Hellaby

Hellaby Holdings Limited
NZX / Media Release 27 August 2015

Financial results for year to 30 June 2015

Hellaby 2015 earnings reach a new record and dividend up 43%

Increased payout follows recent dividend policy change and reflects strength of core Oil & Gas Services, Automotive and Equipment divisions, which generate 90% of earnings

Hellaby Holdings' group performance highlights for the 12 months to 30 June 2015:

- Trading EBITDA up 5.4% to $59.1 million
- Group NPAT (normalised[1]) up 5.9% to $28.4 million
- Earnings per share (normalised[1]) up 4.4% to 28.6 cents
- 23.6% return on funds employed
- Creation of an Australian auto electrical distribution platform with the acquisition of JAS Oceania
- Sale of non-core Packaging division
- Total dividend for year up 43% to 21.5c cents per share, fully imputed

Investment company Hellaby Holdings Limited (Hellaby, NZX:HBY) today posted another record result for the year to 30 June 2015; a year in which the group continued to reshape its portfolio and pursue its growth strategy.

Hellaby's key financial measures were all up on last year, with group Trading EBITDA[2] of $59.1 million, up 5.4% on the prior year, and Trading EBIT[3] of $44.7 million, 4.6% ahead of last year's $42.7 million.

These results included the first full year's earnings from three businesses acquired in 2014, but only eleven months' earnings from the Packaging division which was sold at the end of May 2015. Total sales rose 6.3% to $779.5 million against last year's $733.5 million.

Group NPAT (net profit after tax) was $28.4 million, 5.9% ahead of last year's normalised[1] $26.8 million, and group NPAT attributable to shareholders of the parent company was $27.4 million.

Hellaby Chairman Steve Smith said the company had made steady progress in the evolution of its portfolio during the year.

"Growth-wise, we have focused on the continued expansion of our core divisions, and this is paying off. Our newer businesses and market ventures, while still relatively small, are creating real growth prospects within the group, and performing well."

"We were pleased to take the opportunity to divest Packaging which was, in its current form, sub-scale and would have required significantly more investment for it to meet our divisional scale criteria to justify long-term retention. We can now recycle capital for future acquisitions that are more aligned with our portfolio strategy."

Managing Director John Williamson said all key financial performance indicators were ahead of group targets.

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1 Comparative FY14 result is normalised for the $26.94 million impact of the goodwill impairment in the Footwear retail businesses, which was booked effective 30 June 2014.

2 Trading EBITDA = Net trading surplus before interest, tax, depreciation, amortisation and other non-trading transactions

3 Trading EBIT = Net trading surplus before interest, tax and other non-trading transactions

"Hellaby's trading EBITDA margin[4] was 7.5% against a target of 7.0%, and return on funds employed[5] (ROFE) was 23.6% against a group target of 20.0%. The return on invested capital[6] (ROIC) was 15.8%, which was higher than our pre-tax weighted average cost of capital (WACC) of 12.4%. Our earnings per share improved to 28.6 cents against last year's normalised 27.4 cents."

The board has declared a final dividend of 12.5 cents per share, fully imputed, taking the total dividend for the year to 21.5 cents per share, 43% higher than last year's 15.0 cents per share. This reflects an improved earnings performance and the recent change in dividend payout policy. The dividend will be paid on 2 October 2015, with a record date of 25 September 2015.

Mr Williamson said Hellaby was particularly pleased with the financial performance of its Oil & Gas Services, Automotive and Equipment divisions with all delivering operating earnings ahead of last year. Within those divisions most businesses improved year-on-year.

"While some of our businesses faced tough market conditions, their results demonstrate that they are generally outperforming their respective markets."

Oil & Gas Services business Contract Resources continued to expand, albeit against a lower global oil price, which resulted in the deferral of some plant maintenance and shutdowns in the second half. Expanded work opportunities with Australian and Middle Eastern clients drove a revenue increase of 14.5% to $189.1 million, and a 13.2% increase in EBITDA to $18.5 million. Contract Resources has doubled its sales and earnings over the last five years; and Hellaby expects further sales and earnings improvement in each of Contract Resources' geographic regions.

The Automotive division performed very solidly, with sales increasing by 8.1% to $200.2 million, and EBITDA up by 6.2% to $25.6 million. BNT and TRS Tyre & Wheel both faced market contractions driven respectively by changed warrant of fitness regulations and declining on-farm spend. Despite these adverse market conditions, both businesses increased their revenue and maintained improved earnings.

The acquisition of JAS Oceania in June 2015 has delivered a scalable Australian auto electrical distribution platform, creating synergies and leverage for a number of the division's businesses.

Equipment division EBITDA increased by a very creditable 15.8% to $14.0 million, driven by a combination of 12 months trading and steady growth from New Zealand Trucks, which expanded from one to four workshops during the year. This was supported by AB Equipment's aftermarket parts and servicing business, which now accounts for one third of its revenue.

Hellaby's Footwear division continued to experience difficult trading conditions with tight discretionary spending by customers, competition from online sales and a late summer which impacted winter sales. Revenue declined by 3.4% to $140.8 million, and EBITDA was $5.8 million against last year's $6.2 million. Both Hannahs and Number One Shoes are trading profitably with Hannahs' current earnings significantly ahead of last year.

The Packaging division had a transitional year as it underwent a major transformation from an ageing manufacturing plant to a purpose-built, food-grade facility, prior to its divestment in May 2015. EBITDA was $2.0 million compared to $3.6 million last year, reflecting an 11 month reporting period (pre-sale) and the impact of the transition between manufacturing facilities. Hellaby achieved a $0.5 million transactional gain from the sale of this division.

Looking ahead, Mr Williamson said Hellaby's portfolio would continue to evolve in line with its investment strategy.

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[4] Trading EBITDA margin = Trading EBITDA / total revenue

[5] ROFE or return on funds employed = Trading EBIT as a percentage of average working capital plus fixed assets

[6] ROIC or return on invested capital = Trading EBIT as a percentage of average working capital plus fixed assets and intangible assets

"Having divested Packaging, we are focused on investing in our core divisions which currently generate over 90% of our earnings. We have strong industry positions and believe there is very good potential in these sectors. We will continue to drive expansion opportunities, both through acquisition and business development.

"The Footwear division is considered to be non-core and we will be seeking to divest our two Footwear businesses at an appropriate time."

"We believe Hellaby is very well positioned to go forward. We have a clear strategic growth plan which the company is highly capable of delivering. Hellaby is financially very strong, and has ample capacity to invest in one or two significant businesses, or a number of smaller bolt-on acquisitions to enhance our existing businesses. Our recent acquisitions will further assist with spreading economic and geographical risk across our businesses. We expect to once again achieve higher earnings in the year ahead."

Mr Smith said that the search process for a new group chief executive was well advanced, following the announcement in April that John Williamson had decided to resign after eight years in the role. The board expects to communicate a new appointment before the company's 1 October Annual Meeting.

Comparisons are to prior financial year ended 30 June 2014.

Please refer to the 2015 Annual Report for terms and definitions. Reconciliations of non-GAAP financial measures are included on page 12 of the 2015 Annual Report.

ENDS

Hellaby at a glance

Hellaby Holdings is an NZX-listed investment holding company, which owns a diversified portfolio of 15 industrial, distribution and retail businesses.

Our vision is to be a leading Australasian investor, based on the value we add to our portfolio, the returns we deliver to our shareholders and the calibre of our people.

Hellaby's core purpose is to generate long-term shareholder value by building better businesses. We achieve this through a combination of performance improvement and organic growth in the businesses we own, as well as smart acquisitions and divestments. We describe this strategy simply as 'Buy, Build, Harvest'.

Our investment portfolio is structured through four divisions – Oil & Gas Services, Automotive, Equipment and Footwear – with 3,000 people across New Zealand, Australia, Middle East and North America. We have a variable investment horizon, and our portfolio will evolve as opportunities arise in target investment areas.

We actively manage our investments through a lean corporate office, and decentralise leadership and performance accountabilities to our companies.

We seek to generate total shareholder returns superior to the NZX50.

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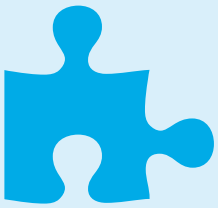
Hellaby

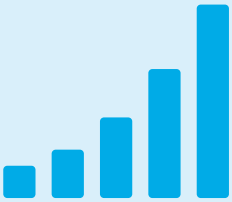
Hellaby Holdings Limited Annual Report **2015**

Highlights

Record Earnings



2
acquisitions



dividend per share up
43%

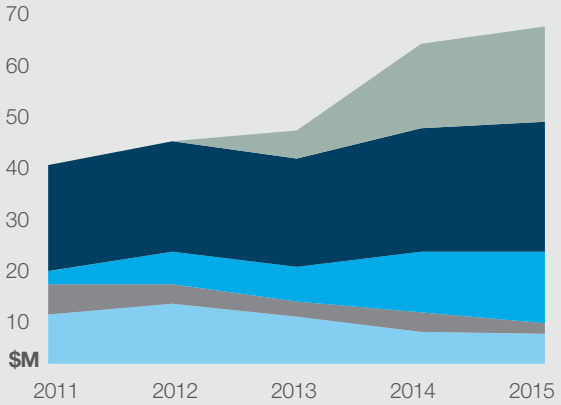
Packaging division
Sold

Contents

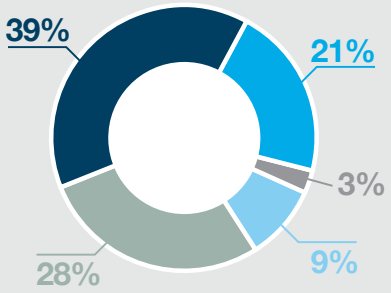
The evolution of Hellaby

over the five years to June 2015

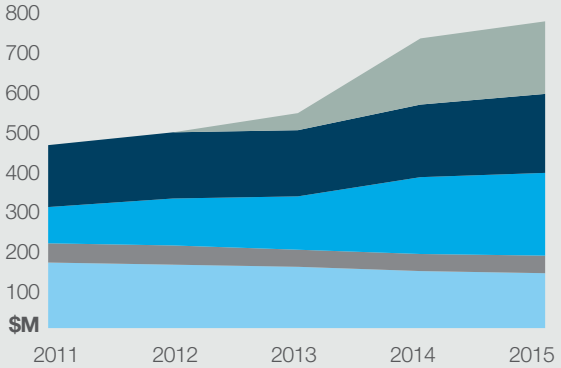
Trading EBITDA



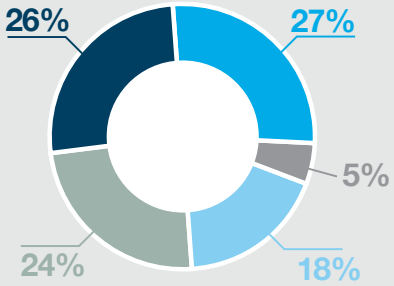
2015 Divisional Trading EBITDA



Divisional Sales

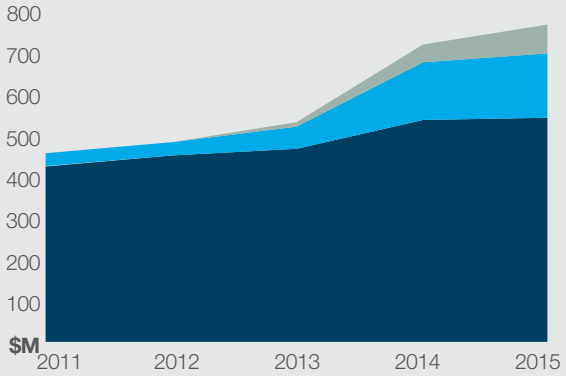


2015 Divisional Sales

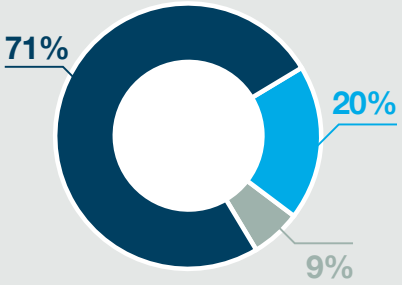


Oil & Gas Services | Automotive | Equipment | Packaging | Footwear

Geographical Sales



2015 Geographical Sales



New Zealand | Australia | Rest of World

The Year In Review

We are pleased to report another record performance for the year to 30 June 2015, a period that presented both opportunities and challenges for the Hellaby group, and ultimately generated added value for our shareholders.

Hellaby's growth strategy continues to bear fruit. Over the past 18 months we have acquired five businesses and added a number of key distributorships to our portfolio. All initiatives have been value-accretive, and are steadily delivering on their growth promise.

The opportunistic divestment of our sub-scale and non-core Packaging division will enable us to recycle capital for future acquisitions that are aligned with our portfolio strategy.

Operationally, our three largest divisions (Oil & Gas Services, Automotive and Equipment) delivered earnings ahead of last year. Within those divisions, most businesses improved year-on-year, despite very challenging market conditions.

We are pleased that our New Zealand Automotive businesses outperformed their respective markets, given the regulatory downturn in warrant of fitness inspections and declining on-farm spend.

Our steady progress is demonstrated in our key financial indicators. Continued focus on profitable growth, operating efficiencies and tight financial control resulted in solid free cash flows and return on funds employed across the group. Earnings per share were 4.4% higher than last year (last year normalised for goodwill impairment in the retail businesses).

We are pleased to reward our shareholders with a 43% full-year dividend increase of 6.5 cents per share, taking total dividends to 21.5 cents per share. This reflects an improved earnings performance and the recent change in dividend payout policy.

Financial performance

The following commentary includes the combined performance of continuing and discontinued operations. The Packaging division divested in May 2015 has been treated in this commentary and the financial statements as a discontinued operation.

Group sales for the year to 30 June 2015 were $779.5 million, up 6.3% against last year's sales of $733.5 million. This result was creditable in light of the market headwinds faced in some of our key sectors, and also demonstrates progress towards our goal of increasing the geographic spread of our revenue. Nearly 30% of sales are now generated outside New Zealand compared to less than 5% five years ago.

Three of our five divisions increased sales, assisted in part by the first full year contribution from three bolt-on acquisitions - Australian battery distributor Federal Batteries, New Zealand auto electrical components distributor Dasko and the truck servicing business New Zealand Trucks. Minor contributions were also generated from the newly-acquired Australian auto electrical components distributor JAS Oceania and the Hamilton-based truck servicing business, Diesel & Machinery Services (DAMS).

The discontinued Packaging division, which was sold in May 2015, contributed eleven months' revenue. Contract

Combined key trading results (comprising continuing and discontinued operations)

2015	Continuing $000	Discontinued $000	Total $000
Sales	**735,955**	**43,593**	**779,548**
Trading EBITDA	**57,347**	**1,762**	**59,109**
Trading EBIT	**43,558**	**1,125**	**44,683**
Profit after tax	**27,725**	**678**	**28,403**

2014	Continuing $000	Discontinued $000	Total $000
Sales	688,705	44,829	733,534
Trading EBITDA	52,646	3,438	56,084
Trading EBIT	39,888	2,825	42,713
(Loss)/profit after tax	(1,642)	1,513	(129)

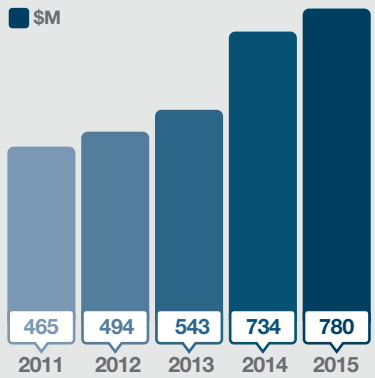
The total results of continuing and discontinued operations are the Group's preferred measure for comparing year-on-year performance.

Group financial summary for the year to 30 June 2015 (comprising continuing and discontinued operations)

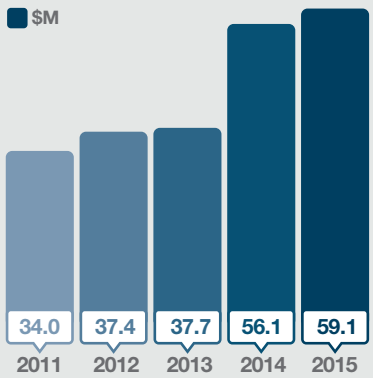
	2015 $000	2014 $000	2013 $000
Gross trading surplus	**66,100**	62,493	45,713
Corporate costs	**6,991**	6,409	7,989
Trading EBITDA	**59,109**	56,084	37,724
Depreciation	**12,293**	11,262	6,863
Amortisation	**2,133**	2,109	1,146
Trading EBIT	**44,683**	42,713	29,715
Interest (net)	**5,589**	4,746	2,640
Finance costs on contingent consideration	**900**	233	0
Net trading surplus	**38,194**	37,734	27,075
Other non-trading			
Long term incentive accrual	**0**	0	1,308
Equity accounted investment	**0**	(70)	(264)
Goodwill impairment	**0**	26,940	0
Profit on divestment of Packaging division	**(477)**	0	0
Profit before tax	**38,671**	10,864	26,031
Less tax expense	**10,268**	10,993	7,460
Net profit / (loss) after tax	**28,403**	(129)	18,571
NPAT / (NLAT) attributable to:			
Shareholders of the Parent	**27,377**	(1,100)	18,200
Non-controlling interests	**1,026**	971	371
	28,403	(129)	18,571
Earnings per share			
Attributable to the Parent	**28.6 cents**	(1.2) cents	22.9 cents

Trading EBITDA and Trading EBIT are the Group's preferred measures of profitability and are useful in distinguishing between trading and non-trading items. Refer to Note 3 of the financial statements for a reconciliation to the reported results.

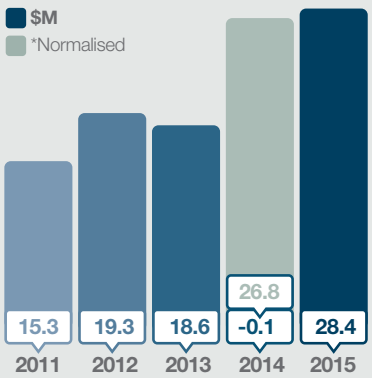
Sales



Trading EBITDA



Group NPAT



Trading EBITDA = net surplus before interest, tax, depreciation, amortisation and other non-trading transactions

Resources, New Zealand Trucks and auto parts distributor BNT posted particularly strong performances. BNT's revenue growth was notable in an automotive parts market which has been significantly impacted by regulatory changes to the warrant-of-fitness (WOF) inspection regime.

Hellaby's operating profit for the year to 30 June 2015 was another record. Trading EBITDA (net trading surplus before interest, tax, depreciation, amortisation and other non-trading items) rose 5.4% to $59.1 million from last year's $56.1 million. Trading EBIT (net trading surplus before interest, tax and other non-trading items) rose 4.6% to $44.7 million from last year's $42.7 million.

Group EBITDA margin (trading EBITDA as a percentage of revenue) was 7.5%, exceeding the company's 7.0% target and in line with last year. While corporate costs increased by $0.6 million during the financial year, they represented just 1.6% of total assets.

Group NPAT (net profit after tax) of $28.4 million was also a record, and compares to last year's ($0.1 million) loss, which resulted from the goodwill impairment of the shoe retail businesses. The $28.4 million result was 5.9% higher than last year's NPAT before the $26.9 million goodwill impairment. Group NPAT attributable to shareholders of the parent company was $27.4 million.

Capital management

Hellaby's capital management continues to deliver strong results against its performance benchmarks.

Return on funds employed (ROFE) is Hellaby's internal indicator of capital productivity. It measures trading EBIT as a percentage of average working capital plus fixed assets (excluding intangibles). ROFE for the year to 30 June 2015 was 23.6% overall, compared to 25.4% for the prior year and remains above our minimum target of 20%. This is a strong result as the ROFE calculation included the full purchase price of the recent acquisitions, DAMS and JAS Oceania, but respectively only one and two months' earnings.

Return on invested capital (ROIC) is Hellaby's return on investment measure, which includes intangibles. ROIC is defined as trading EBIT as a percentage of average working capital plus fixed assets and intangible assets.

The ROIC benchmark is to exceed Hellaby's pre-tax weighted average cost of capital (WACC, currently 12.4%).

The ROIC measure for the year to 30 June 2015 was 15.8% compared to 15.9% for the prior year.

During the year in review Hellaby generated $24.1 million in free cash flow (lower than the prior year's $29.1 million). The result includes the $10 million cash flow impact of both New Zealand Trucks securing the *HIAB* and *Zepro* equipment distributorships in July 2014, and capital investment in the Packaging division's new manufacturing facility. The group incurred net financing costs of $6.5 million (compared to $5.0 million in 2014) reflecting the timing of acquisitions.

Hellaby is maintaining a relatively conservative capital structure, which ensures we have the appropriate capacity and flexibility to fund our future growth ambitions. Total net debt (interest-bearing debt including core bank debt) was $63.0 million at 30 June 2015, compared to $57.3 million at 30 June 2014. During the year, the company made $24.0 million of debt-funded acquisitions and received $30.7 million part settlement from the Packaging disposal.

Gearing (total net debt to total net debt plus total equity) at 30 June 2015 was 22.3% (compared to 23.3% at 30 June 2014). This is well within the company's target gearing level of 45% or below, and demonstrates Hellaby's capacity to fund growth including further acquisition opportunities.

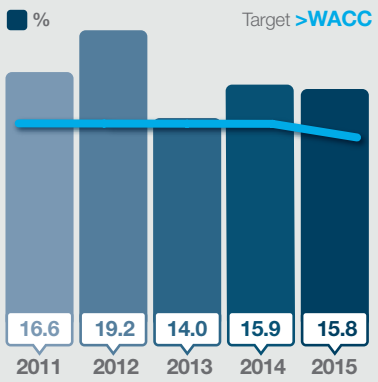
Hellaby's earnings per share improved by 4.4% to 28.6 cents, against last year's 27.4 cents pre goodwill impairment, and (1.2) cents post goodwill impairment. Return on average shareholders' funds increased to 13.9% compared to last year's 12.6% pre goodwill impairment, and (0.1%) post goodwill impairment. Net asset backing was $2.28 per share ($1.98 per share last year); and net tangible asset backing was $1.24 per share ($1.00 per share last year).

Dividends

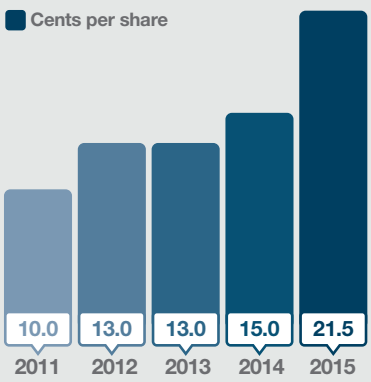
During the year, Hellaby's board decided to lift its dividend payout policy to around 75% of NPAT attributable to shareholders of the parent company, subject to business performance, market conditions and capital requirements for growth. The higher dividend payout provides an improved return to shareholders while maintaining the ability to fund future growth.

