

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"). 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 in New Zealand. Its registered office is at Level 9, Worldwide Tower, 8-10 Whitaker Place, Auckland.

As at 30 June 2007 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-orientated entity for financial reporting purposes.

Statutory base

Hellaby Holdings Limited 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.

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 2007 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) Minority Interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals of minority interests result in gains and losses for the Group that are recorded in the income statements. Acquisitions of minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(iii) 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.

(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 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 hedges).

Certain 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. These 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:

- Buildings	10 - 40 years
- 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 since this 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 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 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.

2. Financial risk management

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

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

(a) Market risk*(i) Foreign exchange risk*

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

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

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

For segment reporting purposes, certain 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.

(ii) Fair value interest rate risk

Refer to (d) below.

(b) Credit risk

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

(c) Liquidity risk

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

(d) 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.

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.

Industrial

The industrial division includes AB Equipment Limited, an importer and distributor of materials handling, construction and transport equipment; AB Rental Limited, a forklift rentals company; Eurolift NZ Limited, an importer and distributor of materials handling equipment; and TRS Tyre & Wheel Limited and TRS Tyre & Wheel Pty Limited, importers and distributors of tyres and wheels.

Retail

The retail division includes the BBQ Factory Limited, an indoor/outdoor living, spa pool and home heating retailer, R Hannah & Co Limited, and Discount Shoe Warehouse Limited, specialty shoe retailers.

Diversified

This division includes Levana Textiles Limited, a manufacturer of knitted textiles and Elldex Packaging Limited, a manufacturer and importer of flexible plastic packaging.

Corporate

This division includes Hellaby Holdings Limited, the holding company for the investments in Group companies and associate companies Bombay Petfoods Limited, a petfood supplier, and Energy Intellect Limited, a metering and communications company.

(b) Secondary reporting format – geographical segments

	New Zealand		Australia & Other		Total	
	2007	2006	2007	2006	2007	2006
	\$000	\$000	\$000	\$000	\$000	\$000
Sales to external customers	472,856	480,311	10,020	6,834	482,876	487,145
Other income	3,530	15,634	73	341	3,603	15,975
Segment result	5,238	40,945	225	1,072	5,463	42,017
Segment assets	293,779	297,817	11,061	5,626	304,840	303,443
Segment liabilities	222,298	188,781	1,904	1,128	224,202	189,909
Acquisitions of property, plant and equipment, intangibles and investments	37,403	65,912	738	1,027	38,141	66,939
Depreciation and amortisation expense	9,699	10,510	130	87	9,829	10,597
Impairment of inventories	1,365	264	16	36	1,381	300
Impairment of trade receivables	306	277	5	-	311	277
Impairment of goodwill	18,792	5,119	-	-	18,792	5,119
Provision for investments to lower of cost or net realisable value	-	97	-	-	-	97

(c) Primary reporting format – business segments

Year ended 30 June 2007

	Automotive \$000	Industrial \$000	Retail \$000
INCOME STATEMENT			
Sales to external customers	118,065	133,011	190,373
Intersegment sales	192	195	-
Total sales revenue	118,257	133,206	190,373
Other income	215	1,138	1,349
Total segment income	118,472	134,344	191,722
Segment result	12,830	6,214	6,669
Finance costs			
Share of profit from associates			
Income tax expense			
Minority interest			
Net (Deficit) for the year			
BALANCE SHEET			
Segment assets	75,160	88,273	98,858
Intersegment assets	2,549	26	-
Total Assets	77,709	88,299	98,858
Segment liabilities	13,995	22,784	26,774
Intersegment liabilities	43,051	45,707	21,340
Total Liabilities	57,046	68,491	48,114
Other segmental items			
Acquisitions of property, plant and equipment, intangibles and investments	11,866	10,562	15,568
Depreciation and amortisation expense	1,430	4,052	3,515
Impairment of inventories	471	579	346
Impairment of trade receivables	153	186	[23]
Impairment of intangibles	-	-	18,792
Provision for investments to lower of cost or net realisable value	-	-	-

Diversified \$000	Corporate \$000	Inter-segment eliminations/unallocated \$000	Group \$000
41,427	-	-	482,876
81	-	(468)	-
41,508	-	(468)	482,876
3	17,003	(16,105)	3,603
41,511	17,003	(16,573)	486,479
2,639	(22,889)	-	5,463
			(10,388)
			227
			(5,131)
			-
			(9,829)
24,377	18,172	-	304,840
11	117,854	(120,440)	-
24,388	136,026	(120,440)	304,840
5,901	154,748	-	224,202
9,356	-	(119,454)	-
15,257	154,748	(119,454)	224,202
138	7	-	38,141
451	381	-	9,829
(15)	-	-	1,381
(5)	-	-	311
-	-	-	18,792
-	-	-	-

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

Year ended 30 June 2006

	Automotive \$000	Industrial \$000	Retail \$000
INCOME STATEMENT			
Sales to external customers	99,655	127,095	218,323
Intersegment sales	120	18	-
Total sales revenue	99,775	127,113	218,323
Other income	1,103	2,764	1,194
Total segment income	100,878	129,877	219,517
Segment result	13,962	9,563	13,665
Finance costs			
Share of profit from associates			
Income tax expense			
Minority interest			
Net Profit for the year			
BALANCE SHEET			
Segment assets	59,616	83,187	90,176
Intersegment assets	378	11	11,110
Total Assets	59,994	83,198	101,286
Segment liabilities	12,031	23,535	24,991
Intersegment liabilities	24,810	36,233	14,901
Total Liabilities	36,841	59,768	39,892
Other segmental items			
Acquisitions of property, plant and equipment, intangibles and investments	3,169	9,030	52,539
Depreciation and amortisation expense	1,306	4,287	4,444
Impairment of inventories	(98)	(9)	(88)
Impairment of trade receivables	58	117	38
Impairment of intangibles	845	-	4,064
Provision for investments to lower of cost or net realisable value	-	-	-

