

# HELLABY HOLDINGS LIMITED

## RESULTS ANNOUNCEMENT FOR 30 JUNE 2006 YEAR

The directors of Hellaby Holdings Limited today announced the Company's financial results for the year to 30 June 2006, details of which are attached.

Please note that the 30 June 2005 comparative figures referred to below have been re-stated to comply with International Financial Reporting Standards (IFRS), which Hellaby adopted with effect from 1 July 2005.

The Group's trading surplus before interest, tax, depreciation, amortisation and one off transactions increased by 11% to a record \$47.6 million (last year \$43.0 million), and the pre-tax operating surplus increased by 14% to \$32.5 million (last year \$28.5 million).

A significant increase in the Group's net tax expense to \$9.3 million (last year \$6.3 million) meant that the Group's tax paid surplus of \$23.1 million was in line with the \$23.2 million achieved last year (under IFRS) but is some 11% ahead of the \$20.8 million profit reported last year under NZ FRS accounting.

Hellaby directors note that the current year's result includes non-recurring transactional gains of \$10.2 million from the sale of Rodd & Gunn, the Group's shareholding in NZ Wool Services and four properties and is after goodwill impairment of \$5.1 million for BBQ Factory and Bindons.

This result represents an after tax return of 21% on average shareholders funds employed, with earnings per share of 46.9 cents (last year 47.1 cents), and asset backing of \$2.28 per share (last year \$2.08 per share).

Hellaby's directors have approved a final dividend of 16 cents per share fully imputed (last year 20 cents) to be paid on 6 October 2006. This, together with the interim dividend of 15 cents per share, gives a fully imputed distribution for the year of 31 cents per share (last year 39 cents per share).

The increased Trading Surplus was a result of higher contributions from a number of the Group's trading divisions.

The Automotive Division recorded sound earnings growth with Brake & Transmission increasing sales and profit in difficult market conditions, and the profitability of Diesel Distributors increasing significantly as a result of the success of its newly established Australian operation.

The increase in profit of the Retail Division reflects a significant profit contribution from No1 Shoe Warehouse, and an increase in profit of Rodd & Gunn (sold with effect from 30 June 2006) offset by a reduction in profit of Hannahs, and a disappointing result from BBQ Factory due to difficult trading conditions and significant "one-off" items during the year.

The increased contribution from the Diversified companies division reflects a full year contribution from Elldex offset by an increased loss from Teamwork Inteletrac (which was sold at 31 March 2006).

In the Industrial Division both AB Equipment and Eurolift recorded increased profit contributions but this was offset by reduced profitability by TRS Tyre and Wheel, which was affected by reduced spending in the farming and agricultural sectors.

While trading conditions remain challenging for a number of the Group's businesses, Hellaby directors believe that the underlying profitability of the Group will continue to reflect trends in the overall New Zealand economy.

Hellaby directors note that during the year to 30 June 2006 a number of businesses and assets were sold. These transactions had a positive impact on the year's profit and on the cash position and financial structure of the Group.

The funds generated from these sales and from the very successful \$50 million Capital Notes issue will be used to fund new acquisitions in order to provide growth in the future.

**Financial performance of the Hellaby Group for the year ended 30 June 2006 is summarised as follows:**

	<b>2006 NZ IFRS \$'000</b>	<b>2005 NZ IFRS \$'000</b>	<b>2005 NZ FRS \$'000</b>
<b>Gross Trading Surplus</b>	50,118	44,940	44,966
Administration	2,548	1,912	1,912
<b>Trading Surplus before depreciation &amp; interest</b>	47,570	43,028	43,054
Depreciation	10,027	9,064	9,451
Amortisation	570	422	2,399
Interest	9,601	5,806	5,806
<b>Net Trading Surplus</b>	27,372	27,736	25,398
<b>Other</b>			
Surplus on sale of assets	8,850	778	778
Surplus on sale of shares	1,382	0	0
Goodwill impairment	-5,119	0	0
<b>Operating surplus</b>	32,485	28,514	26,176
Less tax	9,349	6,296	6,296
	23,136	22,218	19,880
Plus one-off tax benefits	0	978	978
<b>Operating surplus after tax</b>	<b>23,136</b>	<b>23,196</b>	<b>20,858</b>
<b>Earnings per share</b>	46.9 cents	47.1 cents	42.4 cents

David Houldsworth  
**Managing Director**

8 September 2006