



Our Network, Our Community



INTERIM REPORT TO SHAREHOLDERS
HORIZON ENERGY DISTRIBUTION LIMITED
For the six months ended 30 September 2011

Chairman's Report

The Directors of Horizon Energy Distribution Limited are pleased to report that the unaudited net profit after tax is \$3.03 million for the six months ending 30 September 2011. This result compares favourably with a net profit after tax of \$2.55 million for the six months to 30 September 2010.

Although a sound result for the first half year has been achieved, profitability was impacted by losses sustained from accounting for the mark to market value of the Company's interest rate derivatives of \$0.47 million post-tax (compared to \$0.66 million post-tax losses incurred for the same period last year).

The continued uncertainty within the international financial markets makes it difficult to predict future value movements within the Company's derivative portfolio. Some market commentators are forecasting higher interest rates over the next six months (that would result in a recovery of some of the losses to date). Directors have taken the view of retaining the current value of derivatives with no further losses to be accounted for in the year-end profit forecast of around \$5.6 million, down from the previous full year's result of \$5.9 million.

The financial position of the Company remains strong with total assets of approximately \$111 million and term debt of \$26 million.

The Directors have resolved to pay a fully imputed interim dividend of 8.0 cents per ordinary share to all shareholders recorded on the register at 5pm on 5 December 2011.

The network continues to perform well, with both the number and severity of outages being below that of last year. As a result of ongoing enhancements to the network together with good management of our response teams, power interruptions have been kept to a minimum and the Company expects to remain within its allowable quality thresholds as set by the Commerce Commission. The Company continually strives to improve the quality and reliability of its service to consumers.

During the past six months, Horizon, the Company's electrical contracting business has provided a stable return despite the continued uncertainty of current economic times. The delivery of the expanded capital works plan for the network is on track and the business continues to focus to meet the demands of its external customers.

As advised in the 2011 Annual Report, Horizon Energy acquired 60% of Tauranga based electrical contracting business, Stewart Browne Group on 1 April 2011. The newly acquired business has been successfully integrated into the Horizon Group and is working well to improve the service to customers of both Tauranga and the Eastern Bay of Plenty. The Stewart Browne business has managed the impact of the reduced building activity in the region and is on track to meet its forecast results for the year.

Chairman's Report

The recent decision in the High Court of New Zealand on Vector Limited v Commerce Commission has prolonged the uncertainty of revenue and profitability within the Commerce Commission's regulated price reset process as it applies from the 2013 year onwards. While this decision is favourable for Horizon Energy, the Commission has signalled they will appeal the High Court decision and I cannot be certain that any appeal decision in favour of the Commission will not result in the Commission's adverse ruling for Horizon Energy being re-instated and that there may be a claw-back of some revenue to 1 April 2012.

Horizon Energy will continue to review prices for network services based on the current regulated default rate which allows prices to be increased by an amount equivalent to the Consumer Price Index for the year. We will also continue to provide submissions to the Commerce Commission on future price reset proposals that reflect circumstances particular to our region. I will advise shareholders as soon possible of any impact of future changes proposed by the Commerce Commission.

Health and Safety of all staff and consumers is a critical focus of the Company and Horizon Energy has a programme of Health & Safety Culture Improvement being implemented across the Group.

The capital development programme of \$8.7 million for the year is progressing well. As reported at the Annual Shareholders meeting, the Company has planned significant capital development over the next few years in order to meet our commitment to enhance reliability and service delivery. Funding of this development is from both retained profits and prudent borrowings. I am pleased to say that projects identified within the Company's Asset Management Plan for 2011/12 have been completed or are on schedule for completion.

The Directors and Management continue to focus on a range of strategic initiatives to grow the Company, deliver efficient services to customers and maximise shareholder value. As part of our growth vision, the Board continues to look for commercially viable business acquisitions and opportunities that meet the investment criteria set by the Board.

I look forward to the second half of the 2012 financial year. The Company is well positioned to build upon new growth opportunities and consolidate upon current initiatives.



