

notes to the financial statements

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice ("NZ GAAP"). They comply with the New Zealand equivalents to the International Reporting Standards ("NZ IFRS") and they comply with International Financial Reporting Standards (IFRS).

(a) Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Entities reporting

The financial statements are for Hellaby Holdings Limited Group ("the Group") as defined below. Hellaby Holdings Limited is domiciled and incorporated in New Zealand. Its registered office is at Level 5, 10 Viaduct Harbour Avenue, Auckland.

As at 30 June 2009 the Hellaby Holdings Limited Group consists of Hellaby Holdings Limited ("Hellaby Holdings") and its subsidiary and associate companies as detailed in Note 12.

The Group is designated as a profit-oriented entity for financial reporting purposes.

Statutory base

Hellaby Holdings is a company registered in New Zealand under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through the income statement.

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Specific areas of critical accounting estimates and assumptions are as follows:

(i) Carrying value of indefinite life intangible assets

Impairment reviews are performed by management to assess the carrying value of indefinite life intangible assets including goodwill and brands.

These reviews include making assumptions in relation to future performance and growth as well as determining the period of expected benefits and appropriate discount rates. Refer to Note 15 for key assumptions made.

The carrying value of indefinite life intangible assets is subjective and changes to these assumptions can have a significant impact on their carrying value.

(ii) Unexpired lease provision

A provision is recognised for any shortfall between lease rentals payable as compared to anticipated current and future rental income for the unexpired term of leases. Judgement is exercised in determining the timing and amount, if any, of future rental income and changes to this income can have a significant impact on the carrying value of the provision.

The provision is detailed in Note 16(c).

The Directors continually review all accounting policies and areas of judgement in presenting the financial statements.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hellaby Holdings as at 30 June 2009 and the results of these subsidiaries for the year then ended.

Subsidiaries are all those entities over which Hellaby Holdings 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 Hellaby Holdings controls another entity.

Subsidiaries which form part of the Group are fully consolidated from the date on which control is transferred to Hellaby Holdings. They are deconsolidated from the date that control ceases or they cease to be part of the Group.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Hellaby Holdings.

Investments in subsidiary companies are valued at cost less any impairment in the Parent.

(ii) *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). Investments in associates are accounted for at the lower of cost, less amounts written off, or market value. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees after adjustments to align the accounting policies with those of the Group.

(c) **Segment reporting**

The Group is organised into operating segments by product and service type to reflect how the Group's operations are managed by the Board of Directors, who are the chief operating decision makers.

Transactions between segments are based on normal arms length terms.

(d) **Foreign currency translation**

(i) *Functional and presentation currency*

Items included in the financial statements of each of the subsidiaries' operations are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in New Zealand dollars, which is Hellaby Holdings' functional and presentation currency.

The financial statements have been rounded to the nearest thousand dollars.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) *Foreign operations*

The results and balance sheets of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- all resulting exchange differences are recognised as a separate component of equity

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) **Revenue recognition**

Revenue comprises the fair value for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(i) *Sales of goods - wholesale*

Sales of goods are recognised when a Group subsidiary has delivered products to the customer, the customer has accepted the products, and collectability of the related receivables is reasonably assured.

(ii) *Sales of goods - retail*

Sales of goods are recognised when a Group subsidiary sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in distribution costs.

(iii) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(iv) Rental income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) 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 national income tax rate for each jurisdiction 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 for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Leases*(i) The Group is the lessee*

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.

(ii) The Group is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(h) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment irrespective of whether any indicators identifying a possible impairment have been identified. 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).

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term deposits, 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) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables balances are reviewed on an ongoing basis. Debts 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 trade. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between an asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

(k) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. 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 of completion and the estimated costs necessary to make the sale.

(l) Financial assets

Financial assets are classified in the following categories: loans and receivables, and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

The Group assesses at each balance sheet date whether there is objective evidence that a loan or receivable is impaired.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits or forecasts to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement in the period in which they arise.

(m) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured 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 either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedge).

Subsidiaries document 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. Subsidiaries also document their 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) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) 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 released in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale 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) or a non-financial liability, 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.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting and therefore hedge accounting has not been adopted. Changes in the fair value of these derivative instruments are recognised in the income statement.

(n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes and is based on quoted market prices where available.

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 assumptions that are based on market conditions existing at each balance date. The fair value of forward exchange contracts is their quoted market price at the balance date. The carrying amount of cash and cash equivalents, short term investments, payables and accruals, receivables and current portion of borrowings approximate fair value due to the short-term maturity of these instruments. The fair value of financial liabilities for disclosure purposes is estimated by assessing the current market rate that is available to the Group for similar financial liabilities.

(o) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Leasehold improvements	over the term of the leases
- Plant and equipment	4 - 15 years
- Motor vehicles	4 - 5 years
- Furniture, fittings and office equipment	4 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

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 amounts. These gains and losses are included in the income statement.

(p) Intangible assets**(i) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the Group's investment in each subsidiary.

(ii) Brands

Brands are valued independently as part of the fair value of businesses acquired from third parties where the brand has a value which is substantial and long-term and where the brands can be sold separately from the rest of the businesses acquired.

Brands are amortised over their estimated life, except where it is considered that the useful economic life is indefinite. Brands have only been valued for acquisitions that have occurred since the opening IFRS balance sheet date as the group has taken advantage of the exemption not to reopen business combinations before that date. No deferred tax is recognised in relation to brands as they are deemed to have an indefinite life and therefore are not being consumed by the relevant subsidiary.

Indefinite life brands are subject to an annual impairment review.

(iii) Software costs

Software costs have a finite useful life. Software costs are acquired, capitalised and written off over the useful economic life of 2 to 5 years.

(q) Trade and other payables

The 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.

(r) Contingent consideration

Contingent consideration liabilities are recognised in the balance sheet and reflect the current assessment of the amount expected to be paid based on future earnings. Changes in the carrying value of a contingent consideration liability resulting from a business combination are recorded as goodwill.

(s) Borrowings and Capital Notes

Borrowings and Capital Notes are initially recognised at fair value, net of transaction costs incurred. Borrowings and Capital Notes 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 are expensed as incurred.

Borrowings and Capital Notes are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(t) Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group subsidiary purchases Hellaby Holdings' equity share capital (treasury shares), the consideration paid, including any directly attributable costs (net of income taxes) is deducted from equity attributable to Hellaby Holdings' equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effects, is included in equity attributable to Hellaby Holdings' equity holders.

(u) Provisions

Provisions for legal claims, service warranties, unexpired leases and rental obligations 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) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, contributions paid to defined contribution pension schemes 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.

(w) Dividends

Provision is made for the amount of any dividend declared on or before the balance date but not distributed at balance date.

(x) Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(y) Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held for sale, and: (1) represents a separate major line of business or geographical area of operations; (2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (3) is a subsidiary acquired exclusively with a view to resale.

(z) GST

The income statement has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(aa) Contingent liabilities

The Group has commitments for letters of credit, guarantees and other credit facilities. These financial instruments attract fees in line with market prices for similar arrangements. They are not sold or traded. The items generally do not involve cash payments other than in the event of default. They are disclosed as contingent liabilities at their fair value.

(ab) Statements of cash flows

The following are the definitions of the terms used in the Statements of Cash Flows:

- (i) Cash comprises cash and bank balances.
- (ii) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets, businesses and investments.
- (iii) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid are included in financing activities.
- (iv) Operating activities include all transactions and other events that are not investing or financing activities.

Cash flows from short-term borrowings, being durations of 3 months or less, are disclosed net, due to short term maturities and the volume of transactions involved.

