11

ANNUAL REPORT
30 APRIL 2011

Smiths City Group

TABLE OF CONTENTS

COMPANY DIRECTORY

DIRECTORS AND OFFICERS

CHAIRMAN	Craig David Boyce
DEPUTY CHAIRMAN	John Allen Dobson
DIRECTORS	Gary Raymond Rohloff Sarah Christine Ottrey John William Holdsworth Richard Hellings
MANAGING DIRECTOR	Richard Hellings
ALTERNATE DIRECTOR	Gerald Haworth Willis

REGISTERED OFFICE	550 Colombo Street Christchurch 8011
BANKERS	ANZ National Bank of New Zealand P O Box 220 Christchurch
AUDITORS	KPMG Level 3, 62 Worcester Boulevard P O Box 1739 Christchurch 8011
SHARE REGISTRARS	Link Market Services P O Box 384 Ashburton

ADDRESS FOR COMMUNICATIONS

POSTAL	P O Box 2343, Christchurch
TELEPHONE	03 9833000
FACSIMILE	03 9833031
EMAIL	group@smithscity.co.nz
WEBSITE	www.smithscitygroup.co.nz

COMPANY PROFILE

CORPORATE STRUCTURE

Smiths City Group Limited, based in Christchurch, is listed on the New Zealand Stock Exchange and has approximately 2,200 shareholders, 98% of whom are resident in New Zealand.

It is the parent of a number of subsidiary registered companies covering the range of business activities that the Company engages in.

The Group was founded in Christchurch in 1918 and continues to occupy the same site in Colombo Street.

The Group is active in three complementary industry segments – retail, property and consumer finance. It employs approximately 650 full-time and 70 part-time staff.

RETAIL

Brands

The Group recognises the importance of customer loyalty and market share, and focuses on achieving these through providing quality brands and outstanding customer service in-store and in the customer's home.

The Group strongly supports some of New Zealand's best known brands including Fisher & Paykel, Sleepyhead, and Cavalier Bremworth, along with international brands such as L G Electronics, Samsung, Panasonic, Sony, Hewlett Packard, Acer and Electrolux.

The Group's own retail brands of Smiths City, Powerstore and L V Martin are widely recognised in the New Zealand market and in the retail industry.

The Customer Experience

The customer experience is paramount in retail and the Group will continue to offer a 'full service' retail experience by providing quality goods, outstanding in-store service from knowledgeable sales staff, home deliveries and installation, and flexible finance options provided by the Group's own finance company.

Lifestyle Stores – Smiths City

The Smiths City chain retails kitchen appliances, consumer electronics, indoor and outdoor furnishings, heating and flooring products for the home, and also includes sports departments in many of its stores. Smiths City is the largest and oldest brand in the Group providing approximately 75% of the Group's retail turnover.

The chain comprises 17 stores in the South Island and 10 in the North Island, all trading under the Smiths City name. There are also four Clearance Centres retailing a full range of affordable new product together with used and second hand items and a high-end furniture retail store in Christchurch trading under the brand Furniture Concepts.

An experienced and focused purchasing and marketing team has resulted in Smiths City having significant market share in a number of product categories identified as strategically important.

In addition to sourcing furniture from New Zealand manufacturers and distributors, the company operates a substantial import program handling in excess of 600 containers per annum through its national Distribution Centre located in Christchurch.

Specialist Appliance Chain – Powerstore and L V Martin

The Group has operated a chain of appliance only stores since 1997 trading primarily under the brand Powerstore. L V Martin, a Wellington based appliance chain, was acquired from the Martin family in 2004.

The appliance chain sells a full range of kitchen appliances, home entertainment and computer products specialising in well known brands including Fisher & Paykel, Sony, Samsung, L G, Panasonic, Hewlett Packard and Acer.

The chain adds scale to the Group's appliance buying and provides a point of difference to the larger format department stores, who sell similar products in the midst of other product ranges.

The appliance stores combine excellent store layout and staff with an outstanding level of product knowledge leading to a superior instore shopping experience.

The L V Martin brand is an institution in the Wellington region having been a household name over the past 75 years. Throughout its history L V Martin has built an enviable reputation for its unwavering attention to after-sales service, and they have built a strong customer base recognising the value of expert advice, trust and service.