Rob Tait
CHAIRMAN

Statement of Comprehensive Income

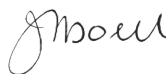
For the six months ended 30 September 2011

	Notes	Group Six months to 30-Sep-11 (Unaudited) \$000	Group Six months to 30-Sep-10 (Unaudited) \$000	Group Year Ended 31-Mar-11 (Audited) \$000
Operating Revenue		18,977	15,935	31,006
Operating Expenses		(13,239)	(10,616)	(21,216)
Operating Profit		5,738	5,319	9,790
Other Income				
Sundry Income		41	28	37
		41	28	37
Interest Income		-	3	74
Less Finance Expenses				
Interest on Loans		(875)	(886)	(1,632)
Fair Value Movement of Financial Derivatives	3	(651)	(939)	(739)
		(1,526)	(1,822)	(2,297)
Profit before Tax		4,253	3,525	7,530
Income Tax Expense		(1,198)	(979)	(1,632)
Net Profit after Tax		3,055	2,546	5,898
Attributable to:				
Owners of the Parent		3,029	2,546	5,898
Non-Controlling Interest - Stewart Browne Group Limited		26	-	-
		3,055	2,546	5,898
Earnings per share for profit attributable to the equity holders of the Company during the half year				
		Group 30-Sep-11 cents	Group 30-Sep-10 cents	Group 31-Mar-11 cents
Basic earnings per share		12.22	10.19	23.60
Diluted earnings per share		12.12	10.19	23.60
Net Profit after Tax		3,055	2,546	5,898
Other Comprehensive Income				
Impact of reduction in Company Tax Rate on Deferred Tax Liability	5	-	1,315	-
Net reduction in Deferred Tax provision on Revalued Assets due to changes in the income tax rate		-	-	628
Total Comprehensive Income		3,055	3,861	6,526
Attributable to:				
Owners of the Parent		3,029	3,861	6,526
Non-Controlling Interest - Stewart Browne Group Limited		26	-	-
Total Comprehensive Income for the Period		3,055	3,861	6,526

Balance Sheet

As at 30 September 2011

Notes	Group As at 30-Sep-11 (Unaudited) \$000	Group As at 30-Sep-10 (Unaudited) \$000	Group As at 31-Mar-11 (Audited) \$000
Current Assets			
	289	92	259
Cash and Cash Equivalents			
Trade and Other Receivables	5,102	4,795	4,275
Inventories	1,182	792	827
Work in Progress	681	364	250
Total Current Assets	7,254	6,043	5,611
Non-Current Assets			
	100,692	100,104	100,926
Property, Plant and Equipment	2,813	1,387	1,712
Intangible Assets	-	-	7
Derivative Financial Instruments	103,505	101,491	102,645
Total Non-Current Assets	103,505	101,491	102,645
Total Assets	110,759	107,534	108,256
Current Liabilities			
	3,866	3,420	3,977
Trade and Other Payables	362	558	905
Current Tax Liabilities	615	544	525
Provision for Staff Entitlements	8,000	-	8,000
Current Portion of Bank Loans	53	152	42
Derivative Financial Instruments	6	124	18
Deferred Capital Contributions	12,902	4,798	13,467
Total Current Liabilities	12,902	4,798	13,467
Non-Current Liabilities			
	108	128	124
Provision for Staff Entitlements	638	646	628
Deferred Capital Contributions	18,420	25,845	17,000
Non-Current Portion of Bank Loans	475	-	-
Term Loans	2,006	1,427	1,344
Derivative Financial Instruments	19,876	19,796	19,889
Deferred Tax Liabilities	41,523	47,842	38,985
Total Non-Current Liabilities	41,523	47,842	38,985
Total Liabilities	54,425	52,640	52,452
Equity			
	8,433	8,433	8,433
Share Capital	22,160	20,234	21,604
Retained Earnings	25,767	26,227	25,767
Revaluation Reserves	(26)	-	-
Non-Controlling Interest - Stewart Browne Group Limited	56,334	54,894	55,804
Equity Attributable to Equity Holders	56,334	54,894	55,804
Total Equity and Liabilities	110,759	107,534	108,256


