

14 March 2008

Listed Company Relations
New Zealand Exchange Limited

The Warehouse Group Limited

Unaudited results for the half year ended 27 January 2008

Attached financial information as required by NZX listing Rule 10.4.2

1. Appendix 1 disclosures for the half year ended 27 January 2008 including quarterly sales
2. Operational Highlights for the half year ended 27 January 2008
3. Unaudited Financial Statements for the half year ended 27 January 2008, and the Accountants' Report thereon
4. ASX listing rule 4.2A.2 Directors' Declaration in respect of the unaudited Financial Statements
5. Appendix 7 detailing a distribution of 15.5 cents per ordinary share to be paid on 16 April 2008 to those shareholders on the company's share register as at 5.00pm NZT 2 April 2008
6. Media release

Shehnaz Hajati
Company Secretary

THE WAREHOUSE GROUP LIMITED	
Results for announcement to the market	
Reporting Period	30 July 2007 to 27 January 2008
Previous Reporting Period	31 July 2006 to 28 January 2007

The information below supplements the information disclosed in the attached condensed half year financial statements and management commentary. All figures are NZ\$ unless otherwise stated.

	Amount (NZ\$ 000s)	Percentage change
Revenue from ordinary activities	NZ\$ 950,588	down (0.05)%
Profit from ordinary activities after tax attributable to shareholders	NZ\$ 64,279	up 6.9 %
Net profit attributable to shareholders	NZ\$ 64,279	up 6.9 %

Distributions	Amount per share	Imputed amount per share
Interim dividend	15.50 cents	7.6343 cents
Prior year - Final dividend (paid 28 September 2007)	5.50 cents	2.7090 cents
Prior year - Special dividend (paid 28 September 2007)	35.00 cents	17.2388 cents

Record date - Interim Dividend	02 April 2008
Payment date - Interim Dividend	16 April 2008

NTA Backing	January 2008	January 2007
Net tangible asset backing per ordinary share	105.3 cents	116.8 cents

Accounting Standards

The consolidated financial statements of The Warehouse Group Limited have been prepared in accordance with the New Zealand Financial Reporting Act 1993, and comply with generally accepted accounting practices in New Zealand. This is the group's first report under New Zealand International Financial Reporting Standards.

Basis of Report

This report is based on unaudited financial statements.

THE WAREHOUSE GROUP LIMITED**Supplementary Information**

Reporting Period	30 July 2007 to 27 January 2008
Previous Reporting	31 July 2006 to 28 January 2007

Details of dividends declared or paid during or subsequent to the half year ended 28 January 2007 are as follows:

Type	Record date	Payment date	Amount per share	Total dividend (NZ\$ 000s)	Imputation credits	Supplementary dividend
Interim dividend	18-Apr-07	26-Apr-07	12.00 cents	37,265	5.9104 cents	2.1176 cents
Final dividend	21-Sep-07	28-Sep-07	5.50 cents	17,103	2.7090 cents	0.9706 cents
Special dividend	21-Sep-07	28-Sep-07	35.00 cents	108,837	17.2388 cents	6.1765 cents
Interim dividend	02-Apr-08	16-Apr-08	15.50 cents	48,225	7.6343 cents	2.7353 cents

New Zealand imputation credits are attached to each dividend payment. A supplementary dividend is attached to each dividend paid to non-resident shareholders. The Warehouse Group Limited does not operate any type of dividend reinvestment plan.

The directors of The Warehouse Group Limited during or since the half year ended 27 January 2008 were:

Directors	
Keith R Smith	Non-executive Chairman
John R Avery	Non Executive
Robert L Challinor	Non Executive
John C Dahlsen	Non Executive Retired 30 November 2007
Graham F Evans	Non Executive
Ian R Morrice	Executive
Janine L Smith	Non Executive
Stephen R Tindall	Non Executive

THE WAREHOUSE GROUP LIMITED

Supplementary Information

Reporting Period	30 July 2007 to 27 January 2008
Previous Reporting	31 July 2006 to 28 January 2007

Quarterly sales information:

First quarter sales (31 July 2007 to 28 October 2007)	Sales 2008 (NZ\$ Million)	Sales 2007 (NZ\$ Million)	Change in sales	Change in same store sales
The Warehouse	327.7	329.8	- 0.6 %	- 1.0 %
Warehouse Stationery	46.9	51.4	- 8.8 %	- 7.2 %

Second quarter sales (29 October 2007 to 27 January 2008)	Sales 2008 (NZ\$ Million)	Sales 2007 (NZ\$ Million)	Change in sales	Change in same store sales
The Warehouse	525.2	519.3	+ 1.1 %	+ 1.0 %
Warehouse Stationery	49.7	49.9	- 0.3 %	+ 4.2 %

Year to date sales (31 July 2007 to 27 January 2008)	Sales 2008 (NZ\$ Million)	Sales 2007 (NZ\$ Million)	Change in sales	Change in same store sales
The Warehouse	852.9	849.1	+ 0.4 %	+ 0.3 %
Warehouse Stationery	96.6	101.3	- 4.6 %	- 1.8 %

Store Numbers	The Warehouse		Warehouse Stationery	
	2008	2007	2008	2007
Start Quarter 1	83	85	43	43
End Quarter 1	85	85	43	43
End Quarter 2	85	85	43	43

Store footprint (Square Metres)	The Warehouse		Warehouse Stationery	
	2008	2007	2008	2007
Start Quarter 1	462,196	459,594	58,165	58,890
End Quarter 1	462,540	461,746	57,960	59,648
End Quarter 2	462,540	461,746	57,960	59,648

During the first quarter The Warehouse reopened the Milford store following a fire, and the Wellington store after it was relocated. There were no other store changes during the current half year period.

14 March 2008

THE WAREHOUSE GROUP LIMITED

Unaudited results for the half year ended 27 January 2008¹

The Warehouse Group Limited has today announced its unaudited results for the half year ended 27 January 2008.

HIGHLIGHTS

- Apparel category continues to grow with customers responding well to new brand introductions and improved quality and styling
- Extra stores demonstrating improved operational execution
- Brand development in Homewares on track to deliver improved quality and choice
- Continued investment in store upgrades with four stores completed in the period
- Continued investment in people and systems

PROFIT AND DIVIDEND

- Reported net profit after tax \$64.3 million compared to \$60.1 million same period last year
- Net profit after tax, adjusted for the release of warranty provisions, down 5.1% to \$57.1 million
- Interim dividend of 15.5 cps up 3.5 cps
- Dividend pay out ratio increased from 50% to 75%

GROUP FINANCIAL SUMMARY

- Sales flat at \$950.6 million
- Operating profit down 10.8% to \$83.3 million
- Operating cashflow \$64.7 million compared to \$60.6 million same period last year
- Earnings per share up 5.6% to 20.8 cps
- Net debt increased to \$115.3 million from \$43.0 million in July 2007

¹ *Note: All references to dollars are NZ Dollars unless otherwise stated*

THE WAREHOUSE OPERATING PERFORMANCE

	2008	2007	Change
Sales (\$millions)	852.9	849.1	0.4%
Operating profit (\$millions)	79.4	89.9	(11.7)%
Total assets (\$millions)	385.6	377.1	2.2%

- Sales for the half year up 0.4% to \$852.9 million
- Operating profit down 11.7% to \$79.4 million
- Same store sales up 0.3%
- Operating margin 9.3% compared to 10.6% for the same period last year
- Overall performance affected by slowdown in consumer demand, Q1 particularly difficult across the board
- Gross margin flat before clearance of electronic goods stock and targeted investment in price
- Costs mainly affected by incremental depreciation and continued investment in capability and category start up

WAREHOUSE STATIONERY OPERATING PERFORMANCE

	2008	2007	Change
Sales (\$millions)	96.6	101.3	(4.6)%
Operating profit (\$millions)	2.6	3.4	(23.0)%
Total assets (\$millions)	73.0	76.2	(4.2)%

- Sales for the half year down 4.6% to \$96.6 million
- Operating profit down 23.0% to \$2.6 million
- Same store sales down 1.8%
- Operating margin 2.7% compared to 3.3% for the same period last year
- Performance in the half affected by lower availability from distribution model changes, particularly during Q1