Internet

The use of the internet is widely recognised as a developing medium for retail and the Group regards the web as an important tool for sales growth in the future. L V Martin has, for several years, maintained a successful and popular website retailing its full range of instore products. The Group intends to build on this experience and success by further developing the internet strategy in the year ahead.

Appliance Servicing - Alectra

Alectra operates from six locations across New Zealand and provides a valuable component of the 'full service retail' model. Originally a service arm of the retail stores providing repairs and installation support for kitchen appliances, Alectra has expanded into a separate business unit and added electrical wiring, gas fitting and maintenance and installation of home heating products to its portfolio of services.

Alectra has built a reputation for providing professional and quality work and services a large customer base including many outside the Group's own retail network.

FINANCE

The finance business of the Group is divided into three parts – point-of-sale finance through secured fixed instalment or revolving credit customer accounts; the provision of unsecured personal loans to customers with a proven credit history; and a small trade finance ledger to businesses where the Group sees an opportunity to add value.

As at 30 April 2011 the consumer finance ledger value was approximately $87.9million and borrowing against the portfolio was approximately $75.2million. There were approximately 76,000 active accounts at that time.

The Group's management and day-to-day control of the consumer finance ledger gives the retail brands a point of difference in the market and contributes to the value added by the full service retail model.

PROPERTY

Prime locations and superior store presentation are critical to the success of any retail organisation.

The Group places strategic importance on retaining ownership of its key Colombo Street site. Based in central Christchurch, this location houses the Group's largest retail store which, until the earthquake of 22 February, contributed approximately 15% of the Group's sales. The buildings were substantially damaged in the earthquake and were, for a number of weeks, inside the central city cordon. The process of returning the store to its full retail capability is underway.

This store will again offer, when fully functional, the best available range of big ticket product from any single retail site in New Zealand.

The Group's property company is also used to undertake developments for the retail business when appropriate opportunities arise.

ASSOCIATE COMPANY

The Group owns 30% of Adventure Brands. It is an importer and wholesaler of bicycles and fitness equipment.

SUMMARY OF FINANCIAL PERFORMANCE

The audited operating surplus after taxation for the year to 30 April 2011 was $1.892million compared with $1.644million in the previous year – an increase of 15.1%.

Operating revenues for the 12 months decreased from $226.1million to $220.7million.

	12mths 30.4.11	12mths 30.4.10	% inc/dec
TOTAL OPERATING REVENUE	**220,700**	**226,093**	**-2.4%**
Operating Surplus From Trading	1,880	1,640	+14.6%
Share Of Profit Equity Accounted Investee	12	4	-97.8%
OPERATING SURPLUS BEFORE TAXATION	1,892	1,644	+15.1%
Less Taxation	-	-	
SURPLUS AFTER TAXATION	**1,892**	**1,644**	**+15.1%**

Smiths City has available carry forward tax losses of $18.8million, hence no tax is payable. As a result of buildings no longer being depreciable for tax purposes, a deferred tax liability adjustment of $725,000 was required. This, however, has been offset by an adjustment to the deferred tax asset which recognises carry forward tax losses leaving no impact on this years financial result.

DIVIDEND

The Directors have declared an unimputed final dividend of 1.0cent per share (last year 1.0cent per share) to be paid on 11 August 2011. Dividends paid for the year will total an unimputed 2.0cents (last year 2.0cents 0.15cents imputed).

TRADING CONDITIONS / CHRISTCHURCH EARTHQUAKE

Overall market conditions remained subdued particularly in the first half of the year.

The company's Head Office and a significant proportion of revenue is based in Christchurch and inevitably the earthquakes experienced in Christchurch from 4 September have occupied a large part of the management's time.

First and foremost it is with great relief that I can record that the earthquakes caused no fatalities or serious injuries to company staff, although many experienced serious damage to their homes.

The company has for many years had a full Risk Management Program incorporating, amongst other matters, a full policy on Disaster Recovery and a full Insurance Program. Whilst the September earthquake caused relatively minor damage the wide spread destruction experienced in February inflicted damage on all Christchurch locations and major damage to the Colombo Street building housing the Group administration office.

A rapid deployment of the Disaster Recovery Plan meant the company was able to get those operations designated as "critical" up and running within four working days. This included relocating Head Office staff to the designated disaster recovery site at Watts Road, Sockburn, on the less damaged western side of Christchurch.