ROFE

ROIC



Dividend per share



ROFE or **return on funds employed** = Trading EBIT as a percentage of average working capital plus fixed assets. Working capital includes inventory, debtors and creditors
ROIC or **return on invested capital** = Trading EBIT as a percentage of average working capital plus fixed assets and intangible assets

A final dividend of 12.5 cents per share, fully imputed, has been declared for the year ended 30 June 2015. This compares to 9.5 cents for the same period last year. The total dividend for the year is 21.5 cents per share, compared to 15.0 cents per share last year.

The dividend will be paid on 2 October 2015. For the purposes of determining shareholder entitlements the dividend will have a record date of 25 September 2015.

As previously advised to the market, Hellaby directors have suspended the company's Dividend Reinvestment Plan.

Acquisitions and disposals

Hellaby continued to actively progress acquisition and divestment opportunities during the year.

In May 2015 New Zealand Trucks acquired DAMS, a Waikato company which provides maintenance, repair and engineering services to the truck sector. DAMS will significantly strengthen New Zealand Trucks' capacity to service customers in the upper North Island.

In June 2015 Hellaby acquired Melbourne-based JAS Oceania, an Australian wholesale distributor of autoelectrical, automotive air conditioning and lighting components. JAS Oceania's product range is complementary to Hellaby's other Australian Automotive businesses, Federal Batteries and Diesel Distributors, and we expect to start achieving synergies between these businesses immediately. JAS Oceania's 19 branch Australian network is scalable, and the business provides an ideal platform for further bolt-on acquisitions.

These two businesses were acquired for $24 million, and are expected to collectively increase Hellaby's annualised EBITDA by around $5 million. While both businesses are relatively small, they are strategically significant and align strongly with existing Hellaby subsidiaries.

In May 2015 Hellaby announced the sale of its Packaging division to Coveris, one of the world's largest plastic packaging and coatings companies. The decision to divest Packaging was in line with the company's investment strategy, as it was generating EBITDA below the $20 million annual EBITDA threshold expected for all our divisions and would have required considerably more investment through bolt-on acquisitions.

The Packaging division comprised Elldex Packaging and Elldex Packaging Australia, and was sold for NZ$33.1 million. The sale generated a $0.5 million transaction gain on carrying value.

In addition to these three transactions, we actively assessed many other opportunities during the year, in accordance with our investment strategy. The company incurred $0.5 million business evaluation and due diligence costs, and some of these opportunities remain in the pipeline. Hellaby still has significant financial capacity to fund further acquisitions.

Investor performance

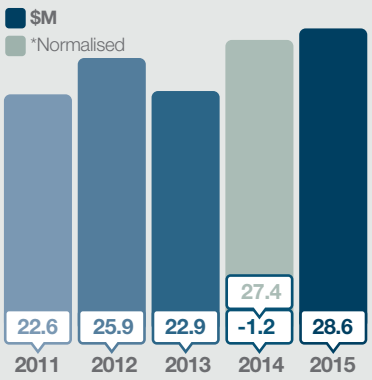
Total shareholder return (TSR) measures the increase in share price plus dividends paid per share, and is an indicator of shareholder value creation. Hellaby's target is to consistently generate TSR superior to the NZX50 Gross Index. This year's 12.3% TSR was ahead of the NZX50's 11.3%.

In the five years to 30 June 2015, the company has achieved an average compound annual TSR of 23.6%, well in excess of the NZX's 14.0%.

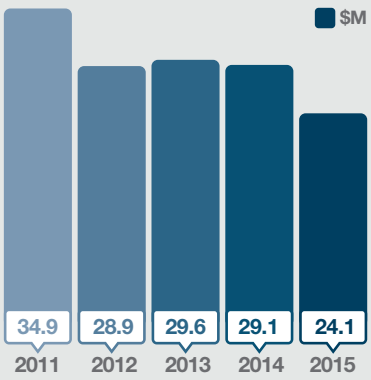
Despite this improved performance we remain very aware that Hellaby's share price at 30 June 2015 remains unchanged from two years earlier, despite several acquisitions and an increase in earnings per share of 25% over that period. This suggests that our strong earnings growth and return on funds employed are not currently reflected in the share price.

Hellaby's board and management remain committed to delivering value to shareholders by working towards improved share liquidity and greater institutional investment; and proactively communicating the opportunities and issues in front of us. We will continue to keep investors updated about our performance against defined targets and goals.

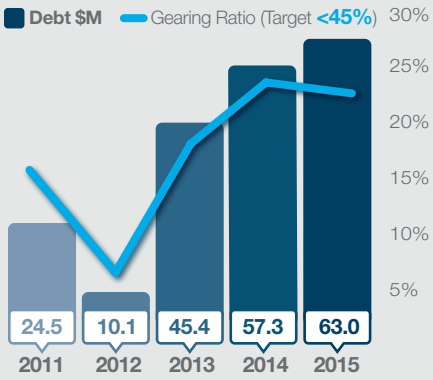
Earnings per share



Free cash flow



Total net debt/gearing



Free cashflow = cashflow from operations, less net operational capex **Gearing Ratio** = total net debt / (total net debt + total equity)
Total net debt = aggregate of bank liabilities and assets

Oil & Gas Services

Contract Resources completed its second full year under Hellaby's 85% ownership, generating a 13.2% increase in EBITDA to $18.5 million from last year's $16.4 million EBITDA. Sales rose 14.5% to $189.1 million from last year's $165.2 million. This is a satisfactory performance against a backdrop of global oil price decline, which led to a deferral of plant shutdowns and maintenance.

Contract Resources' Middle East operations performed particularly well due to expanded work opportunities with existing clients in Qatar, UAE and Oman, combined with a broader services offer and geographic expansion into Egypt and through a joint venture in Saudi Arabia.

Contract Resources' Australian operations lifted EBIT by 57% due to steady West Australian refinery and LNG activity, cost control initiatives and completion of projects deferred from the previous year.

The USA operation had a challenging year, due to a combination of sustained union activity impacting refinery clients, and the deferral of plant shutdowns and maintenance work due to lower oil prices. Deferred projects were consequentially backfilled at short notice with lower margin work.

New Zealand operations performed to target during a year of lower planned refinery activity.

	2015	2014
Total sales ($m)	**189.1**	165.2
Trading EBITDA ($m)	**18.5**	16.4
Trading EBIT ($m)	**11.2**	9.8
ROFE	**17.2%**	16.1%
Free Cash Flow ($m)	**8.3**	4.4
Staff	**866**	667

We continue to expect further sales and earnings improvement in each of Contract Resources' geographic regions. Contract Resources does not expect the falling oil price to result in a sustained downturn in sales, given that its core business is to provide catalyst handling services and maintain existing plant in the refining sector, rather than provide services for upstream exploration or new builds.

Hellaby is very comfortable with its investment in Contract Resources, which has doubled its sales and earnings over the last five years.

We are continuing to support Contract Resources' drive for profitable growth, and have started exploring further acquisition opportunities in this sector. Market development initiatives are underway in Brazil, which will complement existing project work in South America.

CONTRACT™ RESOURCES

Automotive

The Automotive division performed solidly with sales up 8.1% to $200.2 million from last year's $185.2 million, assisted by a full years' trading from Federal Batteries and Dasko acquired the previous year. EBITDA for the year rose 6.2% to $25.6 million from the previous year's $24.1 million.

The division's largest business, automotive and truck parts distributor **BNT** performed very well, considering the challenges presented by regulatory changes to the New Zealand WOF regime. BNT maintained its profitability and margins through improved customer service and efficiencies on improved sales.

With the WOF changes driving an 18% decrease in vehicle inspections during the year, BNT has significantly outperformed its market. This regulatory change is expected to continue impacting the market through to December 2015 before progressively normalising.

Tyre distributor **TRS Tyre & Wheel** also had an excellent result, outperforming a declining agricultural market with increased earnings. TRS is successfully increasing its ratio of non-agricultural tyre sales in truck and specialist off-road applications. **Diesel Distributors** increased its earnings in Australia and New Zealand, and battery distributors **HCB** and **Federal Batteries** performed steadily, also in tight market conditions.

The June 2015 acquisition of **JAS Oceania**, an Australian wholesale distributor of auto electrical, automotive air conditioning and lighting components, creates a scalable auto electrical position for Hellaby.

	2015	2014
Total sales ($m)	200.2	185.2
Trading EBITDA ($m)	25.6	24.1
Trading EBIT ($m)	23.9	22.6
ROFE	37.1%	44.5%
Free Cash Flow ($m)	23.9	19.7
Staff	721	602

JAS Oceania provides a platform for branch expansion, bolt-on acquisitions and cross-selling opportunities for Federal Batteries and Diesel Distributors in Australia and for Dasko in New Zealand.

Late in the financial year BNT launched a specialist heavy duty parts business called **Truck & Trailer Parts**, which will target truck workshops and trailer assemblers. Truck & Trailer Parts has commenced operations with branches in Auckland and Christchurch, and will be supported regionally by BNT's 54 branch network.

With a ROFE of 37.1%, the division continues to be an outstanding investment with a solid growth strategy. This coming year it will continue to pursue opportunities in New Zealand and Australia which complement its existing businesses.

Equipment

The Equipment division performed very well with sales up 6.9% to $208.7 million from last year's $195.2 million. This was primarily driven by a full 12 months trading from **New Zealand Trucks** which was acquired in April 2014, and has been steadily expanding since. EBITDA for the year rose 15.8% to $14.0 million from the previous year's $12.1 million.

The division's largest business **AB Equipment** is reaping the benefits of operating efficiencies and customer service initiatives to counter steady but flattening capital equipment demand. Aftermarket parts and service sales have doubled in the past five years and now account for one third of revenue. Hellaby's specialist **Eurolift** materials handling business has been progressively integrated into AB Equipment.

The 2014 acquisition of New Zealand Trucks has enabled Hellaby's Equipment division to develop a broader heavy transport servicing strategy. In July 2014 New Zealand Trucks became the New Zealand distributor of *HIAB* truck-mounted cranes and *Zepro* hydraulic tail lifts. It also expanded from one to four workshops late in the financial year, including the acquisition of the Hamilton-based DAMS workshop operation.

As a result New Zealand Trucks has doubled its revenues during its first full year under Hellaby's ownership. Hellaby will assist the company to expand into other key transport hubs.

	2015	2014
Total sales ($m)	**208.7**	195.2
Trading EBITDA ($m)	**14.0**	12.1
Trading EBIT ($m)	**12.5**	10.6
ROFE	**59.8%**	93.0%
Free Cash Flow ($m)	**0.7***	5.5
Staff	**483**	419

*The low free cash flow generated in the current year reflects the investment in Hiab and Zepro equipment.

In June 2015 the Equipment division opened a 10,000 m^2 national distribution centre in South Auckland to support the growing aftermarket parts demand for AB Equipment and New Zealand Trucks. This facility includes a truck service workshop.

Equipment's return on funds employed reflects the excellent value this division is creating for shareholders. Focus for the coming year will be the continued growth of aftermarket parts and service, and further expansion of New Zealand Trucks.

Footwear

The Footwear division's performance reflected tight discretionary spending by consumers on apparel and footwear, competition from online sales, and the late summer which impacted winter sales.

Revenue consequently decreased 3.4% to $140.8 million against last year's $145.7 million, and EBITDA was $5.8 million compared to last year's $6.2 million. Same store sales decreased 1.5% against the prior year. Both retail businesses are trading profitably, with **Hannahs** significantly improving its earnings performance over the previous year.

For the 2016 financial year a number of practical initiatives are underway to improve trading performance. Both Hannahs and **Number One Shoes** continue to develop their online sales and 'click & collect' capability. Hannahs has now almost fully rationalised its loss-making Australian *Pulp* retail operation down to one remaining store.

In New Zealand, Hannahs has just secured the exclusive distribution of the iconic British *Clarks* shoe brand which, together with Hannahs' existing *Hush Puppies* business, creates a very strong share of the comfort shoes segment.

	2015	2014
Total sales ($m)	140.8	145.7
Trading EBITDA ($m)	5.8	6.2
Trading EBIT ($m)	2.8	3.2
ROFE	8.4%	9.3%
Free Cash Flow ($m)	5.6	2.4
Staff	1,022	1,092

Hannahs Hush Puppies® pulp 1 numberoneshoes

Packaging

The 2015 financial year was one of transition for Hellaby's Packaging division as it underwent a major relocation from an ageing manufacturing plant to a purpose-built, food-grade facility in Christchurch.

As signalled at the commencement of the last financial year, profitability was impacted by transition-related costs, manufacturing inefficiencies and resultant margin pressure. This investment in new manufacturing plant was strategically sound and the project on track; however, a decision was made late in the financial year to sell the division, on the basis that Hellaby's Packaging assets were sub-scale and non-core.

Elldex Packaging, a manufacturer and distributor of flexible plastic packaging, was divested in May 2015 and has been treated in this commentary and the financial statements as a discontinued operation.

Sales decreased 2.8% to $43.6 million from $44.8 million, which reflects an 11 month trading period prior to divestment. EBITDA was $2.0 million compared to last year's $3.6 million, which largely reflects the impact of the transition between manufacturing facilities.

	2015	2014
Total sales ($m)	**43.6**	44.8
Trading EBITDA ($m)	**2.0**	3.6
Trading EBIT ($m)	**1.3**	3.0
ROFE	**n/a**	25.0%
Free Cash Flow ($m)	**(6.8)***	2.8
Staff	**n/a**	110

*The negative free cash flow for the year reflects expenditure on capital equipment for the new Christchurch manufacturing facility.

elldex
PACKAGING SOLUTIONS

People

One of our key focus areas in recent years has been to strengthen the senior management bench across the group. This year, the Automotive division has put particular emphasis on investment in leadership talent, and has made good progress in developing a talent pool for its growing Australian operations. Contract Resources has strengthened its leadership capability in Australia, North America and the Middle East.

We are extremely appreciative of the commitment and contribution of our 3,000 staff across New Zealand, Australia, the Middle East and North America and would like to acknowledge their efforts during this past year.

Board

As signalled to shareholders last year, former chairman John Maasland retired from the board in October 2014. Steve Smith, who became a non-executive director in 2008, was appointed chairman following John Maasland's retirement.

CEO departure

In April this year, we announced that our managing director John Williamson had decided to resign after eight years in the role. John finishes with Hellaby in October 2015.

John has had a very significant impact on Hellaby. Having been appointed a non-executive Director in 2005, he agreed to take on the Chief Executive role in 2007. John set about a process of improving the operational performance of businesses, disposing of some businesses and investments, and building the bench strength of group and business unit management. One year into this role in 2008, the global financial crisis occurred and placed even more pressure on the Hellaby group.

With relentless drive, passion, focus and skill, John led the business through this difficult period. With a back-to-basics approach and strong focus on accountability, the group's performance improved substantially over the following four years. This improvement resulted in higher profits, a recovered share price and winning back the confidence of many Hellaby stakeholders.

Following a strategic review in 2012, Hellaby embarked on a new expansion phase, seeking organic and acquisition growth for existing businesses, and investment into new sectors. The 2013 acquisition of Contract Resources has transformed the group's portfolio.

On behalf of the board, I would like to thank John for his significant contribution to Hellaby as a director and chief executive over the past ten years. He has laid a sound foundation for Hellaby's future.

The board is conducting a search for a new group chief executive. This process is well advanced, with an announcement expected before the Annual Meeting.

Steve Smith - Chairman

Outlook

With increasing contributions from our recent acquisitions and solid performances from our longer-held subsidiaries, we expect Hellaby's steady growth path to continue through the 2016 financial year and beyond. We will continue to drive growth opportunities, both through acquisition and business development, and reshape our portfolio according to our investment strategy.

For our existing core businesses we will continue to focus on building Hellaby's future through operational excellence, and investing in our people. We believe that our recent acquisitions will further assist with spreading economic and geographical risk across our businesses.

Hellaby is in excellent financial shape with a very strong balance sheet to support further acquisitions, which remain a major strategic focus for your board and management.

Our portfolio composition will continue to evolve. Following the sale of Packaging, Hellaby is now primarily focused on two broad investment areas which generate over 90% of earnings – oil & gas services; and automotive parts, equipment and servicing (being our Automotive and Equipment businesses, with a growing Australian presence). Both these investment areas have strong industry positions with good organic and acquisition growth potential.

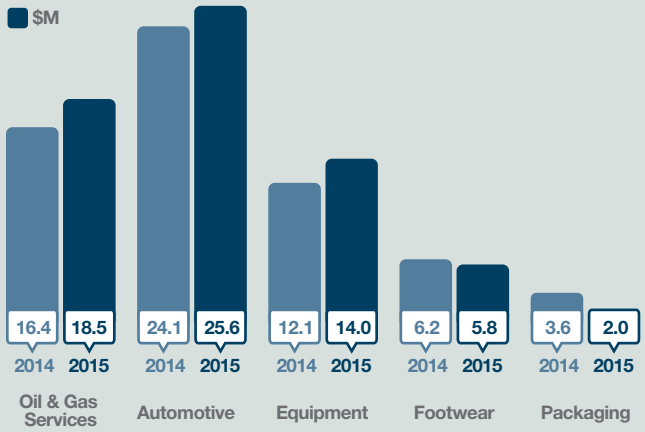
The Footwear division is considered to be non-core, and Hellaby will seek to divest its two Footwear businesses at an appropriate time.

We are committed to improving total shareholder returns, and we are confident that our acquisition and other growth initiatives will deliver on this. To this end, we expect to once again achieve higher earnings in the year ahead.

Steve Smith
Chairman
27 August 2015

John Williamson
Managing Director

Divisional EBITDA



Directory of Non-GAAP Measures

Hellaby uses a number of non-GAAP financial measures which provide useful information in measuring the financial performance and condition of the busines. These measures should not be viewed in isolation, nor considered as a substitute for measures reported under NZIFRS.

Reconciliation of free cash flow

	2015 $000	2014 $000
Cash from operations	39,964	44,778
Dividends and other income	3,629	2,844
Payments for property, plant and equipment and software	(23,595)	(18,268)
Proceeds from disposal of property, plant and equipment and software	3,243	588
Effects of exchange rates on cash and cash equivalents	859	(843)
Free cash flow before tax	24,100	29,099

Free cash flow is the Group's preferred measure of cash generated from the segments, as it recognises both on-going operating and capital expenditure cash generated and expended and excludes proceeds of company divestments.

Reconciliation of total net debt

	2015 $000	2014 $000
Core bank debt	72,401	64,712
Bank overdrafts	107	885
Cash and cash equivalents	(9,538)	(8,296)
Total net debt	62,970	57,301

Total net debt is the aggregate of bank liabilities and assets, and is the Group's preferred measure of total financial indebtedness.

Calculation of gearing ratio

	2015	2014
Total net debt ($000)	62,970	57,301
Total equity ($000)	219,074	188,254
Gearing ratio	22.3%	23.3%

The gearing ratio is the Group's preferred measure of financial leverage.

Reconciliation of Group NPAT/NLAT before goodwill impairment

	2015 $000	2014 $000
NPAT/NLAT	28,403	(129)
Goodwill impairment	0	26,940
Group NPAT before goodwill impairment	28,403	26,811

Reconciliation of earnings per share - normalised

	2015	2014
Profit/(loss) after tax attributable to the shareholders of the Company ($000)	27,377	(1,100)
Goodwill impairment ($000)	0	26,940
Normalised ($000)	27,377	25,840
Weighted average number of ordinary shares on issue (000)	95,707	94,192
Earnings per share - normalised	28.6 cents	27.4 cents

Growth Strategy

Hellaby's vision is to be one of Australasia's leading investors through the value we add to our portfolio; the returns we deliver to our shareholders; and the calibre of our people. We have identified and developed strategies to achieve this, and clear targets with which to monitor progress.

Our growth strategy underpins our investment decisions. It is summarised as follows:

1. **Portfolio diversity** – experience has shown us the benefits of an investment portfolio with earnings spread across different geographies and sectors. This diversity spreads risk, including currency volatility in what has historically been an import-oriented group of companies. Diversity will also give our shareholders exposure to some sectors they would otherwise not be able to access, thereby adding value for our investors.

2. **Divisional scale** – we expect divisions that endure in our portfolio to generate – or have the capability to generate – at least $20 million EBITDA annually with the appropriate investment.

3. **Clear investment targets** – investment will be directed towards three strategies, which all share the common objective of generating profitable growth for Hellaby:

   a. **Organic growth** – we are still totally committed to investing in the resources and capabilities of our existing businesses, to enable profitable growth;

   b. **Bolt-on acquisitions** – we will increase the scale and profitability of our divisions by acquiring businesses which complement or have synergies with existing Hellaby businesses, in sectors with long term appeal. Federal Batteries, Dasko, New Zealand Trucks and JAS Oceania are examples of this type of acquisition;

   c. **New sectors** – we will invest in new sectors that we believe have the appropriate potential for growth and can create value for our shareholders. In doing so, we very carefully consider the dynamics of the particular sector; growth and acquisition opportunities within the sector; and the quality of the management teams in target companies. The Contract Resources acquisition, which created our Oil & Gas Services division, is an outcome of this strategy.

4. **Robust and considered process** - our key acquisition criteria is whether the business will generate value for our shareholders. Our acquisitions are carefully considered, and our research and due diligence is thorough. Meanwhile if we believe we are no longer able or willing to invest in growing existing businesses to achieve scale, then we will divest a business at the right time, and will seek to optimise value on the exit. We achieved this recently with the sale of our Packaging division.

Board of Directors

Steve Smith

Non-Executive Independent Chairman (appointed Non-Executive Independent Director 2008; Chairman 2014)
BCom, CA, DipBus (Finance), CFloD Born 1958

Steve Smith is a professional director, and has a wide range of business and advisory experience across a number of sectors.

Steve is chairman of Spanbild Holdings and Pascaro Investments, and his current directorships include Fulton Hogan, Rimu S.A. (Chile) and NZX-listed Tower. He is also a National Foundation for the Deaf board member. Steve is a qualified Chartered Accountant, and a Chartered Fellow of the Institute of Directors.

Steve was previously acting chief executive and director of Pacific Retail Group (2004/5), and prior to 2003 was a partner, Corporate Finance and Investment Banking, with PricewaterhouseCoopers.

Steve is a member of Hellaby's Remuneration & Nominations Committee.

Paul Byrnes

Non-Executive Independent Director (appointed 2003)
BCom, ACA, CMA, ACIS Born 1953

Paul Byrnes is a professional director and investor with 25 years' experience in senior and CEO roles in private and listed companies. His career has included the management buyout of previously listed Holeproof Industries, consulting and participation in merger and acquisition opportunities and business "turnaround" management.

Paul is CEO/Deputy Chairman of NZX listed Turners and is chairman of Top Energy.