(ac) New International Financial Reporting Standards

The Group has chosen to early adopt NZ IFRS 8: Operating segments. NZ IFRS 8 requires qualitative and quantitative disclosures regarding the Group's operating segments and replaces NZ IAS 14: Segment reporting. Mandatory adoption of NZ IFRS 8 is required for periods commencing on or after 1 January 2009.

The following standards, amendments, and interpretations to existing standards have been issued and will be effective for the Group's accounting periods beginning on or after 1 July 2009 and have not yet been adopted.

NZ IAS 1 (Amendments): Presentation of financial statements is mandatory for annual periods beginning on or after 1 January 2009. The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the Statement of Movements in Equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the Statement of Comprehensive Income) or two statements (the Income Statement and Statement of Comprehensive Income). It is expected that when the Group applies this standard there will be some changes to the presentation of the financial statements.

NZ IFRS 3: Business combinations (Revised) and NZ IAS 27: Consolidated and separate financial statements (Revised) are mandatory for annual periods beginning on or after 1 July 2009. The revised standards continue to apply the acquisition method to business combinations but with some significant changes to the treatment of transaction costs and contingent consideration. The Group will simultaneously adopt the changes to NZ IAS 27 (Revised): Consolidated and separate financial statements. When the Group adopts these standards it does not expect material changes to the Group's measurement of acquisitions and disclosures of financial statements.

NZ IFRS 5 (Amendment): Non-current assets held-for-sale and discontinued operations is effective from annual periods beginning on or after 1 July 2009. The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 July 2010.

NZ IFRS 7 (Amendment) Financial instruments: disclosures is effective for annual periods beginning on or after 1 January 2009. The amended NZ IFRS 7 introduces a three level hierarchy for fair value measurement disclosures and requires entities to provide additional disclosures about the relative reliability of fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk. This amendment is not expected to have a material impact on the Group.

NZ IAS 19 (Amendment): Employee benefits is mandatory for annual periods beginning on or after 1 January 2009. The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The Group will apply the IAS 19 (Amendment) from 1 July 2009.

NZ IAS 36 (Amendment): Impairment of assets is effective from annual periods beginning on or after 1 January 2009. The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 July 2009. As the Group currently uses value-in-use calculations for impairment testing no changes in disclosures are anticipated.

There are a number of minor amendments to NZ IAS 8: Accounting policies, changes in accounting estimates and errors; NZ IAS 10: Events after the reporting period; NZ IAS 18: Revenue and NZ IAS 34: Interim financial reporting, which are part of the IASB's annual improvements project published in May 2008. These amendments are unlikely to have an impact on the Group's accounts and have therefore not been analysed in detail.

The Group will adopt these standards, interpretations and amendments when they become mandatory.

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures.

Risk management is carried out by Group and subsidiary management who evaluate and hedge financial risks.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group purchases and sells inventory denominated in foreign currency. The Group is exposed to foreign exchange risk arising from currency exposures primarily in Australian Dollars, Japanese Yen, United States Dollars and the Euro.

Forward contracts are used to manage foreign exchange risk. Management are responsible for managing exposures in each foreign currency by using external forward currency contracts.

Subsidiaries designate contracts as fair value hedges or cash flow hedges, as appropriate, as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

The Group's risk management policy is to generally hedge between 50% and 100% of anticipated transactions in foreign currencies for the subsequent 12 months.

The following table details the Group's sensitivity to the increase and decrease in the New Zealand dollar (NZ\$) against the relevant foreign currencies. The % is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the change in foreign currency rates. A positive number indicates an increase in profit and other equity where the NZ\$ moves against the relevant currencies.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings are at variable rates and therefore the Group is exposed to cash flow interest rate risk.

The following table demonstrates the sensitivity to a change in interest rates by estimated basis points (bp), with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

GROUP

	Carrying amount \$000	Interest rate risk		Foreign exchange risk			
		+ 10 bp Effect on profit before tax and equity \$000	- 10 bp Effect on profit before tax and equity \$000	+ 10%	- 10%	Effect on profit before tax and equity \$000	Effect on equity \$000
2009							
Financial Assets							
Derivative financial instruments	2	-	-	(19)	(19)	23	23
Trade receivables	31,128	-	-	(296)	(296)	362	362
Cash and cash equivalents	4,572	5	(5)	(98)	(98)	120	120
Financial Liabilities							
Derivative financial instruments	8,044	-	-	(632)	(5,984)	773	7,314
Trade payables	25,263	-	-	651	651	(796)	(796)
Borrowings	58,733	(59)	59	703	703	(859)	(859)
Total (decrease)/increase		(54)	54	309	(5,043)	(377)	6,164

2008

Financial Assets

Derivative financial instruments	700	-	-	(608)	(2,408)	733	2,881
Trade receivables	47,280	-	-	(293)	(293)	358	358
Cash and cash equivalents	3,597	4	(4)	(170)	(170)	207	207

Financial Liabilities

Derivative financial instruments	2,296	-	-	(804)	(3,187)	992	3,895
Trade payables	37,898	-	-	1,412	1,412	(1,725)	(1,725)
Provisions	8,087	-	-	12	12	(15)	(15)
Borrowings	95,105	(95)	95	873	873	(1,067)	(1,067)
Total (decrease)/increase		(91)	91	422	(3,761)	(517)	4,534

PARENT

	Carrying amount \$000	Interest rate risk		Foreign exchange risk			
		+ 10 bp Effect on profit before tax and equity \$000	- 10 bp Effect on profit before tax and equity \$000	+ 10%	- 10%	Effect on profit before tax and equity \$000	Effect on equity \$000

2009

Financial Assets

Cash and cash equivalents	628	1	(1)	-	-	-	-
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Financial Liabilities

Borrowings	51,000	(51)	51	-	-	-	-
Total (decrease)/increase		(50)	50	-	-	-	-

2008

Financial Assets

Cash and cash equivalents	372	1	(1)	-	-	-	-
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Financial Liabilities

Borrowings	85,500	(86)	86	-	-	-	-
Total (decrease)/increase		(85)	85	-	-	-	-

Financial assets/liabilities by category

GROUP

2009

Asset/(Liability)	Loans and receivables \$000	Derivatives used for hedging \$000	Liabilities at amortised cost \$000
Cash and cash equivalents	4,572	-	-
Loans and advances	54	-	-
Trade receivables	31,128	-	-
Derivative financial instruments	-	(8,042)	-
Trade payables	-	-	(25,263)
Borrowings	-	-	(58,733)
Capital notes	-	-	(49,271)
	35,754	(8,042)	(133,267)

2008

Asset/(Liability)	Loans and receivables \$000	Derivatives used for hedging \$000	Liabilities at amortised cost \$000
Cash and cash equivalents	3,597	-	-
Loans and advances	5,934	-	-
Trade receivables	47,280	-	-
Derivative financial instruments	-	(1,596)	-
Trade and other payables	-	-	(37,898)
Borrowings	-	-	(95,105)
Capital notes	-	-	(48,898)
	56,811	(1,596)	(181,901)

PARENT

2009

Asset/(Liability)	Loans and receivables \$000	Liabilities at amortised cost \$000
Cash and cash equivalents	628	-
Receivable from related parties	58,175	-
Borrowings	-	(51,000)
Capital notes	-	(49,271)
	58,803	(100,271)

2008

Asset/(Liability)	Loans and receivables \$000	Liabilities at amortised cost \$000
Cash and cash equivalents	372	-
Trade receivables	83,753	-
Borrowings	-	(85,500)
Capital notes	-	(48,898)
	84,125	(134,398)

(b) Credit risk

The Group has no significant concentrations of credit risk. The Group companies have procedures in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

The maximum potential exposure to credit risk is:

	2009 \$000	2008 \$000
Cash and cash equivalents	4,572	3,597
Trade receivables	31,128	47,280
Loans and advances	54	5,934
Derivative financial instruments	2	700
Total	35,756	57,511

Refer to Note 8 for further disclosure on credit risk.