Robert Tait
Director

John McDonald
Director

10 November 2011

Statement of Changes in Equity

For the six months ended 30 September 2011

	Notes	Share Capital \$000	Retained Earnings \$000	Revaluation Reserves \$000	Non- Controlling Interest \$000	Total Equity \$000
Group						
Balance as at 31 March 2010		8,433	19,710	25,139	-	53,282
Impact of Reduction in Company Tax Rate	5	-	227	1,088	-	1,315
Net Profit after Tax		-	2,546	-	-	2,546
Total Comprehensive Income After Tax for the Period		-	2,773	1,088	-	3,861
Dividends Paid		-	(2,249)	-	-	(2,249)
Balance as at 30 September 2010		8,433	20,234	26,227	-	54,894
Impact of Reduction in Company Tax Rate	5	-	(227)	(460)	-	(687)
Total Comprehensive Income After Tax		-	3,352	-	-	3,352
Total Comprehensive Income After Tax for the Period		-	3,125	(460)	-	2,665
Unclaimed Dividends Now Presented		-	(5)	-	-	(5)
Dividends Paid		-	(1,750)	-	-	(1,750)
Balance as at 31 March 2011		8,433	21,604	25,767	-	55,804
Net Profit after Tax	7	-	3,055	-	(26)	3,029
Total Comprehensive Income After Tax for the Period		-	3,055	-	(26)	3,029
Dividends Paid		-	(2,499)	-	-	(2,499)
Balance as at 30 September 2011		8,433	22,160	25,767	(26)	56,334
Attributable to Equity Holders of the Company		8,433	22,160	25,767	(26)	56,334

Cash Flow Statement

For the six months ended 30 September 2011

	Notes	Group Six months to 30-Sep-11 (Unaudited) \$000	Group Six months to 30-Sep-10 (Unaudited) \$000	Group Year Ended 31-Mar-11 (Audited) \$000
Operating Activities				
Cash Receipts from Customers		18,269	15,888	30,765
Cash Paid to Suppliers		(8,448)	(5,759)	(10,926)
Salaries and Wages Paid to Employees		(3,438)	(2,608)	(5,055)
Total Operating Receipts and Payments		6,383	7,521	14,784
Interest Received		-	1	74
Interest Paid		(844)	(886)	(1,653)
Taxes Paid		(1,755)	(1,616)	(2,517)
Total Interest and Tax Receipts and Payments		(2,599)	(2,501)	(4,096)
Net Cash from Operating Activities		3,784	5,020	10,688
Investing Activities				
Purchases of Property, Plant & Equipment		(2,103)	(2,383)	(5,163)
Purchase of Intangible Assets		(1,116)	(910)	(1,036)
Proceeds on Disposal of Property, Plant & Equipment		19	-	-
Net Cash used in Investing Activities		(3,200)	(3,293)	(6,199)
Financing Activities				
Dividends Paid		(2,499)	(2,249)	(3,999)
Repayment of Term Debt		(8,420)	(7,445)	(16,970)
Term Debt Drawn Down		10,365	8,000	16,680
Net Cash from/(used in) Financing Activities		(554)	(1,694)	(4,289)
Net (decrease)/increase in Cash and Cash Equivalents		30	33	200
Cash and Cash Equivalents at the beginning of the half year		259	59	59
Cash and Cash Equivalents at the half year		290	92	259
Reconciliation of Net Profit to Net Cash from Operating Activities				
Profit after Tax for the Period		3,055	2,546	5,898
Adjustments for Non Cash Items:				
Capital Contribution Amortisation		(9)	-	(17)
Depreciation and Amortisation		2,295	2,222	4,412
Net Loss/(Gain) on Disposal of Fixed Assets		(9)	-	-
Loss/(Gain) on Fair Value of Interest Rate Hedges		651	939	739
Operating Cash Flows before Movements in Working Capital		5,983	5,707	11,032
(Increase)/Decrease in Assets				
Trade and Other Receivables		(827)	(180)	340
Inventories		(787)	(335)	(256)
Increase/(Decrease) in Liabilities				
Trade and Other Payables		(340)	181	738
Trade and Other Payables related to Fixed Assets		238	-	(419)
Deferred Capital Contributions		(2)	102	(22)
Provision for Employee Entitlements		75	182	159
Current Tax Liabilities		(543)	(158)	189
Deferred Tax Liabilities		(13)	(479)	(1,701)
Deferred Tax Liabilities recorded in the Asset Revaluation Reserve		-	-	628
Net Movement in Working Capital		(2,199)	(687)	(344)
Net Cash from Operating Activities		3,784	5,020	10,688

Notes to the Financial Statements

For the six months ended 30 September 2011

1. General Information

Reporting Entity

The principal activities of Horizon Energy Distribution Limited (the Company) are the development, ownership and operation of electricity distribution and the provision of electrical contracting activities. The Group consists of the Company and its subsidiaries Horizon Energy Investments Limited and Stewart Browne Group Limited. The consolidated entity is designated as a profit-oriented entity for financial reporting purposes. All operations take place within New Zealand.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 52 Commerce Street, Whakatane.