Paul is a qualified Chartered Accountant and he is a member of Hellaby's Audit & Risk Committee and Remuneration & Nominations Committee.

Mark Cowsill

Non-Executive Independent Director (appointed 2012)
BCom, CA Born 1952

Mark Cowsill is a qualified Chartered Accountant. He is chairman of The Comfort Group and Wonderest, and a director of Hubbard Foods and NZX-listed Sanford.

Mark was managing director of Frucor Beverages from 1992 to 2011, during which time he led Frucor to become a global company under various ownership structures.

Mark is chairman of Hellaby's Remuneration & Nominations Committee and a member of Hellaby's Audit & Risk Committee.

Gary Mollard

Non-Executive Independent Director (appointed 2009)
BA (Economics), MBA Born 1955

Gary Mollard is chairman and a former managing director of NDA Group, an international engineering and manufacturing group which is headquartered in Hamilton. He is an investor in a number of private companies.

Prior to becoming chief executive of NDA Engineering and subsequently leading a management buy-out of that company, Gary has held general management positions with Television New Zealand, Natural Gas Corporation and Golden Bay Cement.

James Sclater

Non-Executive Director (appointed 2008)
BCom, CA *Born 1959*

James Sclater is a professional director and trustee acting for a number of private companies and investment trusts including ProCare Health and Damar Industries. James is a qualified Chartered Accountant and a member of the Chartered Accountants of Australia and New Zealand and the Institute of Directors.

Prior to 2009, James was chairman of Grant Thornton Auckland, where he was a business advisory services director for 18 years, specialising in small-to-medium accounting, taxation and management advice.

James was nominated as a Hellaby director by Castle Investments Ltd, which is the owner of a 27.7% shareholding in Hellaby Holdings.

James is chairman of Hellaby's Audit & Risk Committee and a member of Hellaby's Remuneration & Nominations Committee.

John Williamson

Chief Executive Officer & Managing Director
(appointed Chief Executive 2007)
BA, LLB, LLM, CMInstD *Born 1963*

John Williamson joined the Hellaby board as a non-executive director in 2005 and was appointed Chief Executive Officer and Managing Director in July 2007.

John has a leadership background in consumer and industrial marketing, manufacturing and distribution. His career has included leadership roles with Australasian apparel retailer / distributor Bendon, building materials group Fletcher Building and pipeline / roading materials supplier Humes Group.

He is a former chairman of Hockey New Zealand.

John steps down as Chief Executive Officer and Managing Director in October 2015.

Audit & Risk Committee:

James Sclater (Chairman), Paul Byrnes and Mark Cowsill.

Remuneration & Nominations Committee:

To 21 October 2014 - John Maasland (Chairman), Paul Byrnes, James Sclater, Mark Cowsill, Gary Mollard and Steve Smith.

21 October 2014 to 27 November 2014 - Steve Smith (Chairman), Paul Byrnes, James Sclater, Mark Cowsill and Gary Mollard.

27 November 2014 to 9 July 2015 - Steve Smith (Chairman), Paul Byrnes and James Sclater.

From 9 July 2015 - Mark Cowsill (Chairman), Paul Byrnes, James Sclater and Steve Smith.

Directors' Meetings

	Board		Audit & Risk Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended
Paul Byrnes	13	13	2	1
Mark Cowsill	13	12	2	2
John Maasland	5	4		
Gary Mollard	13	12		
James Sclater	13	13	2	2
Steve Smith	13	13		
John Williamson	13	13		

Management

Greg Batkin

Chief Investment Officer
BA (Economics), MBA
Born 1961

Greg Batkin commenced as Chief Investment Officer at Hellaby Holdings in August 2010. Greg was formerly Director, Investment Banking at Craigs Investment Partners and has previously held investment banking roles with ABN AMRO Craigs, ABN AMRO and Westpac.

John Williamson

Chief Executive Officer
& Managing Director
BA, LLB, LLM, CMInstD
Born 1963

John Williamson was appointed Chief Executive Officer in July 2007. His career has included leadership roles with Australasian apparel retailer / distributor Bendon, building materials group Fletcher Building and pipeline / roading materials supplier Humes Group. John steps down as Chief Executive Officer and Managing Director in October 2015.

Neil MacCulloch

Chief Operating Officer
BSc, BCom, CA
Born 1960

Neil MacCulloch commenced as Chief Operating Officer at Hellaby Holdings in June 2008. Neil is a former Chief Financial Officer of Metlifecare and Sanford, and has also held senior financial and leadership roles at Fletcher Building, Fletcher Energy and Fletcher Challenge. Neil is a qualified Chartered Accountant.

Richard Jolly

Chief Financial Officer
& Company Secretary
BCom, CA
Born 1963

Richard Jolly commenced as Chief Financial Officer and Company Secretary at Hellaby Holdings in March 2006. Richard has previously held senior financial positions with Ernst & Young, Grocorp Pacific and Moana Pacific Fisheries. Richard is a qualified Chartered Accountant.

Financial Statements

for the year ended 30 June 2015

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Independent Auditors' Report

to the shareholders of Hellaby Holdings Limited

Report on the Financial Statements

We have audited the Group financial statements of Hellaby Holdings Limited ("the Company") on pages 19 to 55, which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements that include significant accounting policies and other explanatory information for the Group. The Group comprises the Company and the entities it controlled at 30 June 2015 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of the Group. Our firm carries out other services for the Group in the areas of tax compliance, other assurance services, and advisory services. The provision of these other services has not impaired our independence.

Opinion

In our opinion, the financial statements on pages 19 to 55 present fairly, in all material respects, the financial position of the Group as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Restriction on Use of our Report

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers.

Chartered Accountants
Auckland
27 August 2015

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
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Consolidated Income Statement for the year ended 30 June 2015

	Notes	2015 $000	2014 $000
Continuing operations			
Sales	3,5	**735,955**	688,705
Cost of sales		**(482,961)**	(448,714)
Gross profit		**252,994**	239,991
Other income	5	**4,036**	2,825
Selling and marketing expenses	4	**(108,241)**	(106,714)
Administration expenses	4	**(97,689)**	(89,441)
Storage and warehousing expenses	4	**(7,542)**	(6,703)
Goodwill impairment		**-**	(26,940)
Operating profit	3	**43,558**	13,018
Finance income		**57**	67
Finance costs		**(4,602)**	(4,113)
Finance costs on contingent consideration	21	**(900)**	(233)
Profit before tax		**38,113**	8,739
Income tax expense	7	**(10,388)**	(10,381)
Profit/(loss) after tax (NPAT/NLAT) from continuing operations		**27,725**	(1,642)
Discontinued operations			
Profit for the year from discontinued operations	25	**678**	1,513
Profit/(loss) after tax (NPAT/NLAT)		**28,403**	(129)
Profit/(loss) after tax (NPAT/NLAT) attributable to:			
Shareholders of the Parent Company		**27,377**	(1,100)
Non-controlling interests		**1,026**	971
		28,403	(129)

	Notes	2015 cents	2014 cents
Basic and diluted earnings per share			
Earnings per share attributable to the Shareholders of the Parent Company			
From continuing operations	26	**27.9**	(2.8)
From discontinued operations	26	**0.7**	1.6
		28.6	(1.2)

The above consolidated income statement is to be read in conjunction with the notes on pages 25 to 55.

Consolidated Statement of Comprehensive Income for the year ended 30 June 2015

	2015 $000	2014 $000
Profit/(loss) after tax (NPAT/NLAT)	**28,403**	(129)
Other comprehensive income/(losses)		
Items that will be reclassified subsequently to profit or loss:		
Net change in fair value of cash flow hedges reclassified to profit or loss	**10,239**	(6,641)
Foreign currency translation reserve	**10,928**	(9,366)
Tax relating to components of other comprehensive (losses)/income	**(2,868)**	2,770
Total other comprehensive income/(losses)	**18,299**	(13,237)
Total comprehensive income/(losses) for the year	**46,702**	(13,366)
Total comprehensive income/(losses) for the year attributable to:		
Shareholders of the Parent Company	**44,052**	(13,009)
Non-controlling interests	**2,650**	(357)
Total comprehensive income/(losses) for the year	**46,702**	(13,366)
Total comprehensive income/(losses) attributable to Shareholders of the Parent Company arises from:		
Continuing operations	**42,929**	(13,856)
Discontinued operations	**1,123**	847
	44,052	(13,009)

The above consolidated statement of comprehensive income is to be read in conjunction with the notes on pages 25 to 55.

Consolidated Balance Sheet as at 30 June 2015

	Notes	2015 $000	2014 $000
ASSETS			
Current assets			
Cash and cash equivalents	9	**9,538**	8,296
Trade and other receivables	10	**86,018**	71,696
Current tax asset	8	**228**	3,061
Derivative financial instruments	13	**8,666**	102
Unbilled revenue	11	**5,609**	3,877
Inventories	12	**149,677**	136,903
Total current assets		**259,736**	223,935
Non-current assets			
Property, plant and equipment	15	**70,018**	64,217
Intangible assets	16	**100,024**	93,221
Deferred tax asset	8	**3,727**	6,546
Total non-current assets		**173,769**	163,984
Total Assets		**433,505**	387,919
LIABILITIES			
Current liabilities			
Bank overdrafts		**107**	885
Trade and other payables	17	**103,895**	92,458
Finance lease liabilities	20	**377**	267
Current tax liability	8	**3,171**	3,572
Derivative financial instruments	13	**56**	5,730
Provisions	18	**6,917**	7,467
Total current liabilities		**114,523**	110,379
Non-current liabilities			
Core bank debt	19	**72,401**	64,712
Trade and other payables	17	**1,220**	429
Finance lease liabilities	20	**1,893**	1,645
Contingent consideration payable	21	**20,804**	19,904
Provisions	18	**122**	283
Deferred tax liability	8	**3,468**	2,313
Total non-current liabilities		**99,908**	89,286
Total Liabilities		**214,431**	199,665
Net Assets		**219,074**	188,254
EQUITY			
Contributed equity	22	**114,731**	112,333
Cash flow hedge reserve		**4,091**	(2,697)
Foreign currency translation reserve		**1,511**	(7,763)
Contingent consideration reserve		**(19,671)**	(19,671)
Retained earnings		**101,887**	92,176
		202,549	174,378
Non-controlling interests		**16,525**	13,876
Total Equity		**219,074**	188,254

The Board of Directors of Hellaby Holdings Limited authorised these financial statements for issue on 27 August 2015.
On behalf of the Board

Director

Director

The above consolidated balance sheet is to be read in conjunction with the notes on pages 25 to 55.

Consolidated Statement of Changes in Equity for the year ended 30 June 2015

Attributable to Shareholders of Parent Company

	Notes	Contributed equity $000	Cash flow hedge $000	Foreign currency translation $000	Contingent consideration $000	Retained earnings $000	Total $000	Non-controlling interests $000	Total equity $000
Balance at 1 July 2014		112,333	(2,697)	(7,763)	(19,671)	92,176	174,378	13,876	188,254
Comprehensive income									
Profit after tax		-	-	-	-	27,377	27,377	1,026	28,403
Other comprehensive income/ (losses)									
Fair value gains in year		-	13,692	-	-	-	13,692	-	13,692
Tax on fair value movements		-	(3,836)	-	-	-	(3,836)	-	(3,836)
Transfers to net profit		-	(11)	-	-	-	(11)	-	(11)
Tax on transfers to net profit		-	4	-	-	-	4	-	4
Transfers to inventory		-	(3,442)	-	-	-	(3,442)	-	(3,442)
Tax on transfers to inventory		-	964	-	-	-	964	-	964
Foreign currency translation		-	(13)	9,318	-	-	9,305	1,623	10,928
Total other comprehensive income/(losses)		-	7,358	9,318	-	-	16,676	1,623	18,299
Total comprehensive income		-	7,358	9,318	-	27,377	44,053	2,649	46,702
Other transactions									
Disposal of subsidiary		-	(570)	(44)	-	-	(614)	-	(614)
Transactions with owners									
Dividends provided for or paid	22	2,398	-	-	-	(17,666)	(15,268)	-	(15,268)
Total transactions with owners		2,398	-	-	-	(17,666)	(15,268)	-	(15,268)
Balance at 30 June 2015		114,731	4,091	1,511	(19,671)	101,887	202,549	16,525	219,074

The above consolidated statement of changes in equity is to be read in conjunction with the notes on pages 25 to 55.

Consolidated Statement of Changes in Equity for the year ended 30 June 2015 (continued)

Attributable to Shareholders of Parent Company

	Notes	Contributed equity $000	Cash flow hedge $000	Foreign currency translation $000	Contingent consideration $000	Retained earnings $000	Total $000	Non-controlling interests $000	Total equity $000
Balance at 1 July 2013		106,975	2,083	(634)	(19,671)	105,922	194,675	14,365	209,040
Comprehensive (losses)									
(Loss)/profit after tax		-	-	-	-	(1,100)	(1,100)	971	(129)
Other comprehensive (losses)									
Fair value (losses) in year		-	(7,202)	-	-	-	(7,202)	-	(7,202)
Tax on fair value movements		-	2,016	-	-	-	2,016	-	2,016
Transfers to inventory		-	568	-	-	-	568	-	568
Tax on transfers to inventory		-	(157)	-	-	-	(157)	-	(157)
Foreign currency translation		-	(7)	(7,902)	-	-	(7,909)	(1,464)	(9,373)
Tax on foreign currency translation		-	2	773	-	-	775	136	911
Total other comprehensive (losses)		-	(4,780)	(7,129)	-	-	(11,909)	(1,328)	(13,237)
Total comprehensive (losses)		-	(4,780)	(7,129)	-	(1,100)	(13,009)	(357)	(13,366)
Transactions with owners									
Dividends provided for or paid	22	5,358	-	-	-	(12,646)	(7,288)	-	(7,288)
Foreign currency translation		-	-	-	-	-	-	(132)	(132)
Total transactions with owners		5,358	-	-	-	(12,646)	(7,288)	(132)	(7,420)
Balance at 30 June 2014		112,333	(2,697)	(7,763)	(19,671)	92,176	174,378	13,876	188,254

The above consolidated statement of changes in equity is to be read in conjunction with the notes on pages 25 to 55.

Consolidated Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 $000	2014 $000
Cash flows from operating activities			
Receipts from customers		**772,471**	734,529
Payments to suppliers and employees		**(732,507)**	(689,751)
Cash from operations		**39,964**	44,778
Other revenue		**3,686**	2,911
Interest paid		**(5,279)**	(4,787)
Income taxes paid		**(7,776)**	(10,310)
Net cash inflow from operating activities	34	**30,595**	32,592
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	24	**(23,813)**	(23,000)
Proceeds from settlement adjustment		**-**	942
Payments for property, plant and equipment and software		**(23,594)**	(18,268)
Payment for brands	16	**-**	(176)
Proceeds from disposal of business, net of cash disposed	25	**26,469**	-
Proceeds from investments		**-**	241
Proceeds from disposal of property, plant and equipment and software		**3,243**	588
Net cash (outflow) from investing activities		**(17,695)**	(39,673)
Cash flows from financing activities			
Net proceeds from core bank debt borrowings		**3,850**	9,793
Net repayment of finance leases		**(321)**	(177)
Dividends paid to Company's shareholders		**(15,268)**	(7,288)
Net cash (outflow)/inflow from financing activities		**(11,739)**	2,328
Net increase in cash balances		**1,161**	(4,753)
Cash balance at the beginning of the year		**7,411**	13,007
Effects of exchange rate changes on cash balances		**859**	(843)
Closing cash balance		**9,431**	7,411
Consisting of:			
Cash and cash equivalents	9	**9,538**	8,296
Bank overdrafts		**(107)**	(885)
Closing cash balance		**9,431**	7,411

The above consolidated statement of cash flows is to be read in conjunction with the notes on pages 25 to 55.

Notes to the Financial Statements

1. General information

(a) Reporting entity

(i) Entities reporting

The financial statements are for Hellaby Holdings Limited ("the Parent" or "Hellaby Holdings") and its subsidiary companies ("the Group"). Hellaby Holdings is domiciled and incorporated in New Zealand. The Parent's registered office is at Level 5, 10 Viaduct Harbour Avenue, Auckland.

Hellaby Holdings is an investment company with shareholdings in a diversified range of New Zealand and international industrial, distribution, services and retail businesses.

The Parent and Group are designated as profit-oriented entities for financial reporting purposes.

(ii) Statutory base

Hellaby Holdings is a company registered under the Companies Act 1993 and is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules. In accordance with the Financial Markets Conduct Act 2013, because group financial statements are prepared and presented for Hellaby Holdings and its subsidiaries, separate financial statements for Hellaby Holdings are no longer required to be prepared and presented.

(b) Basis of preparation and presentation

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 Financial Reporting Standards ("NZ IFRS") and applicable Financial Reporting Standards and authoritative notices that are applicable to entities that apply NZ IFRS. They also comply with International Financial Reporting Standards ("IFRS").

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.

As a result of the Group's decision to align statutory reporting with management reporting to provide more relevant information, the classification of expenses in the income statement has changed from a by 'nature' to a by 'function' classification. For comparative purposes certain information has been re-presented in order to provide a more appropriate basis of comparison. A summary of these changes is presented in note 4.

The policies presented in these financial statements have been consistently applied to all periods presented, unless otherwise stated.

(c) 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:

- Carrying value of indefinite life intangible assets - refer to note 16
- Fair value of intangible assets acquired - refer to note 16
- Fair value of property, plant and equipment acquired - refer to note 24
- Contingent consideration payable - refer to note 21

The Directors periodically review all accounting policies and areas of judgement in presenting the financial statements.

(2) General accounting policies

The financial statements have been reviewed and their structure has been improved as set out in Note 4. Significant accounting policies which are relevant to the understanding of specific financial statement items are included in each note in blue highlighted boxes. Below are significant accounting policies which are relevant to the financial statements as a whole.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hellaby Holdings as at 30 June 2015 and the results of these subsidiaries for the year then ended.

Subsidiaries are all those entities over which Hellaby Holdings has control. Hellaby Holdings controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries which form part of the Group are fully consolidated from the date on which control is transferred to Hellaby Holdings. They are de-consolidated from the date that control ceases or they cease to be part of the Group.

The Group applies the acquisition method to account for business combinations. The consideration paid for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. 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 Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable assets.

Acquisition related costs are expensed as incurred.

Where the Group has entered into put and call option arrangements to acquire non-controlling interests, a contingent consideration liability is recognised at fair value, being the present value of the expected future payments to the shareholders of the non-controlling interests, with a corresponding entry to a contingent consideration reserve. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the income statement.

The excess of the consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured 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.

(b) 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 consolidated financial statements are presented in New Zealand dollars, which is the Group's functional and presentation currency.

The financial statements have been rounded to the nearest thousand dollars.

(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 rate prevailing on the date of the transaction);
- 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.

(c) Impairment of non-financial 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 level for which there are separately identifiable cash flows (cash generating units).

(d) GST

The income statements have been prepared so that all components are stated exclusive of GST. All items in the balance sheets are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(e) Statement of cash flows

The following are the definitions of the terms used in the statement of cash flows:

(i) Cash balances comprise cash and cash equivalents and bank overdrafts.

(ii) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets, businesses and investments.

(iii) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid are included in financing activities.

(iv) Operating activities include all transactions and other events that are not investing or financing activities.

Cash flows from short-term borrowings, being durations of 3 months or less, are disclosed net, due to short term maturities and the volume of transactions involved.

(f) International Financial Reporting Standards adopted during the year

The accounting policies applied are consistent with those of the previous Annual Report. There are no standards, amendments and interpretations to existing standards adopted by the Group during the year that have had a material impact on the financial statements.

(g) New International Financial Reporting Standards

The following standards have been issued but have not yet been adopted:

NZ IFRS 9 Financial instruments. *NZ IFRS 9* was issued by the International Standards Board in July 2014 as a complete version of the standard. This standard contains the requirements for the classification and measurement of financial assets and financial liabilities, impairment methodology and general hedge accounting. The stand is effective for periods commencing on or after 1 January 2018. The Group is yet to assess the impact of this standard and does not expect to adopt it before its effective date.

NZ IFRS 15 Revenue from contracts with customers. *NZ IFRS 15* is effective for periods commencing on or after 1 January 2018. The standard addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in *IAS 18 Revenue* and *IAS 11 Construction contracts* and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in a way that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has yet to assess NZ IFRS 15's full impact. The Group will apply this standard from 1 July 2018.

There are no other standards, amendments, or interpretations to existing standards that have been issued and yet to be adopted by the Group that are likely to have a material impact on the financial statements.

3. Segment information

The Group is organised into operating segments by product and service type to reflect how the Group's operations are managed by the Board of Directors, who are the chief operating decision makers. The Parent company charges management fees and interest to subsidiaries for services and funds provided.

Sales and other transactions between segments are based on normal arm's length terms.

(a) Description of segments

Oil & Gas Services

The oil and gas services division includes Hellaby Oil & Gas Services Limited, a divisional holding company; and Contract Resources Investments Limited and subsidiaries, providers of specialised industrial and mechanical services to refineries and petrochemical plants.

Automotive

The automotive division includes Hellaby Automotive Limited, a divisional holding company; 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 and ancillary diesel engine parts; TRS Tyre & Wheel Limited, an importer and distributor of tyres and wheels; the Ryde group of companies (Federal Batteries) and HCB Technologies Limited, importers and distributors of batteries; Dasko Limited, a wholesale distributor of auto-electrical, fuel and engine management components and the JAS Oceania Pty Limited group of companies, wholesale distributors of auto electrical, air conditioning and lighting products.

Equipment

The equipment division includes Hellaby Equipment Limited, a divisional holding company; AB Equipment Limited, an importer and distributor of materials handling, construction, forestry, and agricultural equipment and renter of materials handling equipment; Eurolift Limited, an importer and distributor of materials handling equipment; and New Zealand Trucks Limited, a truck servicing business.

Packaging

The packaging division included Hellaby Packaging Limited, a divisional holding company; Elldex Packaging Limited, a manufacturer and importer of flexible plastic packaging; and Elldex Packaging Australia Pty Limited, an importer of flexible plastic packaging.

The packaging division was sold during the year and results of the discontinued operations are disclosed in note 25.

Footwear

The footwear division includes R. Hannah & Co Limited and Number 1 Shoes Limited, specialty shoe retailers.

Corporate

This division includes Hellaby Holdings Limited, the Parent company for investments in the Group.