In some instances the Group holds collateral over its trade receivables and loans and advances.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

GROUP**2009**

	Less than 1 year \$000	Between 1 and 5 years \$000	More than 5 years \$000
Derivative financial instruments	8,044	-	-
Current tax liabilities	-	-	-
Bank borrowings and interest	7,733	55,041	-
Trade and other payables	39,686	279	-
Provisions	6,372	190	-
Capital notes and interest	-	58,322	-
	61,835	113,832	-

2008

	Less than 1 year \$000	Between 1 and 5 years \$000	More than 5 years \$000
Derivative financial instruments	2,296	-	-
Current tax liabilities	1,058	-	-
Bank borrowings and interest	9,605	95,874	-
Trade and other payables	57,737	346	-
Provisions	8,087	340	-
Capital notes and interest	-	62,572	-
	78,783	159,132	-

PARENT
2009

	Less than 1 year \$000	Between 1 and 5 years \$000	More than 5 years \$000
Bank borrowings and interest	-	55,041	-
Trade and other payables	458	-	-
Provisions	163	-	-
Capital notes and interest	-	58,322	-
	621	113,363	-

2008

	Less than 1 year \$000	Between 1 and 5 years \$000	More than 5 years \$000
Bank borrowings and interest	-	95,874	-
Trade and other payables	1,117	-	-
Provisions	588	-	-
Capital notes and interest	-	62,572	-
	1,705	158,446	-

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by net debt plus equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet.

3. Segment information

(a) Description of segments

Automotive

The automotive division includes Brake & Transmission NZ Limited, an importer and distributor of automotive and commercial replacement parts; Diesel Distributors Limited and Diesel Distributors Australia Pty Limited, wholesale distributors of diesel fuel injection, turbocharger and ancillary diesel engine parts; and TRS Tyre & Wheel Limited and TRS Tyre & Wheel Pty Limited, importers and distributors of tyres and wheels.

Equipment

The equipment division includes AB Equipment Limited, an importer and distributor of materials handling, construction and transport equipment; AB Rental Limited, a forklift rentals company; Eurolift NZ Limited, an importer, distributor and renter of materials handling equipment; and TradedEquipment.com, a materials handling and construction equipment re-seller.

Footwear

The footwear division includes R. Hannah & Co Limited and Discount Shoe Warehouse Limited, specialty shoe retailers.

Packaging

The packaging division comprises Elldex Packaging Limited, a manufacturer and importer of flexible plastic packaging.

Diversified

This division includes Levana Textiles Limited, a manufacturer of knitted textiles (sold 31 October 2007) and the BBQ Factory Limited, an indoor/outdoor living, spa pool and home heating retailer (sold 30 June 2008).

Corporate

This division includes Hellaby Holdings Limited, the holding company for the investments in Group companies, and associate companies BPF 2008 Limited, a petfood supplier (sold on 30 June 2008), and Energy Intellect Limited, a metering and communications company.

(b) Operating segment information
2009

	Automotive \$000	Equipment \$000	Footwear \$000
INCOME STATEMENT			
Sales to external customers	155,080	98,892	170,243
Intersegment sales	1,300	302	-
Total sales revenue	156,380	99,194	170,243
Other income	272	638	568
Total segment income	156,652	99,832	170,811
Segment result	17,668	(1,909)	4,201
Finance costs			
Share of (deficit) from associates			
Income tax expense			
Discontinued operations			
Net Profit for the year			
BALANCE SHEET			
Segment assets	94,062	37,279	76,350
Intersegment assets	146	7	-
Total Assets	94,208	37,286	76,350
Segment liabilities	19,216	20,868	13,799
Intersegment liabilities	40,153	8,306	8,980
Total Liabilities	59,369	29,174	22,779
Other segmental items			
Depreciation and amortisation expense	1,497	2,640	3,481
Impairment of inventories	833	(1,301)	460
Impairment of trade receivables	192	(237)	(6)

Packaging \$000	Diversified \$000	Corporate \$000	Inter-segment eliminations/unallocated \$000	Group \$000
54,732	-	-	-	478,947
171	-	-	(1,773)	-
54,903	-	-	(1,773)	478,947
4	-	10,031	(9,744)	1,769
54,907	-	10,031	(11,517)	480,716
2,001	-	(3,636)	-	18,325
				(10,849)
				(102)
				(2,092)
				(4,575)
				707
28,532	1,251	9,661	-	247,135
56	-	82,389	(82,598)	-
28,588	1,251	92,050	(82,598)	247,135
5,365	2,486	100,841	-	162,575
17,887	19,884	-	(95,210)	-
23,252	22,370	100,841	(95,210)	162,575
274	-	394	-	8,286
75	-	-	-	67
55	-	-	-	4

(b) Operating segment information (continued)
2008

	Automotive \$000	Equipment \$000	Footwear \$000
INCOME STATEMENT			
Sales to external customers	157,972	130,247	166,961
Intersegment sales	1,007	314	-
Total sales revenue	158,979	130,561	166,961
Other income	957	967	528
Total segment income	159,936	131,528	167,489
Segment result	19,690	7,053	7,926

Finance costs
Share of profit from associates
Income tax expense
Discontinued operations

Net Profit for the year

BALANCE SHEET

Segment assets	104,685	66,882	81,647
Intersegment assets	219	18	-
Total Assets	104,904	66,900	81,647
Segment liabilities	19,391	33,431	13,716
Intersegment liabilities	52,555	18,179	8,715
Total Liabilities	71,946	51,610	22,431

Other segmental items

Depreciation and amortisation expense	1,806	3,715	3,286
Impairment of inventories	6	563	49
Impairment of trade receivables	(110)	(87)	(9)
Provision for investments to net realisable value	-	-	-

(c) Geographical segment information

	New Zealand		Australia		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Sales to external customers	464,238	499,460	14,709	15,811	478,947	515,271

Revenue is allocated to geographical segments on the basis of where the sale is legally recorded.

	New Zealand		Australia		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Non-current assets	99,121	110,639	2,353	2,665	101,474	113,304

Packaging \$000	Diversified \$000	Corporate \$000	Inter-segment eliminations/unallocated \$000	Group \$000
56,171	3,920	-	-	515,271
93	-	-	(1,414)	-
56,264	3,920	-	(1,414)	515,271
1,376	1	16,585	(15,703)	4,711
57,640	3,921	16,585	(17,117)	519,982
4,782	309	(1,445)	-	38,315
				(12,444)
				1,586
				(8,089)
				(14,689)
				4,679
30,073	7,010	14,120	-	304,417
-	5,020	83,753	(89,010)	-
30,073	12,030	97,873	(89,010)	304,417
8,285	3,058	135,986	-	213,867
15,167	27,060	-	(121,676)	-
23,452	30,118	135,986	(121,676)	213,867
407	88	385	-	9,687
(15)	-	-	-	603
1	(28)	-	-	(233)
-	-	73	-	73

