

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 Financial 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. The entities' owners do not have the power to amend the financial statements after issue.

Entities reporting

The Group consists of Hellaby Holdings Limited (the Parent) and its subsidiary companies (the Group) as detailed in Note 12. Its registered office is at Level 5, 10 Viaduct Harbour Avenue, Auckland. Hellaby Holdings is domiciled and incorporated in New Zealand.

Hellaby Holdings is an investment company with shareholdings in a diversified range of New Zealand and Australian industrial, distribution and retail businesses.

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.

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 the Company 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).

(iii) *Income taxes*

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(iv) *Insurance proceeds*

The Group has lodged claims with its insurance provider in respect of costs and losses arising from the natural disasters which struck New Zealand in the year ended 30 June 2011. Where amounts of these claims remain outstanding at year end the Group has assessed the likelihood and level of those amounts and accrued as income only those amounts for which there is evidence to support that estimate.

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 2011 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 acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. 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). 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. The Parent accounts for investments in associates at the lower of cost, less amounts written off, or market value.

(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.

The Parent company charges management fees and interest to subsidiaries for services and funds provided. Sales and other 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 rate prevailing on the date of the transaction)
- 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.

(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 or leased under operating leases from third parties. Owned assets 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 operating subsidiary level 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 receivable balances are reviewed on an ongoing basis. Debts known to be uncollectible are written off. A provision for impaired 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 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 impairment provision, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the impairment provision. 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, is sold or terminated, no longer meets the criteria for hedge accounting or 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 the 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 principal 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 which 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) Computer software costs

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

(q) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. Certain suppliers have security registered under the Personal Property Securities Register.

(r) 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.

(s) 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 the Parent or 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.

(t) Provisions

Provisions for maintenance, service warranties, unexpired leases and other amounts 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.

(u) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, bonuses, superannuation and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in current liabilities 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.

(v) Share based payments

The Group operates a long term incentive scheme for key management personnel of the Parent, which contains a cash-settled total shareholder return based payment transaction as well as an equity-settled total shareholder return based payment transaction, the latter being where the Group has a choice of settlement, either in cash or ordinary shares.

For the cash-settled component, the Group recognises an expense and a liability as the participants render service over the vesting period at the fair value of the liability. Until the liability is settled, the Group re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period. The fair value of the liability is measured taking into account the terms and conditions of the scheme.

The component where the Group has a choice of settlement is accounted for as an equity-settled share-based payment transaction on the basis that the Group has no present legal or constructive obligation to settle in cash. The Group recognises an expense as the participants render service over the vesting period with a corresponding increase in equity. The total amount to be expensed is determined at inception date based on the terms and conditions of the scheme including market performance conditions but excluding the impact of the service conditions, i.e. the employee remaining in continuous employment during the vesting period. At the end of each reporting period, the Group revises its estimate of the service conditions and recognises the effect of the revision of original estimates in the income statement, with a corresponding adjustment to equity.

(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 are calculated by dividing the profit attributable to the Group or Parent, 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) Commitments and 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 commitments and 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) International Financial Reporting Standards adopted during the year

NZ IFRS 5 (Amendment): Non-current assets held-for-sale and discontinued operations became mandatory for annual periods beginning on or after 1 July 2010. The amendment is part of the IASB's annual improvements project published in May 2009. 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.

NZ IAS 1 (Amendment): Presentation of financial statements is part of the IASB's annual improvements project published in April 2010. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

There were 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, that were adopted during the year.

The adoption of these new standards has not had a material impact on these accounts.

(ad) New International Financial Reporting Standards

There are no standards, amendments, and interpretations to existing standards that have been issued and yet to be adopted by the Group that are likely to have an impact on the accounts.

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, capital 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 is responsible for managing exposures in each foreign currency by using external foreign 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 percentage is the sensitivity rate used when reporting foreign currency risk internally. 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 and short-term borrowings. Borrowings may be at variable rates and therefore the Group would be exposed to interest rate risk. At present the Group does not hedge its interest rate exposures but may from time to time choose to do so.

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).

GROUP

	Carrying amount \$000	Interest rate risk		Foreign exchange risk			Effect on equity \$000
		+ 10 bp Effect on profit before tax and equity \$000	- 10 bp Effect on profit before tax and equity \$000	+ 10% Effect on profit before tax \$000	- 10% Effect on profit before tax \$000	Effect on equity \$000	
2011							
Financial Assets							
Derivative financial instruments	15	-	-	46	(288)	(44)	352
Trade receivables	29,812	-	-	(292)	(292)	357	357
Cash and cash equivalents	1,132	1	(1)	(34)	(34)	27	27
Financial Liabilities							
Derivative financial instruments	6,569	-	-	1,319	(7,294)	(1,236)	8,915
Trade payables	36,607	-	-	(1,365)	(1,365)	1,280	1,280
Core debt and borrowings	25,620	(26)	26	(11)	(11)	13	13
Total (decrease)/ increase		(25)	25	(337)	(9,284)	397	10,944

2010

	Carrying amount \$000	Interest rate risk		Foreign exchange risk			Effect on equity \$000
		+ 10 bp Effect on profit before tax and equity \$000	- 10 bp Effect on profit before tax and equity \$000	+ 10% Effect on profit before tax \$000	- 10% Effect on profit before tax \$000	Effect on equity \$000	
Financial Assets							
Derivative financial instruments	1,476	-	-	(942)	(5,609)	1,168	6,855
Trade receivables	30,464	-	-	(229)	(229)	280	280
Cash and cash equivalents	1,656	2	(2)	(91)	(91)	107	107
Loans and advances	30	-	-	-	-	-	-
Financial Liabilities							
Derivative financial instruments	445	-	-	(342)	(2,037)	424	2,490
Trade payables	30,629	-	-	1,284	1,284	(1,592)	(1,592)
Core debt and borrowings	25,266	(25)	25	-	-	-	-
Total (decrease)/ increase		(23)	23	(320)	(6,682)	387	8,140

The effect on profit of a movement is shown net of those movements where there is an effective hedge relationship between financial instruments and payables.