This, in turn, enabled the company to keep its operations outside of Christchurch fully serviced and enabled management to concentrate on getting the lesser damaged Christchurch operations that had been closed back up and running.

The Risk Management Program also ensured that the company had adequate insurance cover. A combination of insurance cover for business interruption on sites which the Board saw as key to the Group and material damage on assets owned by the company has meant that the company has suffered no material loss as a result of closed stores or damaged inventory.

These events are commented on in more detail in the Directors' Report on pages 10-13. However, there is no doubt that being prepared and having good processes in place contributed enormously to the company being able to report a 15% increase in profit.

FINANCE COMPANY

Control of the customer relationship through Smithcorp Finance gives the company many strategic advantages particularly in the area of customer relations. As such it remains a key part of our promotional activity and our customer loyalty program.

Smithcorp is funded through a bulk funding facility with Fisher & Paykel Finance Limited and, consequently, does not raise money from the general public. As at 30 April 2011 there were approximately 76,000 live accounts with an average loan balance of approximately $1,200.

The finance company continues to trade well and contributed positively to the full year result.

STRATEGY

Profitable growth continues to be the cornerstone of the Board's long term strategy.

Under this strategy the company has continued to execute its plan of growing the Smiths City brand presence in the North Island.

Having identified Wellington as an area of opportunity, the company opened, in December 2010, its third Wellington store. Sales are growing consistently and are in line with expectations.

Recognising the growing influence of the non "bricks and mortar" retail channels the Group will also expand its internet presence in 2011/2012.

COLOMBO STREET PROPERTY

The Colombo Street property is clearly a major asset to the Group with a value in the balance sheet of $20.1million. As noted above it suffered major earthquake damage in the older section of the main building and is currently unoccupied pending repairs. It is covered for replacement value under the company's material damage policy.

The Directors have publicly stated their commitment to the rebuild of Colombo Street.

Plans have been prepared for the redevelopment to be completed in two stages, the first of which is designed to get the company trading from the least damaged portion of the site as soon as possible. The second will see the total site redeveloped into a modern, vibrant retail operation.

The property is valued in the financial statements at the 2010, pre earthquake, independent valuation. Having given careful consideration to various factors in regard to the carrying value of the asset, including the Directors intention to rebuild the store on site, the Directors concluded that this valuation, at the time of preparation of these financial statements, remains the most appropriate indicator of fair value.

DIRECTORS

In December the company announced that Ms Sarah Ottrey and Mr Gary Rohloff had been appointed as independent non-executive Directors of the company.

The Board also announced the resignation as a Director of Ms Sue Sheldon. Sue had been a Director of the company for over five years. Sue's wide range of skills and positive contribution will be missed and the Board wishes Sue all the best for the future.

Sarah Ottrey has a strong background in marketing predominantly in the fast moving consumer goods industry both in New Zealand and Asia/Europe for the multi national marketing organisations Unilever and Heineken/Asia Pacific Breweries. Previously Sarah has been the Head of Marketing for DB Breweries and a Board member of the Public Trust.

Sarah is a Director of NZX Listed EBOS Group Limited and Blue Sky Meats Limited, which is traded on the Unlisted trading platform, and is Deputy Chair of Wellesley College in Wellington.

Gary Rohloff is Chief Executive Officer of Number One Shoes Limited. He is an experienced retailer having been Chief Executive Officer of Warehouse Stationery Limited and Ezibuy Limited. Gary has also had experience in the finance sector having set up the Risk Advisory Unit for Westpac Investment Bank and been Group Treasurer at Mercury Energy and a treasurer at Transpower.

The company is very pleased to have been able to appoint two Directors who bring strong operational experience to the Board. Sarah Ottrey's marketing expertise will be invaluable in providing marketing and branding perspectives for the Smiths City operations. Gary Rohloff has an enviable background in retail and finance and he will be able to make a strong contribution in both the retail and treasury sides of the company.

In the short period since their appointment they have both worked well with the existing Board and have contributed positively to the company in what have been, and remain, challenging times.

SUMMARY

2011 was a difficult year and I would like to thank all our staff for their commitment over the year. Having ridden out adversity, the Group looks forward to its future challenges with real confidence.

