke Bunt

Company Secretary

Shehnaz Hajati

Place of Business

26 The Warehouse Way
Northcote, Auckland 0627
PO Box 33470, Takapuna
Auckland 0740, New Zealand
Telephone: +64 9 489 7000
Facsimile: +64 9 489 7444

Registered Offices

New Zealand

C/- BDO Spicers
Level 8, 120 Albert Street
PO Box 2219
Auckland 1140, New Zealand

Australia

TWGA Pty Ltd
C/- Allens Arthur Robinson
Level 28
Deutsche Bank Place
Corner of Hunter & Phillip Streets
Sydney NSW 2000, Australia

Auditor

PricewaterhouseCoopers

Private Bag 92162
Auckland 1142, New Zealand

Shareholder Enquiries

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

New Zealand

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna
Private Bag 92119, Auckland 1142
New Zealand
Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz
Website: www.computershare.co.nz/investorcentre

Australia

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
GPO Box 242
Melbourne VIC 3001
Australia
Freephone: 1 800 501 366 (within Australia)
Telephone: +61 3 9415 4083 (overseas)
Facsimile: +61 3 9473 2500

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. Further information can be obtained from the Share Registrar.

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.



the warehouse 
where everyone gets a bargain