PARENT

	Carrying amount \$000	Interest rate risk		Foreign exchange risk			Effect on equity \$000
		+ 10 bp Effect on profit before tax and equity \$000	- 10 bp Effect on profit before tax and equity \$000	+ 10% Effect on profit before tax \$000	- 10% Effect on profit before tax \$000	Effect on equity \$000	
2011							
Financial Assets							
Cash and cash equivalents	1,170	1	(1)	-	-	-	-
Financial Liabilities							
Core bank debt	25,500	(26)	26	-	-	-	-
Total (decrease)/increase		(25)	25	-	-	-	-
2010							
Financial Assets							
Cash and cash equivalents	1,044	1	(1)	-	-	-	-
Financial Liabilities							
Core bank debt	25,000	(25)	25	-	-	-	-
Total (decrease)/increase		(24)	24	-	-	-	-

Financial assets/liabilities by category

GROUP 2011

Asset/(Liability)	Loans and receivables \$000	Derivatives used for hedging \$000	Liabilities at amortised cost \$000
Cash and cash equivalents	1,132	-	-
Trade receivables	29,812	-	-
Derivative financial instruments	-	(6,554)	-
Trade payables	-	-	(36,607)
Core debt and borrowings	-	-	(25,620)
	30,944	(6,554)	(62,227)

2010

Asset/(Liability)	Loans and receivables \$000	Derivatives used for hedging \$000	Liabilities at amortised cost \$000
Cash and cash equivalents	1,656	-	-
Loans and advances	30	-	-
Trade receivables	30,464	-	-
Derivative financial instruments	-	1,031	-
Trade payables	-	-	(30,629)
Core debt and borrowings	-	-	(25,266)
Capital notes	-	-	(49,644)
	32,150	1,031	(105,539)

PARENT 2011

Asset/(Liability)	Loans and receivables \$000	Liabilities at amortised cost \$000
Cash and cash equivalents	1,170	-
Receivable from related parties	30,170	-
Core debt and borrowings	-	(25,500)
	31,340	(25,500)

2010

Asset/(Liability)	Loans and receivables \$000	Liabilities at amortised cost \$000
Cash and cash equivalents	1,044	-
Receivable from related parties	55,154	-
Core debt and borrowings	-	(25,000)
Capital notes	-	(49,644)
	56,198	(74,644)

(b) Credit risk

The concentration of credit risk in respect of trade receivables is limited due to the Group's large number of customers who are dispersed over various sectors. 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 significant cash transactions are limited to high credit quality financial institutions.

The maximum potential exposure to credit risk is:

	2011 \$000	2010 \$000
Cash and cash equivalents	1,132	1,656
Trade receivables	29,812	30,464
Loans and advances	-	30
Derivative financial instruments	15	1,476
Total	30,959	33,626

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. This can take the form of personal guarantees and charges under the Personal Property Securities Register.

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and marketable securities, funding through an adequate amount of committed credit facilities and through 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 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

2011

	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	More than 5 years \$000
Derivative financial instruments	6,569	-	-	-
Bank borrowings and interest	1,013	25,576	-	-
Trade and other payables	52,044	-	-	-
Guarantees	7,575	-	-	-
	67,201	25,576	-	-

2010

	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	More than 5 years \$000
Derivative financial instruments	445	-	-	-
Bank borrowings and interest	1,324	25,088	-	-
Trade and other payables	45,990	-	110	-
Capital notes and interest	54,075	-	-	-
Guarantees	7,075	-	-	-
	108,909	25,088	110	-

**PARENT
2011**

	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	More than 5 years \$000
Bank borrowings and interest	893	25,576	-	-
Trade and other payables	482	-	-	-
Guarantees	7,575	-	-	-
	8,950	25,576	-	-

2010

	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	More than 5 years \$000
Bank borrowings and interest	1,058	25,088	-	-
Trade and other payables	579	-	-	-
Capital notes and interest	54,075	-	-	-
Guarantees	7,075	-	-	-
	62,787	25,088	-	-

(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. Equity is as shown in the consolidated balance sheet.

(e) Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability; either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

**GROUP
2011**

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Foreign exchange contracts	-	15	-	15
Liabilities				
Foreign exchange contracts	-	6,569	-	6,569

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Foreign exchange contracts	-	1,476	-	1,476
Liabilities				
Foreign exchange contracts	-	445	-	445

There are no financial instruments in the Parent company.

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 and ancillary diesel engine parts; and TRS Tyre & Wheel Limited, an importer and distributor of tyres and wheels.

Equipment

The equipment division includes AB Equipment Limited, an importer and distributor of materials handling, construction, forestry, and agricultural equipment and renter of materials handling equipment; 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 Number 1 Shoes Limited, specialty shoe retailers.

Packaging

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

Diversified

This division comprises Retail Properties 2008 Limited (previously BBQ Factory Limited), a property leasing company.

Corporate

This division includes Hellaby Holdings Limited, the Parent company for the investments in Group companies, and associate company Energy Intellect Limited, a metering and communications company.