The Company is listed on the New Zealand Stock Exchange.

These interim financial statements relate to the six months ended 30 September 2011 and have been approved for issue by the Board of Directors on 10 November 2011.

2. Accounting Policies

Horizon Energy Distribution Limited is registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978. The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

These unaudited interim financial statements have been prepared in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting as well as International Accounting Standard 34 Interim Financial Reporting and should be read in conjunction with the previous annual report. Except as described below, the accounting policies and methods of computation are consistent with those used in the most recent annual report which can be obtained from either the registered office of the Company or www.horizonenergy.net.nz.

There are no new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 April 2011 which have a material impact on the Company.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group -

NZ IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2013). The standard replaces part of NZ IAS 39 and establishes two primary measurement categories for financial assets:

- amortised cost and fair value, with classification depending on an entity's business model and
- the contractual cash flow characteristics of the financial asset.

The Group is currently in the process of evaluating the potential effect of this standard.

3. Financial Instruments

The Group uses interest rate swaps to manage interest rate risk on its term bank loans. Under New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") the Company is required to flow gains and losses on interest rate swaps through the profit component of the Statement of Comprehensive Income. These gains and losses are non-cash and are a by-product of the Company's Treasury Risk Management Policy. The Board of Directors review the Treasury Risk Management Policy at least annually and monitor compliance on a monthly basis. The Directors believe the policy reflects prudent risk management.

Notes to the Financial Statements

For the six months ended 30 September 2011

4. Operating and Geographical Segments

Segment information is presented in respect of the Group's business.

Operating segments have been defined upon adoption of NZ IFRS 8. The operating segments have been determined based on the reports reviewed by the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions for the Group, has been identified as the Chief Executive Officer of the Company.

Operating Segments

The Group comprises of the following main operating segments:

- Regulated Electricity Distribution
- Other Electrical Contracting and Lines activities

The chief operating decision maker assesses the performance of the operating segments based on operating profit/(loss) after tax. Intersegment pricing is determined on an arms length basis.

	Regulated \$000	Other \$000	Elimination \$000	Group \$000
Six months ended 30 September 2011				
Revenue				
External Revenue	15,540	3,478	-	19,018
Internal Revenue	-	2,841	(2,841)	-
Total Segment Revenue	15,540	6,319	(2,841)	19,018
Depreciation	(2,037)	(244)	-	(2,281)
Amortisation	(13)	(2)	-	(15)
Fair Value Movement of Financial Derivatives	(867)	-	-	(867)
Net Finance Costs	(759)	(116)	-	(875)
Income Tax Expense	(1,204)	(114)	120	(1,198)
Operating Profit after Income Tax	3,073	291	(309)	3,055
Assets and Liabilities				
Segment Assets	109,994	7,855	(7,090)	110,759
Total Assets	109,994	7,855	(7,090)	110,759
Segment Liabilities	54,131	5,520	(5,086)	54,425
Total Liabilities	54,131	5,520	(5,086)	54,425
Capital Additions	2,289	995	(122)	3,162

Notes to the Financial Statements

For the six months ended 30 September 2011

4. Operating and Geographical Segments (continued)

	Regulated \$000	Other \$000	Elimination \$000	Group \$000
Six months ended 30 September 2010				
Revenue				
External Revenue	14,704	1,231	-	15,935
Internal Revenue	-	3,238	(3,238)	-
Total Segment Revenue	14,704	4,469	(3,238)	15,935
Depreciation	(1,985)	(217)	-	(2,202)
Amortisation	(18)	(2)	-	(20)
Fair Value Movement of Financial Derivatives	(939)	-	-	(939)
Net Finance Costs	(769)	(114)	-	(883)
Income Tax Expense	(996)	(14)	31	(979)
Operating Profit after Income Tax	2,685	32	(171)	2,546
Assets and Liabilities				
Segment Assets	106,750	5,854	(5,070)	107,534
Total Assets	106,750	5,854	(5,070)	107,534
Segment Liabilities	52,192	5,348	(4,900)	52,640
Total Liabilities	52,192	5,348	(4,900)	52,640
Capital Additions	3,092	94	-	3,186
Year ended 31 March 2011				
Revenue				
External Revenue	28,620	2,386	-	31,006
Internal Revenue	12	7,151	(7,163)	-
Total Segment Revenue	28,632	9,537	(7,163)	31,006
Depreciation	(3,971)	(425)	21	(4,375)
Amortisation	(33)	(4)	-	(37)
Fair Value Movement of Financial Derivatives	(739)	-	-	(739)
Net Finance Costs	(1,335)	(224)	-	(1,559)
Income Tax Expense	(1,421)	(425)	214	(1,632)
Operating Profit after Income Tax	6,168	230	(500)	5,898
Assets and Liabilities				
Segment Assets	107,269	6,211	(5,224)	108,256
Total Assets	107,269	6,211	(5,224)	108,256
Segment Liabilities	51,976	5,060	(4,584)	52,452
Total Liabilities	51,976	5,060	(4,584)	52,452
Capital Additions	7,039	326	(735)	6,630

