

Corporate Governance Statement

The main corporate governance policies and practices for the Hellaby Holdings Group are:

Role of Shareholders

- To appoint members to the Board of Directors in general meeting.
- To receive and consider interim and annual reports, financial statements and audit reports.
- To consider, and if applicable, approve major transactions and such other matters as required by statute, the company's constitution, and/or matters on the referral from the Board of Directors.
- To evaluate the performance of the Board of Directors and the company.

Role of Board of Directors

- To enhance the value of the company's shares and returns thereon relative to sharemarket trends and economic conditions.
- To evaluate investment business opportunities on an ongoing basis.
- To undertake the stewardship responsibilities of the company.
- To appoint chief executives of the operating businesses.
- To discharge the duties and responsibilities of directors as embraced under statute and common law, and in accordance with the company's constitution and the standards required of public listed companies.

Role of Management

- To discharge directives of the Board of Directors in a professional and timely manner.
- To manage the business affairs of the group effectively and to maximise the operational performance relative to the business environment.
- To fully inform the Board of Directors of all relevant matters.
- To comply with statutory requirements, including health and safety, resource management and building acts.

Role of External Auditors

- To audit the financial statements of the company and group in accordance with generally accepted auditing standards in New Zealand.
- To report on its findings to the shareholders of the company.

Auditor Independence

- The company requires its external auditor to maintain independence in accordance with best practice based on the International Federation of Accountants ("IFAC") guidelines.
- The company precludes its external auditor from undertaking a role not permitted under IFAC regulations, auditing their own work, or functioning as management.

Board of Directors

W.J. Falconer	Non-executive Chairman
D.M.J. Houldsworth	Executive Director
P.A. Byrnes	Non-executive Director
R.W. Carter	Non-executive Director
H. Green	Non-executive Director
J.M. Williamson	Non-executive Director

Messrs. Byrnes, Falconer and Williamson are independent directors.

Messrs. Carter and Green are associated with the Hugh Green Trust, beneficial owner of a 30.97% shareholding in Hellaby Holdings Limited.

Mr. Houldsworth is the Managing Director of Hellaby Holdings Limited.

Directors' remuneration and other benefits for year ended 30 June 2006

	Directors Fees \$000	Salary & Bonus \$000
W.J. Falconer	60	-
D.M.J. Houldsworth	-	946
P.A. Byrnes	30	-
W.B. Capp	90	-
R.W. Carter	30	-
H. Green	30	-
J.M. Williamson	30	-

Retirement Payment:

Mr. W. B. Capp retired as a director of the company on 8 July 2005 after 17 years service and, in accordance with the company's Constitution and with the approval of the Hellaby Board, received a retirement payment of \$90,000.

Financial Assistance:

No financial assistance to directors, their spouses or dependants, or to related parties has been given.

Directors and Officers Shareholding

	30.6.06 Shares	30.6.05 Shares
Directors		
W.J. Falconer	440,000	440,000
D.M.J. Houldsworth	-	-
P.A. Byrnes	-	-
R.W. Carter	-	-
H. Green	-	-
J.M. Williamson	-	-
Officers		
D.G. Mannix	-	-

Holdings by associated parties:

- R.W. Carter and H. Green are associated with the Hugh Green Trust, beneficial owner of 15,330,895 shares (30.97%)
- R.W. Carter's family trusts hold 253,798 shares (0.5%)
- D.M.J. Houldsworth's investment company, Bentwood Investments Limited, holds 119,137 shares (0.2%)
- D.G. Mannix's family trust holds 6,000 shares (0.01%)

Dealings in Hellaby Shares by Directors, Officers & Related Parties**28 April 2006**

Allocation of 96,410 shares to Castle Investments Limited, a company beneficially owned by H. Green, under the company's dividend reinvestment plan, at \$4.17 per share.

Allocation of 8,453 shares to R.W. Carter Family Trust, a trust, under the company's dividend reinvestment plan, at \$4.17 per share.