FINANCIAL POSITION

1. Gearing and Debt Servicing

- Net debt increased to \$115.3 million compared to \$91.3 million January 2007
- Gearing has increased to 24.7% compared to 19.4% January 2007
- Net interest cover (adjusted for divestments) has increased to 31.4 times EBIT
- Fixed charge cover 4.2 times EBITDAR
- Net debt to Trading EBITDA 0.1 times

2. Assets and Capital Expenditure

- Total assets decreased to \$656.0 million compared to \$725.1 million January 2007 due to lower inventories and cash balances
- Cash on hand decreased \$32.8 million to \$4.7 million
- Total gross capital expenditure for the half year reduced by \$4.8 million to \$27.2 million
- A parcel of land at Manukau was sold at book value of \$10.9 million in the period

3. Cashflow

- Operating cashflow up \$4.1 million to \$64.7 million due mainly to a decrease in net trade working capital
- Cash position reflects payment of a special dividend (\$108.8 million) in September 2007
- Cash conversion ratio 77.6% compared to 78.7% for same period last year

4. Dividend

- An ordinary dividend of 15.5 cps will be paid to shareholders on 16 April 2008
- Dividend entitlement date 2 April 2008

OUTLOOK

- Retail activity is likely to continue slowing over the remainder of 2008 as discretionary spending comes under further pressure from macro economic factors and inflation
- The directors expect net profit after tax for the full year ending 27 July 2008 to be in the range of \$94.0 million to \$98.0 million including reversal of warranty provisions of up to \$8.0 million
- A detailed sales update for the Q3 F08 period ending 27 April 2008 is due for release on 9 May 2008

RESULT BRIEFING

- A post result briefing will be conducted today at 9.15am. The audio of the briefing will be broadcast live via audio cast on www.thewarehouse.co.nz from 9.15am NZT.

ENDS

Approved by

K R Smith

Chairman

The Warehouse Group Limited

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Media

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APPENDIX 1 – FINANCIAL PERFORMANCE

The Warehouse Group Limited - Financial Performance for the half-year ended 27 January 2008			
(NZ\$000)	2008	2007	% Change
Sales:			
The Warehouse	852,859	849,081	0.4%
Warehouse Stationery	96,622	101,266	(4.6)%
Other group operations	5,142	5,372	
Inter-segment eliminations	<u>(4,035)</u>	<u>(4,664)</u>	
Total Group Sales	950,588	951,055	0.0%
Operating Earnings from Continuing Operations:			
The Warehouse	79,394	89,936	(11.7)%
Warehouse Stationery	2,609	3,388	(23.0)%
Other group operations	<u>1,290</u>	<u>48</u>	
Total Group Operating Profit	83,293	93,372	(10.8)%
Loss from property disposals	-	(235)	n.m.
Changes in fair value of derivatives	364	(322)	n.m.
Release of warranty provisions	7,208	-	n.m.
Equity earnings from TWFS	1,382	1,460	n.m.
EBIT	92,247	94,275	(2.2)%
Interest	(2,705)	(4,807)	(43.7)%
Group Pre-tax Profit	89,542	89,468	0.1%
Taxation	(25,254)	(29,353)	(14.0)%
Minorities	(9)	25	n.m.
Tax Paid Profit	64,279	60,140	6.9%
Operating Tax Paid Profit excluding release of warranty provisions	57,071	60,140	(5.1)%
Operating Margin			
The Warehouse	9.3%	10.6%	
Warehouse Stationery	2.7%	3.3%	
Total Operating Margin	8.8%	9.8%	
Tax- Paid Profit Margin (excluding warranty provisions)	6.0%	6.3%	

APPENDIX 2 – SUMMARY BALANCE SHEET

Table 2		
Summary Balance Sheet of The Warehouse Group Limited (NZ\$000)		
	As at 27 January 2008	As at 28 January 2007
Parent shareholders equity	350,983	377,986
Minority Interest	<u>194</u>	<u>153</u>
Total Shareholders Equity	351,177	378,139
 Non-current Liabilities	 134,801	 154,547
Current Liabilities	170,035	192,437
 TOTAL EQUITY AND LIABILITIES	 656,013	 725,123
 Property, plant and equipment	 274,284	 297,100
Computer software	23,535	18,234
Total Fixed Assets	<u>297,819</u>	<u>315,334</u>
 Other non current assets	 24,680	 29,851
Total Non Current assets	<u>322,499</u>	<u>345,185</u>
 Current Assets		
- Cash and Deposits	4,749	37,561
- Inventory on Hand	293,816	307,857
- Receivables & Prepayments	30,827	28,208
- Other current assets	4,122	6,312
Total Current Assets	<u>333,514</u>	<u>379,938</u>
 TOTAL ASSETS	 656,013	 725,123

The Warehouse Group Limited

Financial Statements

For the half year ended 27 January 2008

Consolidated Income Statements

For the half year ended 27 January 2008

		Half year ended 27 January 2008	Half year ended 28 January 2007	Year ended 29 July 2007
	Note	(Unaudited) \$ 000	(Unaudited) \$ 000	(Audited) \$ 000
Revenue	5 (a)	950,588	951,055	1,761,386
Cost of sales		(614,391)	(611,902)	(1,136,444)
Gross profit		336,197	339,153	624,942
Other income		6,262	6,478	13,168
Employee expenses		(139,183)	(136,694)	(262,161)
Lease and occupancy expenses		(38,062)	(36,867)	(73,255)
Depreciation and impairment expense		(19,189)	(16,832)	(35,409)
Other operating expenses		(62,732)	(61,866)	(118,006)
Operating profit	5 (b)	83,293	93,372	149,279
Loss on disposal of property		-	(235)	(542)
Changes in fair value of financial instruments		364	(322)	167
Gain on disposal of joint venture		-	-	17,432
Release of provisions relating to the disposal of Australian assets	6	7,208	-	5,939
Equity earnings of associate	7	1,382	1,460	3,162
Earnings before interest and tax		92,247	94,275	175,437
Net interest expense		(2,705)	(4,807)	(6,467)
Profit before tax		89,542	89,468	168,970
Income tax expense		(25,254)	(29,353)	(53,834)
Profit after tax		64,288	60,115	115,136
Minority interests		(9)	25	(302)
Profit attributable to parent shareholders		64,279	60,140	114,834
Earnings per share		20.8 cents	19.7 cents	37.5 cents
Diluted earnings per share		20.7 cents	19.6 cents	37.2 cents
Net tangible asset backing per share		105.3 cents	116.8 cents	121.8 cents

Consolidated Balance Sheets

As at 27 January 2008

	As at 27 January 2008 (Unaudited) \$ 000	As at 28 January 2007 (Unaudited) \$ 000	As at 29 July 2007 (Audited) \$ 000
ASSETS			
Current assets			
Cash and cash equivalents	4,749	37,561	77,909
Trade and other receivables	30,827	28,208	25,530
Inventories	293,816	307,857	254,770
Derivative financial instruments	1,527	674	1,325
Available for sale Land and Buildings	2,595	-	-
Taxation receivable	-	5,638	2,418
Total current assets	333,514	379,938	361,952
Non-current assets			
Property, plant and equipment	274,284	297,100	283,586
Computer software	23,535	18,234	21,568
Investments	7 5,537	7,206	8,908
Derivative financial instruments	2,172	1,512	2,732
Deferred taxation	16,971	21,133	21,111
Total non-current assets	322,499	345,185	337,905
Total assets	5 (e) 656,013	725,123	699,857
LIABILITIES			
Current liabilities			
Bank overdraft	-	-	905
Trade and other payables	135,763	149,604	110,370
Derivative financial instruments	3,153	12,307	18,076
Provisions	6 29,362	30,526	35,444
Taxation payable	1,757	-	-
Total current liabilities	170,035	192,437	164,795
Non-current liabilities			
Borrowings	120,000	120,000	120,000
Borrowings - secured	-	8,856	-
Derivative financial instruments	27	589	237
Provisions	6 14,774	25,102	14,642
Total non-current liabilities	134,801	154,547	134,879
Total liabilities	5 (f) 304,836	346,984	299,674
Net assets	351,177	378,139	400,183
EQUITY			
Share capital	251,140	235,221	250,297
Treasury stock	(12,952)	(7,656)	(14,699)
Employee share benefits reserve	2,568	3,811	2,584
Cashflow hedge reserve	347	(6,620)	(9,202)
Retained earnings	109,880	153,230	170,908
Parent shareholders' interest	350,983	377,986	399,888
Minority interest	194	153	295
Total equity	351,177	378,139	400,183

