

Income Statements
For the year ended 30 June 2006

	Notes	Group	
		2006 \$000	2005 \$000
Revenue	4		
Sale of goods		487,145	390,230
Other income		15,975	2,148
Total income		503,120	392,378
Expenses			
Cost of inventory sold	5	278,182	220,957
Rental & operating leases	5	45,489	33,458
Salaries & wages	5	71,349	60,101
Depreciation & amortisation	5	10,597	9,486
Impairment of intangibles	5	5,119	-
Other expenses	5	50,367	34,003
Profit before finance costs	4	42,017	34,373
Finance (costs)/revenue		(9,601)	(5,806)
Share of profit from associates		680	752
Profit before tax	5	33,096	29,319
Income tax (expense)/credit	6	(9,349)	(5,318)
Profit after tax		23,747	24,001
Minority interest in surpluses of subsidiaries		(611)	(805)
Profit after tax attributable to the Shareholders of Parent Company		23,136	23,196
		Group	
		cents	cents
Earnings per share attributable to the Shareholders of Parent Company:			
Basic and diluted earnings per share	7	46.9	47.1

The above income statements are to be read in conjunction with the notes on pages 7 to 59.

Balance Sheets
As at 30 June 2006

		Group	
	Notes	2006 \$000	2005 \$000
ASSETS			
Current assets			
Inventories	10	119,393	94,181
Derivative financial instruments	11	7,018	-
Receivables and prepayments	9	48,877	45,445
Receivable from related parties	9	1,001	1
Cash and cash equivalents	8	3,406	5,601
Other current assets	12	382	346
Total current assets		180,077	145,574
Non-current assets			
Property, plant and equipment	14	35,542	38,474
Intangible assets	16	72,301	44,145
Investments	13	2,842	8,391
Loans and advances	13	712	-
Future tax benefit	15	11,969	10,139
Total non-current assets		123,366	101,149
Total Assets		303,443	246,723
LIABILITIES			
Current liabilities			
Derivative financial instruments	11	20	-
Current tax liabilities	15	5,026	-
Trade and other payables	17	40,425	39,009
Payable to related parties	17	753	602
Provisions	17	5,064	3,537
Deferred consideration	17	9,025	-
Borrowings	18	17,841	10,498
Total current liabilities		78,154	53,646
Non-current liabilities			
Borrowings	18	43,000	83,000
Capital Notes	18	48,152	-
Payables	17	376	1,084
Deferred consideration	17	19,523	-
Provisions	17	704	2,244
Total non-current liabilities		111,755	86,328
Total Liabilities		189,909	139,974
Net Assets		113,534	106,749

EQUITY			
Contributed equity	22	17,591	16,286
Cash flow hedge reserve	23	3,811	-
Retained profits	23	92,132	<u>86,256</u>
Shareholders' Equity		113,534	102,542
Minority interest	23	<u>-</u>	<u>4,207</u>
Total equity		<u>113,534</u>	<u>106,749</u>

The above balance sheets are to be read in conjunction with the notes on pages 7 to 59.

Statements of Movements in Equity
For the year ended 30 June 2006

	Notes	Group	
		2006 \$000	2005 \$000
Total equity at the beginning of the period		106,749	101,654
Fair value of financial instruments on adoption of NZ IFRS net of tax	23	(41)	-
Movement in cash flow hedge reserve net of tax	23	3,811	-
Profit for the period		23,136	23,196
Total recognised income and expense for the period		26,906	23,196
Dividends provided for or paid	24	(15,914)	(18,695)
Total changes in minority interest		(4,207)	595
Re-purchase of shares		-	(1)
Total equity at the end of the period		113,534	106,749

The above statements of movements in equity are to be read in conjunction with the notes on pages 7 to 59.

Statements of Cash Flows
For the year ended 30 June 2006

	Notes	Group 2006 \$000	2005 \$000
Cash flows from operating activities			
Receipts from customers		504,748	391,649
Payments to suppliers and employees		(475,451)	(364,865)
Cash from operations		29,297	26,784
Dividends received		556	1,489
Interest received		230	184
Other revenue		1,347	1,405
Interest paid		(9,881)	(5,991)
Income taxes paid		(8,096)	(10,635)
Net cash inflow from operating activities	30	13,453	13,236
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired		(19,214)	(37,022)
Payment for purchase of equity investments		(9)	-
Payments for property, plant and equipment and software		(18,057)	(19,156)
Loans advanced		(845)	(43)
Proceeds from sale of business, net of cash disposed	21	11,301	-
Proceeds from sale of equity investments		690	1,637
Proceeds from sale of property, plant and equipment		13,364	13,064
Repayment of loans		548	607
Net cash inflow/(outflow) from investing activities		(12,222)	(40,913)
Cash flows from financing activities			
Proceeds from borrowings		55,762	52,787
Repayment of borrowings		(43,774)	(1,062)
Advances from/(to) subsidiaries and associates		150	300
Repurchase of shares		-	(1)
Dividends paid to Company's shareholders		(15,914)	(18,695)
Dividends paid to minority interests		(500)	(600)
Net cash (outflow)/inflow from financing activities		(4,276)	32,729
Net (decrease)/increase in cash and cash equivalents		(3,045)	5,052
Cash and cash equivalents at the beginning of the period		5,537	485
Effects of exchange rate changes on cash and cash equivalents		(31)	-
Cash and cash equivalents at end of the period	8	2,461	5,537

