

corporate governance statement

Role of the Board

The Board of Directors of The Warehouse Group Limited ("the company") is elected by the shareholders to supervise the management of the company and its subsidiaries. It establishes the company's objectives and medium-term strategic plan, defines the strategies for achieving these objectives and plans, and approves the company's annual budget.

The Board monitors management's performance relative to these goals and plans, and has delegated day-to-day management of the company to the Chief Executive Officer.

Table of Attendance at Board and Committee meetings for the year 1 August 2000 – 31 July 2001

	Smith	Tindall	Avery	Brass ¹	Challinor	Withers	Evans	Inger	Plummer	Rickards ²
The Warehouse Board	9	9	8	2	9	9	8	8	9	6
Audit Committee	3	3	3	1	3	3	2			
Remuneration Committee	3	3	3	1	3	3	3			

¹Philip Brass resigned on 24 November 2000

²Dave Rickards was appointed on 24 November 2000

Board Operations and Membership

The composition of the Board is determined in accordance with the following principles and guidelines:

- It should comprise at least seven directors of whom a majority should be non-executive.
- The chairperson must be a non-executive director.
- The directors should have an appropriate range of qualifications and expertise.
- The Board should meet at least nine times a year, and follow meeting guidelines set down to ensure all directors are made aware of, and have available, all necessary information for them to participate in an informed discussion of all agenda items.

Members of the Board of Directors The directors in office at the date of this statement were:

Director	Board Membership	Committee Membership (Audit)	Committee Membership (Remuneration)
K R Smith	Non-executive director, Chairman	Member	Chairman
J R Avery	Non-executive director	Member	Member
G F Evans	Non-executive director	Member	Member
J C Dahlsen	Non-executive director, appointed 6 September 2001	Member	Member
R L Challinor	Non-executive director	Chairman	Member
J Withers	Non-executive director	Member	Member
S R Tindall	Executive director, Founder		Member
P G Inger	Executive director, Property		
N R Plummer	Executive director, Merchandise		
D Rickards	Executive director, The Warehouse Australia		

The full Board met formally nine times during the financial year ended 31 July 2001. In addition, directors met throughout the year on matters of strategic planning, committee business, and to attend to business between meetings.

On 24 November 2000, Philip Brass resigned as a director of The Warehouse Group and Dave Rickards was appointed on the same date. John Dahlsen was appointed as a director on 6 September 2001. Both John Dahlsen and Dave Rickards, being casual appointees, will retire at the 30 November 2001 Annual Meeting and offer themselves for re-election.

Board Committees

The Board has two formally constituted committees: the Audit Committee and the Remuneration Committee.

Audit Committee It is the Board's responsibility to ensure that an effective internal control framework exists within the business. Accordingly, the Board has established an audit committee which operates under a charter approved by the Board. The charter, last reviewed in March 2001, includes internal controls to deal with both the effectiveness and efficiency of significant business processes, including:

- The safeguarding of assets.
- The maintenance of proper accounting records.

- The reliability of financial information.
- Other non-financial considerations such as the benchmarking of operational key performance indicators.
- Directing and monitoring the internal audit function.
- Nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half-year audit or review. The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

All members of this committee are non-executive directors, with the exception of the Founder. The committee met three times during the year.

Remuneration Committee The Board is responsible for determining and reviewing compensation arrangements for the directors, the Chief Executive Officer, and the executive management team.

The Board has established a remuneration committee comprising all non-executive directors and the Founder. The committee met three times during the year.

Board Responsibilities

As the Board acts on behalf of, and is accountable to, the shareholders, it seeks to identify the expectations of the shareholders as well as other regulatory and ethical expectations and obligations. In addition, it is responsible for identifying areas of significant business risk, and ensuring arrangements are in place to adequately manage those risks.

The Board seeks to discharge these responsibilities in a number of ways. The responsibility for the operation and administration of the consolidated entity is delegated by the Board to the Chief Executive Officer and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities, and has in place procedures to assess the performance of the Chief Executive Officer and the executive management team. The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board, and it has a number of mechanisms in place to ensure this alignment is achieved. In addition to the establishment of the committees referred to above, other mechanisms include:

- Board approval of a strategic plan which encompasses the company's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of operation plans and budgets by management, and Board monitoring of progress against budget; this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes.
- Procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the company's expense.

Board Meetings

Scheduling and selection of agenda items for Board

Board meetings are scheduled in advance. The Chairman of the Board and the Company Secretary draft the agenda for each Board meeting, and distribute it in advance to members of the Board. Each Board member is free to suggest the inclusion of items on the agenda.

Board presentations, and access to team members and independent advice

The Board has complete access to any The

Warehouse team member.

The Board encourages management to schedule presentations at Board meetings by managers who:

- Can provide additional insight into the items being discussed because of their personal involvement.
- Have future potential that management believes should be demonstrated to the Board.

The Board can also request, through the Chairman, independent professional advice at the company's cost in any circumstances warranting additional assurance.

Directors and executive share trading

The Board has adopted a code of practice modelled on the Securities Amendment Act 1988, and the subsequent Insider Trading (Approved Procedures for the Company Officers) Notice 1996.

In May 2001 the code of practice was amended with directors and senior management only permitted to deal in the company's shares, options or other securities in the six week period commencing one day after release of the interim and annual financial result.

Those team members defined as senior management are determined from time-to-time by the Chief Executive Officer. All The Warehouse team members must obtain written consent from the Chief Executive Officer or Company Secretary prior to dealing in The Warehouse share or option transactions.

Directors and senior management are prohibited from short term trading in company shares.

Financial statements and dividend

The directors are required by the Companies Act 1993, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year, and of the financial performance and cash flows for the financial year.

The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable prudent judgements and estimates, and that all financial reporting standards, which they consider to be applicable, have been followed. The directors also have responsibility for ensuring that the company keeps accounting records which disclose, with reasonable accuracy, the financial position of the company and the group, and which enable them to ensure that the financial statements comply with the Financial Reporting Act 1993.

The directors declared a final dividend of 4.0 cents per share on 26 July 2001. The final dividend, fully imputed, will be paid on 26 November 2001 to shareholders registered at 5.00pm on 16 November 2001. This payment, together with the interim dividend paid on 23 April 2001, brings the total fully imputed ordinary dividend for the year to 12.5 cents per share (2000 ordinary dividend: 12.5 cents per share).



Keith Smith
Chairman