

# 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 other applicable Financial Reporting Standards. In complying with NZ IFRS they also comply with 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 2008 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(d).

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 2008 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.

(ii) *Associates*

Associates are all entities over which Hellaby Holdings has significant influence but not control, generally evidenced by the holding of between 20% and 50% of the voting rights. Investments in associates are accounted for as an investment of the Group at the lower of cost, less amounts written off, or market value. Cost includes the fair value of consideration paid, assets given or liabilities assumed, together with any costs directly attributable to the acquisition of the investment.

**(c) Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

**(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) *Sales of services*

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iv) *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.

(v) *Rental income*

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

(vi) *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 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 doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the average cost of capital. The amount of the provision is recognised 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) Investments and other financial assets***Investments*

Investments are accounted for at the lower of cost, less amounts written off, or market value.

*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. Loans and receivables are included in receivables in the balance sheet.

**(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 or hedge accounting has not been adopted. Changes in the fair value of these derivative instruments are recognised immediately 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.

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 fair value of forward exchange contracts is determined using forward exchange market rates at the balance date.

**(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.

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: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) 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.

**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.

NZ IFRS 7 has been adopted for the first time in these financial statements.

**(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 (component part purchases) 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) *Fair value interest rate risk*  
Refer to (b) below.

**(b) 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% Effect on profit before tax \$000	- 10% Effect on profit before tax \$000	- 10% Effect on equity \$000	- 10% Effect on equity \$000
<b>2008</b>							
<b>Financial Assets</b>							
Derivative financial instruments	700	-	-	(608)	(2,408)	733	2,881
Receivables	49,389	-	-	(293)	(293)	358	358
Cash and cash equivalents	3,597	4	(4)	(170)	(170)	207	207
Loans and advances	5,934	-	-	-	-	-	-
<b>Financial Liabilities</b>							
Derivative financial instruments	2,296	-	-	(804)	(3,187)	992	3,895
Current tax liabilities	1,058	-	-	-	-	-	-
Trade and other payables	57,737	-	-	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)
Capital notes	48,898	-	-	-	-	-	-
<b>Total (decrease)/increase</b>		<b>(91)</b>	<b>91</b>	<b>422</b>	<b>(3,761)</b>	<b>(517)</b>	<b>4,534</b>
<b>2007</b>							
<b>Financial Assets</b>							
Derivative financial instruments	1	-	-	(18)	(18)	23	23
Receivables	49,416	-	-	(419)	(419)	512	512
Receivable from related parties	1	-	-	-	-	-	-
Cash and cash equivalents	5,830	6	(6)	(312)	(312)	381	381
Loans and advances	938	-	-	-	-	-	-
<b>Financial Liabilities</b>							
Derivative financial instruments	13,023	-	-	(1,063)	(8,937)	1,298	10,923
Current tax liabilities	2,292	-	-	-	-	-	-
Trade and other payables	45,339	-	-	1,081	1,081	(1,321)	(1,321)
Provisions	5,062	-	-	10	10	(12)	(12)
Payable to related parties	553	-	-	-	-	-	-
Borrowings	91,548	(92)	92	286	286	(349)	(349)
Capital notes	48,525	-	-	-	-	-	-
<b>Total (decrease)/increase</b>		<b>(86)</b>	<b>86</b>	<b>(435)</b>	<b>(8,309)</b>	<b>532</b>	<b>10,157</b>

## 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% Effect on profit before tax \$000	- 10% Effect on profit before tax \$000	- 10% Effect on equity \$000
<b>2008</b>						
<b>Financial Assets</b>						
Current tax asset	205	-	-	-	-	-
Receivables	33	-	-	-	-	-
Receivable from related parties	83,753	-	-	-	-	-
Cash and cash equivalents	372	-	-	-	-	-
<b>Financial Liabilities</b>						
Trade and other payables	1,117	-	-	-	-	-
Provisions	588	-	-	-	-	-
Borrowings	85,500	(86)	86	-	-	-
Capital notes	48,898	-	-	-	-	-
<b>Total (decrease)/increase</b>		<b>(86)</b>	<b>86</b>	-	-	-
<b>2007</b>						
<b>Financial Assets</b>						
Receivables	320	-	-	-	-	-
Receivable from related parties	97,741	-	-	-	-	-
Cash and cash equivalents	630	1	(1)	-	-	-
Loans and advances	489	-	-	-	-	-
<b>Financial Liabilities</b>						
Trade and other payables	1,048	-	-	-	-	-
Provisions	521	-	-	-	-	-
Payable to related parties	553	-	-	-	-	-
Borrowings	84,500	(85)	85	-	-	-
Capital notes	48,525	-	-	-	-	-
<b>Total (decrease)/increase</b>		<b>(84)</b>	<b>84</b>	-	-	-

**(c) 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.

**(d) 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 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	9,605	95,874	-
Trade and other payables	57,737	346	-
Provisions	8,087	340	-
Capital notes	-	62,572	-
	<b>78,783</b>	<b>159,132</b>	-

#### 2007

Derivative financial instruments	13,023	-	-
Current tax liabilities	2,292	-	-
Bank borrowings	7,048	94,077	-
Trade and other payables	45,339	416	-
Provisions	5,062	-	-
Payable to related parties	553	-	-
Deferred consideration	14,378	2,941	-
Capital notes	-	66,823	-
Other non-current liabilities	-	125	-
	87,695	164,382	-

#### PARENT 2008

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

#### 2007

Bank borrowings	-	94,077	-
Current tax liabilities	2,259	-	-
Trade and other payables	1,048	-	-
Provisions	521	133	-
Payable to related parties	553	-	-
Deferred consideration	14,378	2,941	-
Capital notes	-	66,823	-
	18,759	163,974	-

**(e) 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 total capital. New 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 plus net debt.

**3. Segment information****(a) Description of segments**

The Group is organised into the following business segments by product and service type:

*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; and Eurolift NZ Limited, an importer and distributor of materials handling equipment.

*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, the holding company for the investments in Group companies and associate companies Bombay Petfoods Limited, a petfood supplier sold on 30 June 2008, and Energy Intellect Limited, a metering and communications company.

Comparative balances have been amended where applicable to reflect these segments.

**(b) Secondary reporting format – geographical segments**

	New Zealand		Australia & Other		Total	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Sales to external customers	<b>499,460</b>	438,249	<b>15,811</b>	10,020	<b>515,271</b>	448,269
Other income	<b>3,884</b>	3,089	<b>827</b>	73	<b>4,711</b>	3,162
Segment result	<b>4,430</b>	(9,604)	<b>249</b>	(225)	<b>4,679</b>	(9,829)
Segment assets	<b>290,949</b>	293,779	<b>13,468</b>	11,061	<b>304,417</b>	304,840
Segment liabilities	<b>211,155</b>	222,298	<b>2,712</b>	1,904	<b>213,867</b>	224,202
Acquisitions of property, plant and equipment, intangibles and investments	<b>29,110</b>	37,403	<b>930</b>	738	<b>30,040</b>	38,141
Depreciation and amortisation expense	<b>9,479</b>	9,081	<b>208</b>	130	<b>9,687</b>	9,211
Impairment of inventories	<b>569</b>	1,429	<b>34</b>	16	<b>603</b>	1,445
Impairment of trade receivables	<b>(228)</b>	322	<b>(5)</b>	5	<b>(233)</b>	327
Provision for investments to lower of cost or net realisable value	<b>73</b>	-	-	-	<b>73</b>	-