4. Income and expenses

GROUP

	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	2009	2009	2008	2008
	\$000	\$000	\$000	\$000
Profit before tax includes the following specific income and expenses				
Income				
Rental income	196	-	58	72
Share of profit of associates	-	-	1,586	-
Dividend income	10	-	10	2
Net gain/(loss) on sale of property, plant and equipment	387	10	1,620	(26)
Gain on sale of shares	8	-	-	-
Discount on acquisition of business	-	-	116	-
Foreign exchange gains	181	-	931	137
Gain on forward exchange contracts not qualifying as a hedge	-	-	391	-
Finance revenue	49	302	2,184	-
Expenses				
Depreciation				
Leasehold improvements	251	-	159	473
Plant and equipment	3,382	27	4,626	49
Furniture, fittings and office equipment	2,938	-	2,921	178
Motor vehicles	704	-	1,080	-
Total depreciation	7,275	27	8,786	700
Amortisation				
Software costs	638	-	528	221
Capital Notes costs	373	-	373	-
Total amortisation	1,011	-	901	221
Total depreciation and amortisation	8,286	27	9,687	921
Operating lease payments	48,114	-	43,894	2,639
Provision for impairment	-	4,438	73	-
Intangible asset impairment	-	-	-	1
Tangible asset impairment	-	-	-	720
Loss on sale of shares	-	-	-	3,500
Loss on sale of business	-	-	23	8,416
Share of deficit of associates	102	-	-	-
Remuneration of principal auditors				
Audit of Parent and Group	220	-	224	28
Tax audit, compliance and IRD liaison	123	-	127	-
Other assurance	12	-	27	-
Directors' fees	295	-	230	-
Donations	26	-	9	-
Wages, salaries and other short term benefits	77,361	-	77,942	4,611
Foreign exchange losses	221	-	174	106
Loss on forward exchange contracts not qualifying as a hedge	82	-	-	-
Finance costs	10,898	-	14,628	1,994

The Group has 2,440 employees (2008: 2,606 employees).

PARENT

	2009	2008
	\$000	\$000
Profit/(deficit) before tax includes the following specific income and expenses		
Income		
Dividend income - Associates	1,594	245
- Subsidiaries	9,348	14,657
- Other	1	1
Gain on sale of shares	8	-
Foreign exchange gains	-	2
Finance revenue	10,589	13,215
Expenses		
Depreciation		
Leasehold improvements	11	3
Furniture, fittings and office equipment	10	9
Total depreciation	21	12
Amortisation – Capital Notes costs	373	373
Total depreciation and amortisation	394	385
Net loss on sale of property, plant and equipment	-	5
Operating lease payments	170	116
Provision for impairment of investments	355	1,728
Impairment of related party loan	-	16,575
Remuneration of principal auditors		
Audit of Parent and Group	31	50
Tax audit, compliance and IRD liaison	117	127
Other assurance	12	-
Directors' fees	295	230
Donations	-	1
Wages, salaries and other short term benefits	1,911	2,032
Finance costs	10,636	14,423

5 Income tax expense/(credit)

	Notes	Group		Parent	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
(a) Income tax expense/(credit)					
Current tax		1,461	8,025	(706)	(1,398)
Deferred tax	14	631	64	66	(139)
Income tax expense/(credit)		2,092	8,089	(640)	(1,537)
Deferred income tax included in income tax expense comprises:					
Decrease/(increase) in future tax benefit		631	64	66	(139)
		631	64	66	(139)

Notes	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
(b) Reconciliation of income tax expense to tax rate applicable to profits				
Profit/(deficit) before income tax expense	7,374	27,457	8,196	(6,960)
Tax at the New Zealand tax rate of 30% (2008: 33%)	2,212	9,061	2,459	(2,297)
Tax effect of amounts which are either not deductible or taxable in calculating taxable income:				
Income not subject to tax	(262)	(1,315)	(3,097)	(5,189)
Expenses not deductible for tax	156	236	203	6,151
Dividends from associates	461	-	-	-
Imputation credits on dividends received	138	40	137	40
Tax offset for imputed dividends	(460)	(122)	(457)	(121)
Change in tax rate	(66)	275	(8)	15
Overseas losses not recognised	336	6	-	-
Prior period adjustment	(423)	(92)	123	(136)
Income tax expense/(credit)	2,092	8,089	(640)	(1,537)

(c) Amounts recognised directly in equity

Aggregate deferred tax arising in the year and not recognised in the income statement but directly debited or credited to equity

Net deferred tax				
- (debited)/credited directly to equity	21	(1,862)	3,691	-
		(1,862)	3,691	-

The losses of Group companies within the consolidated tax group are shared. There are no tax losses available for carry forward in the Parent and no unrecognised temporary differences.

A reduction in the New Zealand corporate tax rate from 33% to 30% has resulted in a decrease in future tax benefits and a decrease in income tax expense of \$66,000 (2008: \$275,000 increase).

6. Earnings per share

Basic and diluted

Basic and diluted earnings per share are calculated by dividing the profit by the weighted average number of ordinary shares on issue during the year.

	Group		Parent	
	2009	2008	2009	2008
(a) Group result				
Profit/(deficit) after tax attributable to Shareholders of Parent company (\$000)	707	4,679	8,836	(5,423)
Weighted average number of ordinary shares on issue (thousands)	50,512	50,056	50,512	50,056
Basic and diluted earnings (per share)	1.4 cents	9.3 cents	17.5 cents	(10.8) cents

(b) Continuing operations

(Profit/(deficit) after tax from continuing operations attributable to Shareholders of Parent company (\$000)

	5,282	19,368	8,836	(5,423)
Weighted average number of ordinary shares on issue (thousands)	50,512	50,056	50,512	50,056
Basic and diluted earnings (per share)	10.5 cents	38.7 cents	17.5 cents	(10.8) cents

	Group		Parent	
	2009	2008	2009	2008
(c) Discontinued operations				
(Deficit) after tax from discontinued operations attributable to Shareholders of Parent company (\$000)	(4,575)	(14,689)	-	-
Weighted average number of ordinary shares on issue (thousands)	50,512	50,056	-	-
Basic and diluted earnings (per share)	(9.1) cents	(29.3) cents	-	-

7. Cash and cash equivalents

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Cash at bank and on hand	4,572	3,597	628	372
	4,572	3,597	628	372

The carrying amount for cash and cash equivalents equals the fair value.

8. Receivables and prepayments

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Trade receivables	31,937	48,085	-	-
Provision for impairment	(809)	(805)	-	-
Net trade receivables	31,128	47,280	-	-
Prepayments	1,749	1,494	-	62
Other receivables	1,032	2,109	42	33
Total receivables and prepayments	33,909	50,883	42	95
Due from subsidiaries	-	-	58,175	100,328
Provision for impairment	-	-	-	(16,575)
Receivables from related parties	-	-	58,175	83,753
Total receivables and prepayments	33,909	50,883	58,217	83,848

The analysis of net trade receivables that were past due but not impaired is as follows:

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Neither past due nor impaired	25,591	34,942	-	-
Past due but not impaired				
- One to three months	5,537	12,338	-	-
- Over three months	-	-	-	-
	31,128	47,280	-	-

(a) Provision for impairment of trade receivables

The movements in the provision for impairment of trade receivables are as follows:

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Balance at beginning of period	805	1,072	-	-
Provision for doubtful debts recognised in the income statement during the year	424	289	-	-
Receivables written off during the year as uncollectible	(420)	(522)	-	-
Discontinued operations	-	(34)	-	-
Balance at end of period	809	805	-	-

(b) Effective interest rates

The effective weighted average interest rates are as follows:

	Group		Parent	
	2009 %	2008 %	2009 %	2008 %
Due from subsidiaries	-	-	9.50	9.50

(c) Credit risk

The Group has a large number of customers and therefore no concentration of credit risk with any one customer. Credit risk is spread across a number of countries as follows:

	Group		Parent	
	2009 %	2008 %	2009 %	2008 %
New Zealand	90.7	93.2	100.0	100.0
Australia	9.2	6.7	-	-
Other	0.1	0.1	-	-
	100.0	100.0	100.0	100.0

(d) Fair value

The fair value of trade and other receivables approximates their carrying value.

9. Inventories

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Raw materials	993	1,163	-	-
Work in progress	1,093	1,616	-	-
Finished goods	105,038	129,812	-	-
	107,124	132,591	-	-

The Group has recognised a loss of \$0.1 million (2008: \$0.6 million) in respect of both the sale of inventories previously written down and an adjustment of inventories to net realisable value. The loss has been included in 'cost of inventory sold' in the income statement. Inventory is pledged as security as detailed in Note 17.

