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Market Information Services Section  
New Zealand Exchange Limited

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## **THE WAREHOUSE GROUP LIMITED**

### **Earnings and Trading Update**

The Directors of The Warehouse Group Limited have revised downwards the expected after-tax earnings for the year ending 27 July 2008 by approximately 10% to between \$84 million and \$88 million including reversal of warranty provisions of \$7.2 million.

The previous range was \$94 million to \$98 million.

Guidance excludes gains on property divestments expected to be circa \$1.9 million and fair value adjustments associated with electricity derivatives which can only be determined at balance date.

The key contributing factor to the revision has been a marked downturn in consumer spending since the latter part of May, which has significantly reduced the company's sales and margin expectations for the remainder of this financial year.

### **The Warehouse**

Sales for the month of May were 4.8% ahead of last year on a same store basis reflecting an expected improvement in performance following a difficult third quarter. Customers responded well during this period to a strong seasonal offer in both apparel and home products.

However, consumer confidence and retail spending has deteriorated markedly in recent weeks in response to increasing inflationary pressures on fuel and cost of living. The company's June and July sales are now forecast to fall well below previous expectations.

### **Warehouse Stationery**

Sales for May and June month to date were 7.7% below the same period last year.

The full year financial results and fourth quarter sales announcements will be released on Friday, 12 September 2008.

**ENDS**