

## Shareholders

We believe **long-term economic viability** is in the interests of all stakeholders. By integrating the principles of **sustainable retailing into our business**, we will be better able to provide long-term growth and financial security for all stakeholders.

Below is a summary of the audited results of The Warehouse Group Limited.

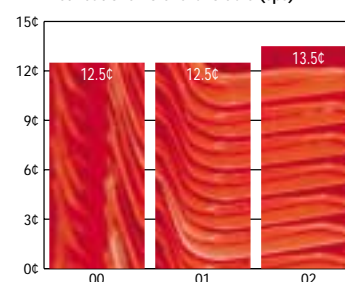
### 1. Earnings

(\$000)	July 2002	July 2001
Operating Revenue	1,862,031	1,664,749
Other Revenue	15,763	21,304
<b>Total Revenue</b>	<b>1,877,794</b>	<b>1,686,053</b>
Operating Earnings	147,009	122,095
Earnings Before Interest and Tax	139,223	110,742
Interest	(12,250)	(14,927)
Taxation Expense	(44,369)	(35,062)
<b>Net Surplus After Tax</b>	<b>82,604</b>	<b>60,753</b>
Earnings Per Share	27.0cps	20.3cps
<b>Operating Margin</b>	<b>7.9%</b>	<b>7.3%</b>

### 2. Distributions to Shareholders

This year, shareholders received an ordinary dividend of 13.5 cents per share, a one cent per share increase to that paid in 2001.

Distributions To Shareholders (cps)



### 3. Other Ratios/Statistics

	July 2002	July 2001
Interest Coverage Ratio	12.0x	8.2x
Debt/Debt + Equity	39.0%	46.6%
Capital Expenditure	\$79.9m	\$77.8m

#### 4. Who are our Shareholders?

##### Distribution of ordinary shares as at 30 September 2002

Who Owns Us?	Number of Shareholders	Percentage	Number of Shares Held	Percentage
Registered Address of Shareholders				
Auckland and Northland	4,347	28.18%	229,084,564	75.12%
Waikato and Central North Island	3,855	24.99%	8,529,220	2.80%
Lower North Island and Wellington	2,540	16.47%	47,624,110	15.62%
Canterbury, Marlborough and Westland	1,742	11.29%	6,174,660	2.02%
Otago and Southland	1,088	7.05%	2,632,916	0.86%
Australia	1,721	11.16%	10,651,584	3.49%
Other Overseas	131	0.86%	279,619*	0.09%*
	<b>15,424</b>	<b>100.00%</b>	<b>304,976,673</b>	<b>100.00%</b>

\*Analysis of our share register indicates 19 percent of shares are owned by offshore investors. Some of these shares are nominally held by New Zealand custodians on behalf of the offshore investors and are therefore recorded in either Auckland or Wellington addresses in the above table.

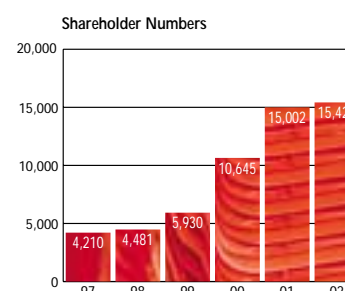
#### 5. How Many Shares Have They Got?

Size of Shareholding	Number of Shareholders	Percentage	Number of Shares Held	Percentage
1 - 1,000	7,134	46.25%	4,036,290	1.32%
1,001 - 5,000	6,740	43.70%	16,076,559	5.27%
5,001 - 10,000	939	6.09%	7,018,774	2.30%
10,001 - 100,000	517	3.35%	12,075,022	3.96%
100,001 and over	94	0.61%	265,770,028	87.15%
	<b>15,424</b>	<b>100.00%</b>	<b>304,976,673</b>	<b>100.00%</b>

#### 6. Total Shareholder Numbers

In recent years, The Warehouse has attempted to widen its shareholder base to promote liquidity and increase private investor interest in The Warehouse shares.

Shareholder numbers in the last twelve months have grown from 15,002 to 15,424.



#### 7. Intangible Assets – What's the Brand Worth?

The ratio of market capitalisation to net tangible assets measures the financial markets view of the intangible value of the brands, systems, intellectual processes and capital not recorded in the statement of financial position. In the last year, the market capitalisation to net tangible assets fell from 9.15 to 8.37.

Year Ending July	Market Cap/NTA	Market Capitalisation	Net Tangible Assets (NTA)
2002	8.37	2,144m	256m
2001	9.15	1,707m	186m
2000	9.87	1,653m	167m
1999	6.36	1,038m	163m

## 8. Transparency

During the year, there has been considerable debate about corporate governance and transparency.

The Warehouse has always treated good governance as being very important to its performance.

Appendix B illustrates how the company's practices compare with emerging best practice.

During the year, governance and transparency was further enhanced through three initiatives:

### 1. Disclosure Committee

Following the company achieving a full Australian Stock Exchange (ASX) listing on 28 June 2002, it revised its continuous disclosure policy in July 2002. The policy outlines a formal procedure for dealing with potentially price sensitive information (disclosure information) and involves referrals to a disclosure committee.

The committee is responsible for ensuring the company meets its disclosure objectives under ASX Listing Rule 3.1 and New Zealand Stock Exchange (NZSE) Listing Rule 10.1.

### 2. New Website

Late in November 2002, the group updated its website as part of an initiative to improve the quality, timeliness and accessibility of financial and other information of The Warehouse to its investors and other stakeholders.

### 3. Audit Independence

In July 2002 the board reviewed its policy and procedures for audit and non-audit work that may be performed by the external audit firm.

The key principles arising from that review, which have been adopted by the company, are:

- **The external auditor must remain independent of the company at all times and comply with Professional Standards F.1 (Australia) and ICANZ Code of Ethics and ICANZ EG1 Guide to Objectivity.**
- **The external auditor must monitor its independence and report to the board that it has remained independent.**
- **The company will not recruit the audit partner or other members of the external audit firm into finance roles within the company.**

The company has developed a set of procedures for the external audit firm and their related firms and has implemented a set of guidelines on what non-audit services are permitted and not permitted by the audit firm in respect of the company.

## 9. Compliance with NZSE and ASX Listing Rules

The Warehouse is listed on both the NZSE and ASX. In the year ended July 2002, The Warehouse did not receive any enquiry, investigation or complaint from either exchange in respect of compliance with listing rules.

## 10. Awards

### Forbes 200 Best Small Companies

In 2002, Forbes Magazine (<http://www.forbes.com>) named The Warehouse in its worldwide list of "200 best small companies" that had revenues of US\$1 billion or less.

On this year's list, 31 countries were represented.

### ICANZ Annual Report Awards

In May 2002, the Institute of Chartered Accountants of New Zealand (<http://www.icanz.co.nz>) awarded The Warehouse a commendation for its triple bottom line in the "Environmental/Sustainability Reporting category by a listed entity. The judges said "The Warehouse Group is to be commended for its report which shows a commitment from senior management to environmental/sustainability reporting. The report demonstrates a willingness to tackle hard issues, such as the impact of Warehouse stores on smaller communities."

## 11. Ethical Funds

In late 2001, The Warehouse was added to the FTSE4Good index an index for socially responsible investment designed by FTSE, one of the world's leading global index providers. FTSE4Good index (<http://www.ftse4good.com>) is a series of benchmark and tradeable indices that facilitate investment in companies with good records of corporate social responsibility.

FTSE works in association with EIRIS (<http://www.eiris.org>), the Ethical Investment Research Services, in sourcing and verifying company data.