
MEDIA RELEASE.

**THE WAREHOUSE GROUP
FIRST QUARTER SALES FLAT**

Auckland, 7th November 2005 – The Directors of The Warehouse Group Limited reported sales in the first quarter ending 30th October 2005 of \$490.8 million, up 0.5% on the corresponding period last year.

“Our Group sales for Q1 are consistent with the slow down in retail sales being reported by other listed retailers,” said Chairman Keith Smith. “Our results for the first quarter confirm that discretionary consumer spending is softening in New Zealand and Australia,” he said.

THE WAREHOUSE NEW ZEALAND

The Warehouse New Zealand sales at \$326 million showed a 3.2% increase on the comparative period. Same store sales rose 0.2% in the quarter.

Group Chief Executive Ian Morrice said, “The Warehouse New Zealand achieved its most positive same store sales result in five quarters. This is a creditable outcome in the current retail environment. Our overall sales were slightly ahead of plan, in part due to higher levels of seasonal clearance activity as we make room for new products and ranges.”

“We are encouraged by customer response to our new season stock, especially apparel. This improvement in customer response has been driven by delivering to customers consistent range presentation with themed colours, style and quality at great prices,” said Mr Morrice.

The Warehouse’s store portfolio continues to be improved with the opening of a replacement store in Palmerston North during the quarter. A replacement store in Lower Hutt will open in the second quarter. These new stores continue to reflect the improvements in layout and fixtures first trialled at the Te Rapa laboratory store and are designed to create a more enjoyable shopping experience.

A noticeable change to The Warehouse during the quarter was an updating of the company logo, giving the brand a friendlier and more contemporary feel and reflecting a number of improvements customers are seeing in stores.

THE WAREHOUSE AUSTRALIA

In Australian dollars, The Warehouse Australia sales at A\$105 million were down 8.7% on the corresponding period. Same store sales were down 6.5% for the quarter.

“Trading conditions in Australia, particularly during September, were hard for retailers generally; however, we have seen improved trading in October. This year’s objective for The Warehouse Australia is to break even, and we remain on track to achieve that result,” said Mr Morrice.

WAREHOUSE STATIONERY

Warehouse Stationery sales at \$50.2 million were up 2.9% on the comparative period, while same store sales declined 1.6% in the quarter.

“Warehouse Stationery’s sales performance is in line with our projections, and we expect to make further progress during the balance of the year. Warehouse Stationery is also cycling against very strong clearance driven comparative sales in Q1 last year,” Mr Morrice said.

OUTLOOK

Mr Morrice said, “While consumer spending is expected to moderate in the coming year, we are well positioned for the key Christmas trading quarter with a great range of product for our customers on both sides of the Tasman.”

NEXT SALES RELEASE

Second quarter sales will be released with the 2006 interim financial results on Monday 13th March 2006.

ENDS

Background: The Warehouse Group Limited

The Warehouse Group had sales of \$NZ2.203 billion and an after tax profit of \$NZ39.0 million for the year ended 31st July 2005. The Warehouse Group comprises 85 Warehouse NZ stores, 43 Warehouse Stationery stores and 122 stores in The Warehouse Australia. The Warehouse Group employs more than 15,000 people across New Zealand and Australia.

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APPENDIX: FIRST QUARTER SALES: FOR THE 13-WEEKS ENDED 30 OCTOBER 2005

1.0 Sales Summary *(all sales expressed in New Zealand Dollars)*

FIRST QUARTER SALES (1 AUGUST 2005 to 30 OCTOBER 2005) (all figures exclude GST)								
	FIRST QUARTER				YEAR TO DATE			
	2005/06	2004/05			2005/06	2004/05		
	Sales Million	Sales Million	Change in sales	Change same store	Sales Million	Sales Million	Change in sales	Change same store
The Warehouse New Zealand	326	316	3.2%	0.2%	326	316	3.2%	0.2%
Warehouse Stationery	50.2	48.8	2.9%	-1.6%	50.2	48.8	2.9%	-1.6%
The Warehouse Australia	114.6	123.6	-7.3%		114.6	123.6	-7.3%	
Total Group	490.8	488.4	0.5%		490.8	488.4	0.5%	

Note: Exchange rates used for conversion of A\$ sales:
 2005/06: AUD/NZD 0.9165 (Q1), AUD/NZD 0.9165 (YTD)
 2004/05: AUD/NZD 0.9306 (Q1), AUD/NZD 0.9306 (YTD).

2.0 Store Numbers

	2004/05		2005/06	
	Start Q1	End Q1	Start Q1	End Q1
The Warehouse New Zealand	83	85	85	85
Warehouse Stationery	42	43	43	43
The Warehouse Australia	126	124	122	122

3.0 The Warehouse Australia Sales *(sales expressed in Australian dollars)*

FIRST QUARTER SALES (1 AUGUST 2005 to 30 OCTOBER 2005) (all figures exclude GST)								
	FIRST QUARTER				YEAR TO DATE			
	2005/06	2004/05			2005/06	2004/05		
	Sales Million	Sales Million	Change in sales	Change same store	Sales Million	Sales Million	Change in sales	Change same store
The Warehouse Australia	105	115	-8.7%	-6.5%	105	115	-8.7%	-6.5%