Diversified \$000	Corporate \$000	Inter-segment eliminations/unallocated \$000	Group \$000
42,072	-	-	487,145
90	-	(228)	-
42,162	-	(228)	487,145
270	22,683	(12,039)	15,975
42,432	22,683	(12,267)	503,120
2,853	1,974	-	42,017
			(9,601)
			680
			(9,349)
			(611)
			23,136
22,499	47,965	-	303,443
6,386	76,338	(94,223)	-
28,885	124,303	(94,223)	303,443
3,154	126,198	-	189,909
7,100	-	(83,044)	-
10,254	126,198	(83,044)	189,909
1,242	959	-	66,939
527	33	-	10,597
495	-	-	300
64	-	-	277
210	-	-	5,119
-	97	-	97

4. Income and expenses

	Group		Parent	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
(Deficit)/profit before tax includes the following specific income and expenses				
Income				
Rent abatement	475	572	475	572
Rental income	99	138	-	144
Share of profit of associates	227	680	-	-
Dividend income - Associates	-	-	147	530
- Subsidiaries	-	-	14,700	17,400
- Other	10	26	1	21
Net gain/(loss) on sale of property, plant and equipment	730	2,974	(12)	1,137
Gain on sale of businesses	-	6,080	-	423
Gain on sale of shares	-	1,178	-	1,179
Foreign exchange gains	-	1,467	-	-
Gain on forward exchange contracts not qualifying as a hedge	-	1,137	-	-
Finance revenue	305	251	11,373	7,971
Expenses				
Depreciation				
Freehold buildings	-	33	-	-
Leasehold improvements	351	258	-	-
Plant and equipment	4,436	4,620	-	-
Furniture, fittings and office equipment	2,897	3,969	8	7
Motor vehicles	1,115	1,147	-	6
Total depreciation	8,799	10,027	8	13
Amortisation				
Software costs	657	554	-	-
Capital Notes costs	373	16	373	16
Total amortisation	1,030	570	373	16
Total depreciation and amortisation	9,829	10,597	381	29
Operating lease payments	41,526	45,489	78	76
Provision for investments to net realisable value	-	97	18,792	4,816
Intangible asset impairment	18,792	5,119	-	-
Remuneration of principal auditors				
Audit of Parent and Group	282	251	51	77
Tax audit, compliance and IRD liaison	147	114	217	111
Acquisition/disposal completion audits	-	17	-	17
Conversion to NZ IFRS	-	61	-	61
Vendor due diligence	333	-	333	-
Remuneration of other auditors	-	36	-	-
Directors' fees and retiring allowance	240	270	240	270
Donations	25	14	12	6
Wages, salaries and other short term benefits	69,633	71,349	1,887	2,409
Foreign exchange losses	1,212	-	-	-
Loss on forward exchange contracts not qualifying as a hedge	2,371	-	-	-
Finance costs	10,693	9,852	9,979	8,367

The Group has 2,573 employees (2006: 2,330 employees).

5. Income tax expense/(credit)

	Notes	Group		Parent	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
(a) Income tax expense/(credit)					
Current tax		5,026	9,317	(221)	(1,103)
Deferred tax	14	105	32	99	208
Income tax expense/(credit)		5,131	9,349	(122)	(895)
Deferred income tax included in income tax expense comprises:					
Decrease in future tax benefit		105	32	99	208
		105	32	99	208

(b) Reconciliation of income tax expense to tax rate applicable to profits

(Deficit)/profit before income tax expense		(4,698)	33,096	(4,887)	14,139
Tax at the New Zealand tax rate of 33% (2006: 33%)		(1,550)	10,922	(1,613)	4,666
Tax effect of amounts which are either deductible or taxable in calculating taxable income:					
Income not subject to tax		(473)	(3,070)	(5,133)	(6,333)
Expenses not deductible for tax		6,634	1,881	6,563	1,665
Imputation credits on dividends received		25	90	24	417
Tax offset for imputed dividends		(76)	(272)	(75)	(1,265)
Change in tax rate		176	-	(18)	-
Overseas losses not recognised		384	-	-	-
Prior period adjustment		11	(202)	130	(45)
Income tax expense/(credit)		5,131	9,349	(122)	(895)

(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	22	(6,070)	1,877	-	-
		(6,070)	1,877	-	-

The Group has no tax losses (2006: Nil) and no unrecognised temporary differences (2006: Nil).

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 \$176,000 (2006: Nil).

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	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
(Deficit)/profit after tax attributable to Shareholders of Parent Company	(9,829)	23,136	(4,765)	15,034
Weighted average number of ordinary shares on issue (thousands)	49,772	49,353	49,772	49,353
Basic and diluted earnings (per share)	(19.7) cents	46.9 cents	(9.6) cents	30.5 cents

7. Cash and cash equivalents

	Notes	Group		Parent	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Cash at bank and on hand		5,830	3,406	630	290
		5,830	3,406	630	290

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		5,830	3,406	630	290
Bank overdrafts	17	(13)	(945)	-	-
Balances per statements of cash flows		5,817	2,461	630	290

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

8. Receivables and prepayments

		Group		Parent	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Current:					
Trade receivables		48,187	38,873	-	-
Provision for impairment		(1,072)	(761)	-	-
Net trade receivables		47,115	38,112	-	-
Prepayments		3,630	2,453	48	51
Other receivables		2,301	8,312	320	6,302
Total receivables and prepayments		53,046	48,877	368	6,353
Due from associates		1	1	1	1
Due from subsidiaries		-	-	97,740	69,424
Due from related parties		-	1,000	-	-
Provision for impairment		-	-	-	(489)
Receivables from related parties		1	1,001	97,741	68,936
Total current receivables		53,047	49,878	98,109	75,289

(a) Bad and doubtful trade receivables

The Group has recognised a loss of \$311,000 (2006: \$277,000) in respect of bad and doubtful trade receivables. The loss has been included in 'other expenses' in the income statement.