10. Derivative financial instruments

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Current assets				
Forward foreign exchange contracts	2	700	-	-
Total current derivative financial instrument assets	2	700	-	-
Current liabilities				
Forward foreign exchange contracts	8,044	2,296	-	-
Total current derivative financial instrument liabilities	8,044	2,296	-	-

Instruments used by the Group

The Group is party to forward foreign exchange contracts in the normal course of business in order to hedge exposure to fluctuations in foreign currency exchange rates as the Group purchases and sells inventory denominated in foreign currency.

At 30 June 2009 the Group had entered into forward exchange contracts to sell the equivalent of NZ\$74.7 million (2008: NZ\$66.7 million). The currencies in which the Group primarily deals are Australian Dollars, Japanese Yen, United States Dollars and the Euro.

Forward exchange contracts - cash flow hedges

These contracts are hedging committed or highly probable forecast purchases of inventory for the ensuing financial year.

The contracts are timed to mature when major shipments of inventory are scheduled to be despatched and the liability settled.

The cash flows are expected to occur at various dates within one year from the balance date.

Where forward exchange contracts have been designated and tested as an effective hedge the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. These gains or losses will be recognised in the income statement as 'cost of inventory sold' over the next financial year as the related inventory is sold.

At balance date the fair value of these contracts were net liabilities of NZ\$8.04 million (2008: NZ\$1.68 million).

Where forward exchange contracts are not designated and tested as an effective hedge, the gain or loss on the forward contract is recognised in the income statement as other expenses. At balance date these contracts were assets of NZ\$0.0 million (2008: NZ\$0.08 million).

11. Loans and advances

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
(a) Current				
Loans and advances	1,254	3,387	-	-
Provision for impairment	(1,200)	(45)	-	-
Net loans and advances	54	3,342	-	-
Movement:				
Balance at beginning of period	3,342	154	-	155
Loan made during year	-	3,250	-	-
Repayments during year	(1,388)	(110)	-	(110)
Reclassified (to)/from non-current	(700)	93	-	-
Provision for impairment	(1,200)	(45)	-	(45)
Balance at end of period	54	3,342	-	-

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
(b) Non-current				
Loans and advances	3,238	2,592	-	-
Provision for impairment	(3,238)	-	-	-
Net loans and advances	-	2,592	-	-
Movement:				
Balance at beginning of period	2,592	784	-	334
Loan made during year	-	2,583	-	-
Repayments during year	(54)	(609)	-	(260)
Reclassified from/(to) non-current	700	(93)	-	-
Provision for impairment	(3,238)	(73)	-	(74)
Balance at end of period	-	2,592	-	-

(c) Interest rate risk

The effective weighted average interest rate is 8.25% (2008: 6.0%).

(d) Credit risk

In 2008 loans and advances included the proceeds receivable on the sale of the trade and assets of BBQ Factory Limited. In 2009 this loan has been fully provided for. Risk is now concentrated with one party.

(e) Fair value

The fair value of loans and advances approximates their carrying value.

12. Investments

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
(a) Total investments				
Shares in associates	2,962	5,808	2,962	4,467
Shares in subsidiaries	-	-	77,536	77,536
	2,962	5,808	80,498	82,003
Movement:				
Balance at beginning of period	5,808	5,283	82,003	89,034
Change in consideration paid during year	-	-	-	(3,186)
Acquisitions/loans during year	20	45	20	45
Deposit on acquisition reclassified to goodwill	-	(861)	-	-
Liquidation of subsidiary company	-	-	-	(2,236)
Provision for impairment	-	-	(355)	(1,654)
Share of total recognised revenue and expenses of associates	(102)	1,586	-	-
Dividends from associates	(2,764)	(245)	(1,170)	-
Balance at end of period	2,962	5,808	80,498	82,003

(b) Associates

Name	Activity	2009 Interest	2008 Interest
BPF 2008 Limited (formerly Bombay Petfoods Limited)	Petfood supplier	-	49.0%
Energy Intellect Limited	Metering/communications	34.4%	34.4%

The associated companies have a balance date of 30 June and are incorporated in New Zealand.

The Group's share of the results of its associated companies and its aggregated assets and liabilities are as follows:

	2009 \$000	2008 \$000
Assets	2,475	5,586
Liabilities	334	595
Revenues	2,009	6,040
(Deficit)/profit	(102)	1,586

The sale of the trade and assets of Bombay Petfoods Limited was completed on 30 June 2008 and all conditions of sale were either satisfied or waived as at that date. The Group's share of the gain on sale has been reflected in the share of total recognised revenue and expenses of associates in 2008.

(c) Principal Subsidiaries

Name	Activity	2009 Interest	2008 Interest
AB Equipment Limited	Materials handling and construction equipment importer and distributor	100%	100%
AB Rental Limited	Forklift rentals	100%	100%
Brake & Transmission NZ Limited	Automotive parts distributor	100%	100%
Diesel Distributors Limited	Diesel engine components distributor	100%	100%
Diesel Distributors Australia Pty Limited	Diesel engine components distributor	100%	100%
Discount Shoe Warehouse Limited	Specialty shoe retailer	100%	100%
Elldex Packaging Limited	Packaging manufacturer and distributor	100%	100%
Eurolift NZ Limited	Forklift sales and rentals	100%	100%
R Hannah & Co Limited	Specialty shoe retailer	100%	100%
Retail Properties 2008 Limited	Property leasing company	100%	100%
TradedEquipment.com Limited	Materials handling and construction equipment re-seller	100%	-
TRS Tyre & Wheel Limited	Tyre and wheel importer and distributor	100%	100%
TRS Tyre & Wheel Pty Limited	Tyre and wheel importer and distributor	100%	100%

On 30 June 2008 Hellaby Holdings sold the trade and assets of BBQ Factory Limited for consideration of \$5.8 million.

On 31 October 2007 Hellaby Holdings sold the assets and business of Levana Textiles Limited for \$5.9 million.

On 31 July 2007 Elldex Packaging Limited acquired the trade and assets of the Christchurch operations of Chequer Packaging Limited (In Receivership) for consideration of \$5.8 million.

On 6 July 2007 Elldex Packaging Limited acquired the trade and assets of PPL Corporation Limited for consideration of \$6.4 million.

All companies above have a balance date of 30 June and are incorporated in New Zealand, with the exception of Diesel Distributors Australia Pty Limited and TRS Tyre & Wheel Pty Limited which are incorporated in Australia.