Consolidated Statements of Changes in Equity

For the half year ended 27 January 2008

	Share capital	Employee share benefits reserve	Cashflow hedge reserve	Treasury stock	Retained earnings	Parent shareholders' interest	Minority interest	Total equity
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Balance at 31 July 2006	218,976	6,083	6,781	(7,628)	110,355	334,567	279	334,846
Movement in cashflow hedge reserve net of tax	-	-	(13,401)	-	-	(13,401)	-	(13,401)
Profit / (Loss) for the half year	-	-	-	-	60,140	60,140	(25)	60,115
Total recognised income and expense for the half year	-	-	(13,401)	-	60,140	46,739	(25)	46,714
Share options exercised	16,245	(2,366)	-	-	-	13,879	-	13,879
Share options forfeited	-	(194)	-	-	194	-	-	-
Shares rights exercised	-	(737)	-	1,261	(524)	-	-	-
Share scheme amortisation	-	1,025	-	-	-	1,025	-	1,025
Dividends paid	-	-	-	-	(16,935)	(16,935)	(101)	(17,036)
Purchase of treasury stock	-	-	-	(1,289)	-	(1,289)	-	(1,289)
Balance at 28 January 2007	235,221	3,811	(6,620)	(7,656)	153,230	377,986	153	378,139
	-	-	-	-	-	-	-	-
Balance at 31 July 2006	218,976	6,083	6,781	(7,628)	110,355	334,567	279	334,846
Movement in cashflow hedge reserve net of tax	-	-	(15,983)	-	-	(15,983)	-	(15,983)
Profit for the year	-	-	-	-	114,834	114,834	302	115,136
Total recognised income and expense for the year	-	-	(15,983)	-	114,834	98,851	302	99,153
Share options exercised	31,321	(4,605)	-	-	-	26,716	-	26,716
Share options forfeited	-	(225)	-	-	225	-	-	-
Shares rights exercised	-	(888)	-	1,628	(740)	-	-	-
Share scheme amortisation	-	2,219	-	-	-	2,219	-	2,219
Dividends paid	-	-	-	-	(54,201)	(54,201)	(286)	(54,487)
Treasury stock dividends received	-	-	-	-	435	435	-	435
Purchase of treasury stock	-	-	-	(8,699)	-	(8,699)	-	(8,699)
Balance at 29 July 2007	250,297	2,584	(9,202)	(14,699)	170,908	399,888	295	400,183
Movement in cashflow hedge reserve net of tax	-	-	9,549	-	-	9,549	-	9,549
Profit for the year	-	-	-	-	64,279	64,279	9	64,288
Total recognised income and expense for the year	-	-	9,549	-	64,279	73,828	9	73,837
Share options exercised	843	(135)	-	-	-	708	-	708
Share options forfeited	-	(8)	-	-	8	-	-	-
Shares rights exercised	-	(1,240)	-	1,750	(510)	-	-	-
Share scheme amortisation	-	1,367	-	-	-	1,367	-	1,367
Dividends paid	-	-	-	-	(125,940)	(125,940)	(110)	(126,050)
Treasury stock dividends received	-	-	-	-	1,135	1,135	-	1,135
Purchase of treasury stock	-	-	-	(3)	-	(3)	-	(3)
Balance at 27 January 2008	251,140	2,568	347	(12,952)	109,880	350,983	194	351,177

Consolidated Statements of Cash Flows

For the half year ended 27 January 2008

	Half year ended 27 January 2008	Half year ended 28 January 2007	Year ended 29 July 2007
Note	(Unaudited)	(Unaudited)	(Audited)
	\$ 000	\$ 000	\$ 000
Cash flows from operating activities			
Cash received from customers	963,161	958,034	1,779,401
Interest income	1,762	513	2,180
Payments to suppliers and employees	(876,812)	(892,397)	(1,624,256)
Income tax paid	(17,604)	(112)	(17,537)
Interest paid	(5,775)	(5,425)	(10,226)
Net cash flows from operating activities	64,732	60,613	129,562
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment and intangibles	12,558	458	3,315
Staff share purchase advances repaid	4	182	257
Distributions received from associate	7 4,753	-	-
Purchase of property, plant & equipment and intangibles	5 (d) (27,231)	(32,079)	(60,505)
Refund of staff share purchase advances terminated	(2)	(24)	(19)
Net proceeds from the disposal of The Base Te Rapa joint venture	-	-	36,681
Net proceeds from the disposal of Australian assets	6 (19)	(159)	464
Net cash flows from investing activities	(9,937)	(31,622)	(19,807)
Cash flows from financing activities			
Repayment of short term borrowings	-	(9,600)	(9,600)
Proceeds from / (Repayment of) term borrowings	-	1,775	(7,081)
Share options exercised	708	13,879	26,716
Purchase of treasury stock	-	(1,261)	(8,677)
Treasury stock dividends received	1,135	-	435
Dividends paid to parent shareholders	(128,783)	(17,381)	(55,517)
Dividends paid to minority shareholders	(110)	(101)	(286)
Net cash flows from financing activities	(127,050)	(12,689)	(54,010)
Net increase in cash held	(72,255)	16,302	55,745
Cash position at beginning of year, comprising			
Cash, bank in funds and deposits	77,909	21,443	21,443
Bank overdrafts	(905)	(184)	(184)
Total cash position at beginning of year	77,004	21,259	21,259
Cash position at end of period, comprising			
Cash, bank in funds and deposits	4,749	37,561	77,909
Bank overdrafts	-	-	(905)
Total cash position at end of period	4,749	37,561	77,004

Consolidated Reconciliation of Operating Cash Flows

For the half year ended 27 January 2008

		Half year ended 27 January 2008	Half year ended 28 January 2007	Year ended 29 July 2007
	Note	(Unaudited) \$ 000	(Unaudited) \$ 000	(Audited) \$ 000
Profit after tax		64,288	60,115	115,136
Non-cash items				
Depreciation	5 (c)	19,189	16,832	35,409
Share scheme amortisation		1,367	1,025	2,219
Movement in deferred tax		(723)	(3,177)	(1,702)
Changes in fair value of financial instruments		(364)	322	(167)
Share of surplus retained by associate	7	(1,382)	(1,460)	(3,162)
Total non-cash items		18,087	13,542	32,597
Items classified as investing or financing activities				
Net loss/(gain) on sale of property, plant and equipment		(58)	632	1,079
Gain on disposal of joint venture		-	-	(17,432)
Release of provisions relating to the disposal of Australian assets	6	(7,208)	-	(5,939)
Other investing and financing activities		2,843	445	1,316
Total investing and financing adjustments		(4,423)	1,077	(20,976)
Changes in assets and liabilities				
Trade and other payables		25,675	23,690	(10,034)
Provisions		1,277	(2,272)	(7,973)
Income tax		4,175	31,972	35,138
Trade and other receivables		(5,301)	(7,182)	(7,083)
Inventories		(39,046)	(60,329)	(7,243)
Total changes in assets and liabilities		(13,220)	(14,121)	2,805
Net cash flows from operating activities		64,732	60,613	129,562

Notes to the Financial Statements

For the half year ended 27 January 2008

1. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report represents the consolidated entity consisting of The Warehouse Group Limited and its subsidiaries.

Reporting entity

The Warehouse Group Limited is a company registered under the New Zealand Companies Act 1993 and is listed on the New Zealand and Australian stock exchanges. The Warehouse Group Limited is an issuer for the purposes of the New Zealand Financial Reporting Act 1993. The group is designated as a profit oriented entity for financial reporting purposes. The consolidated financial statements of The Warehouse Group Limited have been prepared in accordance with the New Zealand Companies Act 1993 and New Zealand Financial Reporting Act 1993. The reporting currency used in the preparation of the financial statements is New Zealand dollars, rounded to the nearest thousands.

Reporting period

The group reports its half year results on a 26 week basis and full year results on a 52 week basis. The current half year period is 30 July 2007 to 27 January 2008. The half year comparative period is 31 July 2006 to 28 January 2007. The prior full year comparative period is 31 July 2006 to 29 July 2007. These interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice and NZ IAS 34: *Interim Financial Reporting*.