(b) Effective interest rates

The effective weighted average interest rates are as follows:

	Group		Parent	
	2007	2006	2007	2006
Due from associates	-	-	-	-
Due from subsidiaries	-	-	9.50%	8.75%

(c) Credit risk

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

	Group		Parent	
	2007 %	2006 %	2007 %	2006 %
New Zealand	90.7	92.0	100.0	100.0
Australia	8.9	7.3	-	-
Other	0.4	0.7	-	-
	100.0	100.0	100.0	100.0

(d) Fair value

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

9. Inventories

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Raw materials	2,183	2,308	-	-
Work in progress	1,885	2,636	-	-
Finished goods	122,617	114,449	-	-
	126,685	119,393	-	-

The Group has recognised a loss of \$1.381 million (2006: \$0.300 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	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Current assets				
Forward foreign exchange contracts	1	7,018	-	-
Total current derivative financial instrument assets	1	7,018	-	-
Current liabilities				
Forward foreign exchange contracts	13,023	20	-	-
Total current derivative financial instrument liabilities	13,023	20	-	-

(a) Transition to NZ IAS 32 and NZ IAS 39

During the year ended 30 June 2006, the Group took advantage of the exemption available under NZ IFRS 1 to apply NZ IAS 32 *Financial Instruments: Disclosure and Presentation* and NZ IAS 39 *Financial Instruments: Recognition and Measurement* from 1 July 2005. At the date of transition to these standards on 1 July 2005 a net adjustment of \$41,000 decrease in net assets and retained earnings was recognised representing a loss on the measurement of forward foreign exchange contracts held at fair value.

(b) 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 2007 the Group had entered into forward exchange contracts to sell the equivalent of NZ\$59.6 million (2006: NZ\$98.7 million) and buy the equivalent of NZ\$1.3 million (2006: NZ\$2.7 million). The currencies in which the Group primarily deals are Australian Dollars, Japanese Yen, United States Dollars and the Euro.

A subsidiary company uses currency options to hedge foreign currency exposures. At balance date the subsidiary company had entered into currency option contracts maturing within 12 months to sell the equivalent of between NZ\$19.4 million to NZ\$38.7 million (2006: between NZ\$2.2 million to NZ\$4.4 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 liabilities of \$12.7 million (2006: assets of \$5.7 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 liabilities of \$0.3 million (2006: assets of \$1.3 million).

11. Other current assets

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
(a) Other current assets				
Loans and advances	154	382	155	382
	154	382	155	382

(b) Interest rate risk – loans and advances

The effective weighted average interest rate is 11.4% [2006: 7.2%].

(c) Credit risk – loans and advances

Loans and advances are due from a number of parties domiciled in New Zealand and therefore no concentration of credit risk exists with any one party.

12. Investments, loans and advances

	Notes	Group		Parent	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
(a) Total investments, loans and advances					
Shares in associates		4,422	2,842	4,422	2,842
Shares in subsidiaries		-	-	84,612	101,624
Deposit on acquisition	29	861	-	-	-
Total investments		5,283	2,842	89,034	104,466
Loans and advances		784	712	334	408
		6,067	3,554	89,368	104,874

Movement:

Balance at beginning of period	3,554	8,391	104,874	68,492
Acquisitions/advances/deposits made during year	2,539	721	1,835	43,723
Disposals/repayments during year	(106)	(5,708)	(74)	(6,004)
Capitalisation of intercompany amount owing	-	-	1,445	2,577
Provisions to lower of cost or net realisable value	-	-	(18,792)	(4,064)
Share of total recognised revenue and expenses of associates	227	680	227	680
Dividends from associates	(147)	(530)	(147)	(530)
Balance at end of period	6,067	3,554	89,368	104,874

(b) Associates

Name	Activity	2007 Interest	2006 Interest
Bombay Petfoods Limited	Petfood supplier	49.0%	49.0%
Energy Intellect Limited	Metering/communications	34.4%	25.0%

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

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Movement in associates				
Balance at beginning of period	2,842	8,387	2,842	8,387
Acquisitions during year	1,500	9	1,500	9
Disposals during year	-	(5,704)	-	(5,704)
Share of total recognised revenue and expenses	227	680	227	680
Dividends	(147)	(530)	(147)	(530)
Balance at end of period	4,422	2,842	4,422	2,842

(c) Principal subsidiaries

Name	Activity	2007 Interest	2006 Interest
AB Equipment Limited	Materials handling and construction equipment	100%	100%
AB Rental Limited	Forklift rentals	100%	100%
BBQ Factory Limited	Barbeque and spa pool retailer	100%	100%
Brake & Transmission NZ Limited	Automotive parts distributor	100%	100%
Diesel Distributors Limited	Diesel engine components distributor	100%	100%
Diesel Distributors Australia Pty Limited	Diesel engine components distributor	100%	100%
Discount Shoe Warehouse Limited	Specialty shoe retailer	100%	100%
Elldex Packaging Limited	Packaging manufacturer and distributor	100%	100%
Eurolift NZ Limited	Forklift sales and rentals	100%	100%
Levana Textiles Limited	Textiles manufacturer	100%	100%
R Hannah & Co Limited	Specialty shoe retailer	100%	100%
TRS Tyre & Wheel Limited	Tyre and wheel importer and distributor	100%	100%
TRS Tyre & Wheel Pty Limited	Tyre and wheel importer and distributor	100%	100%

On 1 April 2007 Brake & Transmission NZ Limited acquired the trade and assets of NZ Brake 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 an agreement to acquire the remaining 20% 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 2007 the purchase price has been estimated as \$32.9 million (30 June 2006: \$34.3 million) of which \$15.6 million (2006: \$5.8 million) has been paid with the balance due progressively over the period to 31 August 2008.