(b) Operating segment information

2015	Oil &Gas Services $000	Automotive $000	Equipment $000	Footwear $000	Corporate $000	Inter-segment eliminations /unallocated $000	Total continuing operations $000	Discontinued operations Packaging $000	Total Group $000
INCOME STATEMENT									
Sales to external customers	189,098	198,030	208,287	140,771	-	-	736,186	43,362	779,548
Intersegment sales	-	2,136	439	-	-	(2,806)	(231)	231	-
Total sales	189,098	200,166	208,726	140,771	-	(2,806)	735,955	43,593	779,548
Other income	212	178	3,052	295	16,042	(15,743)	4,036	-	4,036
Total segment revenue & income	189,310	200,344	211,778	141,066	16,042	(18,549)	739,991	43,593	783,584
Trading EBITDA	18,512	25,572	13,996	5,834	(6,758)	-	57,156	1,953	59,109
Depreciation and amortisation	(7,353)	(1,661)	(1,486)	(3,057)	(232)	-	(13,789)	(637)	(14,426)
Trading EBIT	11,159	23,911	12,510	2,777	(6,990)	-	43,367	1,316	44,683
Management fees	-	-	-	-	-	191	191	(191)	-
Other non-trading	-	-	-	-	-	-	-	477	477
Operating profit	11,159	23,911	12,510	2,777	(6,990)	191	43,558	1,602	45,160
Net finance costs							(5,445)	(1,044)	(6,489)
Income tax (expense) /credit							(10,388)	120	(10,268)
Profit after tax (NPAT)							27,725	678	28,403
BALANCE SHEET									
Segment assets	152,112	144,714	78,587	52,076	6,016	-	433,505	-	433,505
Intersegment assets	-	209	498	2,494	37,952	(41,153)	-	-	-
Total Assets	152,112	144,923	79,085	54,570	43,968	(41,153)	433,505	-	433,505
Segment liabilities	67,843	37,415	46,280	16,240	46,653	-	214,431	-	214,431
Intersegment liabilities	456	27,006	13,696	-	-	(41,158)	-	-	-
Total Liabilities	68,299	64,421	59,976	16,240	46,653	(41,158)	214,431	-	214,431

2014	Oil &Gas Services $000	Automotive $000	Equipment $000	Footwear $000	Corporate $000	Inter-segment eliminations /unallocated $000	Total continuing operations $000	Discontinued operations Packaging $000	Total Group $000
INCOME STATEMENT									
Sales to external customers	165,201	183,296	194,705	145,718	-	-	688,920	44,614	733,534
Intersegment sales	-	1,892	491	-	-	(2,598)	(215)	215	-
Total sales	165,201	185,188	195,196	145,718	-	(2,598)	688,705	44,829	733,534
Other income	529	152	1,801	110	12,208	(11,975)	2,825	8	2,833
Total segment revenue & income	165,730	185,340	196,997	145,828	12,208	(14,573)	691,530	44,837	736,367
Trading EBITDA	16,351	24,081	12,089	6,234	(6,302)	-	52,453	3,631	56,084
Depreciation and amortisation	(6,573)	(1,503)	(1,525)	(3,051)	(106)	-	(12,758)	(613)	(13,371)
Trading EBIT	9,778	22,578	10,564	3,183	(6,408)	-	39,695	3,018	42,713
Goodwill impairment	-	-	-	(26,940)	-	-	(26,940)	-	(26,940)
Management fees	-	-	-	-	-	193	193	(193)	-
Other non-trading	-	-	-	-	70	-	70	-	70
Operating profit	9,778	22,578	10,564	(23,757)	(6,338)	193	13,018	2,825	15,843
Net finance costs							(4,279)	(700)	(4,979)
Income tax (expense)							(10,381)	(612)	(10,993)
(Loss) after tax (NLAT)							(1,642)	1,513	(129)
BALANCE SHEET									
Segment assets	134,256	115,238	62,221	49,247	109	-	361,071	26,848	387,919
Intersegment assets	-	5,459	2,351	4,400	31,344	(43,581)	(27)	27	-
Total Assets	134,256	120,697	64,572	53,647	31,453	(43,581)	361,044	26,875	387,919
Segment liabilities	67,569	31,191	46,148	14,984	31,928	-	191,820	7,845	199,665
Intersegment liabilities	-	26,229	3,511	3,722	-	(45,152)	(11,690)	11,690	-
Total Liabilities	67,569	57,420	49,659	18,706	31,928	(45,152)	180,130	19,535	199,665

(c) Operating segment information

Trading EBITDA and Trading EBIT are the Group's preferred measures of financial performance for the operating segments. They provide a clear measure of the underlying operating results, which excludes the other non-trading items – goodwill impairment, long term incentive accrual, the profit or loss arising on the sale of a business and proceeds from the liquidation of an investment, which are not considered to represent on-going financial performance.

(d) Geographical segment information

2015	New Zealand $000	Australia $000	Other $000	Total $000
Sales to external customers				
Continuing operations	**513,731**	**150,886**	**71,338**	**735,955**
Discontinued operations	**39,861**	**3,732**	**-**	**43,593**
Total sales	**553,592**	**154,618**	**71,338**	**779,548**
Non-current assets	**59,400**	**78,046**	**36,323**	**173,769**
2014				
Sales to external customers				
Continuing operations	505,514	136,215	46,976	688,705
Discontinued operations	42,303	2,526	-	44,829
Total sales	547,817	138,741	46,976	733,534
Non-current assets	70,885	65,391	27,708	163,984

Revenue is allocated to geographical segments on the basis of where the sale is recorded.

4. Income Statement re-presentation of 2014 comparative information

As a result of the Group's decision to align statutory reporting with management reporting to provide more relevant information, the classification of expenses in the income statement has changed from a by 'nature' to a by 'function' classification. For comparative purposes certain information has been re-presented in order to provide a more appropriate basis of comparison. A summary of these changes is presented below.

The re-presentation of comparative information for the year ended 30 June 2014 is shown below:

		Re-presented to/(from)			Re-presented to			
	Previously presented $000	Other expenses $000	Cost of inventory $000	Re-presented $000	Cost of sales $000	Selling and marketing $000	Administration $000	Storage and warehousing $000
Cost of inventory sold	345,497	-	(13,671)	331,826	331,826	-	-	-
Salaries and wages	166,222	6,370	13,671	186,263	83,047	53,460	46,215	3,541
Rental and operating leases	65,228	-	-	65,228	25,728	30,053	7,794	1,653
Depreciation and amortisation	13,371	-	-	13,371	2,769	3,169	7,072	361
Other expenses	103,266	(6,370)	-	96,896	41,008	20,122	33,018	2,748
Total	693,584	-	-	693,584	484,378	106,804	94,099	8,303
Discontinued operations	42,012	-	-	42,012	(35,664)	(90)	(4,658)	(1,600)
Continuing operations	651,572	-	-	651,572	448,714	106,714	89,441	6,703

5. Revenue and other income

Revenue

	2015 $000	2014 $000
Sale of goods	**453,300**	446,030
Sale of services	**282,655**	242,675
Total sales	**735,955**	688,705

	2015 $000	2014 $000
Profit before tax includes the following specific other income items		
Net gain on disposal of plant and equipment	**2,886**	418

Recognition and measurement

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services (excluding Goods and Services Tax) stated net of, 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 the risks and rewards are transferred 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 the Group 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.

Revenue from the provision of the sale of goods on the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of dispatch. Transactions are settled by credit or payment card.

(iii) Sales of services and unbilled revenue
Where the Group provides services charged on the basis of actual time and materials incurred, revenue is recognised as costs are incurred. Revenue is generally calculated based on contractual billing rates for the services performed. To the extent that services rendered have not been invoiced at balance date but are billable by the Group under agreed contractual terms, an amount is recorded as unbilled revenue in the balance sheet.

Where the Group provides services under a fixed price arrangement then the percentage-of-completion method of contract accounting is applied. When the outcome of fixed price contracts can be measured reliably, revenue is recognised based on the proportion of work performed to date relative to the estimated total contract costs. When the outcome of fixed price contracts can not be measured reliably, revenue is recognised only to the extent of the expenses incurred under the contract that are expected to be recoverable. If these services have not been invoiced at balance date but are billable by the Group, an amount is recorded as unbilled revenue in the balance sheet.

(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 the 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.

Rental income includes the lease of short and long term equipment fleets.

(vi) Dividend income
Dividend income is recognised when the right to receive payment is established.

6. Expenses by nature

	2015 $000	2014 $000
Profit before tax includes the following specific expense items		
Remuneration of principal auditors		
Audit of financial statements	**535**	488
Total audit remuneration	**535**	488
Other assurance services	**18**	15
Tax compliance	**177**	171
Other advisory services	**6**	11
Total non-audit remuneration	**201**	197
Total remuneration of principal auditors	**736**	685

The audit fee includes the fee for the annual audit of the financial statements. Other assurance services relates to accounting technical advice. Other advisory services relate to executive remuneration benchmarking.

Employee benefits		
Salaries, wages and bonuses	**191,574**	172,167
Long term employee benefits	**365**	173
Short term employee benefits	**6,938**	6,666
Post-employment benefits	**-**	-
Total employee benefits from continuing operations	**198,877**	179,006
Total employee benefits from discontinued operations	**7,487**	7,257
Total employee benefits	**206,364**	186,263
Acquisition related costs	**506**	602
Directors' fees	**427**	421
Donations	**50**	59

7. Income tax expense

Reconciliation of tax rate applicable to profits to income tax expense

	2015 $000	2014 $000
Profit before tax	**38,113**	8,739
Tax calculated at 28%	**10,672**	2,447
Tax effect of amounts which are either not deductible or taxable in calculating taxable income:		
Income not subject to tax	**(190)**	(159)
Expenses not deductible for tax	**632**	8,012
Imputation credits on dividends received	**1**	1
Tax offset for imputed dividends	**(3)**	(3)
Differing foreign tax rates	**(376)**	434
Prior period adjustment	**(348)**	(351)
Income tax expense from continuing operations	**10,388**	10,381

The losses of Group companies within New Zealand consolidated tax groups are shared and the losses of Group companies within Australian consolidated tax groups are shared. A deferred tax benefit of $0.61 million (2014: $0.49 million) relating to losses in the United States is not recognised in the financial statements.

Recognition and measurement

The income tax expense for the year is the tax on the current year'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.

8. Taxation

(a) Deferred tax asset

	Depreciation $000	Provisions $000	Inventory $000	Other $000	Total $000
At 30 June 2013	438	2,905	1,617	(725)	4,235
Credited/(debited) to the income statement	270	418	(242)	4	450
Prior period adjustment	-	(162)	132	5	(25)
Differing tax rates	-	-	2	-	2
Foreign currency translation	-	(9)	(2)	-	(11)
Acquisition of businesses	-	36	-	-	36
Charged directly to equity	-	-	-	1,859	1,859
At 30 June 2014	**708**	**3,188**	**1,507**	**1,143**	**6,546**
Credited/(debited) to the income statement	**49**	**215**	**(413)**	**(156)**	**(305)**
Prior period adjustment	**(14)**	**(189)**	**(76)**	**109**	**(170)**
Differing tax rates	**-**	**(5)**	**(9)**	**-**	**(14)**
Foreign currency translation	**-**	**35**	**4**	**5**	**44**
Acquisition of businesses	**-**	**578**	**138**	**8**	**724**
Disposal of business	**(146)**	**(209)**	**(91)**	**216**	**(230)**
Charged directly to equity	**-**	**-**	**-**	**(2,868)**	**(2,868)**
At 30 June 2015	**597**	**3,613**	**1,060**	**(1,543)**	**3,727**

(b) Deferred tax liability

	Depreciation $000	Provisions $000	Other $000	Total $000
At 30 June 2013	2,432	(1,465)	172	1,139
Debited/(credited) to the income statement	520	(224)	729	1,025
Prior period adjustment	234	587	-	821
Differing tax rates	56	(71)	140	125
Losses recognised	-	-	(470)	(470)
Foreign currency translation	(12)	(12)	(94)	(118)
Acquisition of business fair value adjustment	(209)	-	-	(209)
At 30 June 2014	**3,021**	**(1,185)**	**477**	**2,313**
Debited to the income statement	**368**	**42**	**202**	**612**
Prior period adjustment	**512**	**4**	**(319)**	**197**
Differing tax rates	**30**	**13**	**(4)**	**39**
Charged directly to equity	**-**	**-**	**60**	**60**
Losses recognised	**-**	**-**	**(158)**	**(158)**
Foreign currency translation	**384**	**(56)**	**(132)**	**196**
Acquisition of business fair value adjustment	**209**	**-**	**-**	**209**
At 30 June 2015	**4,524**	**(1,182)**	**126**	**3,468**

Recognition and measurement

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.

Deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(c) Current tax asset

	2015 $000	2014 $000
Opening balance	**3,061**	-
Current tax	**(714)**	(1,373)
Tax paid	**(1,464)**	3,729
Transferred to current tax liability	**(758)**	-
Foreign currency translation	**103**	(99)
Acquisition of businesses	**-**	(106)
Charged directly to equity	**-**	910
Closing balance	**228**	3,061

(d) Current tax liability

	2015 $000	2014 $000
Opening balance	**3,572**	1,608
Current tax	**8,215**	8,546
Tax paid	**(9,240)**	(6,582)
Transferred to current tax asset	**(758)**	-
Foreign currency translation	**43**	-
Acquisition of businesses	**429**	-
Charged directly to equity	**910**	-
Closing balance	**3,171**	3,572

The Group recognises tax liabilities for anticipated tax audit matters based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax expense and or current and deferred income tax assets and liabilities in the year in which such determination is made.

Current tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

9. Cash and cash equivalents

	2015 $000	2014 $000
Cash at bank and on hand	**9,538**	8,296
	9,538	8,296

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

The main currencies of the cash at bank and on hand are as follows:

	2015 $000	2014 $000
New Zealand dollars	**682**	3,463
Australian dollars	**3,504**	2,936
United States dollars	**3,452**	795
Other currencies	**1,900**	1,102
Total cash at bank and on hand	**9,538**	8,296

10. Trade and other receivables

	2015 $000	2014 $000
Trade receivables	**75,996**	65,804
Provision for impairment	**(302)**	(496)
Net trade receivables	**75,694**	65,308
Prepayments	**4,422**	4,049
Business disposal settlement receivable (note 25)	**2,318**	-
Other receivables	**3,584**	2,339
Total trade and other receivables	**86,018**	71,696

The analysis of trade receivables is as follows:

	2015 $000	2014 $000
Neither past due nor impaired	**59,815**	56,971
Past due but not impaired		
Nil to three months	**15,375**	8,259
Over three months	**504**	78
	75,694	65,308

Past due but not impaired receivables relate to customers for whom there is no evidence that the customer will not pay the amount due.

(a) Credit risk

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

	2015 %	2014 %
New Zealand	**46.0**	55.3
Australia	**40.9**	34.4
Other	**13.1**	10.3
	100.0	100.0

(b) Fair value

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

Recognition and measurement

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivable balances are reviewed on an ongoing basis. Debts known to be uncollectible are written off. A provision for impaired 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 trade. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between an asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an impairment provision, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the impairment provision, if applicable. Subsequent recoveries of amounts previously written off are credited in the income statement.

11. Unbilled revenue

	2015 $000	2014 $000
Unbilled revenue	**5,609**	3,877

Recognition and measurement

Refer to Note 5 sales of services and unbilled revenue.

12. Inventories

	2015 $000	2014 $000
Raw materials	**768**	572
Work in progress	**1,373**	2,389
Finished goods	**147,536**	133,942
	149,677	136,903

The Group has recognised a loss of $0.82 million (2014: recovery of $0.45 million) in respect of inventories written-down during the year. The loss/recovery has been included in 'cost of sales' in the income statement. Inventory is pledged as security as detailed in Note 19.

Recognition and measurement

Raw materials and stores, consumables, 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.

13. Derivative financial instruments

	2015 $000	2014 $000
Current assets		
Forward foreign exchange contracts	**8,666**	102
Current liabilities		
Forward foreign exchange contracts	**56**	5,730

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 currencies.

At 30 June 2015 the Group had entered into forward exchange contracts to sell the equivalent of NZ$102.0 million (2014: NZ$134.4 million). The currencies in which the Group primarily deals are Australian Dollars, Japanese Yen, United States Dollars and Euro.

The cash flows are expected to occur at various dates within one year from the balance date.

Recognition and measurement

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 hedge).

The Group documents 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. The Group also documents its assessment, both at hedge inception and on an on-going 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 cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are released to 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, is sold or terminated, no longer meets the criteria for hedge accounting or 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 and therefore hedge accounting has not been adopted. Changes in the fair value of these derivative instruments are recognised in the income statement.

14. Investments

(a) Principal Subsidiaries

The Group had the following principal subsidiaries at 30 June 2015:

Name	Nature of business	Country of incorporation and place of business	Proportion of ordinary shares held by Group	Proportion of ordinary shares held by non-controlling interests
Oil & Gas Services				
Contract Resources Investments Limited	Contract Resources group holding company	New Zealand	85%	15%
Hellaby Oil & Gas Services Limited	Divisional holding company	New Zealand	100%	-
Catalyst Handling Resources	Catalyst handling, mechanical and specialised industrial, environmental and pipeline services	Qatar	85%	15%
Catalyst Handling Resources LLC	Catalyst handling, mechanical and specialised industrial, environmental and pipeline services	United States	68%	32%
Catalyst Handling Resources Holdings LLC	Equipment services provider	United States	68%	32%
Contract Resources Equipment Pty Limited	Equipment services provider	Australia	85%	15%
Contract Resources Finance Pty Limited	Funding company	Australia	85%	15%
Contract Resources (New Zealand) Limited	Catalyst handling, mechanical and specialised industrial, environmental and pipeline services	New Zealand	85%	15%
Contract Resources Oilfield Services LLC	Catalyst handling, mechanical and specialised industrial, environmental and pipeline services	United Arab Emirates	85%	15%
Contract Resources Pty Limited	Catalyst handling, mechanical and specialised industrial, environmental and pipeline services	Australia	85%	15%
Contract Resources Technical and Industrial Services LLC	Catalyst handling, mechanical and specialised industrial, environmental and pipeline services	Oman	85%	15%
Contract Resources Oilfield Services WLL	Catalyst handling, mechanical and specialised industrial, environmental and pipeline services	Qatar	85%	15%
CR Pipeline Services Limited	Pipeline services	New Zealand	85%	15%
DDT International Pty Limited	Pipeline services	Australia	85%	15%

Minority shareholding is in the intermediate Contract Resources group holding company, Contract Resources Investments Limited, except for the United States entities where there is an additional minority interest of 20%.

Automotive				
Hellaby Automotive Limited	Divisional holding company	New Zealand	100%	-
Australian Automotive Electrical Wholesale Pty Ltd	Wholesale distributor of auto-electrical, air conditioning, and lighting products	Australia	100%	
Brake & Transmission NZ Limited	Automotive parts distributor	New Zealand	100%	-
Dasko Limited	Wholesale distributor of auto-electrical, fuel and engine management components	New Zealand	100%	-
Diesel Distributors Limited	Diesel engine components distributor	New Zealand	100%	-
Diesel Distributors Australia Pty Limited	Diesel engine components distributor	Australia	100%	-
Federal Batteries Qld Pty Limited	Battery distributor	Australia	100%	-
JAS Oceania Pty Limited	Wholesale distributor of auto-electrical, air conditioning, and lighting products	Australia	100%	-
Low Voltage Pty Limited	Wholesale distributor of auto-electrical and lighting products	Australia	100%	-
Ryde Batteries (Wholesale) Pty Limited	Battery distributor	Australia	100%	-
TRS Tyre & Wheel Limited	Tyre and wheel importer and distributor	New Zealand	100%	-
Equipment				
Hellaby Equipment Limited	Divisional holding company	New Zealand	100%	-
AB Equipment Limited	Materials handling, construction, forestry and agricultural equipment distributor and renter of materials handling equipment	New Zealand	100%	-
Eurolift Limited	Materials handling equipment distributor	New Zealand	100%	-
New Zealand Trucks Limited	Truck servicing	New Zealand	100%	-
Footwear				
Number 1 Shoes Limited	Specialty shoe retailer	New Zealand	100%	-
R Hannah & Co Limited	Specialty shoe retailer	New Zealand	100%	-
Corporate				
Hellaby Australia Pty Limited	Funding company	Australia	100%	-

All subsidiaries are included in the consolidation. All companies above have a balance date of 30 June.

Changes to the composition of the Group during the year are detailed in Notes 24 and 25.

The total non-controlling interest at 30 June 2015 is $16.53 million (2014: $13.88 million), all of which is for Contract Resources Investments Limited.

(b) Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for Contract Resources Investments Limited which has non-controlling interests that are material to the Group. This does not include the results of the divisional holding company Hellaby Oil & Gas Services Limited.

Summarised income statement	2015 $000	2014 $000
Revenue	**189,098**	165,201
Profit before tax	**9,847**	8,380
Income tax expense	**(2,646)**	(2,520)
Profit after tax	**7,201**	5,860
Other comprehensive income/(losses)	**10,825**	(8,234)
Total comprehensive income/(losses)	**18,026**	(2,374)
Total comprehensive (losses) allocated to non-controlling interests	**(64)**	(357)
Dividends paid to non-controlling interests	**-**	-

Summarised balance sheet	2015 $000	2014 $000
Current assets	**48,540**	41,672
Current liabilities	**(18,259)**	(16,256)
Total current net assets	**30,281**	25,416
Non-current assets	**103,388**	92,584
Non-current liabilities	**(29,051)**	(31,409)
Total non-current net assets	**74,337**	61,175

Summarised cash flows	2015 $000	2014 $000
Cash generated from operations	**15,561**	13,193
Net interest paid	**(1,321)**	(1,398)
Income taxes refunded/(paid)	**784**	(3,220)
Net cash inflow from operating activities	**15,024**	8,575
Net cash (outflow) from investing activities	**(8,155)**	(6,995)
Net cash (outflow)/from financing activities	**(5,996)**	(4,013)
Net increase/(decrease) in cash and cash equivalents	**873**	(2,433)
Cash balance at the beginning of the year	**4,897**	8,190
Effects of exchange rate changes on cash balances	**892**	(860)
Closing cash balance	**6,662**	4,897

15. Property, plant and equipment

2015

	Notes	Leasehold improvements $000	Plant and equipment $000	Furniture, fittings and office equipment $000	Motor vehicles $000	Total $000
Year ended 30 June 2015						
Opening net book amount		**5,727**	**42,350**	**8,432**	**7,708**	**64,217**
Acquisition of businesses	24	**7**	**1,018**	**20**	**843**	**1,888**
Disposal of businesses	25	**(31)**	**(7,718)**	**(75)**	**(8)**	**(7,832)**
Additions		**1,760**	**35,682**	**1,119**	**2,012**	**40,573**
Transfers		**4,780**	**109**	**(4,910)**	**21**	**-**
Disposals		**(190)**	**(19,986)**	**(30)**	**(75)**	**(20,281)**
Impairment		**(14)**	**(94)**	**-**	**-**	**(108)**
Depreciation charge		**(2,463)**	**(7,136)**	**(1,537)**	**(1,157)**	**(12,293)**
Foreign currency translation		**190**	**3,132**	**59**	**473**	**3,854**
Closing net book amount		**9,766**	**47,357**	**3,078**	**9,817**	**70,018**
As at 30 June 2015						
Cost		**31,522**	**68,678**	**12,898**	**14,647**	**127,745**
Accumulated depreciation		**(21,756)**	**(21,321)**	**(9,820)**	**(4,830)**	**(57,727)**
Net book amount		**9,766**	**47,357**	**3,078**	**9,817**	**70,018**

2014

	Leasehold improvements $000	Plant and equipment $000	Furniture, fittings and office equipment $000	Motor vehicles $000	Total $000
Year ended 30 June 2014					
Opening net book amount	5,093	31,508	8,503	18,136	63,240
Acquisition of businesses	117	393	119	366	995
Acquisition of subsidiary fair value adjustment	-	(585)	-	-	(585)
Additions	1,492	29,301	3,374	1,848	36,015
Transfers	-	10,564	-	(10,564)	-
Disposals	(62)	(19,731)	(400)	(203)	(20,396)
Depreciation charge	(804)	(6,471)	(2,960)	(1,027)	(11,262)
Foreign currency translation	(109)	(2,629)	(204)	(848)	(3,790)
Closing net book amount	5,727	42,350	8,432	7,708	64,217
As at 30 June 2014					
Cost	11,174	59,233	32,877	11,871	115,155
Accumulated depreciation	(5,447)	(16,883)	(24,445)	(4,163)	(50,938)
Net book amount	5,727	42,350	8,432	7,708	64,217

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

	2015 $000	2014 $000
Cost	**4,221**	1,736
Accumulated depreciation	**(1,063)**	(1,180)
Net book amount	**3,158**	556

Depreciation expense

	2015 $000	2014 $000
Leasehold improvements	**2,400**	738
Plant and equipment	**6,654**	6,098
Furniture, fittings and office equipment	**1,489**	2,911
Motor vehicles	**1,153**	1,023
Total depreciation from continuing operations	**11,696**	10,770
Total depreciation from discontinued operations	**597**	492
Total depreciation	**12,293**	11,262

Recognition and measurement

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:

Leasehold improvements	over the term of the leases
Plant and equipment	4 – 15 years
Motor vehicles	4 – 15 years
Furniture, fittings and office equipment	4 – 25 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.