C D BOYCE
CHAIRMAN

MANAGING DIRECTOR'S REVIEW

MARKET OVERVIEW

Market conditions in the year to April continued to be challenging as households reduced spending and balanced their budgets. The housing market – which has a significant impact on flooring and furniture sales – continued to stagnate.

Whilst the early part of the financial year did show signs of recovery, second quarter retail conditions were adversely impacted by several factors including the receivership in late August of South Canterbury Finance, the livestock losses from unseasonal snow in Southland, the first of the major earthquakes in Christchurch and the increase in GST on 1 October 2010. The half year result reflected this.

The December/January trading was reasonable if unspectacular and the fourth quarter dominated by the damaging Christchurch earthquakes in February.

Such a combination of largely uncontrollable factors is unprecedented and threw up major challenges for companies throughout New Zealand, ours included.

In the market place the consumer reacted to these factors by reducing spending. Retailers in turn reacted with aggressive promotions and pricing, leading to price deflation and margin erosion.

Whilst Smiths City prides itself on its full service offering it has – more than it would like – had to match or better these offers to maintain market share.

The improvement in trading results, built around improved buying and tight cost control, in such difficult trading circumstances, was a pleasing result.

The Group's finance company, Smithcorp Finance Limited, performed well providing an essential role in underpinning the promotions that the company offers at point of sale. Increased costs of borrowing are being offset by new business initiatives.

RETAIL STRATEGY

Trading conditions have been difficult over two years and this year has been exacerbated by the one off events noted above. However, business is cyclical and whilst the length and severity of this downturn is frustrating such circumstances are temporary.

The company will continue to "meet the market" as trading conditions require. However, improved profitability through growth of the Smiths City footprint in the North Island continues to be the cornerstone of the Group's long term strategy.

As noted in previous announcements the company identified Wellington as a key opportunity for profitable growth.

Accordingly, having opened two Smiths City stores operating alongside L V Martin in Wellington in the 2010 financial year the company opened a third Smiths City store in the Harvey Norman Centre in Rutherford Street, Lower Hutt.

Rutherford Street is the location for almost 90% of all furniture and home appliance stores in Lower Hutt and is considered an ideal location for the company. This store has traded well since opening.

In addition, in December, as part of the wider Wellington strategy, the Smiths City Porirua store was increased in size by absorbing the adjacent L V Martin store space. This enabled the Smiths City store to stock a full range of appliances, furnishings and sports products.

In conjunction with this the company undertook a major refurbishment, completed in late January, of the largest L V Martin store, located in Ngauranga Gorge.

The company has experienced good growth from these stores and whilst "bedding down" the Wellington footprint is a short term priority, the company is looking to continue its plan of achieving conservative growth in the North Island.

On 1 July the longstanding trading arrangement with Fisher & Paykel, whereby Smiths City sold only Fisher & Paykel sourced whiteware product, ended. The company has successfully entered into trading arrangements with several whiteware suppliers, including Fisher & Paykel, on terms satisfactory to the company and, consequently, has proved to be in a strong position to improve its market share in this very important product segment.

INTERNET STRATEGY

A key platform of the 2012 Business Plan is the execution of the integrated on-line strategy for the Group.

Whilst the Smiths City website has been substantially improved over the last 12 months currently L V Martin is the only brand within the Group that has an on-line selling presence. Sales in the 2011 year have shown significant growth and this, combined with anecdotal evidence from overseas, has led to the company setting targets for having both Powerstore and Smiths City selling on-line by the end of the calendar year.

THE CHRISTCHURCH EARTHQUAKE

Christchurch continues to require a great deal of management input with the 13 June aftershocks throwing up more challenges for staff, management and customers.

The Powerstore site in Moorhouse Avenue is damaged and being repaired. This store is covered by business interruption insurance. The company is working closely with the landlord who has lodged a building consent for the work required to repair the building. Powerstore and Furniture Concepts will trade from this site as soon as repairs have been completed.

Perversely, the rebuild of Colombo Street offers a real opportunity for the company. The site is part of a successful retail hub in Christchurch and the company has traded in this location for over 90 years. The chance to purpose build a retail store that will cater for the needs of customers for many years into the future does not come along very often and is one management will take full advantage of.