(b) Operating segment information
2011

	Automotive \$000	Equipment \$000	Footwear \$000
INCOME STATEMENT			
Sales to external customers	159,877	89,495	165,037
Intersegment sales	1,846	332	-
Total sales revenue	161,723	89,827	165,037
Other income	367	2,360	1,149
Total segment income	162,090	92,187	166,186
Segment result	19,595	1,024	6,384
Net finance costs			
Share of profit from associate			
Income tax expense			
Discontinued operations			
Profit after tax attributable to the Shareholders of the Parent Company			
BALANCE SHEET			
Segment assets	88,711	32,701	77,311
Intersegment assets	1,593	2,626	-
Total Assets	90,304	35,327	77,311
Segment liabilities	28,111	17,720	18,067
Intersegment liabilities	9,583	10,620	5,033
Total Liabilities	37,694	28,340	23,100
Other segmental items			
Depreciation and amortisation	1,252	1,567	3,364
Movement in impairment of inventories	(729)	167	627
Movement in impairment of trade receivables	(142)	(35)	5

Packaging \$000	Diversified \$000	Corporate \$000	Inter-segment eliminations/unallocated \$000	Group \$000
50,569	-	-	-	464,978
197	-	-	(2,375)	-
50,766	-	-	(2,375)	464,978
27	-	11,298	(11,221)	3,980
50,793	-	11,298	(13,596)	468,958
5,081	-	(5,562)	-	26,522
				(4,209)
				-
				(6,965)
				-
				15,348
24,713	260	4,748	-	228,444
34	-	40,673	(44,926)	-
24,747	260	45,421	(44,926)	228,444
7,062	965	22,741	-	94,666
11,711	19,010	-	(55,957)	-
18,773	19,975	22,741	(55,957)	94,666
658	-	394	-	7,235
31	-	-	-	96
(41)	-	-	-	(213)

(b) Operating segment information (continued)
2010

	Automotive \$000	Equipment \$000	Footwear \$000
INCOME STATEMENT			
Sales to external customers	155,068	82,268	163,816
Intersegment sales	1,968	241	-
Total sales revenue	157,036	82,509	163,816
Other income	281	1,795	861
Total segment income	157,317	84,304	164,677
Segment result	18,228	(1,926)	3,278

Net finance costs
Share of profit from associate
Income tax expense
Discontinued operations

**Profit after tax attributable to the Shareholders
of the Parent Company**

BALANCE SHEET

Segment assets	87,236	31,257	79,826
Intersegment assets	1,062	1,381	-
Total Assets	88,298	32,638	79,826
Segment liabilities	22,676	14,998	10,822
Intersegment liabilities	14,838	10,147	11,149
Total Liabilities	37,514	25,145	21,971

Other segmental items

Depreciation and amortisation	1,177	1,590	3,672
Movement in impairment of inventories	463	258	(800)
Movement in impairment of trade receivables	(58)	(118)	9

(c) Geographical segment information

	New Zealand		Australia		Total	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Sales to external customers	447,319	439,797	17,659	14,386	464,978	454,183

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

	New Zealand		Australia		Total	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Non-current assets	92,653	89,289	2,049	2,374	94,702	91,663

Packaging \$000	Diversified \$000	Corporate \$000	Inter-segment eliminations/unallocated \$000	Group \$000
53,031	-	-	-	454,183
289	-	-	(2,498)	-
53,320	-	-	(2,498)	454,183
8	-	12,810	(12,506)	3,249
53,328	-	12,810	(15,004)	457,432
5,058	-	(4,720)	-	19,918
				(7,986)
				398
				(3,482)
				1,453
				10,301
25,732	335	4,892	-	229,278
26	-	65,657	(68,126)	-
25,758	335	70,549	(68,126)	229,278
7,404	563	72,716	-	129,179
12,107	19,469	-	(67,710)	-
19,511	20,032	72,716	(67,710)	129,179
516	-	396	-	7,351
60	-	-	-	(19)
4	-	-	-	(163)

4. Income and expenses

GROUP

	Continuing operations 2011 \$000	Continuing operations 2010 \$000	Discontinued operations 2010 \$000
Profit before tax includes the following specific income and expenses			
Income			
Rental income	24	57	-
Dividend income	11	12	-
Net gain on sale of property, plant and equipment	-	190	-
Proceeds from business interruption insurance	897	-	-
Foreign exchange gains	208	146	-
Recovery of impaired loan	-	-	1,200
Expenses			
Depreciation			
Leasehold improvements	631	685	-
Plant and equipment	1,968	1,841	16
Furniture, fittings and office equipment	3,289	3,314	-
Motor vehicles	249	455	-
Total depreciation	6,137	6,295	16
Amortisation			
Capitalised software costs	742	683	-
Capitalised Capital Notes costs	356	373	-
Total amortisation	1,098	1,056	-
Total depreciation and amortisation	7,235	7,351	16
Operating lease payments	54,191	54,772	-
Remuneration of principal auditors			
Audit of Parent and Group	237	226	-
Tax audit, compliance and IRD liaison	168	186	-
Directors' fees	304	293	-
Donations	33	5	-
Net loss on sale of property, plant and equipment	669	-	-
Wages, salaries and other benefits	84,995	79,104	-
Foreign exchange losses	18	182	-

The Group has 2,155 employees (2010: 2,282 employees).