Allocation of 360 shares to Croaghmore Investments Limited, a company beneficially owned by R.W. Carter family trusts, under the company's dividend reinvestment plan, at \$4.17 per share.

Allocation of 4,137 shares to Bentwood Investments Limited, a company beneficially owned by D.M.J. Houldsworth, under the company's dividend reinvestment plan, at \$4.17 per share.

Year ended 30 June 2006

During the year 579 shares were purchased by R. Pickles (CEO of diversified companies division) through a nominee company, at an average of \$5.29 per share. These shares were sold prior to 30 June 2006.

Related Party Transaction

In May 2006 Hellaby Holdings Limited entered into a tender process to sell five commercial properties occupied by Levana Textiles Limited and TRS Tyre & Wheel Limited, resulting in all five properties being sold before 30 June 2006.

As part of this process, one of the properties occupied by Levana Textiles Limited was purchased by a family trust associated with Mr. D.M.J. Houldsworth, Managing Director of Hellaby Holdings Limited.

The purchase price for this property was \$710,000 compared with its independently assessed valuation of \$685,000.

Hellaby directors confirm that:

- Mr. Houldsworth's offer for the property was the most attractive offer received for the property,
- The sale process was conducted on an arms length basis, and
- The transaction settled on 30 June 2006.

Rental on this property, which is being leased back to Levana Textiles Limited, is on commercial terms.

Disclosure of Shareholding Interests by Directors, Officers & Related Parties

W.J. Falconer

Shares in Energy Intellect Limited

110,000 shares acquired December 1997, at a cost of \$1.00 per share

Employees' remuneration and other benefits of \$100,000 or more for year ended 30 June 2006

Remuneration Range	Number of Employees	
	Hellaby Holdings	Subsidiaries
\$540,000 - \$550,000	-	1
\$500,000 - \$510,000	1	-
\$400,000 - \$410,000	-	1
\$360,000 - \$370,000	-	1
\$310,000 - \$320,000	-	1
\$300,000 - \$310,000	-	1
\$250,000 - \$260,000	-	1
\$240,000 - \$250,000	-	1
\$230,000 - \$240,000	-	1
\$210,000 - \$220,000	-	1
\$200,000 - \$210,000	-	2
\$180,000 - \$190,000	-	5
\$170,000 - \$180,000	-	1
\$160,000 - \$170,000	-	1
\$150,000 - \$160,000	-	3
\$140,000 - \$150,000	-	2
\$130,000 - \$140,000	-	3
\$120,000 - \$130,000	-	8
\$110,000 - \$120,000	-	12
\$100,000 - \$110,000	1	8

Twenty Largest Shareholders (as at 11 August 2006)

	Shares	%
Castle Investments Limited	15,330,895	31.0
Custodial Services Limited	1,040,629	2.1
Highbury Holdings Limited	1,000,000	2.0
Investment Custodial Services Limited	943,320	1.9
Asset Custodian Nominees Limited	614,624	1.2
Custodial Services Limited	569,926	1.2
National Nominees New Zealand Limited (A/C NZCSD)	565,342	1.1
WJ Falconer	440,000	0.9
First NZ Capital Custodians Limited	296,600	0.6
Citibank Nominees (New Zealand) Limited (A/C NZCSD)	265,155	0.5
RW Carter Family Trust	243,438	0.5
Hubbard Churcher Trust Management Limited	184,967	0.4
Guardian Trust Investment Nominees Limited (A/C NZCSD)	177,801	0.4
J & D Sands Limited	167,000	0.3
TEA Custodians Limited (A/C NZCSD)	150,000	0.3
Embar Holdings Limited	140,000	0.3
Custodial Services Limited	129,677	0.3
Custodial Services Limited	129,563	0.3
Bentwood Investments Limited	119,137	0.2
Amalgamated Dairies Limited	115,841	0.2
	22,623,915	45.7

In the above table, the shareholding of NZ Central Securities Depository Limited (NZCSD) has been re-allocated to the applicable members of NZCSD.