**(c) Primary reporting format – business segments**

Year ended 30 June 2008

	Automotive \$000	Equipment \$000	Footwear \$000
<b>INCOME STATEMENT</b>			
Sales to external customers	157,972	130,247	166,961
Intersegment sales	1,007	314	-
<b>Total sales revenue</b>	<b>158,979</b>	<b>130,561</b>	<b>166,961</b>
Other income	957	967	528
<b>Total segment income</b>	<b>159,936</b>	<b>131,528</b>	<b>167,489</b>
<b>Segment result</b>	<b>19,690</b>	<b>7,053</b>	<b>7,926</b>
Finance costs			
Share of profit from associates			
Income tax expense			
Discontinued operations			
<b>Net Profit for the year</b>			
<b>BALANCE SHEET</b>			
Segment assets	104,685	66,882	81,647
Intersegment assets	219	18	-
<b>Total Assets</b>	<b>104,904</b>	<b>66,900</b>	<b>81,647</b>
Segment liabilities	19,391	33,431	13,716
Intersegment liabilities	52,555	18,179	8,715
<b>Total Liabilities</b>	<b>71,946</b>	<b>51,610</b>	<b>22,431</b>
<b>Other segmental items</b>			
Acquisitions of property, plant and equipment, intangibles and investments	2,169	8,509	4,955
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 lower of cost or net realisable value	-	-	-

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
13,050	1,249	108	-	30,040
407	88	385	-	9,687
(15)	-	-	-	603
1	(28)	-	-	(233)
-	-	73	-	73

**(c) Primary reporting format – business segments (continued)**

Year ended 30 June 2007

	Automotive \$000	Equipment \$000	Footwear \$000
<b>INCOME STATEMENT</b>			
Sales to external customers	135,371	115,706	155,765
Intersegment sales	1,028	242	-
<b>Total sales revenue</b>	<b>136,399</b>	<b>115,948</b>	<b>155,765</b>
Other income	217	1,186	714
<b>Total segment income</b>	<b>136,616</b>	<b>117,134</b>	<b>156,479</b>
Segment result	14,237	4,807	8,720
Finance costs			
Share of profit from associates			
Income tax expense			
Discontinued operations			
<b>Net (Deficit) for the year</b>			
<b>BALANCE SHEET</b>			
Segment assets	98,725	64,707	82,806
Intersegment assets	2,636	29	-
<b>Total Assets</b>	<b>101,361</b>	<b>64,736</b>	<b>82,806</b>
Segment liabilities	15,270	21,509	22,745
Intersegment liabilities	55,971	32,877	5,568
<b>Total Liabilities</b>	<b>71,241</b>	<b>54,386</b>	<b>28,313</b>
<b>Other segmental items</b>			
Acquisitions of property, plant and equipment, intangibles and investments	12,188	10,240	13,997
Depreciation and amortisation expense	1,649	3,833	2,897
Impairment of inventories	491	559	410
Impairment of trade receivables	103	237	(8)

Packaging \$000	Diversified \$000	Corporate \$000	Inter-segment eliminations/unallocated \$000	Group \$000
28,525	12,902	-	-	448,269
81	-	-	(1,351)	-
28,606	12,902	-	(1,351)	448,269
2	1	17,159	(16,117)	3,162
28,608	12,903	17,159	(17,468)	451,431
1,632	1,007	(3,918)	-	26,485
				(9,150)
				227
				(6,313)
				(21,078)
				(9,829)
16,722	23,708	18,172	-	304,840
11	-	117,842	(120,518)	-
16,733	23,708	136,014	(120,518)	304,840
4,511	5,419	154,748	-	224,202
7,831	17,303	-	(119,550)	-
12,342	22,722	154,748	(119,550)	224,202
58	1,651	7	-	38,141
191	260	381	-	9,211
(15)	-	-	-	1,445
(4)	(1)	-	-	327

#### 4. Income and expenses

##### Group

	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	2008	2008	2007	2007
	\$000	\$000	\$000	\$000
<b>Profit before tax includes the following specific income and expenses</b>				
<b>Income</b>				
Rent abatement	-	-	475	-
Rental income	58	72	99	-
Share of profit of associates	1,586	-	227	-
Dividend income	10	2	8	2
Net gain/(loss) on sale of property, plant and equipment	1,620	(26)	730	-
Discount on acquisition of business	116	-	-	-
Foreign exchange gains	931	137	-	-
Gain on forward exchange contracts not qualifying as a hedge	391	-	-	-
Finance revenue	2,184	-	1,529	-
<b>Expenses</b>				
Depreciation				
Leasehold improvements	159	473	149	202
Plant and equipment	4,626	49	4,397	39
Furniture, fittings and office equipment	2,921	178	2,685	212
Motor vehicles	1,080	-	1,109	6
Total depreciation	8,786	700	8,340	459
Amortisation				
Software costs	528	221	498	159
Capital Notes costs	373	-	373	-
Total amortisation	901	221	871	159
Total depreciation and amortisation	9,687	921	9,211	618
Operating lease payments	43,894	2,639	39,356	2,170
Provision for investments to net realisable value	73	-	-	-
Intangible asset impairment	-	1	-	18,792
Tangible assets impairment	-	720	-	-
Loss on sale of shares	-	3,500	-	-
Loss on sale of business	23	8,416	-	-
Remuneration of principal auditors				
Audit of Parent and Group	224	28	247	35
Tax audit, compliance and IRD liaison	127	-	147	-
Other assurance	27	-	-	-
Vendor due diligence	-	-	333	-
Directors' fees	230	-	240	-
Donations	9	-	25	-
Wages, salaries and other short term benefits	77,942	4,611	65,879	3,754
Foreign exchange losses	174	106	1,007	205
Loss on forward exchange contracts not qualifying as a hedge	-	-	2,077	294
Finance costs	14,628	1,994	10,679	1,238

The Group has 2,606 employees (2007: 2,573 employees).

## Parent

	2008	2007
	\$000	\$000
<b>(Deficit) before tax includes the following specific income and expenses</b>		
<b>Income</b>		
Rent abatement	-	475
Dividend income - Associates	245	147
- Subsidiaries	14,657	14,700
- Other	1	1
Foreign exchange gains	2	-
Finance revenue	13,215	11,373
<b>Expenses</b>		
Depreciation		
Leasehold improvements	3	-
Furniture, fittings and office equipment	9	8
Total depreciation	12	8
Amortisation – Capital Notes costs	373	373
Total depreciation and amortisation	385	381
Net loss on sale of property, plant and equipment	5	12
Operating lease payments	116	78
Provision for investments to net realisable value	1,728	18,792
Impairment of related party loan	16,575	-
Remuneration of principal auditors		
Audit of Parent and Group	50	51
Tax audit, compliance and IRD liaison	127	217
Vendor due diligence	-	333
Directors' fees	230	240
Donations	1	12
Wages, salaries and other short term benefits	2,032	1,887
Finance costs	14,423	9,979