Application of NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS)

These financial statements are the group's first financial statements to be prepared in accordance with NZ IFRS. NZIFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* has been applied in the preparation of these financial statements. Financial statements of The Warehouse Group Limited until 29 July 2007 had been prepared in accordance with previous New Zealand Financial Reporting Standards (NZ FRS). NZ FRS differs in certain respects from NZ IFRS. When preparing The Warehouse Group Limited's 2008 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the NZ FRS financial statements to comply with NZ IFRS. The comparative figures in respect of 2007 were restated to reflect these adjustments. Reconciliations and descriptions of the effect of transition from previous NZ FRS to NZ IFRS on the Group's equity and its net income are given in note 8.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, and investment property.

(a) Principles of consolidation

The consolidated financial statements include the parent company and its subsidiaries, associates and joint venture investments. Subsidiaries have been consolidated using the purchase method.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

(b) Joint ventures

Where the group invests in joint ventures, the group's share of revenues, expenditures, assets and liabilities are included in the appropriate categories within the financial statements.

(c) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Associates have been recorded in the consolidated financial statements on an equity accounting basis which recognises the group's share of retained surpluses in the income statement and its share of post acquisition increases or decreases in net assets in the balance sheet.

(d) Statement of cash flows

The following definitions are used in the statement of cash flows:

- Operating activities principal revenue producing activities of the group that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments.
- Financing activities are those activities that result in changes in the size and composition of the capital structure. This includes both equity and borrowings not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- Cash comprises cash on hand and in transit, bank in funds and short term deposits offset by bank overdrafts.
- Cash flows relating to current and non-current borrowings are presented as net cash flows as gross cash inflows and outflows include day-to-day cash management.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

- Retail Sales - Revenue is recognised at the point of sale when delivery takes place and the associated risks of ownership have passed to the customer. Products sold to customers have a right of return, an estimate for such returns are provided for at the time of sale based on historical return rates.
- Vouchers - Revenue from the sale of vouchers (gift cards, refunds and Christmas club) are recognized when the voucher is redeemed and the customer purchases goods, or when the customer voucher is no longer expected to be redeemed, based on an analysis of historical redemption rates.
- Lay-by-sales - Lay-by sales are recognised when legal title to the goods passes to the customer.
- Interest revenue - Interest revenue is recognised when it is earned.
- Dividend income - Dividend income is recognised when the dividend is declared.

Notes to the Financial Statements

For the half year ended 27 January 2008

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

Cost

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of self-constructed assets includes the cost of all materials used in construction, direct labour on the project, financing costs, and costs of obtaining regulatory consents that are directly attributable to the project. Costs incurred on repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Property, plant and equipment are depreciated on a straight line basis to allocate the cost, less any residual value, over their useful life.

Estimated useful life of property, plant and equipment:

Freehold land	indefinite
Freehold buildings	50 - 100 years
Store fittings and equipment	4 - 12 years
Vehicles	5 - 8 years
Work in progress	not depreciated

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and joint venture investments where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Goods and services tax ("GST")

The income statement and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST with the exception of receivables and payables which include GST invoiced.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct purchase cost and an appropriate proportion of supply chain variable expenditure. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(k) Trade receivables

Trade receivables are recognised initially at fair value. Trade receivables are due for settlement no more than 120 days from the date of recognition for intercompany debtors, and no more than 60 days for other debtors. Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the estimated recoverable amount. The amount of the provision is recognised in the income statement.

(l) Investments

Investments are stated at the lower of cost or net realisable value.

(m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(n) Intangible assets

Computer software - All costs directly incurred in the purchase or development of major computer software or subsequent upgrades and material enhancements, which can be reliably measured and are not integral to a related asset, are capitalised as intangible assets. Direct costs may include internal payroll and on-costs for employees directly associated with the project. Costs incurred on computer software maintenance are expensed to the income statement as they are incurred. Computer software is amortised over the period of time during which the benefits are expected to arise, being two to ten years. Amortisation commences once the computer software is available for use.

(o) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Notes to the Financial Statements

For the half year ended 27 January 2008

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Share-based payments

Share-based compensation benefits are provided to employees in accordance with the group's employee share option plan and executive share rights plan. The fair value of share options and share rights granted under the respective plans are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the share options/rights.

The fair value at grant date of the share option/right are independently determined using an appropriate valuation model that takes into account the exercise price, the term of the share option/right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the share option/right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share option/right.

At each balance sheet date, the group revises its estimate of the number of share options/rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of the share options/rights, the balance of the share-based payments reserve relating to the share options is transferred to share capital and the reserve relating to share rights is transferred to treasury stock.

(q) Derivatives

The group is party to the following financial derivatives:

- Forward foreign exchange rate contracts and foreign currency options
- Interest rate swaps
- Electricity hedge contracts

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast interest payment that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(r) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the Financial Statements

For the half year ended 27 January 2008

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest.

(u) Provisions

Provisions for legal claims and service warranties are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- and the amount has been reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(v) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

(w) New Accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the current reporting period. It is not expected that these standards will have any material impact on the financial statements.

2. COMMITMENTS

Capital commitments not provided for at balance date amount to \$0.507 million for the completion of store development.

3. FUNDING LINES

The group had unused bank facilities of \$195.980 million at 27 January 2008.

4. CONTINGENT LIABILITIES

The Warehouse Financial Services Limited

The Group has a 49% interest, and Westpac Holding-NZ-Limited a 51% interest in The Warehouse Financial Services Limited. The Commerce Commission has issued civil proceedings against Visa, MasterCard and 11 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. As part of the sale the group agreed to indemnify the purchaser against losses associated with the company's property leases as a consequence of the change of ownership, pre-existing issues regarding the zoning of the properties and general warranty claims under the sale and purchase agreement. Where it is probable that a liability will arise, a provision has been made in the financial statements, however there are potentially residual exposures for unknown claims that can not be quantified.

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.

Notes to the Financial Statements

For the half year ended 27 January 2008

5. SEGMENT INFORMATION

	Half year ended 27 January 2008 (Unaudited) \$ 000	Half year ended 28 January 2007 (Unaudited) \$ 000	Year ended 29 July 2007 (Audited) \$ 000
(a) Revenue			
The Warehouse	852,859	849,081	1,546,238
Warehouse Stationery	96,622	101,266	213,538
Other Group operations	5,142	5,372	8,913
Intersegment eliminations	(4,035)	(4,664)	(7,303)
Total	950,588	951,055	1,761,386
(b) Operating profit			
The Warehouse	79,394	89,936	136,609
Warehouse Stationery	2,609	3,388	9,394
Other Group operations	1,290	48	3,276
Total	83,293	93,372	149,279
(c) Depreciation			
The Warehouse	15,732	13,501	28,368
Warehouse Stationery	2,101	1,856	4,009
Other Group operations	1,356	1,475	3,032
Total	19,189	16,832	35,409
(d) Purchase of property, plant & equipment and intangibles			
The Warehouse	21,641	23,660	42,231
Warehouse Stationery	5,063	4,611	8,580
Other Group operations	527	3,808	9,694
Total	27,231	32,079	60,505
(e) Total assets			
The Warehouse	385,593	377,119	346,997
Warehouse Stationery	72,990	76,178	60,601
Other Group operations	172,011	205,308	186,764
Operating assets	630,594	658,605	594,362
Cash and cash equivalents	4,749	37,561	77,909
Derivatives	3,699	2,186	4,057
Tax assets	16,971	26,771	23,529
Total	656,013	725,123	699,857
(f) Total liabilities			
The Warehouse	145,694	152,567	123,156
Warehouse Stationery	20,410	22,828	16,793
Other Group operations	8,112	10,443	5,840
Operating liabilities	174,216	185,838	145,789
Borrowings	120,000	120,000	120,905
Derivatives	3,180	21,163	18,313
Warranty provision	7,440	19,983	14,667
Total	304,836	346,984	299,674

Notes to the Financial Statements

For the half year ended 27 January 2008

6. PROVISIONS

	Half year ended 27 January 2008 (Unaudited) \$ 000	Half year ended 28 January 2007 (Unaudited) \$ 000	Year ended 29 July 2007 (Audited) \$ 000
Employee benefits	31,847	30,757	30,700
Make good costs	2,236	2,181	2,086
Sales returns	2,613	2,707	2,633
Warranty	7,440	19,983	14,667
Total	44,136	55,628	50,086
Current	29,362	30,526	35,444
Non-current	14,774	25,102	14,642
Total	44,136	55,628	50,086
Warranty			
Provision at beginning of the year	14,667	20,142	20,142
Release of surplus provision	(7,208)	-	(5,939)
Cash settlements	(19)	(159)	(1,728)
Adjustment to asset disposal consideration	-	-	2,192
Provision at end of the period	7,440	19,983	14,667

In November 2005 the group sold the assets of The Warehouse Australia and as part of the sale the group agreed to indemnify the buyer of the business assets against potential losses associated with six specified property leases which were assigned to the buyer. The amount of the losses which can be claimed by the buyer in respect of these leases was capped in the sale and purchase agreement. The initial provision recorded at the time of the sale represented the full amount which could be claimed.