Spread of Shareholders (as at 11 August 2006)

	Number of Shareholders	Number of Shares Held	% Shares Held
Under 1,999	6,029	3,723,083	7.4
2,000 - 4,999	1,956	5,664,946	11.3
5,000 - 9,999	885	5,568,962	11.1
10,000 - 49,999	594	9,501,103	18.9
50,000 - 99,999	27	1,806,744	3.5
Over 100,000	26	23,244,915	46.2
	9,517	49,509,753	98.4
Treasury Stock		801,549	1.6
	9,517	50,311,302	100.0

Substantial Security Holders (as at 11 August 2006)

The following parties were substantial security holders in the company as at 11 August 2006.

	Shares	%
Hugh Green Capital Limited		
Castle Investments Limited	15,330,895	31.0

Hugh Green Capital Limited is beneficially owned by the Hugh Green Trust.

Twenty Largest Capital Noteholders (as at 11 August 2006)

	Notes	%
Forbar Custodians Limited	3,528,000	7.1
Forbar Custodians Limited	2,480,000	5.0
Asset Custodian Nominees Limited (A/C NZCSD)	1,928,000	3.9
Custodial Services Limited	1,820,000	3.6
Sterling Holdings Limited	1,730,000	3.5
Fletcher Building Educational Fund Limited	1,000,000	2.0
Custodial Services Limited	839,000	1.7
LR & MA Idoine	500,000	1.0
Rect Funds Management Limited	450,000	0.9
First NZ National Custodians Limited	445,000	0.9
University of Otago	400,000	0.8
Forbar Custodians Limited	387,000	0.8
Fraser Smith Holdings Limited	345,000	0.7
Custodial Services Limited	310,000	0.6
Forbar Custodians Limited	293,000	0.6
Forbar Custodians Limited	274,000	0.5
Westpac Banking Corp (A/C NZCSD)	263,000	0.5
RH Pettigrew	225,000	0.5
Forbar Custodians Limited	212,000	0.4
Kutai Holdings Limited	200,000	0.4
	17,629,000	35.3

In the above table, the noteholding of NZ Central Securities Depository Limited (NZCSD) has been re-allocated to the applicable members of NZCSD.

Spread of Capital Noteholders (as at 11 August 2006)

	Number of Noteholders	Number of Notes Held	% Notes Held
5,000 - 9,999	236	1,268,000	2.5
10,000 -49,999	961	17,481,000	35.0
50,000 - 99,999	184	9,855,000	19.7
100,000 - 499,999	46	7,571,000	15.1
500,000 - 999,999	2	1,339,000	2.7
Over 1,000,000	6	12,486,000	25.0
	1,435	50,000,000	100.0

Stock Exchange Listing

The company's shares and capital notes are listed on the NZSX and NZDX, respectively.

Current NZX Waivers

NZX has granted the following waivers dated 19 May 2006 in respect of the issue by Hellaby Holdings Limited of capital notes:

- Waiver from NZX Listing Rule 3.2(b) (trust deeds for debt securities) that the trust deed include a provision that the capital notes are to be repaid or made callable on demand on maturity without the holder having to give notice that repayment is required. The waiver has been granted on the condition that the offer document for the capital notes clearly discloses the terms of the capital notes so that the investors are aware of the prospect of rollover of the capital notes.
- Waiver from NZX Listing Rule 5.2.3 (spread) for a period of six months commencing from the listing date of the capital notes, to enable the capital notes to be held by less than 500 members of the public holding at least 25% of the number of capital notes of that class issued. The waiver has been granted on the condition that the lack of liquidity that may result as a consequence of this waiver is fully disclosed in the offer document for the capital notes.
- Waiver from NZX Listing Rule 7.1.11 (minimum subscription) approving \$5,000 as the minimum holding for the capital notes.
- Waiver from NZX Listing Rule 11.1.1 (right to transfer) to enable the transfer of capital notes only where both the transferee and transferor will hold a minimum amount of \$5,000 in capital notes following a transfer of capital notes.