PEOPLE

The company's own people remain strong and focused and the resilience, adaptability, loyalty to Smiths City and go forward attitude of Cantabrians has meant that those stores open in Christchurch – Smiths City Riccarton and Northwood and Powerstore Riccarton and Northwood – are trading extremely well.

Included in the Annual Report are the names of all those staff that were part of the Group at the end of May 2011.

They are an absolutely amazing group of people who – under enormously difficult conditions – have got on with the job in a manner well and truly over and above that which could be reasonably expected. The camaraderie within the Group was personified by the North Island staff setting up a fund for voluntary contributions for their Christchurch team mates.

Of equal significance were the voluntary contributions made to that fund by Mr John Holdsworth, our largest shareholder; Mr Mark Meikle, our Whakatane landlord; and Mr Russell Wilson, H R Consultant to the Group.

I would personally like to take this opportunity to publicly thank all the staff and senior management team as well as our suppliers and customers for their support over what have been somewhat trying conditions.

OUTLOOK

Looking ahead, whilst the wider market is expected to remain subdued, the company's increased presence in the Wellington region, the rebuild of Christchurch and opportunities on the internet offer positive sales and profit opportunities in both the short and long term.

RICK HELLINGS
MANAGING DIRECTOR

DIRECTORS' REPORT

<u>REPORT AND FINANCIAL STATEMENTS</u>

Your Directors are pleased to submit to shareholders their Report and Financial Statements for the year ended 30 April 2011.

<u>BASIS OF PREPARATION</u>

The financial statements have been prepared to comply with New Zealand equivalents of International Financial Reporting Standards (NZIFRS).

<u>PRINCIPAL ACTIVITIES</u>

Smiths City Group Limited is a New Zealand based and operated company. It has three principal activities being:

- *Retail Trading* – the retailing of consumer electronic products, kitchen appliances, home heating solutions, home furnishings and sporting goods through the Smiths City, Powerstore and L V Martin & Son brands. In addition, Alectra provides installation and after sales services to retail activities, all through Smiths City (Southern) Limited.

- *Finance* – the provision of finance by Smithcorp Finance Limited to support the retailing operation.

- *Property* – Smiths City Properties Limited owns the flagship Colombo Street retail property in central Christchurch and also takes advantage of opportunities to develop and enhance retail premises for the Group.

<u>PROFIT</u>

The Group net profit after taxation was $1.892million – compared with last year's $1.644million. Earnings per share was 3.6cents compared with 3.1cents last year.

<u>SHAREHOLDERS' EQUITY</u>

Shareholders' equity as at 30 April 2011 was $46.35million, up 1.4% on prior year of $45.7million.

<u>DIVIDEND</u>

The Directors have approved a final dividend of 1cent unimputed, which will be paid on 12 August 2011. Dividends paid for the year will be 2cents with no imputation credits (last year 2.0cents, 0.15cents imputed).

<u>SIGNIFICANT EVENTS DURING THE YEAR – CHRISTCHURCH EARTHQUAKE</u>

<u>Background</u>
During the financial year the Canterbury region suffered two major earthquakes; the first in September and the second in February. Both earthquakes have resulted in multiple aftershocks. As at 18 June there had been a total of 31 "events" registering 5.0 or over on the Richter scale and a total of over 7,000 aftershocks.

It is pleasing to note that here have been no significant injuries to staff in any of the events.

The earthquake in September caused some damage to buildings and minimal loss of stock. All buildings were closed pending inspection by qualified engineers. Examination of the buildings identified some damage, but all buildings were re-occupied immediately by Smiths City staff who were able to continue operations as normal.

There were some closures following a large aftershock a few days after the initial earthquake, but the process of inspection was re-applied and all buildings occupied by Smiths City were certified as safe.

Whilst the February earthquake was smaller in magnitude than the September earthquake it resulted in much greater devastation. All buildings occupied by Smiths City in Christchurch were damaged to varying degrees and were closed immediately following the earthquake. After remedial work undertaken over a two week period four buildings remained unopened:

- The owned Colombo Street store which housed the largest retail operation of the company and the Group administration offices.

- Rented properties in Moorhouse Avenue for Powerstore, Furniture Concepts and the Clearance Centre. The Powerstore operation is covered by business interruption insurance. The Clearance Centre and Furniture Concept stores' contribution to the Group revenues is not material and hence they were not nominated sites for business interruption purposes.