Consisting of:		
Cash and cash equivalents		5,601
Bank overdraft		(64)
		<hr/>
Closing cash balance	8	2,461
		<hr/>
		5,537

The above statements of cash flows are inclusive of applicable goods and services tax. They should be read in conjunction with the notes on pages 7 to 59.

Segmental Reporting
Primary reporting format - business segments

Year ended 30 June 2006	Automotive \$000	Industrial \$000	Retail \$000	Diversified \$000
INCOME STATEMENT				
Sales to external customers	99,655	127,095	218,323	42,072
Intersegment sales	120	18	-	90
Total sales revenue	99,775	127,113	218,323	42,162
Other income	1,103	2,764	1,194	270
Total segment income	100,878	129,877	219,517	42,432
Segment result	13,962	9,563	13,665	2,853
Interest				
Associate income				
Income tax expense				
Net Profit for the Year				

Year ended 30 June 2006	Corporate \$000	Inter-segment eliminations/ unallocated \$000	Group \$000
INCOME STATEMENT			
Sales to external customers	-	-	487,145
Intersegment sales	-	(228)	-
Total sales revenue	-	(228)	487,145
Other income	10,644	-	15,975
Total segment income	10,644	(228)	503,120
Segment result	1,974	-	42,017
Interest			(9,601)
Minority interest			(611)
Share of profit from associates			680
Income tax expense			(9,349)
Net Profit for the Year			23,136

Principal Subsidiaries

Name	Activity	2006 Interest	2005 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 distributor	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%	-
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%
Oakleys Plumbing Supplies Limited	Plumbing supplies	-	75%
R Hannah & Co Limited	Specialty shoe retailer	100%	85%
Rodd & Gunn Limited	Apparel retailer	-	82.5%
Teamwork Inteletrac Limited	Mobile data dispatch systems	100%	55%
TRS Tyre & Wheel Limited	Tyre and wheel importer and distributor	100%	100%

On 31 August 2004 Hellaby Holdings purchased the shares of the BBQ Factory Limited for consideration of \$25.6 million.

On 1 November 2004 Hellaby Holdings acquired a 40% shareholding in Teamwork Inteletrac Limited, increasing to 55% on 31 May 2005, to 95% on 30 November 2005, and to 100% on 28 March 2006 for consideration of \$0.3 million.

On 1 February 2005 Hellaby Holdings purchased the shares of Elldex Packaging Limited for consideration of \$9.2 million with further consideration of \$1.0 million paid subsequent to the renewal of a key customer contract.

On 1 February 2005 Brake & Transmission NZ Limited acquired the trade and assets of John Bates Auto Supplies for consideration of \$1.3 million.

On 28 February 2005 Diesel Distributors Australia Pty Limited acquired the trade and assets of Combine Diesel.

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 2006 the purchase price has been estimated as \$34.3 million of which \$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 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.

All companies above have a balance date of 30 June and, with the exception of Diesel Distributors Australia Pty Limited, which is incorporated in Australia, are incorporated in New Zealand.

Associates

Name	Activity	2006 Interest	2005 Interest
Bombay Petfoods Limited	Petfood supplier	49%	49%
Energy Intellect Limited	Metering/communications	25%	25%
New Zealand Wool Services International Limited	Wool scouring and exporting	-	20%

New Zealand Wool Services International Limited was divested on 31 May 2006 for consideration of \$6.9 million.

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

Impairment tests for goodwill and indefinite life brands

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.

After assessing the trading results of all companies in the Group for the year ended 30 June 2006, a review was completed to determine whether any impairment existed in respect of goodwill and indefinite life brands. As a consequence of the review, the BBQ Factory goodwill, (included in retail), was written down by \$4.064 million, goodwill in Bindons, a division of Brake & Transmission (included in automotive), was written down by \$0.845 million and intellectual property in Teamwork Inteletrac was written down by \$0.21 million. All amounts have been included within the income statement.

Sale of 82.5% equity stake in Rodd & Gunn

On 9 June 2006 the Company held a Special General Meeting of shareholders to approve the sale by Rodd & Gunn of its business to interests associated with Mr. Michael Beagley, the current Chief Executive of Rodd & Gunn and R Hannahs.

The resolutions associated with this transaction were duly passed facilitating the sale. The Company achieved a \$5.9 million gain on sale.