13. Property, plant and equipment

(a) GROUP

2009

	Leasehold improvements \$000
Year ended 30 June 2009	
Opening net book amount	1,129
Additions	893
Disposals	(7)
Depreciation charge	(251)
Closing net book amount	1,764
As at 30 June 2009	
Cost	3,265
Accumulated depreciation and impairment	(1,501)
Net book amount	1,764

2008

	Freehold land \$000	Freehold buildings \$000	Leasehold improvements \$000
Year ended 30 June 2008			
Opening net book amount	-	-	1,642
Acquisition of assets by subsidiaries	1,300	1,100	-
Additions	-	-	1,707
Disposal of assets by subsidiaries	-	-	(979)
Disposals	(1,300)	(1,100)	(117)
Depreciation charge	-	-	(632)
Impairment	-	-	(492)
Closing net book amount	-	-	1,129
As at 30 June 2008			
Cost	-	-	3,178
Accumulated depreciation and impairment	-	-	(2,049)
Net book amount	-	-	1,129

Included in plant and equipment are assets available to be leased. The cost and accumulated depreciation of these assets are as follows:

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Cost	3,889	11,080	-	-
Accumulated depreciation and impairment	(1,073)	(5,027)	-	-
Net book amount	2,816	6,053	-	-

Plant and equipment \$000	Furniture and office equipment \$000	Motor vehicles \$000	Total \$000
18,315	12,307	2,731	34,482
9,772	2,201	472	13,338
(10,507)	(278)	(1,406)	(12,198)
(3,409)	(2,938)	(704)	(7,302)
14,171	11,292	1,093	28,320
25,731	35,920	5,262	70,178
(11,560)	(24,628)	(4,169)	(41,858)
14,171	11,292	1,093	28,320

Plant and equipment \$000	Furniture and office equipment \$000	Motor vehicles \$000	Total \$000
19,443	12,909	2,938	36,932
1,563	-	-	3,963
10,910	3,456	960	17,033
(690)	(409)	(5)	(2,083)
(8,146)	(412)	(82)	(11,157)
(4,675)	(3,099)	(1,080)	(9,486)
(90)	(138)	-	(720)
18,315	12,307	2,731	34,482
39,127	36,475	8,535	87,315
(20,812)	(24,168)	(5,804)	(52,833)
18,315	12,307	2,731	34,482

(b) PARENT
2009

	Leasehold improvements \$000	Furniture and office equipment \$000	Total \$000
Year ended 30 June 2009			
Opening net book amount	83	34	117
Additions	2	18	20
Disposals	-	-	-
Depreciation charge	(11)	(10)	(21)
Closing net book amount	74	42	116
As at 30 June 2009			
Cost	88	101	189
Accumulated depreciation and impairment	(14)	(59)	(73)
Net book amount	74	42	116

2008

	Leasehold improvements \$000	Furniture and office equipment \$000	Total \$000
Year ended 30 June 2008			
Opening net book amount	-	25	25
Additions	86	23	109
Disposals	-	(5)	(5)
Depreciation charge	(3)	(9)	(12)
Closing net book amount	83	34	117
As at 30 June 2008			
Cost	86	85	171
Accumulated depreciation and impairment	(3)	(51)	(54)
Net book amount	83	34	117

14. Taxation

(a) Future tax benefit

GROUP

	Prepaid tax \$000	Depreciation \$000	Provisions \$000	Other \$000	Total \$000
At 30 June 2007	12,566	(149)	3,200	2,983	18,600
Debited/(credited) to the income statement	-	(95)	133	(102)	(64)
Losses available for future offset	-	-	-	(1,201)	(1,201)
Future tax benefit not previously recognised	-	-	-	83	83
Movement in imputation credit account	(2,464)	-	-	-	(2,464)
Reclassified to tax payable	(8,810)	-	-	-	(8,810)
Current tax expense	56	-	-	-	56
Discontinued operations	6,094	238	576	(55)	6,853
Charged directly to equity	-	-	-	498	498
At 30 June 2008	7,442	(6)	3,909	2,206	13,551
Debited/(credited) to the income statement	-	(3)	(404)	(224)	(631)
Future tax benefit not previously recognised	-	-	-	7	7
Movement in imputation credit account	771	-	-	-	771
Reclassified to tax payable	(2,488)	-	-	-	(2,488)
Discontinued operations	142	(53)	(6)	-	83
Charged directly to equity	-	-	-	1,862	1,862
At 30 June 2009	5,867	(62)	3,499	3,851	13,155

PARENT

	Prepaid tax \$000	Depreciation \$000	Provisions \$000	Other \$000	Total \$000
At 30 June 2007	12,124	3	84	(251)	11,960
Credited/(debited) to the income statement	-	(4)	75	68	139
Movement in imputation credit account	(2,464)	-	-	-	(2,464)
Transferred from subsidiaries	(9,710)	-	-	-	(9,710)
Current tax expense	1,398	-	-	-	1,398
Loss from discontinued operations	6,094	-	-	-	6,094
At 30 June 2008	7,442	(1)	159	(183)	7,417
Credited/(debited) to the income statement	-	(2)	(127)	63	(66)
Movement in imputation credit account	771	-	-	-	771
Reclassified to tax payable	(416)	-	-	-	(416)
Transferred from subsidiaries	(2,778)	-	-	-	(2,778)
Current tax expense	706	-	-	-	706
Discontinued operations	142	-	-	-	142
At 30 June 2009	5,867	(3)	32	(120)	5,776

A reduction in the New Zealand corporate tax rate from 33% to 30% has resulted in a increase in future tax benefits and a decrease in income tax expense of \$66,000 (2008: \$275,000 increase).

(b) Current tax liability/(asset)

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Movements				
Balance at beginning of period	1,058	2,292	(205)	2,259
Movement in imputation credit account	771	(2,464)	771	(2,464)
Reclassified from prepaid tax	(2,488)	(8,810)	(416)	-
Reclassified from future tax benefit	-	(1,201)	-	-
Tax on cash flow hedge reserve	-	3,954	-	-
Current tax	1,461	8,081	-	-
Tax paid	(802)	(794)	(150)	-
Balance at end of period	-	1,058	-	(205)

15. Intangible assets**GROUP**

	Computer software	Brands	Goodwill	Total
	\$000	\$000	\$000	\$000
At 30 June 2007				
Cost	4,600	7,983	66,263	78,846
Accumulated amortisation and impairment	(2,529)	(7,200)	(11,593)	(21,322)
Net book amount	2,071	783	54,670	57,524
Year ended 30 June 2008				
Opening net book amount	2,071	783	54,670	57,524
Acquisitions/change in consideration paid	695	-	(230)	465
Disposal of assets by subsidiaries	(367)	-	-	(367)
Disposals	(1)	-	-	(1)
Amortisation charge	(749)	-	-	(749)
Impairment	(1)	-	-	(1)
Closing net book amount	1,648	783	54,440	56,871
At 30 June 2008				
Cost	4,436	783	54,440	59,659
Accumulated amortisation and impairment	(2,788)	-	-	(2,788)
Net book amount	1,648	783	54,440	56,871
Year ended 30 June 2009				
Opening net book amount	1,648	783	54,440	56,871
Acquisitions/change in consideration paid	725	-	81	806
Disposals	(2)	-	-	(2)
Amortisation charge	(638)	-	-	(638)
Closing net book amount	1,733	783	54,521	57,037
At 30 June 2009				
Cost	4,712	783	54,521	60,016
Accumulated amortisation and impairment	(2,979)	-	-	(2,979)
Net book amount	1,733	783	54,521	57,037

An adjustment to the purchase price of the trade and assets of PPL Corporation Limited resulted in additional goodwill of \$81,000.

There are no intangible assets in the Parent company.

Impairment tests for goodwill and indefinite life brands

Goodwill and brands are allocated to the Group's cash generating units (CGUs) identified according to subsidiary. A summary of the goodwill and brands by segment is presented below:

	2009	2008
	\$000	\$000
Automotive		
Diesel Distributors Limited - Goodwill	1,406	1,406
Diesel Distributors Australia Pty Limited - Goodwill	1,012	1,012
Brake & Transmission NZ Limited - HCB Goodwill	3,888	3,888
Brake & Transmission NZ Limited - NZ Brake Co Goodwill	1,312	1,312
TRS Tyre & Wheel Limited - Goodwill	9,366	9,366
Goodwill on acquisitions by subsidiaries	2,840	2,840
	19,824	19,824
Footwear		
R Hannah & Co Limited - Goodwill	7,002	7,002
- Brands	783	783
Discount Shoe Warehouse Limited - Goodwill	19,539	19,539
Goodwill on acquisition by subsidiaries	397	397
	27,721	27,721
Packaging		
Elldex Packaging Limited - Goodwill	7,759	7,678
	7,759	7,678
	55,304	55,223

Goodwill on acquisition by subsidiaries principally relates to acquisitions of franchises and branches by Brake & Transmission NZ Limited.