These four properties remain closed.

Clearly there was a requirement to get the administrative functions operating as quickly as possible. Accordingly, immediately following the earthquake the Disaster Recovery Plan as incorporated in the company's Risk Management Program, was invoked. It was executed in exemplary fashion.

This plan included moving all administration staff to the designated disaster recovery site in western Christchurch. Within four working days all of the administration staff including the management teams for Powerstore and Smiths City, the clerical staff and Managing Director's team were in place and the most crucial areas of business were fully operational. The Call Centre, central to internal and external communications with the company had been relocated to the same site some years earlier.

Insurance

The company holds insurance policies with QBE Insurance which have been put in place to minimise the financial impact of any disasters such as earthquakes. The company is working closely with its insurers to not only minimize the disruption to our own business but also to limit their exposure. These policies operate under two main headings:

1. Business Interruption – the business interruption cover is designed to ensure the company does not lose revenue from those sites stipulated in the policy. The Colombo Street property has cover for 24 months and the Powerstore Moorhouse Avenue property has cover for 18 months.

   Claims have been lodged and payment has been received for the September and the March to May period and accordingly there is no material impact from the closure of those stores in these financial statements.

2. Material Damage – the material damage provides cover for damage to inventory, plant and owned property.

   All inventory identified as damaged at all Christchurch locations, except Colombo Street which experienced delays in access, has been removed and inspected. Following inspection claims for damaged stock have been lodged and paid for by the company's insurers.

   Inventory in the Colombo Street store is currently being assessed for damage. A claim for appliances, which were sited in that part of the store that received the most damage, has been lodged with the insurance company and paid. The remaining inventory is currently being assessed and will be the subject of a further claim with the insurance company.

As a result there has been no material impact on these financial statements as a result of any stock damage.

The Colombo Street property suffered severe damage and consequently, as noted above, the retail store is not currently trading.

The Directors have publicly stated their commitment to the rebuild of Colombo Street. Plans have been prepared for this to be completed in two stages, the first of which is designed to get the company trading from the least damaged portion of the site as soon as possible.

The company has lodged a planning consent application for partial demolition and re-construction of the Colombo Street retail property. Discussions are currently underway with the insurance company to enable stage one to be commenced as soon as possible.

Four investment properties held by the company in Colombo Street, adjacent to the Colombo Street retail site, have been signed off by the Canterbury Earthquake Recovery Authority for demolition. The buildings are fully covered for replacement under the material damage policy. Their site is to be included in the overall redevelopment plan.

The property is valued in the financial statements at the 2010, pre earthquake, independent valuation. Having given careful consideration to various options in regard to the carrying value of the asset it was concluded that this valuation remains the most appropriate indicator of fair value. This process is described in more detail on note 16 on page 38 of the Financial Statements.

EVENTS SUBSEQUENT TO BALANCE DATE

Canterbury continues to be affected by aftershocks – the 6.3 on 13 June being an example.

Each "event" causes additional damage which the company manages on a case by case basis. As a result none have had a material impact on the assets of the company.

Other than the impact of the earthquakes there have been no significant events since balance date.

ATTENDANCE AT MEETINGS

Directors attended the following meetings during the year.

	BOARD MEETINGS		AUDIT COMMITTEE		
	No of meetings	**No attended**	**No of meetings**	**No attended**	
C D Boyce	9	8	4	2	
J A Dobson	9	9	4	4	
J W Holdsworth	9	8			
S J Sheldon	7	7	3	3	Resigned 31 December 2010
S C Ottrey	2	2			Appointed 29 December 2010
G R Rohloff	2	2	1	1	Appointed 20 December 2010
R Hellings	9	9	4	3	Observer at Audit Committee

The Remuneration Committee met once during the year. The Nomination Committee met once during the year.

REMUNERATION AND BENEFITS

The Board seeks independent advice before recommending to shareholders any increase in the maximum level of Directors’ fees payable. The Remuneration Committee increased individual Directors’ fees during the year remaining within the $250,000 maximum as approved at the 2005 Annual Meeting of shareholders.