## 5. Income tax expense/(credit)

	Notes	Group		Parent	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
<b>(a) Income tax expense/(credit)</b>					
Current tax		8,025	6,217	(1,398)	(221)
Deferred tax	14	64	96	(139)	99
<b>Income tax expense/(credit)</b>		<b>8,089</b>	<b>6,313</b>	<b>(1,537)</b>	<b>(122)</b>
Deferred income tax included in income tax expense comprises:					
Decrease/(increase) in future tax benefit		64	96	(139)	99
		<b>64</b>	<b>96</b>	<b>(139)</b>	<b>99</b>

Notes	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>(b) Reconciliation of income tax expense to tax rate applicable to profits</b>				
Profit/(deficit) before income tax expense	27,457	17,562	(6,960)	(4,887)
Tax at the New Zealand tax rate of 33% (2007: 33%)	9,061	5,795	(2,297)	(1,613)
Tax effect of amounts which are either deductible or taxable in calculating taxable income:				
Income not subject to tax	(1,315)	(473)	(5,189)	(5,133)
Expenses not deductible for tax	236	426	6,151	6,563
Imputation credits on dividends received	40	25	40	24
Tax offset for imputed dividends	(122)	(76)	(121)	(75)
Change in tax rate	275	175	15	(18)
Overseas losses not recognised	6	384	-	-
Prior period adjustment	(92)	57	(136)	130
<b>Income tax expense/(credit)</b>	<b>8,089</b>	<b>6,313</b>	<b>(1,537)</b>	<b>(122)</b>

**(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

- credited/(debited) directly to equity	23	3,691	(6,070)	-	-
		<b>3,691</b>	<b>(6,070)</b>	<b>-</b>	<b>-</b>

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 an increase in income tax expense of \$275,000 (2007: \$175,000).

**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	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
(i) Group result				
Profit/(deficit) after tax attributable to Shareholders of Parent company	4,679	(9,829)	(5,423)	(4,765)
Weighted average number of ordinary shares on issue (thousands)	50,056	49,772	50,056	49,772
<b>Basic and diluted earnings (per share)</b>	<b>9.3 cents</b>	<b>(19.7) cents</b>	<b>(10.8) cents</b>	<b>(9.6) cents</b>

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
(ii) Continuing operations				
Profit/(deficit) after tax from continuing operations attributable to Shareholders of Parent company	19,368	11,249	(5,423)	(4,765)
Weighted average number of ordinary shares on issue (thousands)	50,056	49,772	50,056	49,772
<b>Basic and diluted earnings (per share)</b>	<b>38.7 cents</b>	<b>22.6 cents</b>	<b>(10.8) cents</b>	<b>(9.6) cents</b>

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
(iii) Discontinued operations				
(Deficit) after tax from discontinued operations attributable to Shareholders of Parent company	(14,689)	(21,078)	-	-
Weighted average number of ordinary shares on issue (thousands)	50,056	49,772	-	-
<b>Basic and diluted earnings (per share)</b>	<b>(29.3) cents</b>	<b>(42.3) cents</b>	-	-

## 7. Cash and cash equivalents

	Notes	Group		Parent	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Cash at bank and on hand		3,597	5,830	372	630
		3,597	5,830	372	630

The above amounts are reconciled to cash at the end of the year as shown in the statements of cash flows as follows:

Balances as above		3,597	5,830	372	630
Bank overdrafts	17	(244)	(13)	-	-
<b>Balances per statements of cash flows</b>		<b>3,353</b>	<b>5,817</b>	<b>372</b>	<b>630</b>

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

## 8. Receivables and prepayments

		Group		Parent	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Current:					
Trade receivables		48,085	48,187	-	-
Provision for impairment		(805)	(1,072)	-	-
Net trade receivables		47,280	47,115	-	-
Prepayments		1,494	3,630	62	48
Other receivables		2,109	2,301	33	320
Total receivables and prepayments		50,883	53,046	95	368
Due from associates		-	1	-	1
Due from subsidiaries		-	-	100,328	97,740
Provision for impairment		-	-	(16,575)	-
Receivables from related parties		-	1	83,753	97,741
<b>Total current receivables</b>		<b>50,883</b>	<b>53,047</b>	<b>83,848</b>	<b>98,109</b>

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

		Group		Parent	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Neither past due nor impaired		34,942	38,475	-	-
Past due but not impaired		12,338	8,640	-	-
		47,280	47,115	-	-

**(a) Provision for impairment of trade receivables**

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

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Balance at beginning of period	1,072	761	-	-
Provision for doubtful debts recognised in the income statement during the year	289	396	-	-
Receivables written off during the year as uncollectible	(522)	(69)	-	-
Discontinued operations	(34)	(16)	-	-
<b>Balance at end of period</b>	<b>805</b>	<b>1,072</b>	<b>-</b>	<b>-</b>

**(b) Effective interest rates**

The effective weighted average interest rates are as follows:

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
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	
	2008 %	2007 %	2008 %	2007 %
New Zealand	93.2	90.7	100.0	100.0
Australia	6.7	8.9	-	-
Other	0.1	0.4	-	-
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**(d) Fair value**

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

**9. Inventories**

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Raw materials	1,163	2,183	-	-
Work in progress	1,616	1,885	-	-
Finished goods	129,812	122,617	-	-
	<b>132,591</b>	<b>126,685</b>	<b>-</b>	<b>-</b>

The Group has recognised a loss of \$0.6 million (2007: \$1.4 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	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Current assets</b>				
Forward foreign exchange contracts	700	1	-	-
Total current derivative financial instrument assets	700	1	-	-
<b>Current liabilities</b>				
Forward foreign exchange contracts	2,296	13,023	-	-
Total current derivative financial instrument liabilities	2,296	13,023	-	-

### (a) 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 2008 the Group had entered into forward exchange contracts to sell the equivalent of NZ\$66.7 million (2007: NZ\$59.6 million) and buy the equivalent of NZ\$Nil million (2007: NZ\$1.3 million). The currencies in which the Group primarily deals are Australian Dollars, Japanese Yen, United States Dollars and the Euro.

A subsidiary company used currency options to hedge foreign currency exposures during the year. At balance date there were no currency option contracts outstanding (2007: between NZ\$19.4 million to NZ\$38.7 million).

#### 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\$1.68 million (2007: NZ\$12.7 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\$0.08 million (2007: liabilities of NZ\$0.3 million).

## 11. Loans and advances

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>(a) Loans and advances</b>				
Loans and advances	3,342	154	-	155
	3,342	154	-	155
<b>Movement:</b>				
Balance at beginning of period	154	382	155	382
Loan made during year	3,250	-	-	-
Repayments during year	(110)	(215)	(110)	(214)
Reclassified from/(to) non-current	93	(13)	-	(13)
Provision to lower of cost or net realisable value	(45)	-	(45)	-
<b>Balance at end of period</b>	<b>3,342</b>	<b>154</b>	<b>-</b>	<b>155</b>

### (b) Interest rate risk

The effective weighted average interest rate is 6.0% (2007: 11.4%).

### (c) Credit risk

The loans and advances include the proceeds receivable on the sale of BBQ Factory Limited. Risk is concentrated with essentially one party.