One customer (Bay of Plenty Energy) comprised 65.1% of the Group's revenue in 2011 (2010: 65.8%)

Notes to the Financial Statements

For the six months ended 30 September 2011

5. Changes to Company Tax Law

On 20 May 2010 the NZ Government in the 2010 Budget announced taxation law changes that affect the Company.

(a) Company Tax Rate Reduction from 30% to 28% Effective 1 April 2011

The effect of this tax rate change has resulted in a reduction in the Company's deferred tax liability of \$628,000 as at 30 September 2010. In accordance with NZ IFRS the movement in deferred tax is shown in the Statement of Comprehensive Income and Changes in Equity.

(b) Capital Contributions

The Company receives contributions towards the construction of network assets from customers and community stakeholders.

Prior to 20 May 2010 contributions were treated as non-assessable income for taxation purposes and the assets constructed were capitalised at the total cost of construction. From 20 May 2010 the Company, for taxation purposes only, must either reduce the cost of construction by the amount of the contribution received or amortise contributions received over ten years. The Company has elected to reduce the cost price of the asset constructed, therefore the amount capitalised and the amount that can be depreciated for taxation purposes, will be the cost of the asset less the contribution received.

The approach for accounting purposes has not changed. The constructed asset will continue to be capitalised at its full cost and the contribution will be treated as income in the year it is earned.

6. Dividends (Cents Per Share)

Amounts recognised as distributions to Equity Holders in the period:

	Group 30-Sep-11 Cents
Final (2011 Financial Year)	10.0

The final dividend for the year ended 31 March 2011 of 10.0 cents per share was paid in June 2011. All dividends had full imputation credits attached.

7. Non-Controlling Interest

On 1 April 2011 the Company purchased 60% of shares in Stewart Browne Group Limited. The results for Stewart Browne Group Limited are consolidated into the Group result for the period ended 30 September 2011 and the non-controlling interest in Stewart Browne Group Limited is recognised within Equity as follows:

	Group 30-Sep-11 \$000
Share of Net Profit after Tax	<u>26</u>
Balance at End of Half Year	<u>26</u>

8. Contingent Liabilities

There were no significant contingent liabilities known by the Company at 30 September 2011.

9. Events Subsequent to Balance Date

On 10 November 2011 the Directors declared an interim dividend of 8.0 cents for the 2012 year (2011: 7.0 cents) per ordinary share. As this event occurred after the reporting period the financial effect has not been recognised in the financial statements.

Notes to the Financial Statements

For the six months ended 30 September 2011

10. Related Party Transactions

a) Transactions between the Parent and Horizon Energy Investments Limited

Horizon Energy Investments Limited is a 100% owned subsidiary of Horizon Energy Distribution Limited the Parent Company. Horizon Energy Investments Limited is a New Zealand registered company.

Horizon Energy Investments Limited, (trading as Horizon), provides distribution network capital and maintenance services to the Parent Company. These services are purchased by the Parent on an arms length basis at commercial terms and conditions that are available to third parties. Transactions between the Parent and Subsidiary are eliminated upon consolidation.

The value and effect of intercompany transactions are shown in Note 4 Operating and Geographical Segments as eliminations.

b) Transactions with Eastern Bay Energy Trust

The Eastern Bay Energy Trust, which owns 77.29% of the Company's shares, makes contributions to certain capital projects for conversion of overhead lines to underground cables undertaken by the Company. From time to time the Company provides information technology support to the Eastern Bay Energy Trust.