PARENT

	Notes	2011 \$000	2010 \$000
Profit before tax includes the following specific income and expenses			
Income			
Dividend income - Associates		242	-
- Subsidiaries		10,000	5,500
Management fees - Subsidiaries		1,200	1,230
Realisation of subsidiaries' retained earnings on liquidation	12	-	5,783
Expenses			
Depreciation			
Leasehold improvements		15	11
Furniture, fittings and office equipment		18	12
Total depreciation		33	23
Amortisation			
Capitalised Capital Notes costs		356	373
Capitalised software costs		5	-
Total amortisation		361	373
Total depreciation and amortisation		394	396
Net loss on sale of property, plant and equipment		1	1
Operating lease payments		209	173
Provision for impairment of subsidiary loan	8	2,435	-
Remuneration of principal auditors			
Audit of Parent		50	43
Tax audit, compliance and IRD liaison		168	186
Directors' fees		304	293
Donations		-	2
Wages, salaries and other benefits		3,287	2,890

5. Income tax expense/(credit)

	Notes	Group		Parent	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
(a) Income tax expense/(credit)					
Current tax liability	14	6,918	4,106	(525)	(758)
Deferred tax asset	14	47	(624)	(92)	(90)
Income tax expense/(credit)		6,965	3,482	(617)	(848)
Deferred income tax included in income tax expense comprises:					
Decrease/(increase) in deferred tax asset		47	(624)	(92)	(90)
		47	(624)	(92)	(90)

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
(b) Reconciliation of income tax expense/(credit) to tax rate applicable to profits				
Profit before income tax expense/(credit)	22,313	12,330	5,356	8,347
Tax at the New Zealand tax rate of 30%	6,694	3,699	1,607	2,504
Tax effect of amounts which are either not deductible or taxable in calculating taxable income:				
- Income not subject to tax	(182)	(260)	(2,343)	(3,385)
- Associate company dividend	73	-	73	-
- Expenses not deductible for tax	142	124	40	4
- Expenses deductible for tax	-	(149)	-	-
- Imputation credits on dividends received	1	1	-	-
- Tax offset for imputed dividends	(4)	(5)	-	-
- Change in tax rate	259	83	6	1
- Overseas losses not recognised	-	(178)	-	-
- Future tax benefit not previously recognised	-	(181)	-	-
- Prior period adjustment	(18)	348	-	28
Income tax expense/(credit)	6,965	3,482	(617)	(848)

(c) Amounts recognised directly in equity

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

Net deferred tax

- credited/(debited) directly to equity	1,833	(2,673)	-	-
	1,833	(2,673)	-	-

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 future reduction in the New Zealand corporate tax rate from 30% to 28% resulted in a decrease in the deferred tax asset and an increase in income tax expense of \$259,000 (2010: \$83,000).

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	
	2011	2010	2011	2010
(a) Group result				
Profit after tax attributable to the Shareholders of the Parent company (\$000)	15,348	10,301	5,973	9,195
Weighted average number of ordinary shares on issue (thousands)	67,807	50,726	67,807	50,726
Basic and diluted earnings (per share)	22.6 cents	20.3 cents	8.8 cents	18.1 cents
(b) Continuing operations				
Profit after tax from continuing operations attributable to the Shareholders of the Parent company (\$000)	15,348	8,848	5,973	9,195
Weighted average number of ordinary shares on issue (thousands)	67,807	50,726	67,807	50,726
Basic and diluted earnings (per share)	22.6 cents	17.4 cents	8.8 cents	18.1 cents

	Group		Parent	
	2011	2010	2011	2010
(c) Discontinued operations				
Profit after tax from discontinued operations attributable to the Shareholders of the Parent company (\$000)	-	1,453	-	-
Weighted average number of ordinary shares on issue (thousands)	-	50,726	-	-
Basic and diluted earnings (per share)	-	2.9 cents	-	-

7. Cash and cash equivalents

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Cash at bank and on hand	1,132	1,656	1,170	1,044
	1,132	1,656	1,170	1,044

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

8. Receivables and prepayments

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Trade receivables	30,245	31,111	-	-
Provision for impairment	(433)	(646)	-	-
Net trade receivables	29,812	30,465	-	-
Prepayments	1,324	2,664	110	95
Other receivables	2,502	872	6	22
Total receivables and prepayments	33,638	34,001	116	117
Due from subsidiaries	-	-	49,180	71,729
Provision for impairment	-	-	(19,010)	(16,575)
Receivables from related parties	-	-	30,170	55,154
Total receivables and prepayments	33,638	34,001	30,286	55,271

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

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Neither past due nor impaired	25,968	26,336	-	-
Past due but not impaired:				
- One to three months	3,843	4,108	-	-
- Over three months	1	21	-	-
	29,812	30,465	-	-

Past due but not impaired receivables relate to customers for whom there is no evidence that the customer will not pay the amount due.

(a) Provision for impairment of trade receivables

The movement in the provision for impairment of trade receivables is as follows:

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Balance at beginning of period	646	809	-	-
Provision for doubtful debts recognised in the income statement during the year	40	420	-	-
Receivables written off during the year as uncollectible against provision	(253)	(583)	-	-
Balance at end of period	433	646	-	-

(b) Effective interest rates

The effective weighted average interest rates are as follows:

	Group		Parent	
	2011 %	2010 %	2011 %	2010 %
Due from subsidiaries	-	-	7.50	8.50

(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	
	2011 %	2010 %	2011 %	2010 %
New Zealand	89.5	91.5	100.0	100.0
Australia	10.4	8.1	-	-
Other	0.1	0.4	-	-
	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	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Raw materials	423	455	-	-
Work in progress	552	1,107	-	-
Finished goods	97,982	98,890	-	-
	98,957	100,452	-	-

The Group has recognised a loss of \$0.1 million (2010: recovery of \$0.02 million) in respect of both the sale of inventories previously written down and an adjustment of inventories to net realisable value. The loss/recovery has been included in 'cost of inventory sold' in the income statement. Inventory is pledged as security as detailed in Note 17.