16. Intangible assets

	Notes	Computer software $000	Brands $000	Customer relationships $000	Other intangibles $000	Goodwill $000	Total $000
Year ended 30 June 2015							
Opening net book amount		**4,543**	**959**	**5,006**	**186**	**82,527**	**93,221**
Acquisition of businesses	24	**-**	**-**	**-**	**-**	**8,464**	**8,464**
Disposal of businesses	25	**(258)**	**-**	**-**	**-**	**(7,759)**	**(8,017)**
Additions		**1,157**	**-**	**-**	**-**	**-**	**1,157**
Impairment		**(6)**	**-**	**-**	**-**	**-**	**(6)**
Amortisation charge		**(1,607)**	**-**	**(526)**	**-**	**-**	**(2,133)**
Foreign currency translation		**45**	**9**	**390**	**2**	**6,892**	**7,338**
Closing net book amount		**3,874**	**968**	**4,870**	**188**	**90,124**	**100,024**
At 30 June 2015							
Cost		**11,731**	**968**	**6,122**	**188**	**90,124**	**109,133**
Accumulated amortisation and impairment		**(7,857)**	**-**	**(1,252)**	**-**	**-**	**(9,109)**
Net book amount		**3,874**	**968**	**4,870**	**188**	**90,124**	**100,024**

	Computer software $000	Brands $000	Customer relationships $000	Other intangibles $000	Goodwill $000	Total $000
Year ended 30 June 2014						
Opening net book amount	3,990	783	6,046	186	104,554	115,559
Acquisition of businesses	93	-	-	-	9,584	9,677
Acquisition of business fair value adjustment	-	-	-	-	468	468
Additions	2,210	176	-	5	-	2,391
Disposals	(12)	-	-	-	-	(12)
Amortisation charge	(1,580)	-	(529)	-	-	(2,109)
Impairment	-	-	-	-	(26,940)	(26,940)
Foreign currency translation	(158)	-	(511)	(5)	(5,139)	(5,813)
Closing net book amount	4,543	959	5,006	186	82,527	93,221
At 30 June 2014						
Cost	11,980	959	5,647	186	109,467	128,239
Accumulated amortisation and impairment	(7,437)	-	(641)	-	(26,940)	(35,018)
Net book amount	4,543	959	5,006	186	82,527	93,221

(a) Amortisation expense

	2015 $000	2014 $000
Computer software	**1,567**	1,459
Customer relationships	**526**	529
Total amortisation from continuing operations	**2,093**	1,988
Total amortisation from discontinued operations	**40**	121
Total amortisation	**2,133**	2,109

(b) Goodwill and brands

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the lowest level for which there are separately identifiable cash flows. A summary by segment is presented below:

	Notes	2015 $000	2014 $000
Oil & Gas Services			
Contract Resources Investments Limited		**51,634**	45,343
Automotive			
Brake & Transmission NZ Limited		**4,251**	8,140
Dasko Limited		**4,994**	4,994
Diesel Distributors Limited		**1,406**	1,406
Diesel Distributors Australia Pty Limited		**982**	937
HCB Technologies Limited		**3,889**	-
JAS Oceania Pty Limited	24	**7,687**	-
Ryde Batteries Pty Limited		**4,124**	3,932
TRS Tyre & Wheel Limited		**9,366**	9,366
		36,699	28,775
Equipment			
AB Equipment Limited		**200**	200
New Zealand Trucks Limited	24	**1,591**	450
		1,791	650
Packaging			
Elldex Packaging Limited		**-**	7,759
		90,124	82,527

Brands relate to R Hannah & Co Limited and Ryde Batteries Pty Limited.

(c) Impairment tests for goodwill, brands and other intangible assets

For all CGU's on an annual basis, the recoverable amount of the goodwill, brands and other intangible assets is determined based on value in use calculations for each cash generating unit the goodwill, brands, or other intangible assets relates to.

These value in use calculations are initially based on financial budgets and business plans approved by the Directors. 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 for the Oil & Gas Services CGU are as follows:

	2015	2014
Pre-tax discount rate	**12.4%**	13.5%
Cash flow forecast period	**5 years**	5 years
Terminal growth rate	**3.0%**	2.0 - 3.0%
Annual sales growth rate	**4.0 – 4.5%**	3.0%

The key assumptions used for the value in use calculations for all other CGU's are as follows:

	2015	2014
Pre-tax discount rate	**12.4%**	13.5%
Cash flow forecast period	**5 years**	5 years
Terminal growth rate	**2.0 - 3.0%**	2.0 – 3.0%
Annual sales growth rate range	**1.0 – 18.9%**	1.7 – 19.2%

For all companies in 2015 the impairment review calculation supports the carrying amount of the recorded goodwill, brands and other intangible assets.

The Group does not consider any reasonably possible change in the assumptions applied to goodwill, brands and other intangible asset balances would reduce the recoverable amounts below their carrying amounts.

During the Group's 2014 annual impairment review it was identified that changed market conditions had driven a second successive year of below-expectation performance by the retail Footwear division. Consequently the carrying amount of Number 1 Shoes Limited and R Hannah & Co Limited was reduced to its recoverable amount through recognition of an impairment loss against goodwill of $26.94 million. This loss was recognised as 'goodwill impairment' in the income statement. The recoverable amount of Number 1 Shoes Limited and R Hannah & Co Limited as at 30 June 2014 is disclosed in Note 3, being the net assets of the Footwear division.

Recognition and measurement

(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 these cash generating units represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

(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. No deferred tax is recognised in relation to brands which 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) Intellectual property

Intellectual property is carried at cost less accumulated impairment losses. Trademarks are included in intellectual property.

(iv) Computer software costs

Computer software costs have a finite useful life. Computer software costs are capitalised and written off over their estimated useful lives, normally of 2 to 5 years.

The fair value of internally generated software has been determined using a replacement cost approach as the primary valuation method. Detailed estimates of time and cost have been used to determine the value of software with equivalent functionality at current prices and costs.

(v) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, currently 11 years.

The fair value of customer relationships has been measured using the multi-period excess earnings method (MEEM), which is based on a discounted cash flow analysis of the estimated future economic benefits attributable from the customer base of the acquired subsidiary. An analysis of the average length of customer relationships has been performed in order to estimate the remaining useful life of the customer base.

Key estimates and assumptions

Impairment reviews are performed by the Group to assess the carrying value of indefinite life intangible assets including goodwill, brands, and intellectual property.

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. 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 determination of the fair value of customer relationships involves the estimation of net excess earnings attributable to these customer relationships, notional capital charges for the use of tangible and intangible assets required to generate the excess earnings, and application of a discount rate to the cash flow stream.

The fair value of internally generated software is determined using a replacement cost approach. This approach involves estimation of development time, hourly rates applicable to development time, overheads and contingency costs.

The estimations and assumptions used can be subjective in nature and can have a significant impact on the fair value determined.

17. Trade and other payables

Analysis of trade and other payables

	2015 $000	2014 $000
Current	103,895	92,458
Non-current	1,220	429
	105,115	92,887

	2015 $000	2014 $000
Trade payables	77,298	65,860
Sundry payables	2,123	7,512
Accrued expenses	10,214	5,271
Employee benefits	10,564	10,622
Goods and services tax payable	4,916	3,622
	105,115	92,887

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

Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. Certain suppliers have security registered under the Personal Property Securities Register.

Liabilities for wages and salaries, including non-monetary benefits, annual leave, superannuation, long service leave and accumulating sick leave (where applicable) are recognised in accrued expenses in trade and 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.

18. Provisions

Analysis of provisions

	2015 $000	2014 $000
Current	6,917	7,467
Non-current	122	283
	7,039	7,750

	Equipment maintenance $000	Service warranties $000	Employee incentives $000	Other $000	Total $000
At 1 July 2014	2,181	1,849	3,267	453	7,750
Charged in income statement	1,670	106	3,652	(25)	5,403
Used during the year	(2,077)	(718)	(3,489)	(180)	(6,464)
Acquisition of businesses	-	188	67	52	307
Foreign currency translation	-	7	33	3	43
At 30 June 2015	1,774	1,432	3,530	303	7,039

Recognition and measurement

The equipment maintenance provision relates to maintenance obligations in relation to equipment which is owned or leased by the Group and on-leased to customers for periods up to five years. The provision is estimated based on historical maintenance costs and is largely expected to be utilised within one year.

The service warranties provision relates to warranties offered on goods sold to customers. The provision has been estimated based on historical costs and is expected to be utilised over the warranty period, typically being one year.

Provisions for the above 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.

The employee incentives provision includes amounts payable under employee incentive schemes and will be utilised within one year.

19. Borrowings

Non-current borrowings

	Effective interest rate 2015 %	2014 %	2015 $000	2014 $000
Secured				
Core bank debt	**3.15**	3.49	**72,401**	64,712
Total secured non-current interest bearing borrowings			**72,401**	64,712

The exposure of non-current borrowings to interest rate changes and the contractual repricing date at the balance sheet date are as follows:

	2015 $000	2014 $000
6 months or less	**72,401**	64,712

The maturity of non-current borrowings is as follows:

	2015 $000	2014 $000
Between 1 and 2 years	**72,401**	64,712
Between 2 and 3 years	**-**	-
Total non-current borrowings	**72,401**	64,712

The carrying amounts of the Group's non-current borrowings are denominated in the following currencies:

	2015 $000	2014 $000
New Zealand dollars	**29,648**	21,800
Australian dollars	**39,162**	36,930
United States dollars	**3,591**	5,982
Total non-current borrowings	**72,401**	64,712

Security for borrowings of $47.75 million (2014: $35.97 million) is provided in the form of a General Security Agreement over all the assets of the Hellaby Holdings Guaranteeing Group. This group includes all trading subsidiaries of Hellaby Holdings Limited with the exception of the Contract Resources group of companies.

Security for borrowings of $24.65 million (2014: $28.74 million) is provided in the form of a General Security Agreement over the assets of the Contact Resources Guaranteeing Group. This group includes all subsidiaries of Contract Resources Investments Limited.

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

The Group has the following undrawn borrowing facilities:

	2015 $000	2014 $000
Expiring within 1 year	**-**	353
Expiring between 1 and 2 years	**103,935**	71,789
Expiring between 2 and 3 years	**-**	-
Total undrawn borrowing facilities	**103,935**	72,142

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings 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 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.

20. Finance lease liabilities

	2015 $000	2014 $000
Gross finance lease liabilities – minimum lease payments:		
Expiring within 1 year	**562**	424
Expiring within 1 and 5 years	**2,203**	1,927
Expiring in more than 5 years	**-**	-
	2,765	2,351
Future finance charges on finance lease liabilities	**(495)**	(439)
Present value of finance lease liabilities	**2,270**	1,912

The present value of finance lease liabilities is as follows:

	2015 $000	2014 $000
Expiring within 1 year	**377**	267
Expiring within 1 and 5 years	**1,893**	1,645
Expiring in more than 5 years	**-**	-
	2,270	1,912

The carrying value of the finance lease liabilities approximates their fair value.

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Recognition and measurement

Leases in which substantially all the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

21. Contingent consideration payable

On 2 April 2013 the Group entered into a deed with the non-controlling shareholders of Contract Resources Investments Limited which included a put and call option. If the option is exercised by either party, Hellaby Oil & Gas Services Limited will acquire all the non-controlling interests' shares effective 30 June 2018. The put and call options are not exercisable before 1 July 2018 and both parties have the same terms and conditions.

The put and call options have a pre-determined formula for calculating the amount payable to acquire the shares based on the Contract Resources Investments Group financial performance for the year ending 30 June 2018 and net debt on that date.

	2015 $000	2014 $000
Opening balance	**19,904**	19,671
Finance costs on contingent consideration	**900**	233
Closing balance	**20,804**	19,904

Contingent consideration payable is classified as level 3 because the assumptions and estimates involved in the determination of the payable are not based on observable market data.

Information about fair value measurements using significant unobservable inputs is as follows:

Description	Fair value at 30 June 2015 $000	Valuation Technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Contingent consideration payable	20,804	Discounted cash flow	Discount rate	-1% to +1%	The higher the discount rate the lower the fair value; the lower the discount rate the higher the fair value
Contingent consideration payable	20,804	Discounted cash flow	Forecast operating profit	-1% to +1%	The higher the forecast operating profit the higher the fair value; the lower the forecast operating profit the lower the fair value

A sensitivity analysis showing the effect of the value of contingent consideration payable of reasonably possible alternatives assumptions is shown below.

	2015 $000	2014 $000
Decrease in contingent consideration payable due to a 1% increase in discount rate	**(587)**	(745)
Increase in contingent consideration payable due to a 1% decrease in discount rate	**610**	782
Decrease to contingent consideration payable due to a 1% decrease in forecast operating profit	**(231)**	(215)
Increase to contingent consideration payable due to a 1% increase in forecast operating profit	**231**	215

Recognition and measurement

The Group's liability to the shareholders of the non-controlling interests is measured at fair value, being the net present value of the forecast cash outflow to settle the liability. The liability is recognised in the balance sheet.

Key estimates and assumptions

The Group recognises financial liabilities for contingent consideration payable on put and call option agreements to acquire the shareholdings of non-controlling interests. The determination of the fair value of such liabilities involves assumptions and estimates of future earnings, debt levels and discount rates which are subjective in nature and can have a significant impact on the liability recognised.

22. Equity

(a) Contributed equity

	No. of shares			
	2015 Shares	2014 Shares	**2015 $000**	2014 $000
Opening ordinary shares	**95,084,252**	93,144,925	**112,333**	106,975
Shares issued under dividend reinvestment plan	**841,343**	1,939,327	**2,398**	5,358
Closing ordinary shares	**95,925,595**	95,084,252	**114,731**	112,333

All shares on issue are authorised, fully paid and have no par value. All ordinary shares rank equally with one vote attached to each ordinary share.

Hellaby Holdings operates a dividend reinvestment plan, providing shareholders with the opportunity to utilise all or part of their dividends to purchase shares in the Company. During the year the dividend reinvestment plan was suspended and dividends for the current year have been paid in cash.

Recognition and measurement

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.

(b) Dividends

	Cents per share			
	2015 Cents	2014 Cents	**2015 $000**	2014 $000
Interim dividend for the current year	**9.0**	5.5	**8,633**	5,194
Final dividend for the prior year	**9.5**	8.0	**9,033**	7,452
	18.5	13.5	**17,666**	12,646

The 2015 interim dividend was fully imputed (2014 final: fully imputed).

Supplementary dividends of $187,000 (2014: $67,000) were paid in the year to shareholders not tax-resident in New Zealand for which Hellaby Holdings received a foreign investor tax credit entitlement.

Recognition and measurement

Provision is made for the amount of any dividend declared on or before the balance date but not distributed at balance date.

23. 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, capital 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 management who evaluate and hedge financial risks.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian Dollar, Japanese Yen, United States Dollar and Euro. Foreign exchange risk arises from future commercial transactions, primarily the purchase of inventory for sales, recognised assets and liabilities and net investments in foreign operations.

To manage the Group's foreign exchange risk arising from future commercial transactions entities in the Group use forward contracts. Management is responsible for managing exposures in each foreign currency by using external foreign currency contracts.

The Group designates 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 exposures in foreign currencies for the subsequent 12 months.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The table below details the Group's sensitivity to the increase and decrease in the New Zealand dollar (NZ$) against the relevant foreign currencies. The percentage is the sensitivity rate used when reporting foreign currency risk internally. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for the change in foreign currency rates. A positive number indicates an increase in profit and equity where the NZ$ moves against the relevant currencies.

(ii) 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 long-term and short-term borrowings are at variable rates and therefore the Group is exposed to interest rate risk. At present the Group does not hedge its interest rate exposures but may from time to time choose to do so.

The following table demonstrates the sensitivity to a change in interest rates by estimated basis points (bp), with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

		Interest rate risk		Foreign exchange risk			
		+ 25 bp	- 25 bp	+ 1%		- 1%	
	Carrying amount $000	Effect on profit before tax and equity $000	Effect on profit before tax and equity $000	Effect on profit before tax $000	Effect on equity $000	Effect on profit before tax $000	Effect on equity $000
2015							
Financial Assets							
Derivative financial instruments	**8,666**	**-**	**-**	**433**	**(718)**	**(442)**	**733**
Net trade receivables	**75,694**	**-**	**-**	**(405)**	**(292)**	**413**	**298**
Cash and cash equivalents	**9,538**	**25**	**(25)**	**(86)**	**(62)**	**88**	**63**
Financial Liabilities							
Derivative financial instruments	**56**	**-**	**-**	**46**	**(70)**	**(47)**	**71**
Trade payables	**77,298**	**-**	**-**	**(479)**	**(345)**	**489**	**352**
Contingent consideration payable	**20,804**	**-**	**-**	**-**	**-**	**-**	**-**
Finance lease liabilities	**2,270**	**(6)**	**6**	**-**	**-**	**-**	**-**
Core debt and bank overdrafts	**72,508**	**(181)**	**181**	**(423)**	**(305)**	**432**	**311**
Total (decrease)/ increase		**(162)**	**162**	**(914)**	**(1,792)**	**933**	**1,828**
2014							
Financial Assets							
Derivative financial instruments	102	-	-	10	(35)	(10)	37
Net trade receivables	65,308	-	-	(297)	(214)	303	218
Cash and cash equivalents	8,296	21	(20)	(48)	(35)	49	35
Financial Liabilities							
Derivative financial instruments	5,730	-	-	272	(882)	(274)	899
Trade payables	65,860	-	-	(583)	(420)	118	97
Contingent consideration payable	19,904	-	-	-	-	-	-
Finance lease liabilities	1,912	(5)	5	-	-	-	-
Core debt and bank overdrafts	65,597	(164)	164	(429)	(309)	438	315
Total (decrease)/ increase		(148)	149	(1,075)	(1,895)	624	1,601

The effect on profit of a movement is shown net of those movements where there is an effective hedge relationship between financial instruments and payables.

Financial assets/liabilities by category
2015

Asset/(Liability)	Loans and receivables $000	Derivatives used for hedging $000	Liabilities at amortised cost $000	Liabilities at fair value through profit and loss $000	Total $000
Cash and cash equivalents	**9,538**	**-**	**-**	**-**	**9,538**
Net trade receivables	**75,694**	**-**	**-**	**-**	**75,694**
Derivative financial instruments	**-**	**8,610**	**-**	**-**	**8,610**
Trade payables	**-**	**-**	**(77,298)**	**-**	**(77,298)**
Contingent consideration payable	**-**	**-**	**-**	**(20,804)**	**(20,804)**
Finance lease liabilities	**-**	**-**	**(2,270)**	**-**	**(2,270)**
Core bank debt and bank overdrafts	**-**	**-**	**(72,508)**	**-**	**(72,508)**
	85,232	**8,610**	**(152,076)**	**(20,804)**	**(79,038)**

2014

Asset/(Liability)	Loans and receivables $000	Derivatives used for hedging $000	Liabilities at amortised cost $000	Liabilities at fair value through profit and loss $000	Total $000
Cash and cash equivalents	8,296	-	-	-	8,296
Net trade receivables	65,308	-	-	-	65,308
Derivative financial instruments	-	(5,628)	-	-	(5,628)
Trade payables	-	-	(65,860)	-	(65,860)
Contingent consideration payable	-	-	-	(19,904)	(19,904)
Finance lease liabilities	-	-	(1,912)	-	(1,912)
Core bank debt and bank overdrafts	-	-	(65,597)	-	(65,597)
	73,604	(5,628)	(133,369)	(19,904)	(85,297)

(b) Credit risk

The concentration of credit risk in respect of trade receivables is limited due to the Group's large number of customers who are dispersed over various sectors. 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 significant cash transactions are limited to high credit quality financial institutions. In some instances the Group holds collateral over its trade receivables and loans. This can take the form of personal guarantees and charges under the Personal Property Securities Register.

The maximum potential exposure to credit risk is:

	2015 $000	2014 $000
Cash and cash equivalents	**9,538**	8,296
Net trade receivables	**75,694**	65,308
Derivative financial instruments	**8,666**	102
	93,898	73,706

Refer to Note 10 (a) for further disclosure relating to credit risk on net trade receivables.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions who currently have a Standard & Poor's long-term credit rating of AA- or better.