On an annual basis, the recoverable amount of the goodwill and brands above is determined based on value in use calculations for each cash generating unit, being the subsidiary the goodwill or brands relates to.

These value in use calculations are based on financial budgets and forecasts approved by the Directors. Cash flows beyond this period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for the value in use calculations for all cash generating units are as follows:

	2009	2008
Growth rate	3.0%	3.0%
Pre-tax discount rate	13.5%	13.0-14.0%
Cash flow forecast period	25 years	25 years

For the purposes of calculating value in use, management has determined the initial EBIT based on forecasts for the first two years, thereafter a growth rate of 3% has been used. The growth rates are consistent with past experience. The discount rates used are pre-tax and reflect specific risks relating to the CGUs. The cash flow forecast period of 25 years has been selected based on there being no foreseeable limit over which the cash generating unit is expected to derive net cash inflows for the Group.

The calculation supports the carrying amount of the recorded goodwill. The Directors believe that any reasonably possible change in the key assumptions used in the calculation would not cause the carrying amount to exceed its recoverable amount.

16. Payables and provisions

(a) Current

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Trade and other payables	39,686	57,737	458	1,117
Provisions	6,372	8,087	163	588
	46,058	65,824	621	1,705

The fair value of trade and other payables approximates their carrying value.

(b) Non-current

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Other payables	279	346	-	-
Provisions	190	340	-	-
	469	686	-	-

(c) Provisions

GROUP

	Rent abatement \$000	Maintenance provisions \$000	Warranty provisions \$000	Unexpired leases \$000	Other \$000	Total \$000
At 1 July 2008	133	2,432	491	1,342	4,029	8,427
(Credited)/charged in income statement	(22)	4,077	(7)	342	1,812	6,202
Used during the year	(111)	(4,027)	(333)	(334)	(3,262)	(8,067)
At 30 June 2009	-	2,482	151	1,350	2,579	6,562

PARENT

	Rent abatement \$000	Other \$000	Total \$000
At 30 June 2008	133	455	588
(Credited)/charged in income statement	(22)	350	328
Used during the year	(111)	(642)	(753)
At 30 June 2009	-	163	163

Analysis of provisions

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Non-current	190	340	-	-
Current	6,372	8,087	163	588
	6,562	8,427	163	588

The maintenance provision relates to maintenance obligations in relation to equipment which is leased by the Group and on-leased to customers for periods up to 5 years. The provision is estimated based on historic maintenance costs and is expected to be utilised over the period of the leases.

The warranty provision relates to warranties offered on goods sold to customers. The provision has been estimated based on historic costs and is expected to be utilised over the warranty period, typically being 1 year.

The unexpired lease provision relates to leases of Retail Properties 2008 Limited (formerly BBQ Factory Limited). This provision has been estimated based on expected lease payments less recoveries and is expected to be utilised within 1 year.

Other provisions primarily relate to provisions associated with the sale of BBQ Factory Limited and employee bonuses which are expected to be utilised within 1 year.

17. Borrowings and capital notes

(a) Current borrowings

GROUP

	Effective interest rate		2009 \$000	2008 \$000
	2009 %	2008 %		
Secured				
Bank overdrafts	-	10.50	-	244
Trade loans	2.73	1.25	7,733	9,361
Total secured current interest bearing borrowings			7,733	9,605

Current interest bearing borrowings are denominated in the following foreign currencies:

	2009 \$000	2008 \$000
Japanese yen	7,205	8,053
United States dollars	418	-
European Union euros	110	762
Swedish kroner	-	790
	7,733	9,605

There are no current borrowings in the Parent company.

(b) Non-current borrowings

GROUP AND PARENT

	Effective interest rate		2009 \$000	2008 \$000
	2009 %	2008 %		
Secured				
Bank loans	3.80	9.10	51,000	85,500
Total secured non-current interest bearing borrowings			51,000	85,500

The exposure of the Group's borrowings to interest rate changes and the contractual repricing date at the balance sheet date are as follows:

	Group and Parent	
	2009 \$000	2008 \$000
6 months or less	51,000	85,500
	51,000	85,500

The maturity of non-current borrowings is as follows:

	Group and Parent	
	2009 \$000	2008 \$000
Between 1 and 2 years	-	85,500
Between 2 and 3 years	51,000	-
	51,000	85,500

The carrying amount of the current and non-current borrowings approximates their fair value.

Security for secured current and non-current borrowings is provided in the form of a General Security Agreement over all the assets of the Guaranteeing Group. The Guaranteeing Group includes all the trading companies of the Group with the exception of the Australian companies.

The carrying accounts of the Group's borrowings are denominated in New Zealand dollars, with the exception of trade loans that are predominately denominated in Japanese Yen.

The Group has the following undrawn borrowing facilities:

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Floating rate:				
Expiring between 1 and 3 years	34,454	43,108	31,000	36,500

(c) Capital notes

	Group and Parent \$000
At 1 July 2007	48,525
Amortisation of issue costs	373
At 30 June 2008	48,898
Amortisation of issue costs	373
At 30 June 2009	49,271

On 26 June 2006 Hellaby Holdings issued 50.0 million capital notes with an aggregate face value of \$50.0 million.

The notes mature on 15 June 2011, and at the option of Hellaby Holdings allow the holder to redeem the notes for cash, give the holder the option to renew the notes on new terms and conditions, or subject to shareholder approval, convert into ordinary shares. The notes can also be redeemed early at the option of Hellaby Holdings (from 16 June 2008). Interest on the notes is payable at 8.50% per annum, quarterly in arrears.

18. Imputation credits

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Balance				
Imputation credit account credit balance	2,805	3,057	2,769	205
Movements				
Dividends paid	(1,485)	-	(1,485)	-
Dividends received	460	124	2,106	2,464
Transferred from subsidiaries	-	-	1,867	-
Prior period adjustment	-	72	-	-
Taxation paid	773	902	76	-
	(252)	1,098	2,564	2,464

19. Discontinued operations

The results of Retail Properties 2008 Limited (formerly BBQ Factory Limited), the trade and assets of which were sold effective 30 June 2008, are recorded as discontinued operations.

An analysis of the result of discontinued operations is as follows:

	2009 \$000	2008 \$000
Revenue	-	31,239
Expenses	(532)	(38,380)
(Deficit) before interest and tax from operating activities	(532)	(7,141)
Finance revenue/(costs)	302	(1,994)
(Deficit) before tax from operating activities	(230)	(9,135)
Profit/(loss) on disposal of shares and assets	10	(11,916)
Provision for impairment	(4,438)	(720)
Intangible asset impairment	-	(1)
(Deficit) before tax from discontinued operations	(4,658)	(21,772)
Income tax credit	83	7,083
(Deficit) after tax from discontinued operations	(4,575)	(14,689)

Cash flows from discontinued operations are as follows:

	2009 \$000	2008 \$000
Cash from operating activities	(616)	(11,783)
Cash from investing activities	1,360	(756)
Cash from financing activities	(477)	12,586
Total cash flows from discontinued operations	267	47

20. Contributed equity

	No. of shares		Group and Parent	
	2009 Shares	2008 Shares	2009 \$000	2008 \$000
Opening ordinary shares	50,243,782	50,008,776	20,145	19,752
Shares issued under dividend reinvestment plan	403,916	235,006	663	393
Total ordinary shares	50,647,698	50,243,782	20,808	20,145

All shares on issue are fully paid and have no par value. All ordinary shares rank equally with one vote attached to each fully paid ordinary share with the exception of treasury stock as all their rights and obligations are suspended. Treasury stock as at 30 June 2009 totalled Nil (30 June 2008: 67,520 shares).