In the previous year both parties negotiated an early settlement of three of the specified property leases. The settlement resulted in the group receiving a net payment of \$1.663 million which included a recovery of \$2.192 million in respect of excess provisions included in the net assets sold.

The deadline for the buyer to make a warranty claim on two of the remaining leases expired during the current half year period with out a claim being filed. The last date under which the buyer can make a lease warranty claim in respect of the final lease is December 2011.

The sale and purchase agreement also contains a general warranty provision in respect of the assets sold. The buyer was required to notify the group of any general warranty claims before September 2007, with the exception of a few minor claims which the group is working to resolve, the group has not received any notification of any new warranty claims. During the current half year the group has released surplus provisions in respect of the two leases referred to above and the general warranty provision.

7. INVESTMENTS

	Half year ended 27 January 2008 (Unaudited) \$ 000	Half year ended 28 January 2007 (Unaudited) \$ 000	Year ended 29 July 2007 (Audited) \$ 000
Investment at beginning of the year	8,908	5,746	5,746
Share of associates surplus before taxation	2,098	2,179	4,755
Less taxation	(716)	(719)	(1,593)
Equity earnings of associate	1,382	1,460	3,162
Distributions received	(4,753)	-	-
Investment at end of the period	5,537	7,206	8,908

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 in the investment since the company was formed in July 2001. The Warehouse Financial Services Limited offers consumer credit and risk related products that include credit cards and basic insurance cover. The products and services are sold through The Warehouse stores as well as by direct mail and over the telephone.

The balance date of The Warehouse Financial Services Limited is 30 September. The share of associate earnings is based on audited financial statements for the period to 30 September and unaudited management accounts for the period commencing 1 October.

Notes to the Financial Statements

For the half year ended 27 January 2008

8. EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS

As stated in note 1, these are the group's first consolidated financial statements prepared in accordance with NZ IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the half year ended 27 January 2008, including the comparative information presented in these financial statements for the half year ended 28 January 2007 and in the preparation of the opening NZ IFRS balance sheet at 30 July 2006 (the group's date of transition).

In preparing the opening NZ IFRS balance sheet and comparative information, the group has adjusted amounts previously reported in past financial statements to retrospectively align this information with the group's new NZ IFRS accounting policies. An explanation of how the transition from previous NZ FRS to NZIFRSs has affected the group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

(1) Reconciliation of equity reported under previous NZ FRS to equity under New Zealand equivalents to IFRS.

(i) At the date of transition to NZ IFRS: 30 July 2006

BALANCE SHEET

As at 30 July 2006

	Effect of transition to NZ IFRS							NZ IFRS	
	Previous NZ FRS	Financial Instruments (a)	Share Based Payments (b)	Employee Benefits (c)	Associates (d)	Make good costs (e)	Sales Returns (f)		Reclassifications (g)
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
ASSETS									
Current assets									
Cash and cash equivalents	21,443	-	-	-	-	-	-	-	21,443
Trade and other receivables	18,761	-	-	-	-	-	-	-	18,761
Inventories	247,527	-	-	-	-	-	-	-	247,527
Derivative financial instruments	-	9,636	-	-	-	-	-	-	9,636
Taxation receivable	37,610	-	-	-	-	-	-	-	37,610
Total current assets	325,341	9,636	-	-	-	-	-	-	334,977
Non-current assets									
Property, plant and equipment	305,625	-	-	-	-	-	-	(15,864)	289,761
Computer software	-	-	-	-	-	-	-	15,864	15,864
Investments	4,889	-	-	-	857	-	-	-	5,746
Derivative financial instruments	-	485	-	-	-	-	-	-	485
Deferred taxation	11,255	(3,172)	-	1,721	-	701	852	-	11,357
Total non-current assets	321,769	(2,687)	-	1,721	857	701	852	-	323,213
Total assets	647,110	6,949	-	1,721	857	701	852	-	658,190
LIABILITIES									
Current liabilities									
Bank overdraft	184	-	-	-	-	-	-	-	184
Trade and other payables	155,907	-	-	-	-	-	-	(27,995)	127,912
Derivative financial instruments	-	254	-	-	-	-	-	-	254
Provisions	2,494	-	-	-	-	201	2,582	27,995	33,272
Borrowings	9,600	-	-	-	-	-	-	-	9,600
Total current liabilities	168,185	254	-	-	-	201	2,582	-	171,222
Non-current liabilities									
Borrowings	120,000	-	-	-	-	-	-	-	120,000
Borrowings - secured	7,081	-	-	-	-	-	-	-	7,081
Derivative financial instruments	-	254	-	-	-	-	-	-	254
Provisions	17,648	-	-	5,215	-	1,924	-	-	24,787
Total non-current liabilities	144,729	254	-	5,215	-	1,924	-	-	152,122
Total liabilities	312,914	508	-	5,215	-	2,125	2,582	-	323,344
Net assets	334,196	6,441	-	(3,494)	857	(1,424)	(1,730)	-	334,846
EQUITY									
Share capital	218,976	-	-	-	-	-	-	-	218,976
Treasury stock	(7,628)	-	-	-	-	-	-	-	(7,628)
Employee share benefits reserve	990	-	5,093	-	-	-	-	-	6,083
Cashflow hedge reserve	-	6,781	-	-	-	-	-	-	6,781
Translation reserve	(3,068)	-	-	-	-	-	-	3,068	-
Retained earnings	124,647	(340)	(5,093)	(3,494)	857	(1,424)	(1,730)	(3,068)	110,355
Parent shareholders' interest	333,917	6,441	-	(3,494)	857	(1,424)	(1,730)	-	334,567
Minority interest	279	-	-	-	-	-	-	-	279
Total equity	334,196	6,441	-	(3,494)	857	(1,424)	(1,730)	-	334,846

Notes to the Financial Statements

For the half year ended 27 January 2008

8. EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS (CONTINUED)

(1) Reconciliation of equity reported under previous NZ FRS to equity under New Zealand equivalents to IFRS (Continued).