### (d) Fair value

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

## 12. Investments, loans and advances

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>(a) Total investments, loans and advances</b>				
Shares in associates	5,808	4,422	4,467	4,422
Shares in subsidiaries	-	-	77,536	84,612
Deposit on acquisition	-	861	-	-
Total investments	5,808	5,283	82,003	89,034
Loans and advances	2,592	784	-	334
	<b>8,400</b>	<b>6,067</b>	<b>82,003</b>	<b>89,368</b>

**Movement:**

Balance at beginning of period	6,067	3,554	89,368	104,874
Acquisitions/loans made during year	2,583	2,539	-	1,835
Change in consideration paid during year	-	-	(3,186)	-
Disposals/repayments made during year	(609)	(106)	(260)	(87)
Reclassified (to)/from current	(93)	-	-	13
Capitalisation of intercompany amount owing	-	-	-	1,445
Deposit on acquisition reclassified to goodwill	(861)	-	-	-
Liquidation of subsidiary company	-	-	(2,236)	-
Provision to lower of cost or net realisable value	(28)	-	(1,683)	(18,792)
Share of total recognised revenue and expenses of associates	1,586	227	-	227
Dividends from associates	(245)	(147)	-	(147)
<b>Balance at end of period</b>	<b>8,400</b>	<b>6,067</b>	<b>82,003</b>	<b>89,368</b>

**(b) Interest rate risk – loans and advances**

The effective weighted average interest rate is 6.0% (2007: 11.4%).

**(c) Credit risk – loans and advances**

The loans and advances include the proceeds payable on the sale of BBQ Factory Limited. Risk is concentrated with essentially one party.

**(d) Fair value – loans and advances**

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

**(e) Associates**

Name	Activity	2008 Interest	2007 Interest
BPF 2008 Limited (formerly Bombay Petfoods Limited)	Petfood supplier	49.0%	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.

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Movement in associates</b>				
Balance at beginning of period	4,422	2,842	4,422	2,842
Acquisitions/loans during year	45	1,500	45	1,500
Share of total recognised revenue and expenses	1,586	227	-	227
Dividends	(245)	(147)	-	(147)
<b>Balance at end of period</b>	<b>5,808</b>	<b>4,422</b>	<b>4,467</b>	<b>4,422</b>

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

	<b>2008</b>	2007
	<b>\$000</b>	\$000
Assets	<b>5,586</b>	4,138
Liabilities	<b>595</b>	536
Revenues	<b>6,040</b>	5,475
Profit	<b>1,586</b>	227

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.

**(f) Principal Subsidiaries**

Name	Activity	<b>2008</b>	2007
		Interest	Interest
AB Equipment Limited	Materials handling and construction equipment	<b>100%</b>	100%
AB Rental Limited	Forklift rentals	<b>100%</b>	100%
Retail Properties 2008 Limited (previously BBQ Factory Limited)	Barbeque and spa pool retailer	<b>100%</b>	100%
Brake & Transmission NZ Limited	Automotive parts distributor	<b>100%</b>	100%
Diesel Distributors Limited	Diesel engine components distributor	<b>100%</b>	100%
Diesel Distributors Australia Pty Limited	Diesel engine components distributor	<b>100%</b>	100%
Discount Shoe Warehouse Limited	Specialty shoe retailer	<b>100%</b>	100%
Elldex Packaging Limited	Packaging manufacturer and distributor	<b>100%</b>	100%
Eurolift NZ Limited	Forklift sales and rentals	<b>100%</b>	100%
LTL 2007 Limited (previously Levana Textiles Limited)	Textiles manufacturer	<b>100%</b>	100%
R Hannah & Co Limited	Specialty shoe retailer	<b>100%</b>	100%
TRS Tyre & Wheel Limited	Tyre and wheel importer and distributor	<b>100%</b>	100%
TRS Tyre & Wheel Pty Limited	Tyre and wheel importer and distributor	<b>100%</b>	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 trade and assets 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.

On 1 April 2007 Brake & Transmission NZ Limited acquired the trade and assets of NZ Brake Co Limited for consideration of \$2.07 million.

On 1 November 2006 Hellaby Holdings acquired 100% of automotive and industrial battery importer and distributor, HCB Technologies Limited (and its subsidiaries) for consideration of \$7.9 million. Effective 1 May 2007 the assets and liabilities were transferred to Brake & Transmission NZ Limited.

On 1 July 2005 Hellaby Holdings acquired 80% of Discount Shoe Warehouse Limited with the remaining 20% acquired on 31 August 2007. The purchase price is based on a multiple of its forecast earnings before interest and tax over the financial years ending 31 August 2005, 2006, 2007 and 2008, less external debt at these dates. As at 30 June 2008 the purchase price has been estimated as \$29.8 million (30 June 2007: \$32.9 million) of which \$29.8 million (2007: \$15.6 million) has been paid.

All companies above have a balance date of 30 June with the exception of Discount Shoe Warehouse Limited which has a 31 August balance date and, with the exception of Diesel Distributors Australia Pty Limited and TRS Tyre & Wheel Pty Limited which are incorporated in Australia, are incorporated in New Zealand.

**13. Property, plant and equipment****(a) 2008 Group**

	Freehold land \$000	Freehold buildings \$000	Leasehold improvements \$000
<b>Year ended 30 June 2008</b>			
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)
<b>Closing net book amount</b>	-	-	1,129
<b>As at 30 June 2008</b>			
Cost	-	-	3,178
Accumulated depreciation and impairment	-	-	(2,049)
<b>Net book amount</b>	-	-	1,129

**2007 Group**

	Freehold land \$000	Freehold buildings \$000	Leasehold improvements \$000
<b>As at 30 June 2006</b>			
Cost	248	75	2,146
Accumulated depreciation and impairment	-	(38)	(755)
<b>Net book amount</b>	248	37	1,391
<b>Year ended 30 June 2007</b>			
Opening net book amount	248	37	1,391
Acquisition of assets by subsidiaries	-	-	-
Additions	-	-	720
Disposals	(248)	(37)	(118)
Depreciation charge	-	-	(351)
<b>Closing net book amount</b>	-	-	1,642
<b>As at 30 June 2007</b>			
Cost	-	-	2,729
Accumulated depreciation and impairment	-	-	(1,087)
<b>Net book amount</b>	-	-	1,642

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

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Cost	11,080	12,152	-	-
Accumulated depreciation and impairment	(5,027)	(5,084)	-	-
<b>Net book amount</b>	<b>6,053</b>	<b>7,068</b>	-	-

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

Plant and equipment \$000	Furniture and office equipment \$000	Motor vehicles \$000	Total \$000
34,897	31,716	7,265	76,347
(15,755)	(19,937)	(4,320)	(40,805)
19,142	11,779	2,945	35,542
19,142	11,779	2,945	35,542
187	138	314	639
12,062	4,103	877	17,762
(7,512)	(214)	(83)	(8,212)
(4,436)	(2,897)	(1,115)	(8,799)
19,443	12,909	2,938	36,932
39,285	34,346	8,193	84,553
(19,842)	(21,437)	(5,255)	(47,621)
19,443	12,909	2,938	36,932

**(b) 2008 Parent**

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

**2007 Parent**

	Leasehold improvements \$000	Furniture and office equipment \$000	Total \$000
<b>As at 30 June 2006</b>			
Cost	-	147	147
Accumulated depreciation and impairment	-	(120)	(120)
<b>Net book amount</b>	<b>-</b>	<b>27</b>	<b>27</b>
<b>Year ended 30 June 2007</b>			
Opening net book amount	-	27	27
Additions	-	7	7
Disposals	-	(1)	(1)
Depreciation charge	-	(8)	(8)
<b>Closing net book amount</b>	<b>-</b>	<b>25</b>	<b>25</b>
<b>As at 30 June 2007</b>			
Cost	-	147	147
Accumulated depreciation and impairment	-	(122)	(122)
<b>Net book amount</b>	<b>-</b>	<b>25</b>	<b>25</b>

