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New Zealand Exchange Limited

Company Announcements Office
ASX Limited

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THE WAREHOUSE GROUP LIMITED

Trading Update

The directors of The Warehouse Group Limited advise that total sales for The Warehouse for the last 10 weeks ended 4 January 2009, were down 2.5% compared to the same period last year. Same store sales were down 1.9%. Margins achieved over the period were at levels similar to last year.

Group Chief Executive Officer, Ian Morrice, commented “we are pleased with this outcome in the current trading environment as we continued to grow market share in a highly competitive season. Effective margin and inventory management and increased direct sourcing, combined with our cost reduction programme delivering against its objectives, has underpinned this performance.”

Warehouse Stationery sales were down 9.4% for the 10 weeks ended 4 January. Same stores sales for the period were down 9.0%. Morrice said, “The key ‘Back to School’ selling period is still ahead for Warehouse Stationery during late January and February. Operating margins are under pressure due to sales de-leverage but robust cost reduction measures are in place to help offset this.”

“We expect there will be further pressure on consumers and we will invest in maintaining our price leadership position to grow market share. We aim to manage the recent negative shift in currency rates through further cost-price reductions and continued tight inventory management.”

Adjusted Group Net Profit After Tax for the first half of the financial year ending 25 January 2009 (before costs associated with exiting Warehouse Extra and Cellars and electricity derivatives) is expected to be similar to last years adjusted NPAT of \$56.8 million.

The outlook remains uncertain as overall consumer spending is expected to remain weak.

The Warehouse Group Limited half year results will be announced on Thursday, 12 March 2009.

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