The fees paid to Directors for services in their capacity as Directors during the year ended 30 April 2011 were:

	Directors’ Fees	Other Services	Total Remuneration	Revised Directors’ Fees From 1.1.11
NON EXECUTIVE DIRECTORS				
C D Boyce	68,333	-	68,333	75,000
J A Dobson	46,667	-	46,667	50,000
J W Holdsworth	31,667	-	31,667	35,000
S J Sheldon	23,333	-	23,333	
S C Ottrey	11,667	-	11,667	35,000
G R Rohloff	13,333	-	13,333	40,000
	195,000	-	195,000	235,000
EXECUTIVE DIRECTOR				
Richard Hellings	-	365,002	365,002	

SHARE DEALINGS BY DIRECTORS

The company did not receive any notices of share trading from the Directors during the current year. At balance date Directors and their associates held interests in the following shares.

	Balance as at 30 April 2010	Purchases	Sales	Balance as at 30 April 2011
Craig David Boyce	3,615,039	-	-	3,615,039
John Allen Dobson	501,579	-	-	501,579
John William Holdsworth	8,796,604	-	-	8,796,604
Richard Hellings	4,778,075	115,000*	-	4,893,075

*Allocated as a result of the winding up of the Staff Share Scheme – see below.

STAFF SHARE SCHEME

In 2002 the company put into place a senior executive Staff Share Scheme under which 350,000 shares were transferred into Smiths City Share Plan Trustee Limited and held on behalf of nominated executives. This scheme was finalised during the year and the shares transferred to those executives.

FURTHER INFORMATION

For information on Disclosure of Interest by Directors, Use of Company Information and Insurances refer to the Governance Report on pages 14-17.

Dated 7 July 2011

C D BOYCE
CHAIRMAN

J A DOBSON
DEPUTY CHAIRMAN

GOVERNANCE REPORT

The Board of Directors of Smiths City Group Limited acknowledges the need for the highest standards of Corporate Governance practice and ethical conduct. The Group's Corporate Governance processes are consistent with the NZX Corporate Governance Best Practice Code.

ROLE OF THE BOARD OF DIRECTORS

The Board is appointed by shareholders to govern the company in their interests and is responsible for the proper direction and control of the company's activities. Being responsible for the overall stewardship of the company the Board has particular focus on:-

- Commercial Performance and Strategy Development
- Financial and Dividend Policies
- Identification and Control of Business Risks
- Internal Control Systems
- Compliance with Relevant Law including Taxation Legislation
- Business Plans and Budgets
- Delegations of Authority
- Identification and Control of Business Opportunities
- Integrity of Management Information Systems
- Reports to Shareholders

The Board comprises six Directors including the Chairman and the Managing Director of the Group.

INDEPENDENT DIRECTORS

The New Zealand Stock Exchange has determined that a component of good governance is the identification of independent directors. The Board has resolved that J A Dobson, S C Ottrey and G R Rohloff are defined as independent.

GROUP MANAGEMENT STRUCTURE

The Group's organisation structure is focused on its three main activities: trading; the provision of consumer finance and the maintenance and development of its property assets. This delivers an organisation that is focused on all the key activities of the company.

RISK IDENTIFICATION AND MANAGEMENT

The Group has a formal Risk Management Plan to identify areas of significant business risk and implement procedures to effectively manage those risks. Where appropriate, the Board obtains advice directly from external advisers. Once a significant business risk is identified, the Board is advised and action is taken promptly to mitigate and monitor or take advantage of the risk.

COMMITTEES

To enhance efficiency the Board has delegated some of its duties to Board committees and other powers to the Managing Director. The Managing Director has in turn formally delegated certain authorities to his direct reports and has established a formal process for his direct reports to further delegate.

The Board has an Audit Committee, a Remuneration Committee and a Nomination Committee which meet as required. The terms of reference for the Committees are the responsibility of the entire Board.

Audit Committee;
Chairman; J A Dobson Members; C D Boyce and G R Rohloff (from 20 December 2010)
S J Sheldon was a member until her resignation on 31 December 2010

The Audit Committee is responsible to the Board for the appointment of the external auditors. It also monitors the audit function and reviews the annual audit process. The Committee met, without management, with the external auditors once during the year.

The Committee recommends the adoption of the Annual Report and Financial Statements to the Board. In addition, the Committee is responsible for ensuring that the Group has effective internal controls. The Committee met four times during the year under review.