## 14. Taxation

### (a) Future tax benefit

#### Group

	Prepaid tax \$000	Depreciation \$000	Provisions \$000	Other \$000	Total \$000
<b>At 1 July 2006</b>	7,182	(222)	3,397	1,612	11,969
Credited/(debited) to the income statement	-	66	(219)	57	(96)
Losses available for future offset	-	-	-	1,201	1,201
Future tax benefit not previously recognised	-	-	40	134	174
Movement in imputation credit account	5,440	-	-	-	5,440
Reclassified to tax payable	(2,270)	-	-	-	(2,270)
Current tax expense	1,023	-	-	-	1,023
Discontinued operations	1,191	7	(18)	(21)	1,159
<b>At 30 June 2007</b>	<b>12,566</b>	<b>(149)</b>	<b>3,200</b>	<b>2,983</b>	<b>18,600</b>
Credited/(debited) 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
<b>At 30 June 2008</b>	<b>7,442</b>	<b>(6)</b>	<b>3,909</b>	<b>2,206</b>	<b>13,551</b>

#### Parent

	Prepaid tax \$000	Depreciation \$000	Provisions \$000	Other \$000	Total \$000
<b>At 1 July 2006</b>	6,740	3	273	(341)	6,675
Credited/(debited) to the income statement	-	-	(189)	90	(99)
Movement in imputation credit account	5,440	-	-	-	5,440
Transferred from subsidiaries	(1,468)	-	-	-	(1,468)
Current tax (credit)	221	-	-	-	221
Loss from discontinued operations	1,191	-	-	-	1,191
<b>At 30 June 2007</b>	<b>12,124</b>	<b>3</b>	<b>84</b>	<b>(251)</b>	<b>11,960</b>
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
<b>At 30 June 2008</b>	<b>7,442</b>	<b>(1)</b>	<b>159</b>	<b>(183)</b>	<b>7,417</b>

A reduction in the New Zealand corporate tax rate from 33% to 30% has resulted in a decrease in future tax benefits and an increase in income tax expense of \$275,000 (2007: \$175,000).

**(b) Current tax liabilities**

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Movements</b>				
Balance at beginning of period	2,292	5,026	2,259	3,373
Movement in imputation credit account	(2,464)	5,440	(2,464)	5,440
Reclassified from prepaid tax	(8,810)	(2,270)	-	-
Reclassified from future tax benefit	(1,201)	1,201	-	-
Tax on cash flow hedge reserve	3,954	(6,070)	-	-
Current tax	8,081	7,240	-	-
Acquisition/disposal of subsidiary	-	(63)	-	-
Tax paid	(794)	(8,212)	-	(6,554)
<b>Balance at end of period</b>	<b>1,058</b>	<b>2,292</b>	<b>(205)</b>	<b>2,259</b>

**15. Intangible assets****Group**

	Computer software \$000	Brands \$000	Intellectual Property \$000	Goodwill \$000	Total \$000
<b>At 1 July 2006</b>					
Cost	3,897	7,983	210	67,148	79,238
Accumulated amortisation and impairment	(1,818)	-	(210)	(4,909)	(6,937)
<b>Net book amount</b>	<b>2,079</b>	<b>7,983</b>	<b>-</b>	<b>62,239</b>	<b>72,301</b>
<b>Year ended 30 June 2007</b>					
Opening net book amount	2,079	7,983	-	62,239	72,301
Acquisition of assets by subsidiaries	9	-	-	4,023	4,032
Additions	660	-	-	-	660
Disposals	(20)	-	-	-	(20)
Amortisation charge	(657)	-	-	-	(657)
Impairment	-	(7,200)	-	(11,592)	(18,792)
<b>Closing net book amount</b>	<b>2,071</b>	<b>783</b>	<b>-</b>	<b>54,670</b>	<b>57,524</b>
<b>At 30 June 2007</b>					
Cost	4,600	7,983	-	66,263	78,846
Accumulated amortisation and impairment	(2,529)	(7,200)	-	(11,593)	(21,322)
<b>Net book amount</b>	<b>2,071</b>	<b>783</b>	<b>-</b>	<b>54,670</b>	<b>57,524</b>
	Computer software \$000	Brands \$000	Goodwill \$000	Total \$000	
<b>Year ended 30 June 2008</b>					
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)	
<b>Closing net book amount</b>	<b>1,648</b>	<b>783</b>	<b>54,440</b>	<b>56,871</b>	
<b>At 30 June 2008</b>					
Cost	4,436	783	54,440	59,659	
Accumulated amortisation and impairment	(2,788)	-	-	(2,788)	
<b>Net book amount</b>	<b>1,648</b>	<b>783</b>	<b>54,440</b>	<b>56,871</b>	

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.

	2008	2007
	\$000	\$000
<b>Automotive</b>		
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	3,876
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
	<b>19,824</b>	19,812
<b>Footwear</b>		
R Hannah & Co Limited - Goodwill	7,002	7,002
- Brands	783	783
Discount Shoe Warehouse Limited - Goodwill	19,539	22,725
Goodwill on acquisition by subsidiaries	397	397
	<b>27,721</b>	30,907
<b>Packaging</b>		
Elldex Packaging Limited - Goodwill	7,678	4,734
	<b>7,678</b>	4,734
	<b>55,223</b>	55,453

Goodwill on acquisition by subsidiaries principally relates to acquisitions of franchises and branches by Brake & Transmission NZ Limited and Diesel Distributors Australia Pty 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 are as follows:

	Automotive	Equipment	Footwear	Other
EBIT growth rate	3.0%	3.0%	3.0%	3.0%
Discount rate	14.0%	13.0%	14.0%	13.0-15.0%
Cash flow forecast period	25 years	25 years	25 years	25 years

Management has determined the initial EBIT based on the 2008/09 budget. The growth rates are consistent with past experience.

The discount rates used are pre-tax and reflect specific risks relating to the CGU's. 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.

After assessing the trading results of all companies in the Group for the year ended 30 June 2008, a review was completed to determine whether any impairment existed in respect of goodwill and indefinite life brands together with the completion of 2008/09 budgets and strategic reviews. As a consequence of the review, goodwill and indefinite life brands were not considered impaired (2007: BBQ Factory goodwill and brands, were written down by \$18.792 million). All impairments have been included within the income statement.