	Group 30-Sep-11 \$000	Group 30-Sep-10 \$000	Group 31-Mar-11 \$000
Contributions received towards Undergrounding Works	127	91	-
Goods and Services supplied by Horizon	4	-	5
Reimbursement of Takeover Costs Incurred	-	-	1
Contributions towards Staff Training	-	-	81
Eastern Bay Energy Trust	131	91	87

c) Period End Balances with Eastern Bay Energy Trust

In relation to the attempted takeover of the Group	-	-	145
Capital Contributions towards Undergrounding	127	-	-
	127	-	145

d) Transactions between the Parent and Stewart Browne Group Limited

Horizon Energy Distribution Limited (the Parent) has advanced funds to Stewart Browne Group Limited since the date of its incorporation.

	Group 30-Sep-11 \$000
Loans to Stewart Browne Group Limited	
Loan - Interest Free (Repayable on 1 April 2013)	562
Loan - Interest Bearing (@ 8% per annum) (Repayable on 1 April 2013)	150
	712

e) Transactions between Stewart Browne Group Limited and Stewart Browne Trust

Stewart Browne Trust is the holder of 40% of the shares in Stewart Browne Group Limited. Since the date of incorporation the Stewart Browne Trust has advanced the following funds to Stewart Browne Group Limited. These loans are repayable by the Group at the time the remaining 40% of shares are acquired from the Stewart Browne Trust.

	Group 30-Sep-11 \$000
Loans to Stewart Browne Group Limited	
Loan - Interest Free (Repayable on 1 April 2013)	375
Loan - Interest Bearing (@ 8% per annum) (Repayable on 1 April 2013)	100
	475

11. Commitments

Capital commitments contracted at balance date but not yet incurred are:

	Group 30-Sep-11 \$000	Group 30-Sep-10 \$000	Group 31-Mar-11 \$000
Capital commitments contracted to external parties	699	294	532
Capital commitments contracted to subsidiaries	3,162	1,875	652

Notes to the Financial Statements

For the six months ended 30 September 2011

12. Business Combinations

On 1 April 2011, Horizon Energy Distribution Limited acquired 60% of the shares in Stewart Browne Group Limited and has contracted to acquire the remaining 40%, currently owned by the Stewart Browne Trust, no later than 1 April 2013.

The investment is consistent with Horizon Energy's strategy to develop its non regulated revenue streams. The new business has a strong presence in the Tauranga market and provides similar services to Horizon Energy's electrical contracting business operating in the Eastern Bay of Plenty. The addition of Stewart Browne Group Limited to the Horizon Energy Group will provide the geographical coverage and scale of resources to enable the group to increase its involvement in large construction opportunities arising in our region.

Horizon Energy Distribution Limited - Investment in Stewart Browne Group Limited

60% of issued shares have been purchased for \$60. The Company has contracted to purchase the remaining 40% of shares in Stewart Browne Group Limited no later than 1 April 2013.

Stewart Browne Group Limited contracted to acquire the electrical business owned by the Stewart Browne Trust as detailed below. The final purchase price is contingent on the average profits achieved by Stewart Browne Group Limited prior to the 1 April 2013 settlement date.

Details of Net Assets and Goodwill acquired:

		Group 1-Apr-11 \$000
Contingent Consideration on Acquisition		933
Consisting of:		
	Fair Value Adjustment	Acquiree's Carrying Amount
Inventory	170	170
Lease Assets	13	13
Plant and Equipment	57	57
Motor Vehicles	94	94
Total Assets Acquired	334	334
Total Liabilities Acquired	(50)	(50)
Fair Value of Net Assets Acquired	284	284
Goodwill	649	649
Total Purchase Consideration	933	933

Goodwill is attributable to the customer relationships and workforce of the acquired businesses and is not a separately identifiable intangible asset. Goodwill related to this business combination is non-deductible for income tax.

Other costs of \$6,000 associated with the acquisition that have been expensed during the half year to 30 September 2011 (year to 31/03/2011 \$62,000).

The following amounts attributable to the post acquisition trading of Stewart Browne Group Limited are included in the financial statements:

	Year to Date 30-Sep-11 \$000
Revenue	1,692
Net Profit	65

The acquisition accounting of Stewart Browne Group Limited is provisional and is pending finalisation of the fair values acquired.

There were no acquisitions for the period ended 30 September 2010 and the year ended 31 March 2011.

Directory

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J. McDonald
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A. de Farias

Chief Executive

Ajay Anand

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Auditors

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Managing Your Shareholding Online

To change your address, update your payment instructions and to view your investment portfolio including transactions, please visit:

www.computershare.co.nz/investorcentre

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Please assist our Registrar by quoting your CSN or shareholder number.

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