

HELLABY HOLDINGS LIMITED

Annual Meeting

2 November 2011

CHAIRMAN'S ADDRESS:

It gives me great pleasure to once again chair the Annual Meeting of Shareholders of Hellaby Holdings Limited.

It's probably fair to say that in some past years the Company's Board and management have not always deserved your support. While Hellaby has certainly been operating in a tough trading environment over the past three years, our performance has been equally challenged by the impacts of past actions taken – some, many years ago. And shareholder confidence, understandably, suffered.

As our regular attendees will agree, the key message to shareholders in recent years has been – we will fix this, please be patient, stick with us. John and his team put a turnaround plan in place in 2007 and it has been four years of hard grind. That's why this year it gives us satisfaction to report to you that despite continued unfavourable business conditions, Hellaby had a very strong performance in the year to 30 June 2011. Not only was Net Profit After Tax up by 49%, but the Company's return to shareholders was, at 87%, among the highest of all listed companies on the New Zealand Stock Exchange.

As a Board and management team, we are particularly pleased with the reform of the Company's balance sheet over the last few years. As was noted in the Annual Report, the Company now has the most conservative structure in a decade, as a result of major balance sheet and capital structure reform.

We successfully concluded a \$28.4 million rights issue in October, and a few months later made an early cash redemption of the \$50 million capital notes.

Total net debt reduced to \$24.5 million at 30 June, some 67% lower than the \$73.3 million at the previous balance date, and substantially lower than the \$165.6 million peak at December 2007.

It is this radical change that has enabled the Group to ride out an enduring flat economy with a measure of confidence. That confidence now gives us the means to progress opportunities for growth and fulfilling our strategy of 'Buy, Build and Harvest'.

I will leave John Williamson to go into some detail about the Company's future plans.

I would now like to take you through a couple of financial matters in respect of Board and management remuneration.

LTI scheme

As indicated in my address to the shareholders last year, the Board was finalising a Long Term Incentive scheme for the Hellaby senior management team, comprising the managing director, the chief financial officer, the chief operating officer and the chief investment officer. The scheme was put in place subsequent to the last Annual Meeting - and was outlined in the Company's Interim Report issued in February this year and in the June 2011 Annual Report. It is based on a three year vesting period from November 2009 to November 2012. This Long Term Incentive scheme had been contractually committed to John Williamson when he took up the role of CEO in mid-2007, but the actual scheme was not devised and finalised until 2009 / 2010, partly due to the fact that Board and management were heavily focussed on turning around the business.

Pay-out is based on Total Shareholder Return accretion, which represents changes in the share price plus dividends paid, but excluding the impact of any equity raises.

The scheme is based on a \$1.50 starting share price, as it was at the start of the vesting period (equating to a \$76 million market capitalisation) – significantly above the Company's \$0.40 share price low and \$20 million market capitalisation of March 2009.

A doubling of the market capitalisation, after allowing for new equity, from the starting point of \$76 million is required before any pay-out is applicable. This trigger point equates to a share price of \$2.32 – a threshold that has been clearly met at 30 June 2011, and as such gave rise to an accrual of \$241,000 in the June accounts.

The maximum pay-out effective 30 November 2012 will be modest in comparison to the value of Total Shareholder Return achieved or free cash flow generated over the three year vesting period, and any such payout is estimated to be between 1 and 2% of these two measures.

The Board has no expectation of changing the Company's stated dividend policy of paying 50% of NPAT over this period, and the impact of any future equity raising - should that occur - would be excluded from the calculation.

I would like to stress that the scheme has been designed as a way of rewarding Hellaby's small senior management team, should they achieve significant value creation for all shareholders.

Directors' fees

Shareholders will today be asked to vote on an increase in the available pool of directors' fees from \$375,000 to \$475,000. As I indicated last year when directors' fees were increased by 5%, it is the Company's intention to review fees every second year, so as to remain relative to the market. The increase being sought today is to give the company flexibility in the likely appointment of an additional director – an appointment of an individual with trans-Tasman experience to better position the Company for its future growth into the Australian market. The Company is not currently looking to increase fees on an individual director basis.

Shareholders may ask why it is necessary to increase the pool for an additional director, when the NZX listing rules have an exemption for such an event. Indeed they do, however, it was our intention to be transparent with fees, thereby providing shareholders with the opportunity to

discuss the issue directly during the putting of the resolution. Also under the listing rules exemption, the fee payable to an additional director must not exceed the average paid to existing directors. Were we to appoint an Australian resident the fee required to attract such a person may need to be larger than the average.

Furthermore, we consider that current base directors' fees at \$52,500 are modest by market comparison, and with only five non-executive directors this is a small Board.

I would like to conclude by saying that Board and management have worked extremely well together over the past restructuring period and it is very satisfying for us all to be now in a position where growing the Company has become our mantra.

Finally can I pay tribute to John Williamson and his hard-working management team. The results speak for themselves. My thanks also to a keen and supportive Board – every member bringing enthusiasm to the Board table.

I will now hand over to John.