**16. Payables, provisions and deferred consideration****(a) Current**

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Trade and other payables	57,737	45,339	1,117	1,048
Payable to related parties	-	553	-	553
Provisions	8,087	5,062	588	521
	<b>65,824</b>	<b>50,954</b>	<b>1,705</b>	<b>2,122</b>

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

**(b) Non-current**

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Payables	346	125	-	-
Provisions	340	416	-	133
	<b>686</b>	<b>541</b>	<b>-</b>	<b>133</b>

**(c) Effective interest rates**

	Group		Parent	
	2008 %	2007 %	2008 %	2007 %
Payable to related parties	-	8.00	-	8.00

**(d) Provisions****Group**

	Rent abatements \$000	Maintenance provisions \$000	Warranty provisions \$000	Unexpired leases \$000	Other \$000	Total \$000
<b>At 1 July 2007</b>	399	1,892	845	-	2,342	5,478
Charged/(credited) in income statement	-	1,077	(18)	1,342	3,861	6,262
Used during the year	(266)	(537)	(282)	-	(2,174)	(3,259)
Disposal of provision by subsidiary	-	-	(54)	-	-	(54)
<b>At 30 June 2008</b>	<b>133</b>	<b>2,432</b>	<b>491</b>	<b>1,342</b>	<b>4,029</b>	<b>8,427</b>

**Parent**

	Rent abatements \$000	Maintenance provisions \$000	Warranty provisions \$000	Unexpired leases \$000	Other \$000	Total \$000
<b>At 1 July 2007</b>	399	-	-	-	255	654
Charged in income statement	-	-	-	-	383	383
Used during the year	(266)	-	-	-	(183)	(449)
<b>At 30 June 2008</b>	<b>133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455</b>	<b>588</b>

**Analysis of total provisions**

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Non-current	340	416	-	133
Current	8,087	5,062	588	521
	<b>8,427</b>	<b>5,478</b>	<b>588</b>	<b>654</b>

The rental payable by Kirkcaldie & Stains Limited has been underwritten to the extent of the difference between rental payable under the terms of the lease and the higher of market rental or 5% of turnover, on the basis that the underwritten payment by Hellaby Holdings will not be higher than the previous year. The rent abatement provision will be utilised by December 2008.

The maintenance provision relates to maintenance obligations in relation to equipment which is leased by the Group and on-leased to customers for a period of 3 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 one year.

The unexpired lease provision relates to leases of Retail Properties 2008 Limited (formerly BBQ Factory Limited) that were not assumed by the purchaser. This provision has been estimated based on expected lease payments less recoveries and is expected to be utilised within one year.

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

#### (e) Deferred consideration

On 1 July 2005 Hellaby Holdings acquired 80% of Discount Shoe Warehouse Limited with the remaining 20% acquired on 31 August 2007. Of the estimated purchase price of \$29.8 million (2007: \$32.9 million), \$29.8 million (2007: \$15.6 million) has been paid as at 30 June 2008 with \$Nil million (2007: \$14.4 million) payable within 12 months and \$Nil (2007: \$2.9 million) payable beyond 12 months based on forecast multiple of earnings before interest and tax for the year ending 31 August 2008, less external debt at this date.

## 17. Borrowings and capital notes

### (a) Current

#### Group

	Effective interest rate		2008	2007
	2008	2007		
	%	%	\$000	\$000
<b>Secured</b>				
Bank overdrafts	10.50	10.40	244	13
Bank loans	-	9.04	-	3,925
Trade loans	1.25	1.25	9,361	3,110
<b>Total secured current interest bearing borrowings</b>			<b>9,605</b>	<b>7,048</b>

There are no current borrowings in the Parent Company.

### (b) Non-current

#### Group & Parent

	Effective interest rate		2008	2007
	2008	2007		
	%	%	\$000	\$000
<b>Secured</b>				
Bank loans	9.10	8.50	85,500	84,500
<b>Total secured non-current interest bearing borrowings</b>			<b>85,500</b>	<b>84,500</b>

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		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
6 months or less	85,500	84,500	85,500	84,500
	<b>85,500</b>	<b>84,500</b>	<b>85,500</b>	<b>84,500</b>

The maturity of non-current borrowings is as follows:

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Between 1 and 2 years	85,500	84,500	85,500	84,500
	<b>85,500</b>	84,500	<b>85,500</b>	84,500

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 floating debenture over all assets.

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	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Floating rate:				
Expiring between 1 and 2 years	43,108	30,834	36,500	21,500

### (c) Capital notes

	Group and Parent \$000
<b>At 1 July 2006</b>	48,152
Amortisation of issue costs	373
<b>At 30 June 2007</b>	<b>48,525</b>
Amortisation of issue costs	373
<b>At 30 June 2008</b>	<b>48,898</b>

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	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Balances</b>				
Imputation credit account credit/(debit) balance	3,057	1,959	205	(2,259)
<b>Movements</b>				
<b>Imputation credit account</b>				
Dividends paid	-	(6,272)	-	(6,272)
Dividends received	124	78	2,464	74
Transferred from subsidiaries	-	-	-	762
Prior period adjustment	72	-	-	-
Taxation paid	902	8,106	-	6,550
	<b>1,098</b>	1,912	<b>2,464</b>	1,114

## 19. Acquisitions

### (a) Acquisition of trade and assets of PPL Corporation Limited

On 6 July 2007 Elldex Packaging Limited acquired the trade and assets of PPL Corporation Limited.

Details of the fair value of the assets and liabilities acquired and the resulting goodwill are as follows:

	2008 \$000
Purchase consideration	6,412
Less fair value of net identifiable assets acquired	(3,470)
<b>Goodwill</b>	<b>2,942</b>

The goodwill relates to the capabilities of management, the established infrastructure and the overall acquired profitability of the business.

Total consideration	6,412
Deferred consideration	(26)
Less prepaid cost and deposit	(861)
<b>Outflow of cash</b>	<b>5,525</b>

### Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquired Value \$000	Fair Value \$000
Property, plant and equipment	463	463
Receivables	1,739	1,739
Inventory	1,268	1,268
<b>Net assets acquired</b>	<b>3,470</b>	<b>3,470</b>

The contribution to surplus after tax to the Group income statement since acquisition to 30 June 2008 is \$1.2 million. The revenue and surplus after tax had the trade and assets been acquired at the beginning of the period are estimated at \$9.2 million and \$1.2 million respectively.

### (b) Acquisition of trade and assets of Chequer Packaging Limited (In Receivership)

On 31 July 2007 Elldex Packaging Limited acquired the trade and assets of the Christchurch operations of Chequer Packaging Limited (In Receivership).

Details of the fair value of the assets and liabilities acquired and the resulting goodwill are as follows:

	2008 \$000
Purchase consideration	5,771
Less fair value of net identifiable assets acquired	(5,887)
Discount on acquisition	(116)
<b>Total consideration</b>	<b>5,771</b>
<b>Outflow of cash</b>	<b>5,771</b>

### Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquired Value \$000	Fair Value \$000
Property, plant and equipment	3,300	3,500
Inventory	2,387	2,387
<b>Net assets acquired</b>	<b>5,687</b>	<b>5,887</b>

The contribution to surplus after tax to the Group income statement since acquisition to 30 June 2008 is \$1.5 million. The revenue and surplus after tax had the trade and assets been acquired at the beginning of the period are estimated at \$22.4 million and \$1.5 million respectively.

**(c) Acquisition of shares of HCB Technologies Limited and its subsidiaries**

On 1 November 2006 Hellaby Holdings acquired 100% of HCB Technologies Limited and its subsidiaries.

Details of the fair value of the assets and liabilities acquired and the resulting goodwill are as follows:

	2008	2007
	\$000	\$000
Purchase consideration		
Cash paid	7,902	7,890
Less fair value of net identifiable assets acquired	(4,014)	(4,014)
Goodwill	3,888	3,876

The goodwill relates to the capabilities of management, the established infrastructure and the overall acquired profitability of the business.