On 1 July 2005 Hellaby Holdings acquired a further 9.2% of R Hannah & Co Limited for consideration of \$6.2 million and on 31 March 2006 a further 5.8% for consideration of \$2.3 million.

On 1 September 2005 BBQ Factory Limited acquired the Manukau, Tauranga and Rotorua franchises and on 1 October 2005 the Hamilton franchise.

On 1 October 2005 Brake & Transmission NZ Limited acquired the trade and assets of Automotive Supplies Thames for consideration of \$0.7 million.

On 31 December 2005 Hellaby Holdings sold the 75% shareholding in Oakleys Plumbing Supplies Limited for consideration of \$0.72 million.

On 1 April 2006 Diesel Distributors Australia Pty Limited purchased the trade and assets of B&E Diesel Spares for consideration of \$1.3 million.

On 30 June 2006 the trade and assets of Rodd & Gunn Limited were sold for consideration of \$12.3 million.

Details of the assets and liabilities acquired and disposed are shown in Notes 19 and 20.

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, are incorporated in New Zealand.

13. Property, plant and equipment

(a) 2007 Group

	Freehold land \$000	Freehold buildings \$000	Leasehold buildings \$000
Year ended 30 June 2007			
Opening net book amount	248	37	1,391
Acquisition of subsidiaries	-	-	-
Additions	-	-	720
Disposals	(248)	(37)	(118)
Depreciation charge	-	-	(351)
Closing net book amount	-	-	1,642
As at 30 June 2007			
Cost	-	-	2,729
Accumulated depreciation	-	-	(1,087)
Net book amount	-	-	1,642

	Freehold land \$000	Freehold buildings \$000	Leasehold buildings \$000
At 1 July 2005			
Cost	521	2,547	1,375
Accumulated depreciation	-	(1,090)	(710)
Net book amount	521	1,457	665
Year ended 30 June 2006			
Opening net book amount	521	1,457	665
Acquisition of subsidiaries	-	-	-
Additions	-	95	1,042
Disposal of subsidiaries	-	-	-
Disposals	(273)	(1,482)	(58)
Depreciation charge	-	(33)	(258)
Closing net book amount	248	37	1,391
As at 30 June 2006			
Cost	248	75	2,146
Accumulated depreciation	-	(38)	(755)
Net book amount	248	37	1,391

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

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Cost	12,152	12,602	-	-
Accumulated depreciation	(5,084)	(5,011)	-	-
Net book amount	7,068	7,591	-	-

Plant and equipment \$000	Furniture and office equipment \$000	Motor vehicles \$000	Total \$000
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

Plant and equipment \$000	Furniture and office equipment \$000	Motor vehicles \$000	Total \$000
30,882	44,717	7,622	87,664
(15,338)	(27,868)	(4,184)	(49,190)
15,544	16,849	3,438	38,474
15,544	16,849	3,438	38,474
5,020	38	-	5,058
11,237	3,991	1,359	17,724
(862)	(5,081)	(24)	(5,967)
(7,177)	(49)	(681)	(9,720)
(4,620)	(3,969)	(1,147)	(10,027)
19,142	11,779	2,945	35,542
34,897	31,716	7,265	76,347
(15,755)	(19,937)	(4,320)	(40,805)
19,142	11,779	2,945	35,542

(b) 2007 Parent

	Furniture and office equipment \$000	Total \$000
Year ended 30 June 2007		
Opening net book amount	27	27
Additions	7	7
Disposals	(1)	(1)
Depreciation charge	(8)	(8)
Closing net book amount	25	25
As at 30 June 2007		
Cost	147	147
Accumulated depreciation	(122)	(122)
Net book amount	25	25

2006 Parent

	Freehold land \$000	Freehold buildings \$000	Furniture and office equipment \$000	Motor vehicles \$000	Total \$000
At 1 July 2005					
Cost	114	815	137	40	1,106
Accumulated depreciation	-	(66)	(114)	(18)	(198)
Net book amount	114	749	23	22	908
Year ended 30 June 2006					
Opening net book amount	114	749	23	22	908
Additions	-	93	11	-	104
Disposals	(114)	(842)	-	(16)	(972)
Depreciation charge	-	-	(7)	(6)	(13)
Closing net book amount	-	-	27	-	27
As at 30 June 2006					
Cost	-	-	147	-	147
Accumulated depreciation	-	-	(120)	-	(120)
Net book amount	-	-	27	-	27

14. Taxation

(a) Future tax benefit Group

	Prepaid tax \$000	Depreciation \$000	Provisions \$000	Other \$000	Total \$000
At 1 July 2005	5,608	290	1,160	3,081	10,139
Credited/(debited) to the income statement	-	(53)	734	(713)	(32)
Acquisition/disposal of subsidiaries	-	(459)	1,503	(756)	288
Movement in imputation credit account	2,987	-	-	-	2,987
Reclassified to tax payable	2,819	-	-	-	2,819
Current tax	(4,232)	-	-	-	(4,232)
At 30 June 2006	7,182	(222)	3,397	1,612	11,969
Credited/(debited) to the income statement	-	73	(237)	59	(105)
Losses available for future offset	-	-	-	1,201	1,201
Future tax benefit not previously recognised	-	-	40	111	151
Movement in imputation credit account	5,440	-	-	-	5,440
Reclassified to tax payable	116	-	-	-	116
Current tax	(172)	-	-	-	(172)
At 30 June 2007	12,566	(149)	3,200	2,983	18,600

Parent

	Prepaid tax \$000	Depreciation \$000	Provisions \$000	Other \$000	Total \$000
At 1 July 2005	7,998	3	140	-	8,141
Credited/(debited) to the income statement	-	-	133	(341)	(208)
Movement in imputation credit account	3,040	-	-	-	3,040
Current tax	(4,298)	-	-	-	(4,298)
At 30 June 2006	6,740	3	273	(341)	6,675
Credited/(debited) to the income statement	-	-	(189)	90	(99)
Acquisition/disposal of subsidiaries	-	-	-	-	-
Movement in imputation credit account	5,440	-	-	-	5,440
Transferred from subsidiary	116	-	-	-	116
Current tax	(172)	-	-	-	(172)
At 30 June 2007	12,124	3	84	(251)	11,960

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 \$176,000 (2006: Nil).