The value of inventories included in cost of inventory sold in the income statement is \$241.0 million (2010: \$240.8 million).

10. Derivative financial instruments

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Current assets				
Forward foreign exchange contracts	15	1,476	-	-
Total current derivative financial instrument assets	15	1,476	-	-
Current liabilities				
Forward foreign exchange contracts	6,569	445	-	-
Total current derivative financial instrument liabilities	6,569	445	-	-

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 currencies.

At 30 June 2011 the Group had entered into forward exchange contracts to sell the equivalent of NZ\$94.0 million (2010: NZ\$83.8 million). The currencies in which the Group primarily deals are Australian Dollars, Japanese Yen, United States Dollars and 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 the liability is to be 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. The ineffective portion of these hedges is taken directly to the income statement.

At balance date the fair value of these contracts were net liabilities of NZ\$6.55 million (2010: net assets of NZ\$1.03 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 there were no such contracts (2010: \$Nil).

11. Loans and advances

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
(a) Current				
Loans and advances	-	30	-	30
Provision for impairment	-	-	-	-
Net loans and advances	-	30	-	30
Movement:				
Balance at beginning of period	30	54	30	-
Advances during year	-	30	-	30
Repayments during year	(30)	(1,254)	(30)	-
Recovery	-	1,200	-	-
Balance at end of period	-	30	-	30

(b) Interest rate risk

The effective weighted average interest rate is 0.0% (2010: 8.5%).

(c) Credit risk

Risk is concentrated with one party.

(d) Fair value

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

12. Investments

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
(a) Total investments				
Shares in associate	3,118	3,360	2,962	2,962
Shares in subsidiaries	-	-	69,605	69,605
	3,118	3,360	72,567	72,567
Movement in associate:				
Balance at beginning of period	3,360	2,962	2,962	2,962
Share of profit from associate	764	398	-	-
Carrying value adjustment	(764)	-	-	-
Dividends from associate	(242)	-	-	-
Balance at end of period	3,118	3,360	2,962	2,962
Movement in subsidiaries:				
Balance at beginning of period	-	-	69,605	77,536
Liquidation of subsidiary companies	-	-	-	(7,931)
Balance at end of period	-	-	69,605	69,605

During the year ended 30 June 2010 the Parent liquidated four non-trading subsidiary companies resulting in a decrease in shares in subsidiaries of \$7.9 million and a realisation of subsidiaries' retained earnings of \$5.8 million (Note 4).

(b) Associate

Name	Activity	2011 Interest	2010 Interest
Energy Intellect Limited	Metering/communications	34.2%	34.4%

The associate company has a balance date of 30 June and is incorporated in New Zealand.

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

	2011 \$000	2010 \$000
Assets	3,331	2,822
Liabilities	302	281
Revenues	2,712	2,596
Profit	764	398

(c) Principal Subsidiaries

Name	Activity	2011 Interest	2010 Interest
AB Equipment Limited	Materials handling, construction, forestry and agricultural equipment distributor and renter of materials handling equipment	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%
Elldex Packaging Limited	Packaging manufacturer and distributor	100%	100%
Eurolift NZ Limited	Materials handling equipment distributor and renter	100%	100%
Number 1 Shoes Limited	Specialty shoe retailer	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%	100%
TRS Tyre & Wheel Limited	Tyre and wheel importer and distributor	100%	100%

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 which is incorporated in Australia.

13. Property, plant and equipment

GROUP

2011

	Leasehold improvements \$000	Plant and equipment \$000	Furniture and office equipment \$000	Motor vehicles \$000	Total \$000
Year ended 30 June 2011					
Opening net book amount	3,886	10,272	11,378	617	26,153
Additions	1,332	42,679	3,350	83	47,444
Disposals	(613)	(38,244)	(625)	(47)	(39,529)
Depreciation charge	(631)	(1,968)	(3,289)	(249)	(6,137)
Closing net book amount	3,974	12,739	10,814	404	27,931
As at 30 June 2011					
Cost	7,831	21,377	34,218	3,529	66,955
Accumulated depreciation and impairment	(3,857)	(8,638)	(23,404)	(3,125)	(39,024)
Net book amount	3,974	12,739	10,814	404	27,931

2010

	Leasehold improvements \$000	Plant and equipment \$000	Furniture and office equipment \$000	Motor vehicles \$000	Total \$000
Year ended 30 June 2010					
Opening net book amount	1,764	14,171	11,292	1,093	28,320
Additions	975	20,137	3,136	38	24,286
Disposals	(2)	(19,188)	(661)	(67)	(19,918)
Reclassifications	1,834	(2,991)	925	8	(224)
Depreciation charge	(685)	(1,857)	(3,314)	(455)	(6,311)
Closing net book amount	3,886	10,272	11,378	617	26,153
As at 30 June 2010					
Cost	8,116	18,354	34,628	4,110	65,208
Accumulated depreciation and impairment	(4,230)	(8,082)	(23,250)	(3,493)	(39,055)
Net book amount	3,886	10,272	11,378	617	26,153

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

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Cost	5,531	3,088	-	-
Accumulated depreciation and impairment	(558)	(542)	-	-
Net book amount	4,973	2,546	-	-

**PARENT
2011**

	Leasehold improvements \$000	Furniture and office equipment \$000	Total \$000
Year ended 30 June 2011			
Opening net book amount	63	29	92
Additions	24	50	74
Disposals	-	(1)	(1)
Depreciation charge	(15)	(18)	(33)
Closing net book amount	72	60	132
As at 30 June 2011			
Cost	112	124	236
Accumulated depreciation and impairment	(40)	(64)	(104)
Net book amount	72	60	132

