THE WAREHOUSE GROUP LIMITED	
Results for announcement to the market	
Reporting Period	1 August 2016 to 29 January 2017
Previous Reporting Period	3 August 2015 to 31 January 2016

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

REPORTED	Amount (NZ$ 000s)	Percentage change
Revenue from ordinary activities	NZ$ 1,622,183	up 3.4 %
Profit from ordinary activities after tax attributable to shareholders	NZ$ 13,555	down (76.3)%
Net profit attributable to shareholders	NZ$ 13,555	down (76.3)%

ADJUSTED	Amount (NZ$ 000s)	Percentage change
Adjusted profit from ordinary activities after tax attributable to shareholders	NZ$ 39,677	down (12.9)%
Adjusted net profit attributable to shareholders	NZ$ 39,677	down (12.9)%

Distributions	Amount per share	Imputed amount per share
Interim dividend	10.00 cents	3.8889 cents

Record date - Interim dividend	03 April 2017
Payment date - Interim dividend	13 April 2017

Comments	Refer to media release.

Asset Backing	January 2017	January 2016
Net tangible asset backing per ordinary share	109.2 cents	117.1 cents

Basis of Report

This market announcement is based on financial statements which have been the subject of a review by the Group's auditor. The auditor's review report and the financial statements are provided with this preliminary final report.

Accounting Standards

The interim financial statements of the Group have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Companies Act 1993 and the New Zealand Stock Exchange (NZX). The Warehouse Group Limited is registered under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013.

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GLOSSARY OF TERMS USED IN THIS RELEASE

"Reported" information is per the audited financial statements

"Gross Profit" equates to Retail sales less retail cost of goods sold

"EBIT" refers to Earnings before interest and tax from continuing operations

"Operating Profit" refers to EBIT from continuing operations less unusual items

"Unusual items" refers to any profits or losses from the disposal of properties or investments, goodwill impairment, direct costs and adjustments relating to business acquisitions or disposals and costs connected with restructuring the Group

"CODB" refers to costs of doing business and equates to the difference between gross profit and operating profit

"NPAT" refers to Net Profit after tax and minority interests

"Retail operating profit" refers to operating profit excluding the financial services business

"Adjusted NPAT or Adjusted Profit" refers to NPAT adjusted for the after tax effect of unusual items.

"Trading EBITDA" refers to Earnings before interest, tax, depreciation and amortisation from both continuing and discontinued operations

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SUMMARY INCOME STATEMENT

(NZ $000)	2017	2016	% Change
The Warehouse	975,097	973,081	+ 0.2%
Warehouse Stationery	138,775	137,789	+ 0.7%
Noel Leeming	422,149	379,844	+ 11.1%
Torpedo7	86,402	76,126	+ 13.5%
Other group operations	5,436	10,114	- 46.3%
Inter-segment eliminations	(15,997)	(16,505)	
RETAIL SALES	**1,611,862**	**1,560,449**	+ 3.3%
Finance business	10,321	8,080	
TOTAL REVENUE	**1,622,183**	**1,568,529**	+ 3.4%
The Warehouse	59,508	65,486	- 9.1%
Warehouse Stationery	6,455	6,009	+ 7.4%
Noel Leeming	9,207	6,390	+ 44.1%
Torpedo7	2,424	1,712	+ 41.6%
Other group operations	(7,670)	(3,801)	
RETAIL OPERATING PROFIT	**69,924**	**75,796**	- 7.7%
Finance business	(5,155)	(2,679)	
TOTAL OPERATING PROFIT	**64,769**	**73,117**	- 11.4%
Gain/(Loss) on disposal of property	(812)	5,391	
Gain on business disposals	-	9,950	
Operating model restructuring costs	(3,961)	-	
Goodwill impairment (Financial Services Group)	(22,714)	-	
Contingent consideration	-	675	
Direct costs relating to acquisitions	-	(479)	
Equity earnings of associate	-	723	
EBIT (Earnings Before Interest and Tax)	**37,282**	**89,377**	- 58.3%
Net interest expense	(8,878)	(9,402)	- 5.6%
Income tax expense	(14,766)	(18,881)	
TAX PAID PROFIT	**13,638**	**61,094**	- 77.7%
Minority interests	(83)	(3,893)	
TAX PAID PROFIT	**13,555**	**57,201**	- 76.3%
ADJUSTED PROFIT	**39,677**	**45,553**	- 12.9%
OPERATING MARGIN			
The Warehouse	6.1 %	6.7 %	- 60 bp
Warehouse Stationery	4.7 %	4.4 %	+ 30 bp
Noel Leeming	2.2 %	1.7 %	+ 50 bp
Torpedo7	2.8 %	2.2 %	+ 60 bp
Retail Group	4.3 %	4.9 %	- 60 bp
TAX PAID PROFIT MARGIN	0.8 %	3.7 %	- 290 bp

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ADJUSTED NET PROFIT RECONCILIATION