(b) Current tax liabilities

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Movements				
Balance at beginning of period	5,026	-	3,373	3,674
Movement in imputation credit account	5,440	3,040	5,440	3,040
Reclassified from prepaid tax	116	2,819	-	-
Reclassified from future tax benefit	1,201	-	-	-
Tax on cash flow hedge reserve	(6,070)	1,877	-	-
Current tax	4,854	5,085	-	-
Acquisition/disposal of subsidiary	(63)	301	-	-
Tax paid	(8,212)	(8,096)	(6,554)	(3,341)
Balance at end of period	2,292	5,026	2,259	3,373

15. Intangible assets**Group**

	Computer software \$000	Brands \$000	Intellectual property \$000	Goodwill \$000	Total \$000
At 1 July 2005					
Cost	3,190	7,983	245	34,026	45,444
Accumulated amortisation and impairment	(1,264)	-	(35)	-	(1,299)
Net book amount	1,926	7,983	210	34,026	44,145
Year ended 30 June 2006					
Opening net book amount	1,926	7,983	210	34,026	44,145
Acquisition of subsidiaries	115	-	-	33,318	33,433
Additions	615	-	-	-	615
Disposals	(23)	-	-	(196)	(219)
Amortisation charge	(554)	-	-	-	(554)
Impairment	-	-	(210)	(4,909)	(5,119)
Closing net book amount	2,079	7,983	-	62,239	72,301
At 30 June 2006					
Cost	3,897	7,983	210	67,148	79,238
Accumulated amortisation and impairment	(1,818)	-	(210)	(4,909)	(6,937)
Net book amount	2,079	7,983	-	62,239	72,301

	Computer software \$000	Brands \$000	Goodwill \$000	Total \$000
Year ended 30 June 2007				
Opening net book amount	2,079	7,983	62,239	72,301
Acquisition of subsidiaries	9	-	4,023	4,032
Additions	660	-	-	660
Disposals	(20)	-	-	(20)
Amortisation charge	(657)	-	-	(657)
Impairment	-	(7,200)	(11,592)	(18,792)
Closing net book amount	2,071	783	54,670	57,524
At 30 June 2007				
Cost	4,600	7,983	66,263	78,846
Accumulated amortisation and impairment	(2,529)	(7,200)	(11,593)	(21,322)
Net book amount	2,071	783	54,670	57,524

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.

	2007 \$000	2006 \$000
Automotive		
Diesel Distributors Limited - Goodwill	1,406	1,406
Diesel Distributors Australia Pty Limited - Goodwill	1,012	983
Brake & Transmission NZ Limited - HCB Goodwill	3,876	-
Brake & Transmission NZ Limited - Brake Co Goodwill	1,312	-
Goodwill on acquisitions by subsidiaries	2,840	2,650
	10,446	5,039
Industrial		
TRS Tyre & Wheel Limited - Goodwill	9,366	9,366
	9,366	9,366
Retail		
BBQ Factory Limited – Goodwill	-	10,716
- Brands	-	7,200
R Hannah & Co Limited – Goodwill	7,002	7,002
- Brands	783	783
Discount Shoe Warehouse Limited - Goodwill	22,725	24,109
Goodwill on acquisition by subsidiaries	397	1,273
	30,907	51,083
Diversified		
Elldex Packaging Limited – Goodwill	4,734	4,734
	4,734	4,734
	55,453	70,222

Goodwill on acquisitions by subsidiaries principally relates to acquisitions of franchises and branches by Brake & Transmission NZ Limited, BBQ Factory 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 covering periods up to 4 years forward. 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	Industrial	Retail	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 have determined the initial EBIT based on the 2007/08 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 2007, a review was completed to determine whether any impairment existed in respect of goodwill and indefinite life brands together with the completion of 2007/08 budgets and strategic reviews. As a consequence of the review, the BBQ Factory goodwill and brands, (included in retail), was written down by \$18.792 million (2006: \$4.064 million), goodwill in Bindons, a division of Brake & Transmission (included in automotive), was written down by \$Nil (2006: \$0.845 million), and intellectual property in Teamwork Inteltrac was written down by \$Nil (2006: \$0.21 million). All amounts have been included within the income statement.

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

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Trade and other payables	45,339	40,425	1,048	824
Payable to related parties	553	753	553	753
Provisions	5,062	5,064	521	1,287
	50,954	46,242	2,122	2,864

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

(b) Non-current

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Payables	125	376	-	-
Provisions	416	704	133	704
	541	1,080	133	704

(c) Effective interest rates

	Group		Parent	
	2007 %	2006 %	2007 %	2006 %
Payable to related parties	8.00	7.25	8.00	7.25

(d) Provisions**Group**

	Rent abatement \$000	Maintenance provisions \$000	Warranty provisions \$000	Other \$000	Total \$000
At 1 July 2006	1,174	1,592	617	2,385	5,768
Charged/(credited) in income statement	(475)	3,027	401	1,732	4,685
Used during the year	(300)	(2,727)	(446)	(1,812)	(5,285)
Acquisition of subsidiaries	-	-	273	37	310
At 30 June 2007	399	1,892	845	2,342	5,478

Parent

	Rent abatement \$000	Maintenance provisions \$000	Warranty provisions \$000	Other \$000	Total \$000
At 1 July 2006	1,174	-	-	817	1,991
Charged/(credited) in income statement	(475)	-	-	195	(280)
Used during the year	(300)	-	-	(757)	(1,057)
At 30 June 2007	399	-	-	255	654

Analysis of total provisions

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Non-current	416	704	133	704
Current	5,062	5,064	521	1,287
	5,478	5,768	654	1,991

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 is expected to be utilised by December 2008.