2010

	Leasehold improvements \$000	Furniture and office equipment \$000	Total \$000
Year ended 30 June 2010			
Opening net book amount	74	42	116
Disposals	-	(1)	(1)
Depreciation charge	(11)	(12)	(23)
Closing net book amount	63	29	92
As at 30 June 2010			
Cost	88	92	180
Accumulated depreciation and impairment	(25)	(63)	(88)
Net book amount	63	29	92

14. Taxation

(a) Deferred tax asset

GROUP

	Prepaid tax \$000	Depreciation \$000	Provisions \$000	Other \$000	Total \$000
At 30 June 2009	5,867	(62)	3,499	3,851	13,155
Debited to the income statement	-	232	132	343	707
Movement in imputation credit account	(2,145)	-	-	-	(2,145)
Change in tax rate	-	14	(31)	(66)	(83)
Reclassified to tax payable	(4,043)	-	-	-	(4,043)
Discontinued operations	458	(201)	(416)	-	(159)
Charged directly to equity	-	-	-	(2,672)	(2,672)
At 30 June 2010	137	(17)	3,184	1,456	4,760
Debited to the income statement	-	136	76	-	212
Change in tax rate	-	(22)	(183)	(54)	(259)
Reclassified to tax payable	(137)	-	-	-	(137)
Charged directly to equity	-	-	-	1,833	1,833
At 30 June 2011	-	97	3,077	3,235	6,409

PARENT

	Prepaid tax \$000	Depreciation \$000	Provisions \$000	Other \$000	Total \$000
At 30 June 2009	5,867	(3)	32	(120)	5,776
Debited to the income statement	-	-	28	62	90
Movement in imputation credit account	(2,145)	-	-	-	(2,145)
Transferred from subsidiaries	(4,801)	-	-	-	(4,801)
Current tax expense	758	-	-	-	758
Discontinued operations	458	-	-	-	458
At 30 June 2010	137	(3)	60	(58)	136
Debited to the income statement	-	2	32	58	92
Transferred from subsidiaries	196	-	-	-	196
Reclassified to tax payable	(333)	-	-	-	(333)
At 30 June 2011	-	(1)	92	-	91

A future reduction in the New Zealand corporate tax rate from 30% to 28% has resulted in a decrease in future tax benefits and an increase in income tax expense of \$259,000 (2010: \$83,000).

(b) Current tax liability/(asset)

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Movements				
Balance at beginning of period	15	-	-	-
Movement in imputation credit account	-	(2,145)	-	(2,145)
Reclassified from prepaid tax	(137)	(4,043)	(333)	-
Reclassified from receivables	-	(48)	-	-
Current tax	6,918	4,106	(525)	-
Tax (paid)/refunded	(4,483)	2,145	(4,331)	2,145
Balance at end of period	2,313	15	(5,189)	-

15. Intangible assets

GROUP

	Computer software \$000	Brands \$000	Goodwill \$000	Total \$000
Year ended 30 June 2011				
Opening net book amount	2,086	783	54,521	57,390
Additions	606	-	-	606
Disposals	(10)	-	-	(10)
Amortisation charge	(742)	-	-	(742)
Closing net book amount	1,940	783	54,521	57,244
At 30 June 2011				
Cost	6,105	783	54,521	61,409
Accumulated amortisation and impairment	(4,165)	-	-	(4,165)
Net book amount	1,940	783	54,521	57,244

	Computer software \$000	Brands \$000	Goodwill \$000	Total \$000
Year ended 30 June 2010				
Opening net book amount	1,733	783	54,521	57,037
Additions	813	-	-	813
Reclassified from property, plant and equipment	224	-	-	224
Disposals	(1)	-	-	(1)
Amortisation charge	(683)	-	-	(683)
Closing net book amount	2,086	783	54,521	57,390
At 30 June 2010				
Cost	5,830	783	54,521	61,134
Accumulated amortisation and impairment	(3,744)	-	-	(3,744)
Net book amount	2,086	783	54,521	57,390

PARENT

	Computer software \$000
Year ended 30 June 2011	
Opening net book amount	-
Additions	13
Amortisation charge	(5)
Closing net book amount	8

There were no other intangible assets in the Parent company at 30 June 2010.

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:

		2011	2010
		\$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	- Goodwill	5,200	5,200
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
Number 1 Shoes Limited	- Goodwill	19,539	19,539
Goodwill on acquisition by subsidiaries		397	397
		27,721	27,721
Packaging			
Elldex Packaging Limited	- Goodwill	7,759	7,759
		7,759	7,759
		55,304	55,304

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 business plans 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:

	2011	2010
Pre-tax discount rate	13.5%	13.5%
Cash flow forecast period	5 years	5 years
Terminal growth rate	3.0%	3.0%

The calculation supports the carrying amount of the recorded goodwill.

The Company does not consider any reasonably possible change in the assumptions applied to goodwill balances would reduce the recoverable amounts below their carrying amounts.

16. Payables and provisions

(a) Current

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Trade and other payables	52,044	45,990	482	579
Provisions	7,349	7,333	1,737	1,376
	59,393	53,323	2,219	1,955

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

(b) Non-current

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Other payables	-	110	-	-
Provisions	771	376	241	-
	771	486	241	-

(c) Provisions

GROUP

	Maintenance provisions \$000	Warranty provisions \$000	Unexpired leases \$000	Other \$000	Total \$000
At 1 July 2010	2,352	392	747	4,218	7,709
Charged/(credited) in income statement	964	(45)	1	2,665	3,585
Used during the year	(1,269)	288	-	(2,193)	(3,174)
At 30 June 2011	2,047	635	748	4,690	8,120

PARENT

	Unexpired leases \$000	Employee related \$000	Total \$000
At 1 July 2010	140	1,236	1,376
(Credited)/charged in income statement	(59)	1,724	1,665
Used during the year	(81)	(982)	(1,063)
At 30 June 2011	-	1,978	1,978

Analysis of provisions

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Non-current	771	376	241	-
Current	7,349	7,333	1,737	1,376
	8,120	7,709	1,978	1,376

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 historical 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 historical 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 the Group will exit these lease arrangements as soon as it is able.