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and marketable securities, funding through an adequate amount of committed credit facilities and through the ability to close-out market positions.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2015

	Less than 1 year **$000**	Between 1 and 2 years **$000**	Between 2 and 5 years **$000**	More than 5 years **$000**
Derivative financial instruments	**56**	**-**	**-**	**-**
Finance lease liabilities	**562**	**562**	**1,641**	**-**
Bank borrowings and interest	**2,399**	**72,781**	**-**	**-**
Trade payables	**77,298**	**-**	**-**	**-**
Contingent consideration payable	**-**	**-**	**20,804**	**-**
	80,315	**73,343**	**22,445**	**-**

2014

	Less than 1 year $000	Between 1 and 2 years $000	Between 2 and 5 years $000	More than 5 years $000
Derivative financial instruments	5,730	-	-	-
Finance lease liabilities	424	424	1,503	-
Bank borrowings and interest	3,090	65,458	-	-
Trade payables	65,860	-	-	-
Contingent consideration payable	-	-	19,904	-
Guarantees	10,643	-	-	-
	85,747	65,882	21,407	-

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total net debt divided by total net debt plus total equity. Total net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) and bank overdrafts less cash and cash equivalents. Total equity is as shown in the consolidated balance sheet.

(e) Fair value estimation

Financial instruments that are measured in the balance sheet at fair value require disclosure by level of fair value measurement as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability; either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of derivative financial instruments are calculated using inputs other than quoted prices.

The fair value of contingent consideration payable on put and call option agreements is based on the present value of the estimated future cash flows. The determination of the fair value of this liability involves assumptions and estimates of future earnings, debt levels and discount rates which are subjective in nature.

The following table presents the Group's financial assets and liabilities that are measured at fair value:

2015

	Level 1 **$000**	Level 2 **$000**	Level 3 **$000**	Total **$000**
Assets				
Foreign exchange contracts	**-**	**8,666**	**-**	**8,666**
Liabilities				
Foreign exchange contracts	**-**	**56**	**-**	**56**
Contingent consideration payable	**-**	**-**	**20,804**	**20,804**
	-	**56**	**20,804**	**20,860**

2014

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets				
Foreign exchange contracts	-	102	-	102
Liabilities				
Foreign exchange contracts	-	5,730	-	5,730
Contingent consideration payable	-	-	19,904	19,904
	-	5,730	19,904	25,634

Recognition and measurement

Financial assets are classified in the following categories: loans and receivables, and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

(i) *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.

The Group assesses at each balance sheet date whether there is objective evidence that a loan or receivable is impaired.

(ii) *Financial assets at fair value through profit or loss*
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Regular purchases and sales of financial assets are recognised on the trade-date, being the date on which the Group commits or forecasts to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement in the period in which they arise.

Borrowings are recognised initially at fair value, net of transactions costs incurred and subsequently carried at amortised cost.

The fair value of financial liabilities for disclosure purposes is estimated by assessing the current market rate that is available to the Group for similar financial liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

24. Acquisitions

Acquisition of shares of JAS Oceania Pty Limited and its subsidiaries and business of Diesel & Machinery Services Limited

On 1 June 2015 a subsidiary of Hellaby Holdings acquired 100% of the shares of JAS Oceania Pty Limited, an Australian based wholesale distributor of auto electrical, air conditioning and lighting products. On 1 May 2015 a subsidiary of Hellaby Holdings, New Zealand Trucks Limited, acquired the business of Diesel & Machinery Services Limited, a New Zealand based truck servicing business.

The following table summarises the consideration paid, and the fair value of assets acquired and liabilities assumed of these two businesses.

	2015 $000
Consideration	
Cash consideration paid	24,012
Settlement adjustment receivable	(37)
Total consideration	23,975
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	199
Trade and other receivables	7,853
Inventories	11,197
Property, plant and equipment	1,888
Deferred tax asset	724
Trade and other payables	(5,614)
Provisions	(307)
Income tax payable	(429)
Total identifiable net assets	15,511
Goodwill	8,464
Total consideration	23,975

The acquisitions were funded by debt drawdowns made by the Parent.

Acquisition related costs of $481,000 have been charged to administration expenses in the income statement for the period.

The fair value of trade and other receivables is $7.9 million and includes trade receivables with a fair value of $7.6 million. The gross contractual amount for trade receivables due is $8.0 million of which $Nil is expected to be uncollectible.

The goodwill arising from the acquisitions reflects expected future synergies and growth prospects of JAS Oceania Pty Limited and Diesel & Machinery Services.

The businesses contributed sales and a net profit after tax to the Group income statement since acquisition of $4.48 million and $0.21 million respectively. The sales and net profit after tax had the businesses been acquired at 1 July 2014 are estimated at $50.50 million and $2.18 million respectively.

Key estimates and assumptions

The fair value of property, plant and equipment acquired through a business combination is determined using a combination of market comparisons and a depreciated replacement cost approach. These approaches include estimations and assumptions regarding useful lives, residual values, maintenance and technical obsolescence.

The estimations and assumptions used can be subjective in nature and can have a significant impact on the fair value determined.

25. Discontinued operations

The Hellaby packaging division, comprising the divisional holding company Hellaby Packaging Limited and subsidiaries Elldex Packaging Limited and Elldex Packaging Australia Pty Limited, was sold effective 31 May 2015. The results which are recorded as discontinued operations are as follows:

	2015 $000	2014 $000
Total revenue and income	**43,593**	44,837
Expenses	**(42,468)**	(42,012)
Operating profit	**1,125**	2,825
Net finance costs	**(1,044)**	(700)
Profit before tax of discontinued operations	**81**	2,125
Tax credit/(expense)	**120**	(612)
Profit after tax of discontinued operations	**201**	1,513
Profit on disposal of discontinued operations after tax	**477**	-
Profit for the year from discontinued operations	**678**	1,513

Cash flows from discontinued operations are as follows:

	2015 $000	2014 $000
Net cash (outflow)/inflow from operating activities	**(1,902)**	2,788
Net cash (outflow) from investing activities	**(10,098)**	(1,216)
Net cash inflow/(outflow) from financing activities	**12,027**	(1,633)
Total cash inflow/(outflow)	**27**	(61)

The net assets and liabilities at disposal are as follows:

	2015 $000
Consideration	
Cash consideration received	**30,737**
Settlement adjustment receivable	**2,318**
Total consideration	**33,055**
Recognised amounts of assets and liabilities disposed	
Cash and cash equivalents	**3,433**
Trade and other receivables	**6,730**
Derivative financial instruments	**794**
Inventories	**11,935**
Property, plant and equipment	**7,832**
Goodwill	**7,759**
Software	**258**
Deferred tax asset	**230**
Trade and other payables	**(6,615)**
Total identifiable net assets disposed	**32,356**
Transaction and other costs of disposal	**(835)**
Reclassification from cumulative exchange reserve on disposal	**613**
Profit on disposal of discontinued operations after tax	**477**

26. Earnings per share

Basic and diluted

Basic and diluted earnings per share are calculated by dividing net profit/(loss) after tax by the weighted average number of ordinary shares on issue during the year.

	2015	2014
Profit/(loss) after tax attributable to the Shareholders of the Parent Company ($000)	**27,377**	(1,100)
Weighted average number of ordinary shares on issue (thousands)	**95,707**	94,192
Basic and diluted earnings (cents per share)		
From continuing operations	**27.9**	(2.8)
From discontinued operations	**0.7**	1.6
Total	**28.6 cents**	(1.2) cents

Recognition and measurement

Basic and diluted earnings per share are calculated by dividing the profit attributable to the Shareholders of the Parent Company, by the weighted average number of ordinary shares on issue during the year, adjusted for any bonus elements in ordinary shares issued during the year.

27. Imputation credits

	2015 $000	2014 $000
Imputation credits available for subsequent reporting periods based on a tax rate of 28% (2014 – 28%)	**14,377**	14,175

28. Franking credits

	2015 $000	2014 $000
Australian franking credits available for subsequent reporting periods based on a tax rate of 30% (2014 – 30%)	**20,604**	18,749

29. Related party transactions

(a) Transactions with key management

HCB Technologies Limited leased premises at Midas Place, Christchurch owned by a company associated with Paul Eden, general manager of the company. Lease payments of $34,000 were made for the year (2014: $34,000). The company has now vacated these premises.

Catalyst Handling Resources Holdings LLC leases premises located at Ann Street, Pasadena, Texas, USA owned by an entity associated with Trevor Penny, a shareholder of Contract Resources Investments Limited and Chris Wooten, a director and shareholder of Catalyst Handling Resources Holdings LLC. Lease payments of $77,000 have been made for the year (2014: $66,000).

(b) Key management compensation was as follows:

	2015 $000	2014 $000
Salaries and bonuses	**5,265**	5,094
Long term incentives	**-**	-
Short term employee benefits	**282**	276
Post-employment benefits	**-**	-
Total salaries and bonuses, long term incentives, short term employee benefits and post-employment benefits	**5,547**	5,370

30. Long term incentive schemes

A Long Term Incentive ("LTI") scheme for key management personnel of the Parent was implemented on 5 February 2014. This scheme is a share-based cash-settled scheme, covering the period 1 December 2012 to 30 June 2016. The performance criteria is based on total shareholder return, being the increase in share price plus dividends, adjusted for any new equity issued.

The remaining participants of the scheme are the Parent Company Chief Financial Officer, Chief Operating Officer and Chief Investment Officer. The Chief Executive Officer and Chief Human Resources Officer are no longer eligible for the scheme with the Chief Executive Officer exiting in October 2015 and the Chief Human Resources Officer having departed in July 2015 and any entitlement has been forfeited. The Chief Executive Officer's entitlement to the pool is not redistributed to the other scheme members, however, the Chief Human Resource Officer's entitlement may be distributed to the remaining participants at the discretion of the directors.

The starting reference point share price is the $3.1627 per share end point of the previous LTI scheme. No LTI bonus is payable until an increase in total shareholder return of at least $120 million is achieved over the term of the scheme. The closing share price will be determined as the volume weighted average share price of Hellaby for the three months preceding the end of the term.

The LTI scheme is uncapped and any bonus payment will be made in cash. The scheme will be settled effective 31 July 2016.

For the year ended 30 June 2015 the fair value of the total expense to be recognised over the vesting period (from 1 December 2012 to 30 June 2016) has been determined to be $nil based on the significant increase in total shareholder return required to reach the point where a liability would exist. Consequently no provision has been recognised in respect of this LTI scheme as at 30 June 2015 (2014: Nil).

The Group also operates a second scheme which was implemented on 24 March 2015 for certain subsidiary business unit leaders and is a share-based cash settled incentive scheme covering the two year period from 24 March 2015 to 24 March 2017. The scheme is capped with any cash payment made under the scheme being contingent on sale price achieved, should certain subsidiaries in the Group be divested.

For the year ended 30 June 2015 no provision has been recognised in the financial statements.

Recognition and measurement

The Group operates two long term incentive schemes for key management personnel, both of which are cash-settled share-based payment transactions.

The Group recognises an expense and a liability as the participants render service over the vesting period at the fair value of the liability. Until the liability is settled, the Group re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the income statement over the remaining vesting period. The fair value of the liability is measured taking into account the terms and conditions of the scheme.

31. Capital expenditure commitments

	2015 $000	2014 $000
Commitments at the end of the year not provided for in the financial statements	**2,618**	6,156

Capital commitments include expenditure for leasehold improvements.

32. Operating leases

Leases as lessee

	2015 $000	2014 $000
Lease commitments expire as follows:		
Within one year	**50,739**	50,143
One to two years	**38,195**	39,480
Two to five years	**50,382**	57,976
More than five years	**8,574**	11,268
	147,890	158,867

The Group leases equipment, various retail and wholesale 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 incurred during the year is disclosed in the income statement.

Leases as lessor

The Group leases out equipment under operating leases. The future minimum lease receipts under non-cancellable leases are as follows:

	2015 $000	2014 $000
Within one year	**21,399**	21,655
One to two years	**16,144**	15,478
Two to five years	**17,886**	17,033
More than five years	**484**	389
	55,913	54,555

Recognition and measurement

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.

The Group is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet or leased under operating leases from third parties. Owned assets 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.

33. Commitments and contingent liabilities

	2015 $000	2014 $000
Commitments 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	**77,668**	79,561
Guarantees in respect of borrowings	**-**	10,568
Letters of credit	**5,401**	10,586
Total commitments	**83,069**	100,715

There are no contingent liabilities as at 30 June 2015 (2014: $Nil).

Recognition and measurement

The Group has commitments for letters of credit, guarantees and other credit facilities. These are not sold or traded. The items generally do not involve cash payments other than in the event of default.

34. Reconciliation of reported profit before tax from continuing operations to net cash flow from operating activities

	2015 $000	2014 $000
Profit before tax	**38,113**	8,739
Adjusted for:		
Depreciation	**11,696**	10,769
Amortisation	**2,093**	1,988
Unrealised exchange (gains)	**(5)**	(1,756)
Net (gain)/loss on sale of assets	**(393)**	1,383
Loss on disposal of shares	**-**	3
Goodwill impairment	**-**	26,940
Proceeds from liquidation of investment	**-**	(70)
Taxation paid	**(7,776)**	(10,310)
Cash from operating activities of discontinued operations	**(1,902)**	2,788
Impact of changes in working capital items:		
(Increase)/decrease in receivables and prepayments	**(4,992)**	843
Increase/(decrease) in payables and provisions	**9,380**	1,795
(Increase) in inventories	**(12,477)**	(11,967)
Transfer from/(to) cash flow hedge reserve (to)/from inventories	**(3,142)**	1,447
Net cash inflow from operating activities	**30,595**	32,592

35. Events after balance date

Dividend

Hellaby Holdings has declared a final dividend of 12.5 cents per share, fully imputed, payable on 2 October 2015 (2014: 9.5 cents).

There are no other events that have not been disclosed in the financial statements.

Statutory Information

Directors' Remuneration

	Directors' Fees $000	Salary & Benefits (excluding incentives**) $000
Paul Byrnes	68.0	-
Mark Cowsill *	68.0	-
John Maasland	36.7	-
Gary Mollard	65.0	-
James Sclater *	78.0	-
Steve Smith *	95.0	-
John Williamson	-	656.6

* Steve Smith is chairman of Hellaby, Mark Cowsill is chairman of the Remuneration & Nominations Committee and James Sclater is chairman of the Audit & Risk Committee.

John Maasland retired as Hellaby's independent non-executive chairman on 21 October 2014.

Incentives payable to Chief Executive Officer

** In addition to the above base remuneration, a short-term incentive of $171,733 is payable to John Williamson in respect of the financial year ended 30 June 2015. Mr Williamson's short-term incentive targets are set annually by the Hellaby board. The maximum payable each year if specified annual performance targets are satisfied is up to 100% of base remuneration for exceptional financial performance. For the financial year ended 30 June 2015, this payment equates to 26.2% of Mr Williamson's base salary. The components of this short-term incentive were ROIC, Trading EBITDA, EPS and various individual key objectives.

** A long term incentive scheme for key management personnel of the Parent was implemented on 5 February 2014. This scheme is a share-based cash-settled scheme covering the period 1 December 2012 to 30 June 2016, the performance criteria of which is based on total shareholder return, being the increase in share price plus dividends, adjusted for any new equity issued. No provision has been recognised in respect of this LTI scheme as at 30 June 2015.

Financial Assistance

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

Directors and Officers Shareholdings

Relevant interest in quoted shares

	30.6.15 Shares	**30.6.14** Shares
Directors		
Paul Byrnes	630,086	630,086
Mark Cowsill	10,000	10,000
Gary Mollard *	32,648	31,666
James Sclater *	145,701	145,701
Steve Smith *	150,000	150,000
John Williamson *	425,642	425,642
Officers		
Greg Batkin *	79,737	77,338
Susan Jennings *	16,642	16,141
Richard Jolly	124,620	120,871
Neil MacCulloch	97,202	94,278
Debra Mannix *	86,448	83,847
Andrew Wells	5,000	5,000

* Shareholdings denoted with an asterix are held in either companies or trusts in which the director or officer has a recorded relevant interest.

Dealings in Hellaby Shares by Directors, Officers & Related Parties

Shares purchased on market or issued subject to dividend reinvestment plan during the year ended 30 June 2015

During the year a family trust associated with Gary Mollard acquired 982 shares at an average of $2.85 per share.

During the year a family trust associated with Greg Batkin acquired 2,399 shares at an average of $2.85 per share.

During the year a family trust associated with Susan Jennings acquired 501 shares at an average of $2.85 per share.

During the year Richard Jolly acquired 3,749 shares at an average of $2.85 per share.

During the year Neil MacCulloch acquired 2,924 shares at an average of $2.85 per share.

During the year a family trust associated with Debra Mannix acquired 2,601 shares at an average of $2.85 per share.

Disclosure of Interests by Directors, Officers & Related Parties

The following are particulars of entries made in the interests register for the year ended 30 June 2015:

Disclosure of director interests

Director	Entity	Relationship
Paul Byrnes	Stretchmaster Products NZ Limited	Ceased to be a director
	Turners Limited (and subsidiaries)	Appointed director
	Dorchester Pacific Limited (and subsidiaries)	Ceased to be a director
Mark Cowsill	Sanford LTI Limited	Appointed director
James Sclater	Opus Group Limited	Ceased to be a director
	STM Group Limited	Appointed director
John Williamson	Hockey Foundation	Ceased to be a trustee

Approval of a Long Term Incentive scheme for managing director John Williamson for the period 1 December 2012 to 30 June 2016 is in place, as set out in a letter agreement dated 5 February 2014.

Related party directorships

Gary Rohloff, chief executive officer of Number 1 Shoes Limited, is a director of the Smiths City group of companies.

Employees' Remuneration and Other Benefits of $100,000 or More for Year Ended 30 June 2015

	Number of Employees	
Remuneration Range	Hellaby Holdings	Subsidiaries
$690,000 - $700,000	-	1
$590,000 - $600,000	-	1
$550,000 - $560,000	-	1
$520,000 - $530,000	-	1
$510,000 - $520,000	1	-
$450,000 - $460,000	1	-
$430,000 - $440,000	1	1
$410,000 - $420,000	-	1
$390,000 - $400,000	1	1
$360,000 - $370,000	-	1
$350,000 - $360,000	-	1
$340,000 - $350,000	-	2
$330,000 - $340,000	-	2
$320,000 - $330,000	-	2
$290,000 - $300,000	-	3
$280,000 - $290,000	-	2
$270,000 - $280,000	-	3
$260,000 - $270,000	-	3
$250,000 - $260,000	-	7
$240,000 - $250,000	-	7
$230,000 - $240,000	-	7
$220,000 - $230,000	2	7
$210,000 - $220,000	-	11
$200,000 - $210,000	1	11
$190,000 - $200,000	-	12
$180,000 - $190,000	1	19
$170,000 - $180,000	-	29
$160,000 - $170,000	-	25
$150,000 - $160,000	-	31
$140,000 - $150,000	-	40
$130,000 - $140,000	-	38
$120,000 - $130,000	-	43
$110,000 - $120,000	-	50
$100,000 - $110,000	-	54
	8	417

Twenty Largest Shareholders (as at 3 August 2015)

	Shares	%
Castle Investments Limited	26,576,639	27.7
Accident Compensation Corporation (A/C NZCSD)	8,855,184	9.2
Custodial Services Limited	2,281,601	2.4
Citibank Nominees (NZ) Limited (A/C NZCSD)	2,235,578	2.3
Forsyth Barr Custodians Limited	2,066,856	2.2
BNP Paribas Nominees (NZ) Limited (A/C NZCSD)	1,861,449	1.9
Superlife Trustee Nominees Limited	1,776,123	1.9
New Zealand Permanent Trustees Limited (A/C NZCSD)	1,665,000	1.7
FNZ Custodians Limited	1,240,147	1.3
Custodial Services Limited	1,045,451	1.1
Custodial Services Limited	1,010,790	1.1
JP Morgan Chase Bank NA NZ Branch (A/C NZCSD)	963,727	1.0
Forsyth Barr Custodians Limited	813,341	0.8
BNP Paribas Nominees (NZ) Limited (A/C NZCSD)	802,306	0.8
Custodial Services Limited	770,813	0.8
PA Byrnes	630,086	0.7
New Zealand Superannuation Fund Nominees Limited (A/C NZCSD)	628,263	0.7
National Nominees New Zealand Limited (A/C NZCSD)	555,896	0.6
Forsyth Barr Custodians Limited	543,708	0.6
Highbury Holdings Limited	500,000	0.5
	56,822,958	59.2

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

Spread of Shareholders as (as at 3 August 2015)

		Number of Shareholders	Number of Shares Held	% Shares Held
Under	1,999	2,826	2,182,773	2.3
	2,000 - 4,999	1,590	4,999,745	5.2
	5,000 - 9,999	927	6,310,572	6.6
	10,000 - 49,999	798	14,926,135	15.5
	50,000 - 99,999	55	3,708,891	3.9
Over	100,000	53	63,797,479	66.5
		6,249	95,925,595	100.0

Substantial Security Holders (as at 30 June 2015)

The following parties were substantial security holders in the company as at 30 June 2015:

	Shares	Date of Notice	%
Blair Tallott*	9,252,340	3 December 2014	9.65
Paul Robertshawe*	9,183,763	18 December 2013	9.72
Nicholas Bagnall*	8,482,301	16 October 2013	9.11
Jason Familton*	8,698,295	16 October 2013	9.34
Accident Compensation Corporation	8,473,016	3 September 2013	9.10
Castle Investments Limited	25,806,240	7 May 2013	27.71

The total number of ordinary shares on issue at 30 June 2015 was 95,925,595.

*These individuals are portfolio managers for the Accident Compensation Corporation. Their disclosures include any (small) shareholding they hold in their own right together with control over the shares held by ACC .

Stock Exchange Listing

The company's shares are listed on the NZX Main Board.

Corporate Governance

The board and management of Hellaby Holdings Limited ('Hellaby') are committed to ensuring that the company meets best practice governance principles and maintains the highest ethical standards. The board has agreed to regularly review and assess Hellaby's governance structures to ensure that they are consistent, both in form and substance, with best practice.

Hellaby complies with the corporate governance principles set out in the *NZX Corporate Governance Best Practice Code*. The company also complies with the principles in the Financial Markets Authority's *Corporate Governance in New Zealand Principles and Guidelines and requirements of the NZX Listing Rules.*

The full content of Hellaby's corporate governance policies, practices and procedures can be found in the governance section of the company's website www.hellabyholdings.co.nz.

Responsibilities of the Board & Management

Hellaby's board is responsible for setting the company's strategic direction, with its ultimate goal being to protect and enhance the value of Hellaby's assets and business in the interests of the company and for all of its shareholders.

The board's role includes:

- approving the budget and strategic plan
- approving major investments and divestments
- monitoring the financial performance of the company, including approval of half year and annual financial statements
- appointing and reviewing the performance of the chief executive officer, and
- ensuring the integrity of corporate governance

The board has delegated certain of its powers to sub-committees of the board. Achievement of the strategic direction and goals determined by the board, as well as the day-to-day management of the company is delegated to the executive team under the leadership of the chief executive officer.

The board has a statutory obligation to reserve to itself responsibility for certain matters, such as the payment of dividends and the issue of shares.