(NZ $000)	2017	2016
ADJUSTED NET PROFIT	**39,677**	**45,553**
Add back: Unusual items		
Gain on business disposals	-	9,950
Direct costs relating to acquisitions	-	(479)
Operating model restructuring costs	(3,961)	-
Goodwill impairment (Financial Services Group)	(22,714)	-
Contingent consideration	-	675
Gain/(Loss) on disposal of property	(812)	5,391
	(27,487)	15,537
Less: Taxation		
Income tax relating to unusual items	1,336	(1,509)
Income tax expense related to depreciation recovered on building disposals	29	1,234
Unusual items after tax	(26,122)	15,262
Minority interest	-	(3,614)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	**13,555**	**57,201**

Certain transactions can make the comparison of profits between years difficult. The Group uses adjusted net profit as a key indicator of performance and consider it provides a better understanding of underlying business performance and the Group also uses it as the basis for determining dividend payments (after adjusting for losses from the Financial Services Group). Adjusted net profit makes allowance for the after tax effect of unusual items which are not directly connected with the Group's normal trading activities. The Group defines unusual items as any profits or losses from the disposal of properties or investments, goodwill impairment, direct costs and adjustments relating to business acquisitions or disposals and costs connected with restructuring the Group.

Operating model restructuring costs - refer Financial Statements note: 14

The Group is making a series of changes to its business operating model. The changes are designed to drive an improvement in financial performance, reduce costs and generate greater customer relevance. One-time restructuring costs of changing the business operating model are estimated to be between $10 million to $13 million of which $3.961 million were incurred prior to balance date with the remaining costs associated with the transition expected to be incurred in the second half of the current financial year.

Financial Services Group goodwill impairment - refer Financial Statements note: 10

The goodwill associated with the Groups investment in the Financial Services Group has been fully written off after a period where the trading performance has been below expectations and a strategy review has indicated that it will take longer for the loan book to achieve the desired scale with a breakeven date for the business forecast in 2021 rather than 2018 as previously expected.

Property disposals - refer Financial Statements note: 9

During the current half year the Group sold two store properties, and a parcel of land for a combined net consideration of $14.904 million realising a pre-tax loss of $0.812 million. During the first half of the comparative year the Group sold one store property and a parcel of surplus land which realised a pre-tax profit of $5.391 million.

Business disposals - refer Financial Statements note: 15

Business disposals represents the sale of the Group's Pet.co.nz business and also a notional business disposal of the Group's associate investment in The Warehouse Financial Services Limited (TWFSL).

Directly attributable acquisition costs - refer Financial Statements note: 16

Directly attributable acquisition costs relate to the costs associated with increasing the Groups TWFSL shareholding from 49% to 100% in September 2015.

Contingent consideration

During the previous half year period the Group settled the final instalment of contingent consideration payable on the Insight Traders acquisition (September 2012) for $0.675 million less than the amount previously estimated.

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Quarterly Retail Sales information:

First quarter sales (1 August 2016 to 30 October 2016)	Sales 2017 (NZ$ Million)	Sales 2016 (NZ$ Million)	Change in sales	Change in same store sales
The Warehouse	377.5	373.9	+ 1.0 %	+ 1.7 %
Warehouse Stationery	63.7	62.8	+ 1.4 %	+ 2.3 %
Noel Leeming (NLG)	183.6	163.9	+ 12.0 %	+ 10.5 %
Torpedo7	37.8	33.9	+ 11.5 %	

Second quarter sales (31 October 2016 to 29 January 2017)	Sales 2017 (NZ$ Million)	Sales 2016 (NZ$ Million)	Change in sales	Change in same store sales
The Warehouse	597.6	599.2	- 0.3 %	+ 1.0 %
Warehouse Stationery	75.1	75.0	+ 0.1 %	+ 0.3 %
Noel Leeming (NLG)	238.5	215.9	+ 10.5 %	+ 9.5 %
Torpedo7	48.6	42.2	+ 15.2 %	

Year to date sales (1 August 2016 to 29 January 2017)	Sales 2017 (NZ$ Million)	Sales 2016 (NZ$ Million)	Change in sales	Change in same store sales
The Warehouse	975.1	973.1	+ 0.2 %	+ 1.3 %
Warehouse Stationery	138.8	137.8	+ 0.7 %	+ 1.2 %
Noel Leeming (NLG)	422.1	379.8	+ 11.1 %	+ 9.9 %
Torpedo7	86.4	76.1	+ 13.5 %	

Store Numbers	The Warehouse		Noel Leeming		Warehouse Stationery	
	2017	2016	2017	2016	2017	2016
Start Quarter 2	93	92	77	77	67	66
End Quarter 2	92	93	77	77	67	66

Store footprint (Square Metres)	The Warehouse		Noel Leeming		Warehouse Stationery	
	2017	2016	2017	2016	2017	2016
Start Quarter 2	504,551	497,702	73,472	70,549	71,959	71,222
End Quarter 2	501,098	501,143	73,591	71,079	71,959	71,222

Store changes during the quarter	New Store	Replacement stores	Store Closure	Store Extension/ Reduction
The Warehouse	-	-	1	-
Warehouse Stationery	-	-	-	-
Noel Leeming	-	1	-	-