Other provisions include 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		2011 \$000	2010 \$000
	2011 %	2010 %		
Secured				
Bank overdrafts	8.45	8.75	120	266
Total secured current interest bearing borrowings			120	266

Current interest bearing borrowings are denominated in the following currencies:

	2011 \$000	2010 \$000
New Zealand dollars	-	266
Australian dollars	120	-
	120	266

There are no current borrowings in the Parent company.

(b) Non-current borrowings

GROUP AND PARENT

	Effective interest rate		2011 \$000	2010 \$000
	2011 %	2010 %		
Secured				
Bank loans	3.50	4.23	25,500	25,000
Total secured non-current interest bearing borrowings			25,500	25,000

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	
	2011 \$000	2010 \$000
6 months or less	25,500	25,000
	25,500	25,000

The maturity of non-current borrowings is as follows:

	Group and Parent	
	2011 \$000	2010 \$000
Between 1 and 2 years	25,500	25,000
	25,500	25,000

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 amounts of the Group's borrowings are denominated in New Zealand dollars.

The Group has the following undrawn borrowing facilities:

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Expiring within 1 year	324	419	-	-
Expiring between 1 and 2 years	56,500	57,000	56,500	57,000
Total undrawn borrowing facilities	56,824	57,419	56,500	57,000

(c) Capital notes

	Group and Parent \$000
At 1 July 2009	49,271
Amortisation of issue costs	373
At 30 June 2010	49,644
Amortisation of issue costs	356
Repayment	(50,000)
At 30 June 2011	-

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

On 15 December 2010 the capital notes, which were due to mature in June 2011, were repaid. This early cash redemption was made in accordance with the Company's Trust Deed.

18. Imputation credits

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Balance				
Imputation credit account credit/(debit) balance	1,457	(38)	1,409	(82)
Movements				
Dividends paid	(2,785)	(639)	(2,785)	(639)
Dividends received	-	7	-	-
Prior period adjustment	-	(22)	-	(22)
Taxation paid/(refunded)	4,280	(2,189)	4,276	(2,190)
	1,495	(2,843)	1,491	(2,851)

19. Discontinued operations

Retail Properties 2008 Limited is the lessee of certain properties which are sub-leased to BBQ Factory Limited. The amounts included in discontinued operations arise as a result of the disposal of the trade and assets of the BBQ Factory Limited (now Retail Properties 2008 Limited) effective 30 June 2008.

Other results of Retail Properties 2008 Limited are now included in continuing operations.

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

	2011 \$000	2010 \$000
Other income	-	1,537
Expenses	-	(16)
Profit before interest and tax from operating activities	-	1,521
Finance revenue	-	91
Profit before tax from operating activities	-	1,612
Income tax expense	-	(159)
Profit after tax from discontinued operations	-	1,453

In 2009 advances receivable on the sale of the trade and assets of BBQ Factory Limited were fully provided for. During the year ended 30 June 2010 \$1.2 million was recovered and is included in other income.

Cash flows from discontinued operations are as follows:

	2011 \$000	2010 \$000
Cash used in operating activities	-	(633)
Cash from investing activities	-	1,251
Cash used in financing activities	-	(882)
Total cash used in discontinued operations	-	(264)

20. Contributed equity

	No. of shares		Group and Parent	
	2011 Shares	2010 Shares	2011 \$000	2010 \$000
Opening ordinary shares	50,991,464	50,647,698	21,331	20,808
Shares issued	21,850,099	-	27,165	-
Shares issued under dividend reinvestment plan	1,094,560	343,766	2,185	523
Total ordinary shares	73,936,123	50,991,464	50,681	21,331

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.

On 1 October 2010 Hellaby Holdings allotted a further 21,850,099 ordinary shares under a 3 for 7 pro-rata renounceable rights issue. The shares were issued at \$1.30 each and raised \$27.165 million, net of costs.

Hellaby Holdings operates a dividend reinvestment plan, providing shareholders with the opportunity to utilise all or part of their dividends to purchase shares in the Company.

21. Dividends – ordinary shares

	Cents per share		Group and Parent	
	2011 cents	2010 cents	2011 \$000	2010 \$000
Interim dividend for the year ended 30 June 2011	4	3	2,939	1,520
Final dividend for the year ended 30 June 2010	5	-	3,641	-
	9	3	6,580	1,520

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

The 2011 interim dividend was fully imputed (2010 final: fully imputed). Supplementary dividends of \$36,000 (2010: \$12,000) were paid to shareholders not tax-resident in New Zealand for which Hellaby Holdings received a foreign investor tax credit entitlement.

22. Related party transactions

(a) Loans to subsidiaries

	Parent	
	2011 \$000	2010 \$000
Beginning of the period	55,154	58,175
Loans repaid (net)	(22,272)	(17,098)
Interest charged	6,084	8,398
Interest received	(6,361)	(8,471)
Transfer of provision	-	436
Liquidation of subsidiary companies	-	13,714
Provision for impairment	(2,435)	-
End of the period	30,170	55,154

(b) Transactions with key management

Automotive franchise holder, Midas New Zealand, is partly owned by parties associated with Hellaby Holdings' alternate director H Green and Brake & Transmission NZ Limited ('BNT') Chief Executive, G Horne. The payment guarantee fee payable by BNT to Midas New Zealand for the year is estimated at \$38,000 (2010: \$Nil).