(ii) At 28 January 2007

BALANCE SHEET

As at 28 January 2007

	Effect of transition to NZ IFRS								NZ IFRS \$ 000
	Previous NZ FRS \$ 000	Financial Instruments (a) \$ 000	Share based payments (b) \$ 000	Employee benefits (c) \$ 000	Associates (d) \$ 000	Make good costs (e) \$ 000	Sales returns (f) \$ 000	Reclassifications (g) \$ 000	
ASSETS									
Current assets									
Cash and cash equivalents	37,561	-	-	-	-	-	-	-	37,561
Trade and other receivables	28,208	-	-	-	-	-	-	-	28,208
Inventories	307,857	-	-	-	-	-	-	-	307,857
Derivative financial instruments	-	674	-	-	-	-	-	-	674
Taxation receivable	5,638	-	-	-	-	-	-	-	5,638
Total current assets	379,264	674	-	-	-	-	-	-	379,938
Non-current assets									
Property, plant and equipment	315,334	-	-	-	-	-	-	(18,234)	297,100
Computer software	-	-	-	-	-	-	-	18,234	18,234
Investments	6,349	-	-	-	857	-	-	-	7,206
Derivative financial instruments	-	1,512	-	-	-	-	-	-	1,512
Deferred taxation	14,146	3,534	-	1,840	-	720	893	-	21,133
Total non-current assets	335,829	5,046	-	1,840	857	720	893	-	345,185
Total assets	715,093	5,720	-	1,840	857	720	893	-	725,123
LIABILITIES									
Current liabilities									
Trade and other payables	174,787	-	-	-	-	-	-	(25,183)	149,604
Derivative financial instruments	-	12,307	-	-	-	-	-	-	12,307
Provisions	2,336	-	-	-	-	300	2,707	25,183	30,526
Borrowings	-	-	-	-	-	-	-	-	-
Total current liabilities	177,123	12,307	-	-	-	300	2,707	-	192,437
Non-current liabilities									
Borrowings	120,000	-	-	-	-	-	-	-	120,000
Borrowings - secured	8,856	-	-	-	-	-	-	-	8,856
Derivative financial instruments	-	589	-	-	-	-	-	-	589
Provisions	17,647	-	-	5,574	-	1,881	-	-	25,102
Total non-current liabilities	146,503	589	-	5,574	-	1,881	-	-	154,547
Total liabilities	323,626	12,896	-	5,574	-	2,181	2,707	-	346,984
Net assets	391,467	(7,176)	-	(3,734)	857	(1,461)	(1,814)	-	378,139
EQUITY									
Share capital	232,855	-	2,366	-	-	-	-	-	235,221
Treasury stock	(7,656)	-	-	-	-	-	-	-	(7,656)
Employee share benefits reserve	1,010	-	2,801	-	-	-	-	-	3,811
Cashflow hedge reserve	-	(6,620)	-	-	-	-	-	-	(6,620)
Retained earnings	165,105	(556)	(5,167)	(3,734)	857	(1,461)	(1,814)	-	153,230
Parent shareholders' interest	391,314	(7,176)	-	(3,734)	857	(1,461)	(1,814)	-	377,986
Minority interest	153	-	-	-	-	-	-	-	153
Total equity	391,467	(7,176)	-	(3,734)	857	(1,461)	(1,814)	-	378,139

Notes to the Financial Statements

For the half year ended 27 July 2008

8. EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS (CONTINUED)

(1) Reconciliation of equity reported under previous NZ FRS to equity under New Zealand equivalents to IFRS (Continued).

(iii) At 29 July 2007

BALANCE SHEET

As at 29 July 2007

	Effect of transition to NZ IFRS									NZ IFRS
	Previous NZ FRS	Financial Instruments (a)	Share based payments (b)	Employee benefits (c)	Associates (d)	Make good costs (e)	Sales returns (f)	Reclassifications (g)	Tax rate change (h)	
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
ASSETS										
Current assets										
Cash and cash equivalents	77,909	-	-	-	-	-	-	-	-	77,909
Trade and other receivables	25,530	-	-	-	-	-	-	-	-	25,530
Inventories	254,770	-	-	-	-	-	-	-	-	254,770
Derivative financial instruments	-	1,325	-	-	-	-	-	-	-	1,325
Taxation receivable	2,418	-	-	-	-	-	-	-	-	2,418
Total current assets	360,627	1,325	-	-	-	-	-	-	-	361,952
Non-current assets										
Property, plant and equipment	305,154	-	-	-	-	-	-	(21,568)	-	283,586
Computer software	-	-	-	-	-	-	-	21,568	-	21,568
Investments	8,051	-	-	-	857	-	-	-	-	8,908
Derivative financial instruments	-	2,732	-	-	-	-	-	-	-	2,732
Deferred taxation	13,153	4,704	-	1,802	-	688	869	-	(105)	21,111
Total non-current assets	326,358	7,436	-	1,802	857	688	869	-	(105)	337,905
Total assets	686,985	8,761	-	1,802	857	688	869	-	(105)	699,857
LIABILITIES										
Current liabilities										
Bank overdraft	905	-	-	-	-	-	-	-	-	905
Trade and other payables	135,608	-	-	-	-	-	-	(25,238)	-	110,370
Derivative financial instruments	-	18,076	-	-	-	-	-	-	-	18,076
Provisions	7,366	-	-	-	-	207	2,633	25,238	-	35,444
Borrowings	-	-	-	-	-	-	-	-	-	-
Total current liabilities	143,879	18,076	-	-	-	207	2,633	-	-	164,795
Non-current liabilities										
Borrowings	120,000	-	-	-	-	-	-	-	-	120,000
Derivative financial instruments	-	237	-	-	-	-	-	-	-	237
Provisions	7,301	-	-	5,462	-	1,879	-	-	-	14,642
Total non-current liabilities	127,301	237	-	5,462	-	1,879	-	-	-	134,879
Total liabilities	271,180	18,313	-	5,462	-	2,086	2,633	-	-	299,674
Net assets	415,805	(9,552)	-	(3,660)	857	(1,398)	(1,764)	-	(105)	400,183
EQUITY										
Share capital	245,692	-	4,605	-	-	-	-	-	-	250,297
Treasury stock	(14,699)	-	-	-	-	-	-	-	-	(14,699)
Employee share benefits reserve	1,970	-	614	-	-	-	-	-	-	2,584
Cashflow hedge reserve	-	(9,324)	-	-	-	-	-	-	122	(9,202)
Retained earnings	182,547	(228)	(5,219)	(3,660)	857	(1,398)	(1,764)	-	(227)	170,908
Parent shareholders' interest	415,510	(9,552)	-	(3,660)	857	(1,398)	(1,764)	-	(105)	399,888
Minority interest	295	-	-	-	-	-	-	-	-	295
Total equity	415,805	(9,552)	-	(3,660)	857	(1,398)	(1,764)	-	(105)	400,183

Notes to the Financial Statements

For the half year ended 27 January 2008

8. EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS (CONTINUED)

(2) Reconciliation of profit calculated under previous NZ FRS to profit under New Zealand equivalents to IFRS

(i) For the half year ended 28 January 2007

INCOME STATEMENT	Previous NZ FRS	Effect of transition to NZ IFRS							NZ IFRS
		Financial Instruments (a)	Share based payments (b)	Employee benefits (c)	Make good costs (e)	Sales returns (f)	Reclassifications (g)	Tax rate change (h)	
For the half year ended 28 January 2007	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Revenue	951,719	-	-	-	-	(124)	(540)	-	951,055
Cost of sales	(612,442)	-	-	-	-	-	540	-	(611,902)
Gross profit	339,277	-	-	-	-	(124)	-	-	339,153
Other income	6,478	-	-	-	-	-	-	-	6,478
Employee benefits expense	(136,067)	-	(269)	(358)	-	-	-	-	(136,694)
Lease and occupancy expenses	(36,810)	-	-	-	(57)	-	-	-	(36,867)
Depreciation and impairment expense	(16,832)	-	-	-	-	-	-	-	(16,832)
Other operating expenses	(61,866)	-	-	-	-	-	-	-	(61,866)
Operating profit	94,180	-	(269)	(358)	(57)	(124)	-	-	93,372
Loss on disposal of property	(235)	-	-	-	-	-	-	-	(235)
Changes in fair value of financial instruments	-	(322)	-	-	-	-	-	-	(322)
Equity earnings of associate	1,460	-	-	-	-	-	-	-	1,460
Earnings before interest and tax	95,405	(322)	(269)	(358)	(57)	(124)	-	-	94,275
Net interest expense	(4,807)	-	-	-	-	-	-	-	(4,807)
Profit before tax	90,598	(322)	(269)	(358)	(57)	(124)	-	-	89,468
Income tax expense	(29,637)	106	-	118	19	41	-	-	(29,353)
Profit after tax	60,961	(216)	(269)	(240)	(38)	(83)	-	-	60,115
Minority interests	25	-	-	-	-	-	-	-	25
Attributable profit	60,986	(216)	(269)	(240)	(38)	(83)	-	-	60,140