	2008	2007
	\$000	\$000
Total consideration	7,902	7,890
Less net cash on hand on acquisition	(300)	(300)
Less payments made in prior year	(7,590)	-
Outflow of cash	12	7,590

**Assets and liabilities acquired**

The assets and liabilities arising from the acquisition are as follows:

	Acquired Value \$000	Fair Value \$000
Property, plant and equipment	545	545
Intangible assets	9	9
Income tax benefit	63	63
Receivables	2,829	2,829
Inventory	3,426	3,426
Cash on hand	300	300
Provisions	(310)	(310)
Payables and accruals	(1,657)	(1,657)
Borrowings	(1,191)	(1,191)
Net assets acquired	4,014	4,014

HCB Technologies Limited contributed a surplus after tax to the Group income statement since acquisition to 30 June 2007 of \$0.875 million. The revenue and surplus after tax had the trade and assets been acquired at the beginning of the period are estimated at \$15.0 million and \$1.1 million respectively.

**(d) Acquisition of shares of Discount Shoe Warehouse Limited**

On 1 July 2005 Hellaby Holdings acquired 80% of Discount Shoe Warehouse Limited with the remaining 20% acquired on 31 August 2007. The purchase price is based on a multiple of its forecast earnings before interest and tax over the financial years ending 31 August 2005, 2006, 2007 and 2008, less external debt at these dates.

Details of the fair value of the assets and liabilities acquired and the resulting goodwill are as follows:

	2008	2007
	\$000	\$000
Purchase consideration		
Cash paid	29,762	15,629
Deferred settlement	-	17,319
Total consideration	29,762	32,948
Less fair value of net identifiable assets acquired	(10,223)	(10,223)
Goodwill	19,539	22,725

The goodwill relates to the capabilities of management, the established infrastructure and the overall acquired profitability of the business.

	2008	2007
	\$000	\$000
Total consideration	29,762	32,948
Less loan to purchaser	-	(17,319)
Less payments made in previous years	(15,657)	(5,812)
Plus net overdraft on acquisition	28	28
Outflow of cash	<b>14,133</b>	9,845

#### Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquired Value \$000	Fair Value \$000
Property, plant and equipment	4,888	4,888
Loans and advances	608	608
Future income tax benefit	296	296
Intangible assets	357	357
Receivables	321	321
Inventory	13,115	13,115
Cash on hand	177	177
Payables and accruals	(3,748)	(3,748)
Borrowings	(5,586)	(5,586)
Bank overdraft	(205)	(205)
Net assets acquired	<b>10,223</b>	<b>10,223</b>

Discount Shoe Warehouse Limited contributed a surplus after tax to the Group income statement since acquisition to 30 June 2006 of \$4.4 million and revenue of \$72.8 million.

## 20. Disposals

### (a) Disposal of assets of Levana Textiles Limited

On 31 October 2007 Levana Textiles Limited sold the trade and assets of the company.

Details of the fair value of the assets and liabilities sold are as follows:

	2008 \$000
Sales consideration	6,319
Less loan from purchaser	(429)
Less fair value of net identifiable assets disposed	(5,913)
(Loss) on sale	<b>(23)</b>
Total consideration	<b>6,319</b>
Inflow of cash	<b>6,319</b>

#### Assets and liabilities disposed

The assets and liabilities arising from the disposition are as follows:

	Disposal Value \$000
Property, plant and equipment	604
Software	10
Receivables	2,503
Inventory	3,765
Derivative financial instruments	(112)
Payables and accruals	(857)
Net assets disposed	<b>5,913</b>

Levana Textiles Limited contributed a surplus after tax to the Group income statement for the period to disposal of \$0.3 million.

**(b) Disposal of assets of BBQ Factory Limited**

On 30 June 2008 BBQ Factory Limited sold the trade and assets of the company.

Details of the fair value of the assets and liabilities sold are as follows:

	2008
	\$000
.....	
Sales consideration	5,788
Less provision for unexpired leases, tangible asset impairment and other impairment	(4,573)
Less fair value of net identifiable assets disposed	(13,852)
<b>(Loss) on sale</b>	<b>(12,637)</b>
.....	
Total consideration	5,788
Less loan to purchaser	(5,788)
Less net cash on hand at disposal	(18)
<b>(Outflow) of cash</b>	<b>(18)</b>

**Assets and liabilities disposed**

The assets and liabilities arising from the disposition are as follows:

	Disposal Value \$000
.....	
Property, plant and equipment	1,479
Software	357
Receivables	450
Inventory	12,729
Cash	18
Payables and accruals	(1,181)
<b>Net assets disposed</b>	<b>13,852</b>

BBQ Factory Limited contributed a deficit after tax to the Group income statement for the period to disposal of \$14.7 million.

**21. Discontinued operations**

The results of 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:

	2008	2007
	\$000	\$000
.....		
Revenue	31,239	35,242
Expenses	(38,380)	(37,472)
<b>(Deficit) before interest and tax from operating activities</b>	<b>(7,141)</b>	(2,230)
Finance (costs)	(1,994)	(1,238)
<b>(Deficit) before tax from operating activities</b>	<b>(9,135)</b>	(3,468)
Loss on disposal of shares and assets	(11,916)	-
Tangible assets impairment	(720)	-
Intangible assets impairment	(1)	-
Goodwill and brands impairment	-	(18,792)
<b>(Deficit) before tax</b>	<b>(21,772)</b>	(22,260)
Income tax credit	7,083	1,182
<b>(Deficit) after tax from discontinued operations</b>	<b>(14,689)</b>	(21,078)

Cash flows from discontinued operations are as follows:

	2008	2007
	\$000	\$000
.....		
Cash from operating activities	(11,783)	(610)
Cash from investing activities	(756)	(1,569)
Cash from financing activities	12,586	3,520
<b>Total cash flows</b>	<b>47</b>	1,341

## 22. Contributed equity

	No. of shares		Group and Parent	
	2008 Shares	2007 Shares	2008 \$000	2007 \$000
Opening ordinary shares	50,008,776	49,509,753	19,752	17,591
Shares issued under dividend reinvestment plan	235,006	499,128	393	2,161
Shares repurchased as treasury stock	-	(105)	-	-
<b>Total ordinary shares</b>	<b>50,243,782</b>	<b>50,008,776</b>	<b>20,145</b>	<b>19,752</b>

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 2008 totalled 67,520 (30 June 2007: 302,526 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. 235,006 shares, previously held as treasury stock, were issued during the year ended 30 June 2008 (2007: 499,128 shares) to shareholders who participated in the dividend reinvestment plan with a value of \$0.4 million (2007: \$2.2 million).