Details of the board's role, responsibilities, operation, composition, delegations and committees are provided in Hellaby's **Board Charter** and **Board Committee Charters**, which are available in the governance section of the company's website.

Board of Directors

The board of directors is profiled on pages 14-15 of this report.

Paul Byrnes, Mark Cowsill, Gary Mollard and Steve Smith are independent directors. James Sclater is associated with the Castle Investments Limited, beneficial owner of a 27.7% shareholding in Hellaby.

John Williamson is the chief executive officer and managing director of Hellaby.

Board Committees

The board has two formally constituted committees – the Audit & Risk Committee and the Remuneration & Nominations Committee.

Audit & Risk Committee

The primary function of the Audit & Risk Committee is to assist the board in fulfilling its responsibilities relating to Hellaby's risk management and internal control framework; the integrity of its financial reporting; and Hellaby's auditing processes and activities.

The current members of the Audit & Risk Committee are James Sclater (Chairman), Paul Byrnes and Mark Cowsill. All members of the Audit & Risk Committee are non-executive directors and are qualified Chartered Accountants, and James Sclater is a former director and chairman of Grant Thornton, Auckland.

Remuneration & Nominations Committee

The current members of the Remuneration & Nominations Committee are Mark Cowsill (Chairman), Paul Byrnes, James Sclater and Steve Smith.

The committee's primary functions are: to review directors' fees; to set and review the chief executive officer's remuneration package and performance; to determine the policy for remuneration of senior management; and to recommend candidates to be nominated as a director.

Remuneration and nominations business may be conducted at board meetings when required, with management absent. During the financial year in review, the committee also communicated periodically through the year by email and telephone with regard to remuneration and director nominations matters.

Attendance at Meetings

During the year ended 30 June 2015, the board held 13 meetings and the Audit & Risk Committee held 2 meetings. The table on page 15 sets out attendance at meetings for all directors.

Code of Conduct

Hellaby's board sets the ethical standards for the company via its **Code of Conduct**, which can be found in the governance section of the company's website. These standards are expected of directors and employees of Hellaby and its subsidiaries.

The **Code of Conduct** covers a wide range of areas including the following: standards of behaviour; conflicts of interest; receipt and use of company information and assets; gifts and property; delegated authorities; legal and regulatory compliance; reporting concerns and protections; and disciplinary measures and processes.

Auditor Independence

Hellaby maintains an **Auditor Independence Policy** to ensure the independence and competence of the company's external auditors. Responsibility for the appointment of external auditors resides with the Audit & Risk Committee. The external auditor is reappointed every year at the annual meeting.

The role of the external auditor is to audit the financial statements of the company in accordance with generally accepted auditing standards in New Zealand and to report on its findings to the board and shareholders of the company.

The company requires its external auditor to abide by the independence regulations set out in the Code of Ethics on Independence issued by the International Federation of Accountants (IFAC). The company precludes its external auditor from undertaking a role not permitted under IFAC regulations, auditing its own work, or functioning as management. In line with current professional standards, the company requires the audit partners and review partners of its external auditor to rotate after a maximum of five years.

All services provided by the company's external auditor are considered on a case by case basis by management and the Audit & Risk Committee to ensure there is no actual or perceived threat to independence in accordance with the **Auditor Independence Policy**.

The effectiveness, performance and independence of the external auditors are reviewed by the Audit & Risk Committee.

The **Auditor Independence Policy** is available in the governance section of the company's website.

Board Performance Evaluation

All non-executive directors are expected to participate in internal and external performance reviews. Regular formal and informal reviews help identify, assess and enhance directors' competencies and define characteristics and skills which should be sought in future board candidates. A formal evaluation of the board, using an external party, will be conducted in the next financial reporting period.

Directors' Remuneration

Remuneration levels are set at competitive levels to attract and retain appropriately qualified and experienced directors. The company's policy is to pay all of its directors in cash. The board determines the level of remuneration paid to directors within the amounts approved by shareholders (that is, from the approved collective pool). Remuneration is reviewed annually by the board and fees are reviewed against fee benchmarks in New Zealand and take into account the size and complexity of Hellaby's business.

Market Disclosure

Hellaby is committed to the promotion of investor confidence by ensuring that trade in its shares takes place in an efficient, competitive and informed market.

The company has in place procedures designed to ensure compliance with the NZX Listing Rules such that:

- all investors have equal and timely access to material information concerning the company, including its financial situation, performance, ownership and governance
- company announcements are factual and presented in a clear and balanced way

Accountability for compliance with disclosure obligations is with the chief executive officer and chief financial officer. Significant market announcements, including the preliminary announcement of the half year and full year results, the accounts for those periods and any advice of a change in earnings forecast are approved by the board.

Hellaby's **Communications Policy** is available in the governance section of the company's website.

Shareholder Communications

The company seeks to ensure that its shareholders are appropriately informed of its operations and results, with the delivery of timely and focused communication, and the holding of shareholder meetings in a manner which is conducive to achieving shareholder participation.

Hellaby's **Communications Policy** is available in the governance section of the company's website.

Trading by Company Directors and Officers

The company is committed to complying with all legal and statutory requirements regarding trading by insiders. Hellaby encourages company directors and management to hold shares in the company, as it helps to align the interests of officers and shareholders.

Trading in company securities by Hellaby directors and senior management must comply with the company's **Code of Conduct for Securities Trading**. New Zealand legislation and the company's securities trading rules prevent the short-term trading and dealing in the company's securities while directors and senior management are in possession of non-public material and relevant information.

The **Code of Conduct for Securities Trading** is available in the governance section of the company's website.

Risk Management

The board is responsible for ensuring that key business and financial risks are identified and that appropriate controls and procedures are in place to effectively manage those risks. Management reports directly to the board's Audit & Risk Committee with regard to risk management, and also to the full board on a regular basis in respect of the company's risk framework and its identified strategic risks.

In managing the company's business risks, the board approves and monitors policy and process in such areas as treasury management, financial performance, taxation and delegated authorities. Hellaby has insurance policies in place covering most areas of risk to its assets and business.

Hellaby's health and safety vision is based on the principle that all accidents are preventable.

Independent Professional Advice

With the approval of the chairman, directors are entitled to seek independent professional advice on any aspect of the directors' duties, at Hellaby's expense.

Interests Register

The board maintains an Interests Register. In considering matters affecting the company, directors are required to disclose any actual or potential conflicts. Where a conflict or potential conflict has been disclosed, that director takes no further part in receipt of information or participation in discussions on that matter.

Particulars of entries made in the Interests Register for the year ended 30 June 2015 are included in the Statutory Information section.

Directors' and Officers' Insurance

Hellaby has insured and indemnified all its directors and the directors of its subsidiaries against liabilities to other parties (except to the company itself or a related party of the company) that may arise from their position as directors. The insurance and indemnity does not cover liabilities arising from criminal actions. Hellaby's constitution allows for the indemnification of directors and employees to the maximum extent permitted by the law.

Diversity

Diversity makes a vital contribution to Hellaby's success as an active owner in different sectors and geographical markets.

Hellaby recruits, promotes and compensates on the basis of merit, regardless of gender, ethnicity, religion, age, nationality, sexual orientation, union membership or political opinion. The company believes that by bringing together people with different backgrounds, talents, perspectives and experiences it can create a dynamic and more creative workplace.

Hellaby recognises the importance of being an inclusive employer. Building a diverse and inclusive work environment requires effort and perseverance. The company expects its portfolio companies to encourage and promote diversity in their organisations.

The gender balance of Hellaby directors and senior management was as follows:

	As at 30 June 2015		As at 30 June 2014	
	Directors	**Officers**	Directors	Officers
Female	**-**	**15**	-	13
Male	**6**	**52**	7	55
Total	**6**	**67**	7	68

('Officer' is defined as corporate senior management, business unit leaders and their senior management teams)

Five Year Statistical Summary

NZD thousands

EARNINGS	2015	2014	2013	2012	2011
Total sales	**779,548**	733,534	542,738	493,897	464,978
Total revenue	**783,584**	736,367	545,817	497,750	468,958
Trading EBITDA (Earnings before interest, tax, depreciation and amortisation)	**59,109**	56,084	37,724	37,367	33,998
Trading EBITDA as % of total revenue	**7.5%**	7.6%	6.9%	7.5%	7.2%
Depreciation and amortisation	**(14,426)**	(13,371)	(8,009)	(7,256)	(7,235)
Trading EBIT (Earnings before interest and tax)	**44,683**	42,713	29,715	30,111	26,763
Interest (net)	**(5,589)**	(4,746)	(2,640)	(2,212)	(4,209)
Finance costs on contingent consideration	**(900)**	(233)	0	0	0
Net trading surplus	**38,194**	37,734	27,075	27,899	22,554
Equity accounted investment	**0**	70	264	407	0
Goodwill impairment	**0**	(26,940)	0	0	0
Profit on divestment	**477**	0	0	0	0
Long term incentive	**0**	0	(1,308)	(1,394)	(241)
Tax on operating profits	**(10,268)**	(10,993)	(7,460)	(7,597)	(6,965)
Group NPAT (Net profit after tax)	**28,403**	(129)	18,571	19,315	15,348
Profit attributable to non-controlling interests	**1,026**	971	371	0	0
Profit attributable to shareholders of Parent	**27,377**	(1,100)	18,200	19,315	15,348
Group NPAT (Net profit after tax)	**28,403**	(129)	18,571	19,315	15,348
SHAREHOLDER RETURNS					
Total equity	**219,074**	188,254	209,040	151,390	133,778
Shares on issue as at 30 June (000s)	**95,926**	95,084	93,145	75,053	73,936
EPS (Earnings per share - weighted average) (cents)	**28.6**	(1.2)	22.9	25.9	22.6
DPS (Dividend per share) (cents)	**21.5**	15.0	13.0	13.0	10.0
TSR (Total shareholder return) (gross)	**12.3%**	6.5%	4.4%	29.5%	86.9%
ASSET BACKING					
Total assets	**433,505**	387,919	390,198	245,240	228,444
Intangible assets	**100,024**	93,221	115,559	57,389	57,244
Tangible assets	**333,481**	294,698	274,639	187,851	171,200
Net assets (NA)	**219,074**	188,254	209,040	151,390	133,778
NA backing per share	**$2.28**	$1.98	$2.24	$2.02	$1.81
Net tangible assets (NTA)	**119,050**	95,033	93,481	94,001	76,534
NTA backing per share	**$1.24**	$1.00	$1.00	$1.25	$1.04
OTHER MEASURES					
Interest bearing debt (net)	**62,970**	57,301	45,417	10,141	24,489
Gearing	**22.3%**	23.3%	17.8%	6.3%	15.5%
Free cash flow	**24,100**	29,099	29,566	28,912	34,934
ROFE (Return on average funds employed excluding intangibles)	**23.6%**	25.4%	22.9%	29.6%	25.3%
ROIC (Return on average funds employed including intangibles)	**15.8%**	15.9%	14.0%	19.2%	16.6%

Note: Trading results comprise the sum of continuing and discontinued operations.

Corporate Directory

Directors
Steve Smith (chairman)
John Williamson (chief executive officer & managing director)
Paul Byrnes
Mark Cowsill
Gary Mollard
James Sclater

Senior Management
Greg Batkin (chief investment officer)
Richard Jolly (chief financial officer & company secretary)
Neil MacCulloch (chief operating officer)

Audit & Risk Committee
James Sclater (chairman)
Paul Byrnes
Mark Cowsill

Remuneration & Nominations Committee
Mark Cowsill (chairman)
Paul Byrnes
James Sclater
Steve Smith

Registered Office
Level 5
10 Viaduct Harbour Avenue
Auckland
New Zealand

Telephone
+64 9 307 6844

Mailing Address
PO Box 1670
Shortland Street
Auckland 1140

Email
info@hellabyholdings.co.nz

Website
www.hellabyholdings.co.nz

Share Registry
Computershare Investor Services Limited
Private Bag 92119, Auckland 1142
enquiry@computershare.co.nz
+64 9 488 8777

Shareholder Information

Updating shareholder details

To change your address, update your payment instructions, view your registered details (including transactions) or to elect to receive Hellaby investor communications by email, please visit Computershare's Investor Centre at www.investorcentre.com/nz

To login using this website, you will need your Common Shareholder Number (CSN) and FASTER Identification Number (FIN) where you will be guided through a series of steps to register your account, including setting up a new Username and Password for ongoing use of this website.

Are your details correct?

General share registry changes

Computershare Investor Services Limited, Private Bag 92119, Auckland 1142
Telephone: +64 9 488 8777; fax: +64 9 488 8787; email enquiry@computershare.co.nz
Please assist Computershare by quoting your CSN (Common Shareholder Number)

Do you have a question?

Calendar

Annual Meeting	1 October 2015
Final Dividend Payment	2 October 2015
Half Year End	31 December 2015
Release of Interim Result	18 February 2016 (provisional)
Interim Dividend Payment	April 2016 (proposed)
Financial Year End	30 June 2016
Release of Annual Result	August 2016 (provisional)

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Hellaby


HELLABY HOLDINGS LIMITED	
Results for announcement to the market	
Reporting Period	12 months to 30 June 2015
Previous Reporting Period	12 months to 30 June 2014

	Amount (000s)	Percentage change
Revenue from ordinary activities	$783,584	+6.41% (a)
Profit (loss) from ordinary activities after tax attributable to shareholders	$27,377	+5.95% (b)
Net profit (loss) attributable to shareholders.	$27,377	n/a (c)

Final Dividend	Gross amount per share	Imputed amount per share
	12.5 cents	4.861111 cents

Record Date	25 September 2015
Dividend Payment Date	2 October 2015
Dividend Reinvestment Plan – last date for receipt of election notice.	Not applicable as Dividend Reinvestment Plan is currently suspended.
Audit	The financial statements attached to this report have been audited and are not subject to a qualification. A copy of the audit report is included within these financial statements.

Comments:	Refer to the attached report for commentary on the results from operations. The Packaging division was sold during the year and this division's results are recorded as discontinued operations. (a) Revenue from ordinary activities above comprises continuing and discontinued operations. Refer Note 3(b) from attached financial statements. (b) Profit from ordinary activities after tax attributable to shareholders for FY2014 was normalised to $25,840k after adding back $26,940k in respect of Footwear goodwill impairment. (c) Reported FY2014 net loss attributable to shareholders was ($1,100k), including ($26,940) Footwear division goodwill impairment.

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one (Please provide any other relevant details on additional pages) 1

Full name of Issuer Hellaby Holdings Limited

Name of officer authorised to make this notice Richard Jolly

Authority for event, e.g. Directors' resolution Directors' Resolution

Contact phone number 09 307 6844

Contact fax number 09 307 3559

Date 27 / 08 / 2015

Nature of event
Tick as appropriate

Bonus Issue ☐ *If ticked, state whether:* *Taxable* ☐ */ Non Taxable* ☐ *Conversion* ☐ *Interest* ☐ *Rights Issue Renouncable* ☐

Rights Issue non-renouncable ☐ Capital change ☐ Call ☐ Dividend ☒ If ticked, state whether: Interim ☐ Full Year ☒ Special ☐ DRP Applies ☐

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities Ordinary Shares

ISIN NZHBYE0001S8
If unknown, contact NZX

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities

ISIN
If unknown, contact NZX

Number of Securities to be issued following event

Minimum Entitlement

Ratio, e.g 1 *for* 2 *for*

Conversion, Maturity, Call Payable or Exercise Date
Enter N/A if not applicable

Treatment of Fractions

Strike price per security for any issue in lieu or date Strike Price available.

Tick if pari passu ☐ *OR provide an explanation of the ranking*

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security (does not include any excluded income) 12.5 cents fully imputed

Excluded income per security (only applicable to listed PIEs) N/A

Currency NZ Dollars

Total monies $11,990,699

Source of Payment: Revenue Reserves

Supplementary dividend details - NZSX Listing Rule 7.12.7

Amount per security in dollars and cents 2.205882 cents

Date Payable 2 October 2015

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price $N/A

Resident Withholding Tax 0.868056 cents

Imputation Credits (Give details) 4.861111 cents

Foreign Withholding Tax $N/A

FWP Credits (Give details) N/A

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm
For calculation of entitlements - 25 September 2015

Application Date
Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week. 2 October 2015

Notice Date
Entitlement letters, call notices, conversion notices mailed N/A

Allotment Date
For the issue of new securities. Must be within 5 business days of application closing date. N/A

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

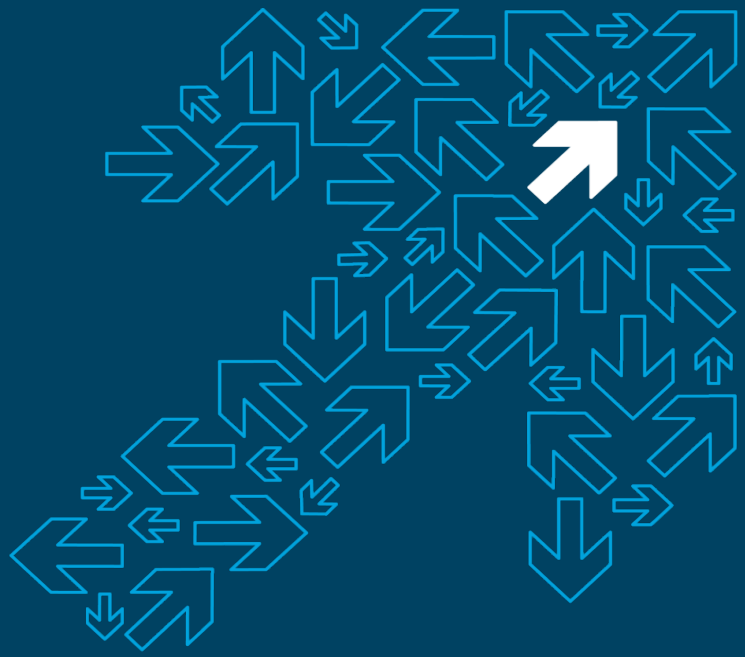
Security Code:

Security Code:

Hellaby

Hellaby Holdings Limited
Full Year Results

30 June 2015



Hellaby Contacts

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Chief Executive Officer
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M +64 21 271 4960
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Richard Jolly
Chief Financial Officer
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M +64 27 497 6710
E richard@hellabyholdings.co.nz

Disclaimer

This full year results presentation dated 27 August 2015 provides additional comment on the NZX / media release and other supporting documentation of the same date. As such, it should be read in conjunction with, and subject to, the explanations and views of future outlook on market conditions, earnings and activities given in that release. Please read this presentation in the wider context of material previously published by Hellaby Holdings Limited. Please refer to the 2015 Annual Report for terms and definitions. Reconciliations of non-GAAP financial measures are included on page 12 of the 2015 Annual Report.

Agenda

Results overview
Financial performance
Divisional performance
Outlook

Financials are for 12 months to 30 June 2015. Comparisons are with the prior financial year ended 30 June 2014.
Please refer to the 2015 Annual Report for terms and definitions.
Reconciliations of non-GAAP financial measures are included on page 12 of the 2015 Annual Report.

Results Overview

Record Earnings

2
acquisitions

dividend per share up
43%

Packaging division
Sold

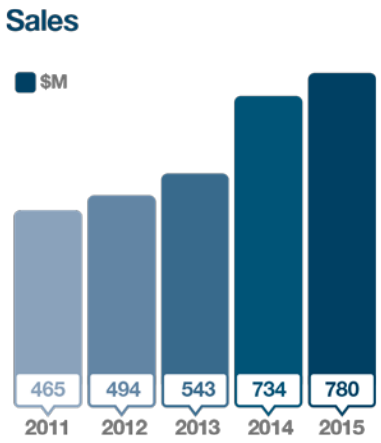
Growth strategy on track

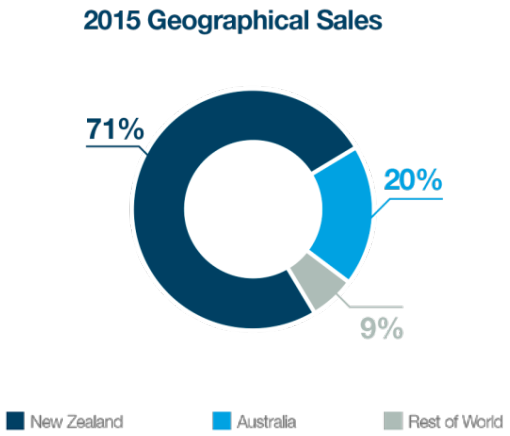
- Record earnings in FY15
- 23.6% return on funds employed
- Solid earnings growth from Oil & Gas Services, Automotive and Equipment
- JAS Oceania acquisition creates Australian auto electrical distribution platform
- Sale of Packaging division for $0.5 million transactional gain
- Total dividend for year up 43% to 21.5 cents per share, fully imputed
- Total shareholder return exceeds NZX50

Financial performance

Group sales performance

- Group sales up 6.3% to $779.5 million
- Growth primarily driven by acquisitions over past two years
  - Oil & Gas Services sales up 14.5%, being Contract Resources (acquired April 2013)
  - Automotive sales up 8.1%, including Federal Batteries (acquired September 2013), Dasko (April 2014), JAS Oceania (June 2015)
  - Equipment sales up 6.9%, including New Zealand Trucks (acquired April 2014)
- Geographic mix reflects acquisition strategy with nearly 30% offshore sales



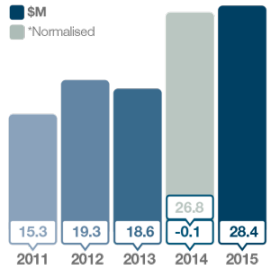


Group earnings performance

- Trading EBITDA[1] up 5% to $59.1 million
- Trading EBIT[2] up 5% to $44.7 million
- Group NPAT[3] up 6% to $28.4 million
- Earnings per share[3] up 4% to 28.6 cents
- Includes recent acquisitions - Federal Batteries, Dasko and New Zealand Trucks (12 months); JAS Oceania (1 month) and Diesel & Machinery Services (2 months)
- Includes divested Packaging division (11 months contribution)

Trading EBITDA

Group NPAT

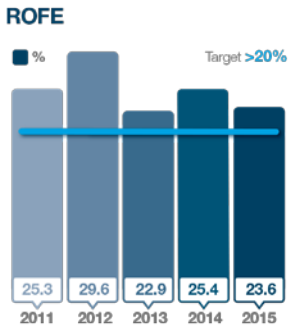


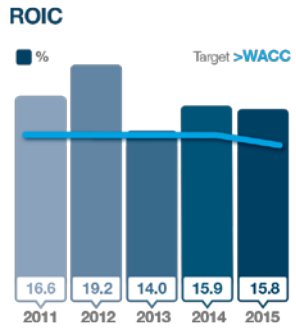
Earnings per share

1. *Trading EBITDA = Net trading surplus before interest, tax, depreciation, amortisation and other non-trading transactions*
2. *Trading EBIT = Net trading surplus before interest, tax and other non-trading items*
3. *Comparative FY14 result is normalised for the impact of the $26.9 million goodwill impairment of the Footwear businesses, which was booked effective 30 June 2014*