(ii) For the year ended 29 July 2007

INCOME STATEMENT									
For the year ended 29 July 2007									
Revenue	1,761,677	-	-	-	-	(51)	(240)	-	1,761,386
Cost of sales	(1,136,684)	-	-	-	-	-	240	-	(1,136,444)
Gross profit	624,993	-	-	-	-	(51)	-	-	624,942
Other income	13,168	-	-	-	-	-	-	-	13,168
Employee benefits expense	(261,563)	-	(351)	(247)	-	-	-	-	(262,161)
Lease and occupancy expenses	(73,294)	-	-	-	39	-	-	-	(73,255)
Depreciation and impairment expense	(35,409)	-	-	-	-	-	-	-	(35,409)
Other operating expenses	(118,006)	-	-	-	-	-	-	-	(118,006)
Operating profit	149,889	-	(351)	(247)	39	(51)	-	-	149,279
Loss on disposal of property	(542)	-	-	-	-	-	-	-	(542)
Changes in fair value of financial instruments	-	167	-	-	-	-	-	-	167
Gain on disposal of joint venture	17,432	-	-	-	-	-	-	-	17,432
Gain on disposal of Australian assets	5,939	-	-	-	-	-	-	-	5,939
Equity earnings of associate	3,162	-	-	-	-	-	-	-	3,162
Earnings before interest and tax	175,880	167	(351)	(247)	39	(51)	-	-	175,437
Net interest expense	(6,467)	-	-	-	-	-	-	-	(6,467)
Profit before tax	169,413	167	(351)	(247)	39	(51)	-	-	168,970
Income tax expense	(53,637)	(55)	-	81	(13)	17	-	(227)	(53,834)
Profit after tax	115,776	112	(351)	(166)	26	(34)	-	(227)	115,136
Minority interests	(302)	-	-	-	-	-	-	-	(302)
Attributable profit	115,474	112	(351)	(166)	26	(34)	-	(227)	114,834

Notes to the Financial Statements

For the half year ended 27 January 2008

8. EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS (CONTINUED)

(3) Notes to the reconciliations

(a) Financial Instruments

Under previous NZ FRS, financial instruments used by the group to hedge forecast transactions were recorded 'off-balance' sheet until the financial instruments were settled. NZ IAS39 requires all financial instruments, whether used as hedging instruments or otherwise, to be recognised at fair value in the balance sheet from inception. If the financial instrument qualifies for cash flow hedge accounting, the effective portion of changes in fair value is recognised in the cash flow hedge reserve until the forecast hedge transaction occurs. If a financial instrument does not qualify for cash flow hedge accounting, the mark to market fair value movement is recognised immediately in the income statement.

Derivatives that do not qualify for hedge accounting

The group's electricity 'contracts for difference' and foreign currency options do not meet the criteria required to qualify for hedge accounting stipulated in NZ IAS39. The effect of recognising the fair value of these financial instruments is:

(i) at 31 July 2006

To record derivative liabilities of \$0.508 million, increase deferred tax assets by \$0.168 million and reduce retained earnings by \$0.340 million.

(ii) at 28 January 2007

To record an expense and increase derivative liabilities by \$0.322 million, increase deferred tax assets by \$0.106 million and decrease retained earnings by \$0.216 million.

(iii) at 29 July 2007

To record income and decrease derivative liabilities by \$0.167 million, decrease deferred tax assets by \$0.055 million and increase retained earnings by \$0.112 million.

Derivatives that qualify for hedge accounting

The group also utilises forward exchange contracts and interest rate swaps. These financial instruments qualified for cash flow hedge accounting. The effect of recognising the fair value of these financial instruments is:

(iv) at 31 July 2006

To record derivative assets of \$10.121 million, decrease deferred tax assets by \$3.340 million and credit the cash flow hedge reserve by \$6.781 million.

(v) at 28 January 2007

To record a debit movement of \$13.401 million to the cash flow hedge reserve and increase deferred tax assets by \$6.600 million, recognising derivative liabilities of \$12.065 million in respect of foreign exchange contracts and derivative assets of \$2.186 million in respect of interest rate swaps.

(vi) at 29 July 2007

To record a debit movement of \$16.104 million to the cash flow hedge reserve and increase deferred tax assets by \$7.932 million, recognising derivative liabilities of \$17.973 million in respect of foreign exchange contracts and derivative assets of \$4.057 million in respect of interest rate swaps.

(b) Share options

Under previous NZ FRS no expense was recognised for the fixed price share options granted by the group in respect of the 2003 and 2004 share option plans. NZ IFRS2 requires the fair value of these share options to be recognised as an expense over the period during which the employees become unconditionally entitled to the share options. The effect of this is:

(i) at 31 July 2006

A decrease in retained earnings and an increase in the employee benefit reserve of \$5.093 million.

(ii) at 28 January 2007

An increase in employee expenses and an increase in the employee benefit reserve of \$0.269 million.

During the period 2,601,000 share options were exercised increasing share capital and decreasing the employee benefit reserve by \$2.366 million representing the fair value of the options exercised. During the period 242,000 exercisable share options were forfeited. This resulted in a decrease in the employee benefit reserve and an increase in retained earnings of \$0.194 million.

(iii) at 29 July 2007

An increase in employee expenses and an increase in the employee benefit reserve of \$0.351 million.

During the year 5,473,000 share options were exercised increasing share capital and decreasing the employee benefit reserve by \$4.605 million representing the fair value of the options exercised. During the year 278,000 exercisable share options were forfeited. This resulted in a decrease in the employee benefit reserve and an increase in retained earnings of \$0.225 million.

(c) Employee Benefits

NZ IAS19 requires a liability to be recognised for both vested and non-vested employee benefits based on the present value of the expected future obligation. Under previous NZ FRS the cost of employee long service leave and sick leave entitlements were not recognised until the benefits vested. The effect of recognising the non-vested employee benefits is:

(i) at 31 July 2006

To recognise an additional provision for employee benefits of \$5.215 million, increase deferred tax assets by \$1.721 million and decrease retained earnings by \$3.494 million.

(ii) at 28 January 2007

An increase in employee expenses and provisions of \$0.358 million, an increase in deferred tax assets of \$0.118 million and a decrease to retained earnings of \$0.240 million.

(iii) at 29 July 2007

An increase in employee expenses and provisions of \$0.247 million, an increase in deferred tax assets of \$0.081 million and a decrease to retained earnings of \$0.166 million.

(d) Associate

Non specific provisioning for doubtful debt is not permitted under NZ IFRS. This resulted in a reduction in the level of doubtful debt provisions held by the group's associate, The Warehouse Financial Services Limited and increased in the value of the group's investment. The effect of this is:

(i) at 31 July 2006

An increase in retained earnings and an increase in associate investment of \$0.857 million.

(ii) at 28 January 2007

No effect on the half year profit. During the 2007 year associate earnings were recognised based on the associate's NZ IFRS financial statements. Difference's between previous NZ FRS earnings and NZ IFRS earnings during the year were immaterial.

(iii) at 29 July 2007

No effect on the full year profit.

Notes to the Financial Statements

For the half year ended 27 January 2008

8. EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS (CONTINUED)

(3) Notes to the reconciliations (continued)

(e) Make good costs

Where an obligation exists to restore leasehold sites to their previous condition when a lease expires, NZ IAS37 requires recognition of a 'make good' provision from the commencement of the lease. Under previous NZ FRS no expense was recognised for restoring these sites until the costs were incurred. The effect of this is:

(i) at 31 July 2006

To recognise a provision for make good costs of \$2.125 million, increase deferred tax assets by \$0.701 million and decrease retained earnings by \$1.424 million.

(ii) at 28 January 2007

An increase in occupancy expenses and provisions of \$0.057 million, an increase in deferred tax assets of \$0.019 million and a decrease to retained earnings of \$0.038 million.

(iii) at 29 July 2007

A decrease in occupancy expenses and provisions of \$0.039 million, a decrease in deferred tax assets of \$0.013 million and an increase in retained earnings of \$0.026 million.

(f) Sales returns

Under previous NZ FRS when a customer returned product for a refund the cost of the refund was recognised at the time the product was returned. NZ IAS18 requires an estimate for such returns to be recognised at the time of sale where products sold to customers have a right of return. The effect of this is:

(i) at 31 July 2006

To recognise a provision for sales returns of \$2.582 million, increase deferred tax assets by \$0.852 million and decrease retained earnings by \$1.730 million.

(ii) at 28 January 2007

A decrease in sales revenue and increase in provisions of \$0.124 million, an increase in deferred tax assets of \$0.041 million and a decrease to retained earnings of \$0.083 million.

(iii) at 29 July 2007

A decrease in sales revenue and increase in provisions of \$0.051 million, an increase in deferred tax assets of \$0.017 million and a decrease to retained earnings of \$0.034 million.