## 23. Capital and reserves

### Group

	Share capital \$000	Cash flow hedge \$000	Retained earnings \$000	Total \$000
<b>Balance at 1 July 2006</b>	17,591	3,811	92,132	113,534
Total recognised income and expenses	-	-	(9,829)	(9,829)
Dividend payment	2,161	-	(12,903)	(10,742)
Cash Flow hedges:				
- Fair value losses in year	-	(17,202)	-	(17,202)
- Tax on fair value losses	-	5,677	-	5,677
- Transfers to net deficit	-	(2,301)	-	(2,301)
- Tax on transfers to net deficit	-	759	-	759
- Transfers to inventory	-	1,108	-	1,108
- Tax on transfers to inventory	-	(366)	-	(366)
<b>Balance at 30 June 2007</b>	<b>19,752</b>	<b>(8,514)</b>	<b>69,400</b>	<b>80,638</b>
<b>Balance at 1 July 2007</b>	<b>19,752</b>	<b>(8,514)</b>	<b>69,400</b>	<b>80,638</b>
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)
<b>Balance at 30 June 2008</b>	<b>20,145</b>	<b>(1,174)</b>	<b>71,579</b>	<b>90,550</b>

**Parent**

	Share capital \$000	Retained earnings \$000	Total \$000
<b>Balance at 1 July 2006</b>	17,591	43,305	60,896
Total recognised income and expenses	-	(4,765)	(4,765)
Dividend payment	2,161	(12,903)	(10,742)
<b>Balance at 30 June 2007</b>	19,752	25,637	45,389
<b>Balance at 1 July 2007</b>	19,752	25,637	45,389
Total recognised income and expenses	-	(5,423)	(5,423)
Dividend payment	393	(2,500)	(2,107)
<b>Balance at 30 June 2008</b>	20,145	17,714	37,859

**24. Dividends – ordinary shares**

	Cents per share		Group and Parent	
	2008 cents	2007 cents	2008 \$000	2007 \$000
Interim dividend for the year ended 30 June 2008	5	-	2,107	-
Interim dividend for the year ended 30 June 2007	-	10	-	4,257
Final dividend for the year ended 30 June 2006	-	16	-	6,485
	5	26	2,107	10,742

Dividends are paid in cash or through the issue of shares in accordance with the dividend reinvestment plan (see Note 22).

The interim dividend was not imputed (2007: fully imputed). Supplementary dividends of \$Nil (2007: \$83,000) were paid to shareholders not tax-resident in New Zealand for which Hellaby Holdings received a foreign investor tax credit entitlement.

**25. Related party transactions****(a) Loans (from)/to related parties**

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Loans (from) associates</b>				
Beginning of the period	(552)	(752)	(552)	(752)
Loans repaid	552	200	552	200
<b>End of the period</b>	-	(552)	-	(552)
<b>Loans to subsidiaries</b>				
Beginning of the period	-	-	97,741	68,936
Loans made	-	-	1,932	27,925
Interest charged	-	-	13,182	11,301
Impairment of related party loan	-	-	(16,575)	-
Interest received	-	-	(12,527)	(10,421)
<b>End of the period</b>	-	-	83,753	97,741

**(b) Transactions with key management**

On 30 June 2008 BBQ Factory 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 \$38,000 (2007: \$43,000).

BNT leases premises at Omega Street, North Harbour, Auckland owned by a company associated with G Horne, BNT's Chief Executive. Lease payments of \$513,000 were made for the year (2007: \$488,000) on normal arms length terms. There is no balance owing to the Group at 30 June 2008 (30 June 2007: \$Nil).

BNT leases premises at Vogel Street, Dunedin, owned by a company associated with G Horne. Lease payments of \$30,000 were made for the year (2007: \$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 \$30,000 were made for the year (2007: \$12,000) on normal arms length terms.

BNT leases premises at Clyde Street, Invercargill, owned by a family trust associated with DMJ Houldsworth, a past director of Hellaby Holdings. Lease payments of \$37,000 were made for the year (2007: \$Nil) on normal arms length terms.

Levana Textiles leased premises at Stanley St, Levin owned by a family trust associated with DMJ Houldsworth, a past director of Hellaby Holdings. Lease payments of \$26,000 were made for the period to the sale of Levana Textiles (2007: \$79,000) on normal arms length terms.

During the year purchases of \$Nil (2007: \$476,000) were made from a company associated with G Petersen, Managing Director of Discount Shoe Warehouse Limited, on normal trade terms.

**(c) Key management compensation was as follows:**

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Salaries and bonuses	2,852	2,376	493	480
Short term employee benefits	188	213	27	25
Termination benefits	-	-	-	-
<b>Total salaries and bonuses, short term employee benefits and termination benefits</b>	<b>3,040</b>	<b>2,589</b>	<b>520</b>	<b>505</b>

**26. Capital expenditure commitments**

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Commitments at the end of the period not provided for in the financial statements</b>	<b>367</b>	<b>1,616</b>	<b>-</b>	<b>-</b>

**27. Operating leases**

**Leases as lessee**

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Lease commitments expire as follows:				
Within one year	46,240	40,111	43	58
One to two years	38,273	34,184	116	5
Two to five years	59,466	53,749	348	-
More than five years	14,468	13,142	319	-
<b>Total operating lease commitments</b>	<b>158,447</b>	<b>141,186</b>	<b>826</b>	<b>63</b>

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	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Within one year	19,151	11,948	-	-
One to two years	14,798	8,824	-	-
Two to five years	17,011	9,069	-	-
More than five years	237	72	-	-
<b>Total operating lease commitments</b>	<b>51,197</b>	<b>29,913</b>	<b>-</b>	<b>-</b>

**28. Contingent liabilities**

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$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	71,213	38,797	-	-
Letters of credit	4,122	6,516	-	-
<b>Total contingent liabilities</b>	<b>75,335</b>	<b>45,313</b>	<b>-</b>	<b>-</b>

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

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Profit/(deficit) before tax from continuing operations</b>	<b>27,457</b>	<b>17,562</b>	<b>(6,960)</b>	<b>(4,887)</b>
<b>Adjusted for:</b>				
Depreciation expense	8,786	8,340	12	8
Amortisation	901	871	373	373
Unrealised exchange (gains)/losses	(436)	2,077	(2)	-
Discount on acquisition of business	(116)	-	-	-
Share of retained surpluses of associated companies	(1,586)	(227)	-	-
Net (profit)/loss on sale of assets/shares	(1,597)	(730)	5	12
Taxation	(794)	(8,336)	-	(6,634)
Provision for investments to net tangible value	73	-	1,728	18,792
Impairment of related party loan	-	-	16,575	-
Cash from operating activities of discontinued operations	(11,783)	(610)	-	-
<b>Impact of changes in working capital items:</b>				
Decrease/(increase) in debtors and prepayments	692	(8,376)	273	(380)
Increase/(decrease) in creditors and provisions	17,792	2,273	(1,110)	(1,711)
(Increase) in inventories	(17,647)	(4,960)	-	-
<b>Net cash inflow from operating activities</b>	<b>21,742</b>	<b>7,884</b>	<b>10,894</b>	<b>5,573</b>

**30. Events after balance date****(a) New standards and interpretations not yet adopted**

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 IFRS 3: Business Combinations (revised)* and *NZ IAS 2: (revised)* are mandatory for reporting periods beginning on or after 1 January 2009. The standard no longer permits acquisition costs to be capitalised and contingent consideration is to be recognised at the date of acquisition with all future changes being recognised in the income statement.

*NZ IFRS 8: Operating Segments* is mandatory for reporting periods beginning on or after 1 January 2009. The standard requires segments to be identified on the basis of reporting to chief decision makers of the organisation and requires information provided to the chief decision makers to be presented in the financial statements.

*NZ IAS 1: Presentation of Financial Statements* is mandatory for reporting periods beginning on or after 1 January 2009. Changes are required to the presentation and disclosure of financial statements.

**(b) Dividend**

Hellaby Holdings has declared a final dividend of 6 cents, fully imputed, payable on 31 October 2008 (2007: \$Nil).