Explanation of transition to New Zealand equivalents to IFRS

(a) Reconciliation of profit for the 12 months ended 30 June 2005

Group	Note	NZ FRS \$000	Effect of transition to NZ IFRS \$000	NZ IFRS \$000
Revenue				
Sale of goods		390,230	-	390,230
Other income		2,148	-	2,148
Expenses	1			
Cost of inventory sold		220,957	-	220,957
Rental & operating leases		33,458	-	33,458
Salaries & wages		60,101	-	60,101
Depreciation & amortisation	2	11,850	(2,364)	9,486
Other expenses	1	34,017	(14)	34,003
Profit before finance costs		31,995	2,378	34,373
Finance costs		(5,806)	-	(5,806)
Share of profit from associates		752	-	752
Profit before tax		26,941	2,378	29,319
Income tax		(5,318)	-	(5,318)
Profit after tax		21,623	2,378	24,001
Minority interest in surpluses of subsidiaries		(765)	(40)	(805)
Profit after tax attributable to Shareholders of Parent Company		20,858	2,338	23,196

(b) Reconciliation of equity at 30 June 2004 – Opening position

Group	Note	Effect of		NZ IFRS \$000
		NZ FRS \$000	transition to NZ IFRS \$000	
ASSETS				
Current assets				
Inventories		78,734	-	78,734
Receivables and prepayments	3	38,513	(62)	38,451
Cash and cash equivalents		4,308	-	4,308
Future tax benefit	4	3,628	(3,628)	-
Other current assets		245	-	245
Total current assets		125,428	(3,690)	121,738
Non-current assets				
Property, plant and equipment	2	34,742	(1,738)	33,004
Intangible assets	2	14,816	1,738	16,554
Future tax benefit	4	4,814	3,634	8,442
Other non-current assets		10,072	-	10,072
Total non-current assets		64,444	3,634	68,078
Total Assets		189,872	(56)	189,816
LIABILITIES				
Current liabilities				
Current tax liabilities		3,647	-	3,647
Payables and provisions	5	36,111	18	36,129
Borrowings		11,501	-	11,501
Total current liabilities		51,259	18	51,277
Non-current liabilities				
Borrowings		34,000	-	34,000
Other non-current liabilities		2,885	-	2,885
Total non-current liabilities		36,885	-	36,885
Total Liabilities		88,144	18	88,162
Net Assets		101,728	(74)	101,654
EQUITY				
Contributed equity		16,287	-	16,287
Retained earnings		81,827	(71)	81,756
Minority interest		3,614	(3)	3,611
Total Equity		101,728	(74)	101,654

(c) Reconciliation of equity as at 30 June 2005

Group	Note	Effect of		NZ IFRS \$000
		NZ FRS \$000	transition to NZ IFRS \$000	
ASSETS				
Current assets				
Inventories		94,181	-	94,181
Receivables	3	45,493	(47)	45,446
Cash and cash equivalents		5,601	-	5,601
Other current assets		346	-	346
Total current assets		145,621	(47)	145,574
Non-current assets				
Property, plant and equipment	2	40,400	(1,926)	38,474
Intangible assets	2	39,856	4,289	44,145
Future income tax benefit	4	10,133	6	10,139
Other non-current assets		8,391	-	8,391
Total non-current assets		98,780	2,369	101,149
Total Assets		244,401	2,322	246,723
LIABILITIES				
Current liabilities				
Payables and provisions	5	43,130	18	43,148
Borrowings		10,498	-	10,498
Total current liabilities		53,628	18	53,646
Non-current liabilities				
Payables		1,084	-	1,084
Borrowings		83,000	-	83,000
Other non-current liabilities		2,244	-	2,244
Total non-current liabilities		86,328	-	86,328
Total Liabilities		139,956	18	139,974
Net Assets		104,445	2,304	106,749
EQUITY				
Contributed equity		16,286	-	16,286
Retained earnings		83,991	2,265	86,256
Minority interest		4,168	39	4,207
Total Equity		104,445	2,304	106,749

(d) NZ IFRS adjustments - Group

1. Reclassification of Expenses

In accordance with NZ IAS 1 expenses have been analysed by function.

2. Intangible Assets

Goodwill under NZ IFRS 3 is not amortised and accordingly the goodwill amortisation from 1 July 2004 has been reversed. Software assets are reclassified as intangibles to comply with NZ IAS 38.

3. Discounting of Receivables

Receivables that are expected to be collected over a period greater than one year have been discounted to net present value using the weighted average cost of capital for the Group.

4. Reclassification of Deferred Tax

In accordance with NZ IAS 12 deferred tax has been reclassified to non-current assets.

5. Sick Leave Provision

In accordance with NZ IAS 19, a provision for sick leave has been established for employees with entitlements in excess of one year, where there is likelihood that the entitlement will be taken.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Shareholders of Hellaby Holdings Limited will be held in the Waitemata Room, Langham Hotel, 83 Symonds Street, Auckland on Friday 17 November 2006, at 10:00 am.