The maintenance provision relates to maintenance obligations in relation to equipment 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.

Other provisions include a provision for employee entitlements 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 an agreement to acquire the remaining 20% on 31 August 2007. Of the estimated purchase price of \$32.9 million (2006: \$34.3 million), \$15.6 million (2006: \$5.8 million) has been paid as at 30 June 2007 with \$14.4 million (2006: \$9.0 million) payable within 12 months. The remaining \$2.9 million (2006: \$19.5 million) payable has been estimated based on forecast multiple of earnings before interest and tax for the years ending 31 August 2007 and 31 August 2008, less external debt at these dates.

17. Borrowings and capital notes

(a) Current

Group

	Effective interest rate		2007 \$000	2006 \$000
	2007 %	2006 %		
Secured				
Bank overdrafts	10.40	9.15	13	945
Bank loans	9.04	8.07	3,925	10,093
Trade loans	1.25	1.25	3,110	6,803
Total secured current interest bearing borrowings			7,048	17,841

There are no current borrowings in the Parent Company.

(b) Non-current

Group

	Effective interest rate		2007 \$000	2006 \$000
	2007 %	2006 %		
Secured				
Bank loans	8.50	7.75	84,500	43,000
Total secured non-current interest bearing borrowings			84,500	43,000

Parent

	Effective interest rate		2007 \$000	2006 \$000
	2007 %	2006 %		
Secured				
Bank loans	8.50	7.75	84,500	43,000
Total secured non-current interest bearing borrowings			84,500	43,000

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

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
6 months or less	84,500	43,000	84,500	43,000
	84,500	43,000	84,500	43,000

The maturity of non-current borrowings is as follows:

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Between 1 and 2 years	84,500	43,000	84,500	43,000
	84,500	43,000	84,500	43,000

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

Security for secured current and non-current borrowings is provided in the form of a floating debenture over all assets.

The carrying accounts of the Group's borrowings are denominated in New Zealand dollars.

The Group has the following undrawn borrowing facilities:

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Floating rate:				
Expiring between 1 and 2 years	30,834	74,403	21,500	62,399

(c) Capital notes

	Group and Parent \$000
At 1 July 2005	-
Issued at face value	50,000
Issue costs	(1,848)
At 30 June 2006	48,152
Amortisation of issue costs	373
At 30 June 2007	48,525

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	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Balances				
Imputation credit account credit/(debit) balance	1,959	47	(2,259)	(3,373)
Movements				
Imputation credit account				
Dividends paid	6,272	8,500	6,272	8,390
Dividends received	(78)	(462)	(74)	(5,391)
Transferred from subsidiaries	-	-	(762)	-
Taxation paid	(8,106)	(7,741)	(6,550)	(3,300)
	(1,912)	297	(1,114)	(301)

19. Acquisitions

(a) 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:

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

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

	2007 \$000
Total consideration	7,890
Less net cash on hand on acquisition	(300)
Outflow of cash	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.

(b) Acquisition of shares of Discount Shoe Warehouse Limited

On 1 July 2005 Hellaby Holdings acquired 80% of Discount Shoe Warehouse Limited with an agreement to acquire the remaining 20% 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:

	2007	2006
	\$000	\$000
Purchase consideration		
Cash paid	15,629	5,784
Deferred settlement	17,319	28,548
Total consideration	32,948	34,332
Less fair value of net identifiable assets acquired	(10,223)	(10,223)
Goodwill	22,725	24,109

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

	2007	2006
	\$000	\$000
Total consideration	32,948	34,332
Less deferred settlement	(17,319)	(28,548)
Less payments made	(5,812)	(60)
Plus net overdraft on acquisition	28	28
Outflow of cash	9,845	5,752

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	10,223	10,223

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.

(c) Acquisition of trade and assets of NZ Brake Co Limited

On 1 April 2007 Brake & Transmission NZ Limited purchased the trade and assets of NZ Brake Co Limited.

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

	2007
	\$000
Purchase consideration	2,067
Less fair value of net identifiable assets acquired	(755)
Goodwill	1,312

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

	2007
	\$000
.....	
Total consideration	2,067
Outflow of cash	2,067

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	94	94
Intangible assets	4	4
Inventory	657	657
Net assets acquired	755	755

The contribution to surplus after tax to the Group income statement since acquisition to 30 June 2007 is \$0.12 million. The revenue and surplus after tax had the trade and assets been acquired at the beginning of the period are estimated at \$3.0 million and \$0.47 million respectively.

(d) Acquisition of trade and assets by subsidiaries

On 1 October 2005 Brake & Transmission NZ Limited purchased the trade and assets of Automotive Supplies Thames. On 1 April 2006 Diesel Distributors Australia Pty Limited purchased the assets of B&E Diesel Spares. On 1 September 2005 BBQ Factory Limited acquired the Manukau, Tauranga and Rotorua franchises and on 1 October 2005 the Hamilton franchise.

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

	2007	2006
	\$000	\$000
.....		
Purchase consideration	219	3,861
Less fair value of net identifiable assets acquired	-	(1,667)
Goodwill	219	2,194

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

	2007	2006
	\$000	\$000
.....		
Total consideration	219	3,861
Outflow of cash	219	3,861

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	170	170
Inventory	1,505	1,505
Prepayments	37	37
Payables	(45)	(45)
Net assets acquired	1,667	1,667

The contribution to surplus after tax to the Group income statement since acquisition to 30 June 2006 is \$0.46 million. The revenue and surplus after tax had the trade and assets been acquired at the beginning of the period are estimated at \$10.8 million and \$0.67 million respectively.