On 3 March 2006 Hellaby Holdings announced it was introducing a dividend reinvestment plan, providing shareholders with the opportunity to utilise all or part of their dividends to purchase shares in Hellaby Holdings. 67,250 shares, previously held as treasury stock, were issued during the year ended 30 June 2009 (2008: 235,006 shares) to shareholders who participated in the dividend reinvestment plan with a value of \$0.1 million (2008: \$0.4 million).

21. Capital and reserves

GROUP

	Share capital \$000	Cash flow hedge \$000	Retained earnings \$000	Total \$00
Balance at 1 July 2007	19,752	(8,514)	69,400	80,638
Total recognised income and expenses	-	-	4,679	4,679
Dividend payment	393	-	(2,500)	(2,107)
Cash flow hedges:				
- Fair value gains in year	-	8,180	-	8,180
- Tax on fair value gains	-	(2,700)	-	(2,700)
- Transfers to net profit	-	2,561	-	2,561
- Tax on transfers to net profit	-	(845)	-	(845)
- Transfers to inventory	-	290	-	290
- Tax on transfers to inventory	-	(96)	-	(96)
- Change in tax rate	-	(50)	-	(50)
Balance at 30 June 2008	20,145	(1,174)	71,579	90,550
Balance at 1 July 2008	20,145	(1,174)	71,579	90,550
Total recognised income and expenses	-	-	707	707
Dividend payment	663	-	(3,015)	(2,352)
Cash flow hedges:				
- Fair value gains in year	-	(3,576)	-	(3,576)
- Tax on fair value gains	-	1,074	-	1,074
- Transfers to net profit	-	(30)	-	(30)
- Tax on transfers to net profit	-	9	-	9
- Transfers to inventory	-	(2,601)	-	(2,601)
- Tax on transfers to inventory	-	779	-	779
Balance at 30 June 2009	20,808	(5,519)	69,271	84,560

PARENT

	Share capital \$000	Retained earnings \$000	Total \$000
Balance at 1 July 2007	19,752	25,637	45,389
Total recognised income and expenses	-	(5,423)	(5,423)
Dividend payment	393	(2,500)	(2,107)
Balance at 30 June 2008	20,145	17,714	37,859
Balance at 1 July 2008	20,145	17,714	37,859
Total recognised income and expenses	-	8,836	8,836
Dividend payment	663	(3,015)	(2,352)
Balance at 30 June 2009	20,808	23,535	44,343

22. Dividends - ordinary shares

	Cents per share		Group and Parent	
	2009 cents	2008 cents	2009 \$000	2008 \$000
Final dividend for the year ended 30 June 2008	6	-	2,352	-
Interim dividend for the year ended 30 June 2008	-	5	-	2,107
	6	5	2,352	2,107

Dividends are paid in cash or through the issue of shares in accordance with the dividend reinvestment plan (see Note 20).

The 2008 final dividend was imputed (2008 interim: unimputed). Supplementary dividends of \$28,000 (2008: \$Nil) were paid to shareholders not tax-resident in New Zealand for which Hellaby Holdings received a foreign investor tax credit entitlement.

23. Related party transactions

(a) Loans (from)/to related parties

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Loans (from) associates				
Beginning of the period	-	(552)	-	(552)
Loans repaid	-	552	-	552
End of the period	-	-	-	-
Loans to subsidiaries				
Beginning of the period	-	-	83,753	97,741
Loans (repaid)/made	-	-	(24,139)	1,932
Interest charged	-	-	10,589	13,182
Impairment of related party loan	-	-	-	(16,575)
Interest received	-	-	(12,028)	(12,527)
End of the period	-	-	58,175	83,753

(b) Transactions with key management

On 30 June 2008 BBQ Factory Limited sold the trade and assets of the company. Two senior BBQ Factory managers (T Wilson and S Lester) participated as minority shareholders in the acquiring entity.

Automotive franchise holder, Midas New Zealand, is owned by parties associated with Hellaby Holdings current and past directors, H Green, RW Carter and DMJ Houldsworth, and Brake & Transmission NZ Limited ('BNT') Chief Executive, G Horne. The purchase rebate payable by BNT to Midas New Zealand for the year is estimated at \$37,500 (2008: \$38,000).

BNT leases premises at Omega Street, North Harbour, Auckland owned by a company associated with G Horne, BNT's Chief Executive. Lease payments of \$556,000 were made for the year (2008: \$513,000) on normal arms length terms. There is no balance owing to the Group at 30 June 2009 (30 June 2008: \$Nil).

BNT leases premises at Vogel Street, Dunedin, owned by a company associated with G Horne. Lease payments of \$54,000 were made for the year (2008 part year: \$30,000) on normal arms length terms.

BNT leases premises at Downer Street, Lower Hutt, owned by a company associated with G Horne. Lease payments of \$20,000 were made for the year (2008: \$Nil) on normal arms length terms.

BNT leases premises at Midas Place, Christchurch owned by a company associated with P Eden, General Manager of HCB Technologies, a division of BNT. Lease payments of \$31,000 were made for the year (2008: \$30,000) on normal arms length terms.

(c) Key management compensation was as follows:

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Salaries and bonuses	3,009	2,852	646	493
Short term employee benefits	178	188	52	27
Termination benefits	-	-	-	-
Total salaries and bonuses, short term employee benefits and termination benefits	3,187	3,040	698	520

24. Capital expenditure commitments

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Commitments at the end of the year not provided for in the financial statements	851	367	-	-

25. Operating leases

Leases as lessee

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Within one year	45,558	46,240	142	43
One to two years	34,090	38,273	142	116
Two to five years	47,684	59,466	358	348
More than five years	11,587	14,468	203	319
Total operating lease commitments	138,919	158,447	845	826

The Group leases various retail and wholesale outlets, offices and warehouses under operating lease agreements. The leases reflect normal commercial arrangements with varying terms, escalation clauses and renewal rights.

The lease expenditure charged to the income statement during the period is disclosed in Note 4.

Leases as lessor

The Group leases out equipment under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Within one year	19,613	19,151	-	-
One to two years	14,355	14,798	-	-
Two to five years	14,002	17,011	-	-
More than five years	390	237	-	-
Total operating lease commitments	48,360	51,197	-	-

26. Contingent liabilities

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Contingent liabilities under contracts, guarantees and other agreements arising in the ordinary course of business on which no loss is anticipated are as follows:				
Guarantees in respect of performance of contracts	76,503	71,213	-	-
Letters of credit	2,535	4,122	-	-
Total contingent liabilities	79,038	75,335	-	-

27. Reconciliation of net cash flow from operating activities to reported profit from continuing operations

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Profit/(deficit) before tax from continuing operations	7,374	27,457	8,196	(6,960)
Adjusted for:				
Depreciation	7,275	8,786	21	12
Amortisation	1,011	901	373	373
Unrealised exchange (gains)/losses	139	(436)	-	(2)
Discount on acquisition of business	-	(116)	-	-
Share of retained deficit/(surpluses) of associated companies	102	(1,586)	-	-
Dividends from associated companies	-	-	(1,559)	-
Net (profit)/loss on sale of assets/shares	(395)	(1,597)	(8)	5
Taxation	(802)	(794)	(150)	-
Provision for investments to net tangible value	-	73	355	1,728
Impairment of related party loan	-	-	-	16,575
Cash from operating activities of discontinued operations	(616)	(11,783)	-	-
Impact of changes in working capital items:				
Decrease/(increase) in debtors and prepayments	16,974	692	628	273
(Decrease)/increase in creditors and provisions	(18,668)	17,792	(566)	(1,110)
Decrease/(increase) in inventories	25,467	(17,647)	-	-
Net cash inflow from operating activities	37,861	21,742	7,290	10,894