BNT leases premises at Omega Street, North Harbour, Auckland owned by a company associated with G Horne. Lease payments of \$600,000 were made for the year (2010: \$593,000) on normal arms length terms. There is no balance owing to the Group at 30 June 2011 (30 June 2010: \$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 (2010: \$54,000) on normal arms length terms.

BNT leases premises at Downer Street, Lower Hutt, owned by a company associated with G Horne. Lease payments of \$80,000 were made for the year (2010: \$80,000) on normal arms length terms.

BNT leases premises at Herekino Street, Whangarei owned by a company associated with G Horne. Lease payments of \$63,000 were made for the year (7 months 2010: \$37,000) 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 (2010: \$31,000) on normal arms length terms.

(c) Key management compensation was as follows:

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Salaries and bonuses	4,802	4,224	1,546	933
Short term employee benefits	89	104	27	28
Post employment benefits	78	54	23	12
Total salaries and bonuses, short term employee benefits and post employment benefits	4,969	4,382	1,596	973

23. Long term incentive scheme

A Long Term Incentive ("LTI") scheme for key management personnel of the Parent was implemented on 1 December 2010. This scheme includes both a cash-settled share-based payment and an equity-settled payment covering the three-year period to 30 November 2012. The participants of the scheme are the Parent Company Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Chief Investment Officer.

The participants are eligible to receive a bonus payment effective 30 November 2012, the quantum of which is determined by the total shareholder return, being the total sum of dividends paid by Hellaby plus the increase in share price over the term of the scheme, adjusted for any new equity issued, over the three year period from 30 November 2009 to 30 November 2012. The share price will be determined as the Volume Weighted Average Share Price of Hellaby for the three months preceding the end of the term. No LTI bonus is payable until an increase in total shareholder return of at least \$75 million is achieved over the three year term of the scheme. Up to an increase in total shareholder return of \$150 million, the bonus payment will be made in cash.

The LTI scheme is uncapped and if a total shareholder return increase of \$150 million is exceeded, any additional bonus payment may be either in cash or shares, at the discretion of the Board. In the event the payment is made by the issue of shares, the number of shares to be issued will be determined by dividing the additional amount by the Volume Weighted Average Share Price of Hellaby for the three months preceding the end of the term. This component is accounted for as an equity-settled payment, as the Group has no present obligation to settle in cash.

The fair value of the LTI liability at 30 June 2011 has been determined by reference to the prevailing trading price of Hellaby shares as at 30 June 2011 and forecast dividend payments.

For the year ended 30 June 2011 a total amount of \$241,000 has been recognised in the income statement. A liability of \$241,000 has been recognised in non-current liabilities at 30 June 2011.

For the equity-settled component, the fair value at the grant date (1 December 2010) of the total expense to be recognised over the vesting period (from 1 December 2010 to 30 November 2012) has been determined to be \$nil based on the significant increase in total shareholder return required to reach this point where a liability would exist.

24. Capital expenditure commitments

	Group		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Commitments at the end of the year not provided for in the financial statements	300	795	-	43

Capital commitments include expenditure for leasehold improvements.

25. Operating leases

Leases as lessee

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
.....				
Lease commitments expire as follows:				
Within one year	45,069	42,407	148	241
One to two years	34,304	31,823	136	148
Two to five years	49,121	47,774	366	403
More than five years	5,870	5,995	-	83
Total operating lease commitments	134,364	127,999	650	875

The Group leases equipment, 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 receipts under non-cancellable leases are as follows:

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
.....				
Within one year	17,625	19,185	-	-
One to two years	12,615	12,389	-	-
Two to five years	14,837	15,343	-	-
More than five years	419	14	-	-
Total operating lease commitments	45,496	46,931	-	-

26. Commitments and contingent liabilities

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
.....				
Commitments 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	71,447	74,304	75	75
Guarantees in respect of borrowings	7,500	7,000	7,500	7,000
Letters of credit	5,673	6,108	-	-
Total commitments	84,620	87,412	7,575	7,075

There are no contingent liabilities as at 30 June 2011 (2010: \$Nil).

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

	Group		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Profit before tax from continuing operations	22,313	12,330	5,356	8,347
Adjusted for:				
Depreciation	6,137	6,295	33	23
Amortisation	1,098	1,056	361	373
Unrealised exchange losses	30	12	-	-
Share of profit from associate	-	(398)	-	-
Dividend from associate	-	-	(242)	-
Net loss/(profit) on sale of assets	669	(190)	1	1
Taxation (paid)/refunded	(4,475)	2,145	(4,312)	2,146
Provision for impairment of subsidiary loan	-	-	2,435	-
Liquidation of subsidiary companies	-	-	-	(5,783)
Cash from operating activities of discontinued operations	-	(633)	-	-
Impact of changes in working capital items:				
Decrease/(increase) in receivables and prepayments	363	(92)	1	(75)
Insurance proceeds receivable for investing activities	288	-	-	-
Increase in receivables from related parties	-	-	(66)	(376)
Increase in payables and provisions	5,920	7,764	505	1,334
Decrease in inventories	1,495	6,672	-	-
Transfer from cash flow hedge reserve to inventories	1,086	(222)	-	-
Net cash inflow from operating activities	34,924	34,739	4,072	5,990

28. Events after balance date

Dividend

Hellaby Holdings has declared a final dividend of 6 cents per share, fully imputed, payable on 21 October 2011 (2010: 5 cents).