(e) Acquisition of shares of R Hannah & Co Limited

On 1 July 2005 Hellaby Holdings acquired a further 9.2% of R Hannah & Co Limited for consideration of \$6.2 million and on 31 March 2006 a further 5.8% for consideration of \$2.3 million, resulting in goodwill of \$5.77 million. The additional contribution to surplus after tax to the Group income statement had the 5.8% been acquired at the beginning of the period is \$0.092 million.

20. Disposals**(a) Disposal of assets of Rodd & Gunn Limited**

On 30 June 2006 Rodd & Gunn Limited sold the assets of the company

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

	2006 \$000
.....	
Sales consideration	12,285
Less acquisition of 2.5% shareholding	(361)
Less costs of disposal	(148)
Less fair value of net identifiable assets disposed	(5,900)
Gain on sale	5,876
Total consideration	12,285
Less acquisition of 2.5% shareholding	(361)
Less sale price as short term loan	(1,000)
Less cash on disposal	(779)
Inflow of cash	10,145

Assets and liabilities disposed

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

	Disposal Value \$000
.....	
Property, plant and equipment	5,896
Future income tax benefit	205
Receivables	1,403
Inventory	5,306
Cash on hand	779
Derivative financial instruments	1,098
Payables and accruals	(3,855)
Borrowings	(2,511)
	8,321
Less minority interest	(1,328)
Less gain on cashflow hedge reserve	(1,093)
Net assets disposed	5,900

Rodd & Gunn Limited contributed a surplus after tax to the Group Income statement for the period to disposal of \$1.8 million.

(b) Disposal of shares of Oakleys Plumbing Supplies Limited

On 31 December 2005 Hellaby Holdings sold the 75% shareholding in Oakleys Plumbing Supplies Limited.

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

	2006 \$000
.....	
Sales consideration	
Cash received	723
Less fair value of net identifiable assets disposed	(519)
Gain on sale	204
<hr/>	
Total consideration	723
Overdraft on disposal	433
Inflow of cash	1,156

Assets and liabilities disposed

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

	Disposal Value \$000
.....	
Property, plant and equipment	71
Future income tax benefit	79
Receivables	1,424
Inventory	792
Payables and accruals	(1,241)
Bank overdraft	(433)
	692
Less minority interest	(173)
Net assets disposed	519

Oakleys Plumbing Supplies Limited contributed a surplus after tax to the Group income statement for the period to disposal of \$0.17 million.

21. Contributed equity

	No of shares		Group and Parent	
	2007 Shares	2006 Shares	2007 \$000	2006 \$000
.....				
Opening ordinary shares	49,509,753	49,196,896	17,591	16,286
Shares issued under dividend reinvestment plan	499,128	312,857	2,161	1,305
Shares repurchased as treasury stock	(105)	-	-	-
Total ordinary shares	50,008,776	49,509,753	19,752	17,591

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 2007 totalled 302,526 (30 June 2006: 801,549 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. 499,128 shares, previously held as treasury stock, were issued during the year (2006: 312,857 shares) to shareholders who participated in the dividend reinvestment plan with a value of \$2.2 million (2006: \$1.3 million).

22. Capital and reserves**Group**

	Share capital \$000	Cashflow hedge \$000	Retained earnings \$000	Minority interest \$000	Total \$000
Balance at 1 July 2005	16,286	-	86,256	4,207	106,749
Total recognised income and expense	-	-	23,136	-	23,136
Fair value of financial instruments on adoption of NZ IFRS net of tax	-	-	(41)	-	(41)
Dividend payment	1,305	-	(17,219)	-	(15,914)
Movement in minority interest	-	-	-	(4,207)	(4,207)
Cash Flow hedges:					
Fair value of gains in period	-	5,688	-	-	5,688
Tax on fair value gains	-	(1,877)	-	-	(1,877)
Balance at 30 June 2006	17,591	3,811	92,132	-	113,534
Balance at 1 July 2006	17,591	3,811	92,132	-	113,534
Total recognised income and expense	-	-	(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)
Balance at 30 June 2007	19,752	(8,514)	69,400	-	80,638

Parent

	Share capital \$000	Retained earnings \$000	Total \$000
Balance at 1 July 2005	16,286	45,490	61,776
Total recognised income and expense	-	15,034	15,034
Dividend payment	1,305	(17,219)	(15,914)
Balance at 30 June 2006	17,591	43,305	60,896
Balance at 1 July 2006	17,591	43,305	60,896
Total recognised income and expense	-	(4,765)	(4,765)
Dividend payment	2,161	(12,903)	(10,742)
Balance at 30 June 2007	19,752	25,637	45,389

23. Dividends – ordinary shares

	Cents per share		Group and Parent	
	2007 Cents	2006 Cents	2007 \$000	2006 \$000
Interim dividend for the year ended 30 June 2007	10	-	4,257	-
Final dividend for the year ending 30 June 2006	16	-	6,485	-
Interim dividend for the year ended 30 June 2006	-	15	-	6,074
Final dividend for the year ended 30 June 2005	-	20	-	9,840
	26	35	10,742	15,914

Dividends are paid in cash or through the issue of shares in accordance with the dividend reinvestment plan (see Note 21).

The dividends are fully imputed. Supplementary dividends of \$83,000 (2006: \$91,000) were paid to shareholders not tax-resident in New Zealand for which Hellaby Holdings received a foreign investor tax credit entitlement.