Capital management

- Return on funds employed (ROFE)[4] 23.6%
  - Behind FY14 25.4%; ahead of 20% group target
- Return on invested capital (ROIC)[5] 15.8%
  - On par with FY14 15.9%; ahead of 12.4% pre-tax WACC
- Maintained a conservative capital structure
  - 22.3% gearing is well within target of <45%
  - $24 million acquisitions completed in the year
  - $33 million capital recycled through Packaging disposal
- $24 million free cash flow
  - $5 million lower than FY14, but included $10 million outlay on Equipment distributorships and Packaging capex for new facility

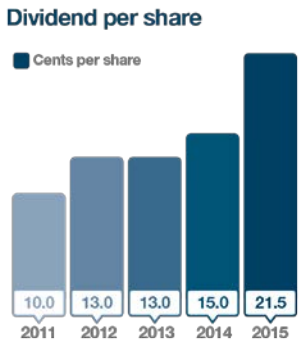




4. *ROFE or return on funds employed = Trading EBIT as a percentage of average working capital plus fixed assets*
5. *ROIC or return on invested capital = Trading EBIT as a percentage of average working capital plus fixed assets and intangible assets*

Dividend

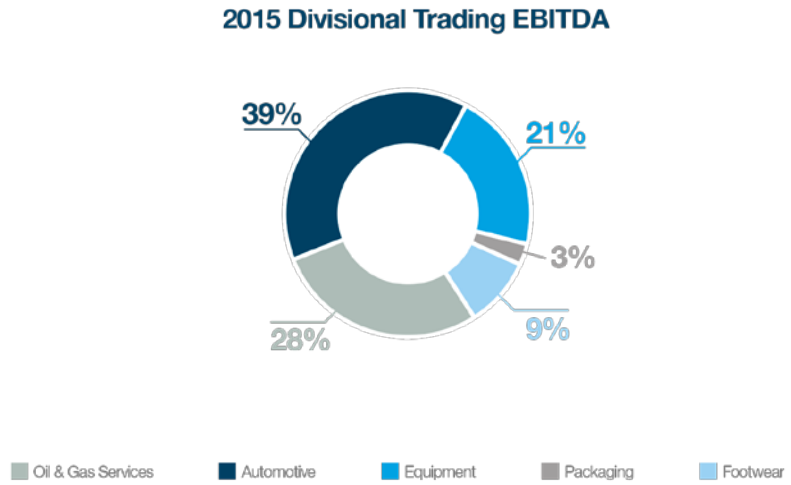
- Shareholders rewarded with 43% full year dividend increase
  - Reflects improved earnings performance and new dividend policy
  - Final dividend 12.5 cents per share, fully imputed (9.5 cps FY14)
  - To be paid on 2 October 2015
- Total dividend for year 21.5 cents per share (15.0 cps FY14)
- Policy of distributing around 75% of NPAT remains in place
- Dividend Reinvestment Plan remains suspended

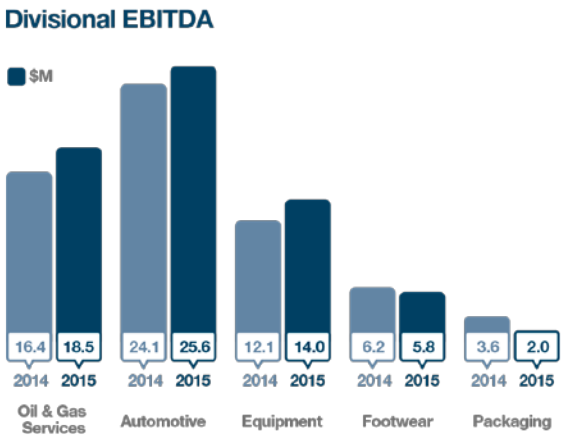


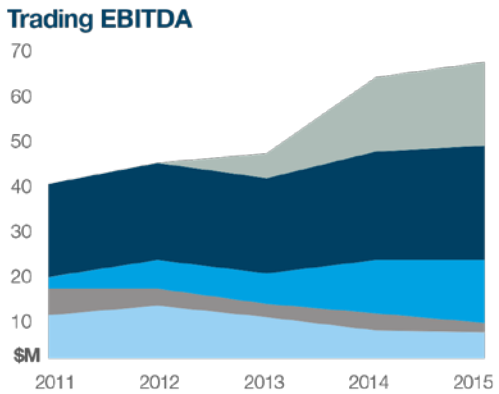
Divisional performance

Divisional performance

- Three largest divisions have improved earnings
  - Oil & Gas Services, Automotive and Equipment
- Divisional composition of portfolio is evolving
  - Three 'industrial' divisions now 90% of group EBITDA
  - Focusing investment on these core divisions







Divisional performance

	2015	2014
Total sales ($m)	189.1	165.2
Trading EBITDA ($m)	18.5	16.4
Trading EBIT ($m)	11.2	9.8
ROFE	17.2%	16.1%
Free Cash Flow ($m)	8.3	4.4
Staff	866	667

Oil & Gas Services

- Second full year under Hellaby's 85% ownership
- Sales up 15%, EBITDA at $18.5 million up 13%
- Earnings growth driven by:
  - Middle East: new opportunities with existing clients; expansion into new countries
  - Australia: steady workflow; cost control initiatives; completion of projects deferred in FY14
- Global oil price decline
  - Core business of servicing and maintaining existing plants is less affected (than upstream exploration and new plant builds);
  - Some work deferred, but not expected to result in a sustained downturn
- Pursuing growth through market development (South America and Middle East) and acquisition initiatives

Divisional performance

	2015	2014
Total sales ($m)	200.2	185.2
Trading EBITDA ($m)	25.6	24.1
Trading EBIT ($m)	23.9	22.6
ROFE	37.1%	44.5%
Free Cash Flow ($m)	23.9	19.7
Staff	721	602

Automotive

- Sales up 8%, EBITDA at $25.6 million up 6%
  - Includes full 12 month contributions from Federal Batteries and Dasko
  - Strong performances by BNT and TRS Tyre & Wheel despite adverse market conditions
- Acquisition of JAS Oceania provides a strategic platform for Australian expansion
  - Combined with Federal Batteries & Diesel Distributors, creates a scalable auto electrical position
- Continuing to pursue growth opportunities in Australia and New Zealand
  - BNT has recently launched a specialist heavy parts business 'Truck & Trailer Parts'

Divisional performance

	2015	2014
Total sales ($m)	208.7	195.2
Trading EBITDA ($m)	14.0	12.1
Trading EBIT ($m)	12.5	10.6
ROFE	59.8%	93.0%
Free Cash Flow ($m)	0.7*	5.5
Staff	483	419

*The low free cash flow generated in the current year reflects the investment in Hiab and Zepro equipment.

Equipment

- Sales up 7%, EBITDA at $14.0 million up 16%
  - Includes full 12 months contribution from New Zealand Trucks
- Earnings growth driven by:
  - New Zealand Trucks expansion from one to four workshops
  - Acquisition of *HIAB* and *Zepro* truck equipment distributorships
  - Increased AB Equipment aftermarket parts and services sales
- New national parts distribution centre to support Equipment's businesses
- Focus on further expansion for New Zealand Trucks and AB Equipment aftermarket parts and services

Divisional performance

	2015	2014
Total sales ($m)	140.8	145.7
Trading EBITDA ($m)	5.8	6.2
Trading EBIT ($m)	2.8	3.2
ROFE	8.4%	9.3%
Free Cash Flow ($m)	5.6	2.4
Staff	1,022	1,092

Footwear

- Sales down 3%, trading EBITDA $5.8 million
  - Continued impact of tight discretionary consumer spending; online sales competition; late start to winter
  - Same store sales down 1.5%
- Both Hannahs and Number One Shoes trading profitably
  - Significant earnings improvement for Hannahs
  - Hannahs has substantially exited its Australian retail footprint
- Iconic British *Clarks* brand launched by Hannahs in August 2015
  - Creates strong position in comfort shoes segment together with *Hush Puppies* brand

Hannahs Hush Puppies® pulp 1 numberoneshoes

Divisional performance

	2015	2014
Total sales ($m)	43.6	44.8
Trading EBITDA ($m)	2.0	3.6
Trading EBIT ($m)	1.3	3.0
ROFE	n/a	25.0%
Free Cash Flow ($m)	(6.8)*	2.8
Staff	n/a	110

*The negative free cash flow for the year reflects expenditure on capital equipment for the new Christchurch manufacturing facility.

Packaging (divested May 2015)

- 11 month contribution - Sales steady, EBITDA lower at $2.0 million
- A year of transition:
  - Relocation from an ageing manufacturing plant to a purpose-built food-grade facility
  - Earnings impacted by transition-related costs and lower margins due to manufacturing inefficiencies
- Opportunity for trade sale on basis that division was sub-scale and non-core
  - Packaging divested for $0.5 million transactional gain

Outlook

Outlook

- Ongoing commitment to improved total shareholder return
  - FY15 shareholder return was 12.3%, ahead of NZX50 11.3%
- Steady growth path for existing operations
  - Increasing contributions from recently-acquired businesses
  - Business development opportunities in core divisions
  - Results supported by solid performance from established subsidiaries
- Investment portfolio will continue to evolve
  - Ongoing pursuit of value accretive acquisitions
  - Primary investment focus on three core divisions (Oil & Gas Services, Automotive, Equipment)
  - Footwear considered to be non-core; will divest businesses at an appropriate time
- Higher earnings expected in year to 30 June 2016

Hellaby

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Company Fact Sheet

Hellaby

Hellaby at a glance

Hellaby Holdings is an NZX-listed investment holding company, which owns a diversified portfolio of 15 industrial, distribution and retail businesses.

Our vision is to be a leading Australasian investor, based on the value we add to our portfolio, the returns we deliver to our shareholders and the calibre of our people.

Hellaby's core purpose is to generate long-term shareholder value by building better businesses. We achieve this through a combination of performance improvement and organic growth in the businesses we own, as well as smart acquisitions and divestments. We describe this strategy simply as 'Buy, Build, Harvest'.

Our investment portfolio is structured through four divisions – Oil & Gas Services, Automotive, Equipment and Footwear - with 3,000 people across New Zealand, Australia, Middle East and North America. We have a variable investment horizon, and our portfolio will evolve as opportunities arise in target investment areas.

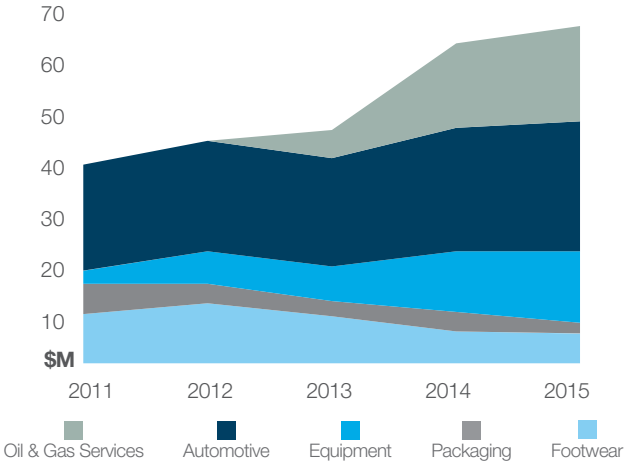
We actively manage our investments through a lean corporate office, and decentralise leadership and performance accountabilities to our companies.

We seek to generate total shareholder returns superior to the NZX50.

Key Financials

	FY 2015 $M	FY 2014 $M	FY 2013 $M	FY 2012 $M
Sales	779.5	733.5	542.7	493.9
Trading EBITDA	59.1	56.1	37.7	37.4
Trading EDIT	44.7	42.7	29.7	30.1
Net trading surplus	38.2	37.7	27.1	27.9
NPAT attributable to parent	27.4	(1.1)	18.2	19.3
Group NPAT (net profit after tax)	28.4	(0.1)	18.6	19.3
Earnings per share (cps)	28.6	(1.2)	22.9	25.9
Dividend per share (cps)	21.5	15.0	13.0	13.0
Gearing (net debt/net debt plus total equity)	22.3%	23.3%	17.8%	6.3%

Divisional Trading EBITDA



Dividend Policy

Hellaby's dividend policy is to distribute around 75% of after tax profit (NPAT) attributable to shareholders of the parent company, subject to business performance, market conditions and capital requirements for growth. Imputation credits are attached only when they are available from taxation payments.

The company operates a Dividend Reinvestment Plan which was suspended on 1 December 2014.

Research Coverage

Company	Research Analyst	Contact	Email
First NZ Capital/ Credit Suisse	Sarndra Urlich	+64 4 496 5363	sarndra.urlich@fnzc.co.nz
Craigs IP / Deutsche Bank	Dennis Lee	+64 9 919 7434	dennis.lee@craigsip.com
Forsyth Barr	Jeremy Simpson	+64 9 368 0022	jeremy.simpson @forsythbarr.co.nz
UBS	Tristan Joll	+64 9 913 4863	tristan.joll@ubs.com

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Share Information

NZX Code:	HBY
Share price at 30 June 2015:	$3.00
Shares on issue:	95,925,595
Market capitalisation at 30 June 2015:	$287,776,785
Dividend yield gross: [1]	9.95%
Financial year end:	June 30
Industry sector:	Investment
Indices: NZX All Index; NZX Small Cap Index, Investment Index	

[1] Dividends are fully imputed

Key Performance Indicators

	FY 2015	FY 2014	FY 2013	FY 2012
EBITDA margin	7.5%	7.6%	6.9%	7.5%
Target	>7%	>7%	>7%	>7%
Earnings per share (cps) [2]	28.6	(1.2)	22.9	25.9
ROFE [3]	23.6%	25.4%	22.9%	29.6%
Target	>20%	>20%	>20%	>20%
ROIC [2] [3]	15.8%	15.9%	14.0%	19.2%
Target	>12.4%	>13.5%	>13.5%	>13.5%
Dividends per share (cps)	21.5	15.0	13.0	13.0
Total shareholder return	12.3%	6.5%	4.4%	29.5%
NZX50G	11.4%	16.4%	30.6%	(1.4%)
Gearing	22.3%	23.3%	17.8%	6.3%
Target	<45%	<45%	<45%	<45%

[2] FY2014 included $26.940 million impairment of goodwill in Footwear division.

[3] FY2013 included three months' EBIT contribution from Contract Resources against the full purchase price and transaction costs of the aquisition.

EBITDA margin: (trading EBITDA as a percentage of revenue) measures the extent to which cash operating expenses use up revenue. The company's performance target is greater than 7%.

Earnings per share (EPS): measures NPAT (net profit after tax) attributable to shareholders of the parent company per weighted average number of shares issued.

Return on funds employed (ROFE): is an internal measure of trading EBIT as a percentage of average working capital plus fixed assets (excluding intangibles). The company's performance target is greater than 20%.

Return on invested capital (ROIC): is an internal measure of trading EBIT as a percentage of average working capital plus fixed assets and intangibles. The company's performance target is to exceed its pre-tax weighted average cost of capital (WACC).

Dividends per share: Hellaby seeks to maintain consistent dividend payments in line with the company's performance, with a current dividend policy of distributing around 75% of NPAT attributable to shareholders of the parent company.

Total shareholder return (TSR): total shareholder return is an indicator of shareholder value creation, and measures the increase in share price plus dividend per share. Hellaby's goal is to consistently generate total shareholder returns superior to the NZX50 Gross Index.

Gearing: measures total net debt as a percentage of total net debt plus total equity. Hellaby believes gearing of less than 45% over the medium term is appropriate for our investment strategy and the sectors in which we invest.

Asset Snapshot

Oil & Gas Services Division

Contract Resources: Hellaby holds an 85% majority shareholding in Contract Resources. Contract Resources is a leading provider of catalyst handling and specialised industrial and mechanical services. These are provided to oil, gas, petrochemical, mineral and pulp & paper clients in Australia, Middle East, New Zealand, USA and South America.
www.contractresources.com

	FY 2015	FY 2014	3 mths 2013
Sales	189.1	165.2	41.2
Contribution to group	24%	22%	8%
Trading EBITDA	18.5	16.4	5.4
Contribution to group (excludes corporate)	28%	26%	12%
Staff	866	667	641

Automotive Division

Hellaby's Automotive division comprises a group of market-leading wholesale distribution companies, which supply automotive and truck replacement parts, agricultural and materials handling tyres and wheel componentry, batteries and auto electrical componentry to trade repairers and resellers through a network of over 85 branches across New Zealand and over 25 Australian branches.

BNT: A leading wholesale distributor of automotive and commercial truck replacement parts to trade repairers and resellers through 54 branches across New Zealand. BNT operates a specialist truck and trailer parts distributor **Truck & Trailer Parts** - www.tatp.co.nz and **NZ Brake Co** a wholesale supplier of automotive and commercial brake parts - www.bntnz.co.nz.

Autolign: Specialist New Zealand wholesale supplier of automotive steering and suspension replacement parts with 9 branches. Autolign franchises 22 outlets under the *Shock Shop* brand. www.autolign.co.nz; www.shockshop.co.nz

NZ Brake Co: A leading New Zealand wholesale supplier of automotive and commercial brake parts.

Diesel Distributors: A leading Australasian wholesale distributor of diesel fuel injection and automotive products, with branches in Auckland, Brisbane, Sydney, Melbourne and Perth.
www.dieseldistributors.co.nz; www.dieseldistributors.com.au

HCB Technologies: A leading distributor of automotive, commercial, marine, industrial and stationary batteries, including an extensive range of battery accessories with 8 branches across New Zealand. HCB has supply arrangements with over 100 *Battery Town* auto electrical supply and repair outlets (the largest automotive electrical group in NZ). www.hcb.co.nz

Dasko: Dasko is a national wholesale distributor of auto electrical, rotating and engine management management components. www.dasko.co.nz

Federal Batteries: Federal Batteries is a leading wholesale distributor of automotive, industrial and specialist application batteries with branches in Sydney, Brisbane and Melbourne. www.federalbatteries.com.au

JAS Oceania: A wholesale distributor of auto electrical, air conditioning and lighting products to auto electricians, specialist workshops and resellers through 19 branches across Australia
www.jasoceania.com.au; www.lowvoltage.com.au

TRS Tyre & Wheel: A leading wholesale distributor of tractor, truck, forklift and industrial tyres and wheels with 5 New Zealand branches.
www.trstyreandwheel.co.nz

	FY 2015	FY 2014	FY 2013	FY 2012
Sales	200.2	185.2	170.6	167.9
Contribution to group	26%	25%	31%	34%
Trading EBITDA	25.6	24.1	21.4	21.6
Contribution to group (excludes corporate)	39%	39%	47%	50%
Staff	721	602	565	566

Equipment Division

The Equipment division consists of three market-leading heavy equipment companies, specialising in materials handling, forestry and construction new and used equipment sales; heavy equipment and truck servicing; and forklift rentals through a network of 22 technical service centres across New Zealand.

AB Equipment: One of New Zealand's leading suppliers of materials handling equipment and construction equipment, and one of New Zealand's largest forklift rental companies. AB Equipment has significant equipment servicing capability, and operates through a network of 20 technical service centres across New Zealand. Its brands include *Toyota, BT, Manitou, Sumitomo, Tigercat, Sakai, Vermeer, Doosan, Bobcat and Nilfisk.*
www.abequipment.co.nz

New Zealand Trucks: New Zealand Trucks is a truck servicing business, and distributor of Bucher Municipal, HIAB and Zepro equpment. The company provides maintenance, repair and engineering services to the truck industry through 4 specialist service workshops.
www.nztrucks.co.nz

	FY 2015	FY 2014	FY 2013	FY 2012
Sales	208.7	195.2	134.6	116.5
Contribution to group	27%	27%	25%	23%
Trading EBITDA	14.0	12.1	6.4	6.4
Contribution to group (excludes corporate)	21%	19%	14%	15%
Staff	483	419	331	309

Footwear Division

Hellaby is New Zealand's largest footwear retail group, with three retail chains operating 114 stores across New Zealand under the *Number One Shoes, Hannahs* and *Hush Puppies* brands. It also has a small retail presence in Australia.

Hannahs: New Zealand's largest specialty retail footwear chain with 51 stores under the *Hannahs* brand, and 10 stores under the *Hush Puppies* brand. The Hannahs group also has 1 *Pulp* store in Australia, 1 Auckland *Pulp* store and online at: www.hannahs.co.nz; www.pulpshoes.com; www.hushpuppies.co.nz

Number One Shoes: New Zealand's largest specialist discount footwear retailer with 53 stores and online at: www.numberoneshoes.co.nz

	FY 2015	FY 2014	FY 2013	FY 2012
Sales	140.8	145.7	154.3	163.4
Contribution to group	18%	20%	28%	33%
Trading EBITDA	5.8	6.2	9.1	11.8
Contribution to group (excludes corporate)	9%	10%	20%	27%
Staff	1,022	1,092	1,187	1,191

Packaging Division

Hellaby announced the sale of its Packaging division (Elldex Packaging) on 29 May 2015.

Governance

Board of Directors

Steve Smith: Non-Executive Independent Chairman
John Williamson: Chief Executive Officer & Managing Director
Paul Byrnes: Non-Executive Independent Director
Mark Cowsill: Non-Executive Independent Director
Gary Mollard: Non-Executive Independent Director
James Sclater: Non-Executive Director (Audit & Risk Committee Chairman)

Management

John Williamson: Chief Executive Officer & Managing Director
John Williamson was appointed Chief Executive Officer in July 2007. His career has included leadership roles with Australasian apparel retailer / distributor Bendon, building materials group Fletcher Building and pipeline / roading materials supplier Humes Group.

Richard Jolly: Chief Financial Officer & Company Secretary
Richard Jolly commenced as Chief Financial Officer and Company Secretary at Hellaby Holdings in March 2006. Richard has previously held senior financial positions with Ernst & Young, Grocorp Pacific and Moana Pacific Fisheries. Richard is a qualified Chartered Accountant.

Neil MacCulloch: Chief Operating Officer
Neil MacCulloch commenced as Chief Operating Officer at Hellaby Holdings in June 2008. Neil is a former Chief Financial Officer of Metlifecare and Sanford, and has also held senior financial and leadership roles at Fletcher Building, Fletcher Energy and Fletcher Challenge. Neil is a qualified Chartered Accountant.

Greg Batkin: Chief Investment Officer
Greg Batkin commenced as Chief Investment Officer at Hellaby Holdings in August 2010. Greg was formerly Director, Investment Banking at Craigs Investment Partners and has previously held investment banking roles with ABN AMRO Craigs, ABN AMRO and Westpac.

"Buy, Build, Harvest"