(g) Reclassifications

(i) Intangibles

NZ IAS38 requires computer software assets to be reclassified as 'Intangible assets'. Under previous NZ FRS, computer software was classified as 'Property, plant and equipment'.

(ii) Employee Entitlement Provisions

As a result of additional disclosures on the face of the balance sheet, employee provisions specifically relating to annual leave, sick leave and bonus payments previously classified as 'Trade and other payables' have been reclassified to 'Provisions'.

(iii) Translation Reserve

NZ IFRS1 permits companies adopting NZ IFRS for the first time to take some exemptions from the full requirements of NZ IFRS when applying the standards to the comparative period. The group has applied the exemption relating to foreign currency translation reserves to reset the opening balance to zero on the date of transition.

(h) Tax rate change

As a result of the Government's announcement in the May 2007 budget to change company tax rates from 33 percent to 30 percent with effect from the 2009 financial year, temporary tax differences calculated after that date which are not expected to crystallise during the 2008 financial year have been revalued at the lower tax rate. Where the tax balance related to financial derivatives which qualified for cash flow hedge accounting the effect of the revaluation is treated as an adjustment to the cash flow hedge reserve. The effect of this on the adjustments made to the 29 July 2007 result is to record an additional tax expense of \$0.227 million, record a credit movement of \$0.122 million in the cash flow hedge reserve and reduce the deferred tax asset by \$0.105 million.

Accountants' Report

To the shareholders of The Warehouse Group Limited

We have reviewed the interim consolidated financial statements on pages 1 to 18. The interim consolidated financial statements provide information about the past financial performance and cash flows of the Group for the period ended 27 January 2008 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 7 to 10.

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 27 January 2008 and their financial performance and cash flows for the year ended on that date.

Accountants' responsibilities

We are responsible for reviewing the interim consolidated financial statements presented by the Directors in order to report to you 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 Company and the Group for the year ended 27 January 2008 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as accountants conducting this review, auditors of the financial statements and providers of general advisory services.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements do not present fairly the financial position of the Group as at 27 January 2008 and its financial performance and cash flows for the period ended on that date.

Our review was completed on 13 March 2008 and our review opinion is expressed as at that date.



Chartered Accountants

Auckland

THE WAREHOUSE GROUP LIMITED	
Directors' Declaration	
Reporting Period	30 July 2007 to 27 January 2008
Previous Reporting	31 July 2006 to 28 January 2007

**Directors' Declaration in respect of the Group Financial Statements
for the half year ended 27 January 2008**

Introduction

It is a requirement of the Australian Stock Exchange Listing Rules that a declaration be given by the directors of the company in respect of the financial statements for the company and its subsidiaries and associates (Group) for the half year ended 27 January 2008. This declaration must be filed with the Australian Stock Exchange.

Declaration

In the opinion of the Directors of The Warehouse Group Limited:

The group financial statements dated 27 January 2008 and the notes to those financial statements comply with accounting standards issued by the New Zealand Institute of Chartered Accountants; and

The group financial statements dated 27 January 2008 and the notes to those financial statements give a true and fair view of the financial position and performance of the group; and

In the Director's opinion, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors dated 13 March 2008 and is signed for and on behalf of the Board of Directors by the Chairman.



K R Smith
Chairman

TO FAX ++64-4-473-1470

Notice of event affecting securities

New Zealand Stock Exchange Listing Rule 7.12.2. For rights, Listing Rules 7.10.9 and 7.10.10. For change to allotment, Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one (Please provide any other relevant details on additional pages)

Full name of Issuer **THE WAREHOUSE GROUP LIMITED**

Name of officer authorised to make this notice **Keith Smith** Authority for event, e.g. Directors' resolution **Directors' resolution**

Contact phone number **(09) 489 8900** Contact fax number **(09) 488 3241** Date **13 / 03 / 08**

Nature of event
 Tick as appropriate
 Bonus Issue If ticked, state whether: Taxable / Non Taxable Conversion Interest Rights Issue Renounceable
 Rights Issue non-renounceable Capital change Call Dividend If ticked, state whether: Interim Full Year Special

EXISTING securities affected by this *If more than one security is affected by the event, use a separate form.*

Description of the class of securities **Ordinary Shares (311,126,868)** ISIN **NZ WHSE 000 156**
If unknown, contact NZSE

Details of securities issued pursuant to this event *If more than one class of security is to be issued, use a separate form for each class.*

Description of the class of securities ISIN
If unknown, contact NZSE

Number of Securities to be issued following event Minimum Entitlement Ratio, e.g. for for

Conversion, Maturity, Call Payable or Exercise Date Treatment of Fractions

Strike price per security for any issue in lieu or date Strike Price available. Tick if *pari passu* OR provide an explanation of the ranking

Monies Associated with Event *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

In dollars and cents
 Amount per security **\$0.155** Source of Payment **Retained earnings**
 Currency **New Zealand dollars** Supplementary dividend details - Listing Rule 7.12.7 **\$0.027353**
 Total monies **\$48,224,665** **Date Payable** **16 April, 2008**

Taxation *Amount per Security in Dollars and cents to six decimal places*

In the case of a taxable bonus issue state strike price \$ Resident Withholding Tax \$ Credits (Give details) **\$0.076343**

Timing (Refer Appendix 8 in the Listing Rules)

Record Date 5pm
 For calculation of entitlements - must be the last business day of a week
2 April, 2008

Application Date
 Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.
16 April, 2008

Notice Date
 Entitlement letters, call notices, conversion notices mailed

Allotment Date
 For the issue of new securities. Must be within 5 business days of record date.

OFFICE USE ONLY
 Ex Date:
 Commence Quoting Rights:
 Cease Quoting Rights 5pm:
 Commence Quoting New Securities:
 Cease Quoting Old Security 5pm:

Security Code:
 Security Code:



MEDIA RELEASE

THE WAREHOUSE GROUP INTERIM RESULTS

Auckland, 14 March 2008 – The Warehouse Group Limited today announced a half year net profit after tax of \$64.3 million compared to \$60.1 million last year. The result includes a \$7.2 million reversal of warranty provisions relating to the sale of The Warehouse Australia in 2005. Net profit after tax for the half year excluding this benefit was \$57.1 million. Sales for the period were \$950.6 million, flat on the previous corresponding year.

In announcing the result for the half year ended 27 January 2008, Chairman, Keith Smith says “This result is creditable given present trading conditions. Achieving positive same store sales growth in the second quarter demonstrates an ability to respond to what has been a very challenging environment”.

The Warehouse New Zealand reported modest top-line growth with sales up 0.4% to \$852.9 million and same store sales up 0.3% for the half year. Second quarter same store sales was up 1.0%. Operating profit was down 11.7% to \$79.4 million.

Commenting on The Warehouse New Zealand result Group Chief Executive Officer, Ian Morrice says “Whilst we have held sales, gross margin in some categories has been affected by targeted investment in price and stock clearance. We are also continuing to invest in the business for the long term. Our cost base has risen in part due to inflationary pressures, but mainly as a result of continued investment in capability and higher depreciation charges associated with our systems upgrades and store refit programme. Three full refits and one store relocation were completed during the period.”

“We have continued to maintain positive momentum in our apparel category and we are seeing a positive response to improved execution in our three Extra stores”, Mr Morrice says. “In respect of The Warehouse Extra, despite improved execution and increasing customer acceptance, it will take more time to prove the full economic potential of the format. The three existing stores will continue to be refined but no further Extra stores are planned for this year”.

Mr Morrice said he expected the retail environment to remain subdued for the balance of the year.

The Directors have lifted the dividend payout ratio from 50% to 75% and have declared an interim dividend of 15.5 cents per share, up 3.5 cents (29.2%) on last year. Dividends will be paid on 16 April 2008 with the entitlement date being 2 April 2008.

The Directors expect Net Profit after Tax for the full year to be in the range of \$94.0 to \$98.0 million including reversal of warranty provisions of up to \$8.0 million.

ENDS

Background: The Warehouse Group Limited

The Warehouse Group Limited had sales of \$NZ1.761 billion and an after tax profit of \$NZ97.2 million for the year ended 29 July 2007 after adjusting for the sale of investments. The Warehouse Group comprises 85 Warehouse NZ stores and 43 Warehouse Stationery stores. The Warehouse Group directly employs more than 8,000 people in New Zealand.

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Media

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