24. Related party transactions

(a) Loans (to)/from related parties

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Loans from associates				
Beginning of the period	752	601	752	601
Loans (repaid)/received	(200)	151	(200)	151
End of the period	552	752	552	752
Loans (to) subsidiaries				
Beginning of the period	-	-	(68,936)	(73,308)
Loans made	-	-	(27,925)	3,779
Interest credited	-	-	(11,301)	(7,854)
Interest received	-	-	10,421	7,756
Provision for impairment	-	-	-	691
End of the period	-	-	(97,741)	(68,936)

(b) Transactions with key management

Automotive franchise holder, Midas New Zealand, is owned by parties associated with Hellaby Holdings directors, H. Green, R.W. Carter and D.M.J. Houldsworth, and Brake & Transmission NZ Limited ('BNT') Chief Executive G. Horne. Products of \$1,428,000 were sold by Brake & Transmission NZ Limited to Midas franchisees during the year (2006: \$1,254,000) on normal trade terms. \$236,000 is owing to the Group at 30 June 2007 (30 June 2006: \$196,000).

BNT leases premises at Omega Street, North Harbour, Auckland owned by a company associated with G. Horne, BNT's Chief Executive. Lease payments of \$488,000 were made for the year (2006: \$483,000). There is no balance owing to the Group at 30 June 2007 (30 June 2006: Nil).

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 \$12,000 were made for the year (2006: Nil).

On 30 June 2006 a property occupied by Levana Textiles at Stanley St, Levin, was sold to a family trust associated with D.M.J. Houldsworth, a director of Hellaby Holdings. Lease payments of \$79,000 were made for the year (2006: Nil).

During the year purchases of \$476,000 (2006: Nil) were made from a company associated with G. Petersen, Managing Director of Discount Shoe Warehouse Limited, on normal trade terms.

During the year ended 30 June 2006 \$1,385,612 of loans and current account balances, and \$35,271 of interest was repaid to parties associated with the Discount Shoe Warehouse Limited Managing Director G. Peterson. These repayments were made in accordance with the Shareholders' Agreement executed at the time Hellaby Holdings acquired its 80% equity stake in the company.

On 30 June 2006 the trade and assets of Rodd & Gunn Limited were sold to a company associated with Rodd & Gunn Limited Chief Executive, M. Beagley. Details of the transaction are disclosed in Note 20 (a).

During the year ended 30 June 2006 15% of the shares in R Hannah & Co Limited were purchased from R Hannah & Co Limited Chief Executive, M. Beagley. Details of the transaction are disclosed in Note 19 (e).

(c) Key management compensation was as follows:

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Salaries, other short term employee benefits and termination benefits	2,589	3,096	505	917

25. Capital expenditure commitments

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Commitment at the end of the period not provided for in the financial statements	1,616	1,388	-	-

26. Operating leases**Leases as lessee**

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Lease commitments expire as follows:				
Within one year	40,111	36,052	58	78
One to two years	34,184	30,939	5	11
Two to five years	53,749	54,636	-	6
More than five years	13,142	16,460	-	-
Total operating lease commitments	141,186	138,087	63	95

The Group leases various retail 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	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Within one year	11,948	11,930	-	-
One to two years	8,824	8,515	-	-
Two to five years	9,069	8,923	-	-
More than five years	72	87	-	-
Total operating lease commitments	29,913	29,455	-	-

27. Contingent liabilities

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$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	38,797	45,637	-	-
Guarantee in respect of subsidiary company borrowing	-	-	-	1,181
Letters of credit	6,516	6,759	-	-
Total contingent liabilities	45,313	52,396	-	1,181

28. Reconciliation of net cash flow from operating activities to reported profit

	Group		Parent	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
(Deficit)/profit before tax	(4,698)	33,096	(4,887)	14,139
Adjusted for:				
Depreciation expense	8,799	10,027	8	13
Intangible assets impairment	18,792	5,119	-	-
Amortisation	1,030	570	373	16
Unrealised exchange losses/(gains)	2,371	(1,137)	-	-
Share of retained surpluses of associated companies	(227)	(680)	-	-
Net (profit)/loss on sale of assets/shares	(730)	(10,232)	12	(2,739)
Taxation	(8,336)	(8,096)	(6,634)	(3,341)
Provision for investments to net tangible value	-	97	18,792	4,816
Impact of changes in working capital items:				
(Increase)/decrease in debtors and prepayments	(8,012)	307	(380)	(63)
Increase/(decrease) in creditors and provisions	2,104	1,072	(1,711)	(642)
(Increase) in inventories	(3,209)	(16,690)	-	-
Net cash inflow from operating activities	7,884	13,453	5,573	12,199

29. Events after balance date

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

	\$000
Purchase consideration	6,470
Less fair value of net identifiable assets acquired	(3,587)
Goodwill	2,883

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

Total consideration	6,470
Outflow of cash	6,470

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	1,644	1,644
Inventory	1,480	1,480
Net assets acquired	3,587	3,587

(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:

	\$000
.....	
Purchase consideration	5,751
Less fair value of net identifiable assets acquired	(5,887)
Discount	(136)
<hr/>	
Total consideration	5,712
Outflow of cash	5,712
<hr/>	

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
Net assets acquired	5,687	5,887
<hr/>		

(c) New standards and interpretations not yet adopted

New standards, amendments and interpretations effective in 2008 are as follows:

NZ IFRS 7: *Financial Instruments: Disclosures* is mandatory for reporting periods beginning on or after 1 January 2007. Application of this standard is expected to result in additional disclosure regarding financial instruments and financial risk management.

NZ IFRS 8: *Operating Segments* 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.

Amendments to IAS 23: *Borrowing Costs* is mandatory for reporting periods beginning on or after 1 January 2009. The amendment removes the option of expensing borrowing costs incurred in the construction of qualifying assets. Borrowing costs incurred in relation to assets that take a substantial period of time to get ready for intended use must be capitalised as part of the cost of the asset.