Nomination Committee;
The Nomination Committee consists of all members of the Board.

The Nomination Committee is responsible for selecting appropriate nominees for election as Directors. As there were two appointments to be made the Committee met once during the year.

Remuneration Committee;
The Remuneration Committee consists of all members of the Board.

The Remuneration Committee is responsible for ensuring that fees paid to Directors and senior employees assist in attracting and maintaining talented and motivated Directors and senior employees as a way of enhancing the performance of the company and the value for shareholders. This Committee is responsible for setting and reviewing the human resources structure, strategy and policy for the company. It reviews the performance of the Managing Director and senior executives.

Indemnities and Insurance
The company has effected Directors' and Officers' Liability Insurance and Statutory Liabilities and Defence Costs Insurance on behalf of the Directors and Officers. The company has also entered into indemnities with Directors and Officers as required by the company's constitution. The insurance and indemnity do not cover liabilities arising from criminal action. Directors have completed Certificates of Indemnity and Insurance as required by Section 162 of the Companies Act 1993.

DISCLOSURES OF INTEREST

Directors Of Related Companies Including Subsidiaries
Craig David Boyce, John Allen Dobson, John William Holdsworth, Sarah Christine Ottrey, Gary Raymond Rohloff and Richard Hellings are Directors of the following companies:

- Smiths City Group Limited
- Smithcorp Finance Limited
- SCG Finance Limited
- Smiths City (Southern) Limited
- Smiths City Properties Limited

Craig David Boyce and Richard Hellings are Directors of the following companies:

- Debt Recovery and Legal Services Limited – formerly Smiths City (Auckland) Limited
- Smiths City (Nelson) Limited
- Smiths DIY (Southern) Limited
- Smiths City (Wellington) Limited
- Smiths City (Christchurch) Limited
- Quintana Investments Limited

- Powerstore Limited
- Alectra Limited
- Furniture Concepts Limited

Craig David Boyce, Richard Hellings and Trevor Edward Douthett are Directors of the following company:

- L V Martin & Son Limited

Craig David Boyce, John Allen Dobson and John William Holdsworth are Directors of the following company:

- Smiths City Staff Share Plan Trustee Limited

Disclosures Of Interest
Directors have disclosed the following interests as directors, trustees, members or employees of companies or other entities which may have material dealings with the company from time to time.

C D BOYCE (Chairman)

Datacom Group Limited	Progressive Leathers Limited
Ovation (New Zealand) Limited	Orion Group Limited
Extra Strength No 164 Limited	Transdiesel Limited
Combined Rural Traders Limited	Horizon Farms Limited

J A DOBSON (Deputy Chairman)

Anderson Lloyd	Rural Transport Limited
Orion Group Limited	Wilson Bulk Transport
J A Dobson Limited	New Zealand Express Transport 2006 Limited

J W HOLDSWORTH

Datacom Group Limited	Evander Management Limited
Horizon Farms Limited	

R HELLINGS

Retail Management Services 2000 Limited	Adventure Brands Limited
Ferrymead Park Limited (Honorary Chairman)	NARTA NZ Limited

S C OTTREY

EBOS Group Limited	Blue Sky Meats Limited
Sarah Ottrey Marketing Limited	Wellesley College

G R ROHLOFF

Number One Shoes

SHARE TRADING PROTOCOL

The Board has a share protocol for those individuals who are defined as restricted persons, being its Directors and executives, specifying the rules under which shares can be traded in Smiths City Group Limited. The protocol has been approved following the introduction of the provisions of the Security Markets Amendment Act 2006 which replaced the previous laws on insider trading.

Directors and executives must notify the company and obtain prior approval from the Board before trading in the company's shares. Trading is permitted, provided the person is not in possession of any material information which may effect the market value of the company's shares, from the date of release up to 60 days after the Chairman's Review is delivered at an annual meeting for full year results and for 60 days commencing on the first trading day after the release of the half year results.

SUBSTANTIAL SECURITY HOLDERS

The following are Substantial Security Holders as at 31 May 2011 as defined by the Securities Markets Act 1988:

Substantial Security Holder	Number Of Voting Securities With Beneficial Interest	Number Of Voting Securities With No Beneficial Interest	Date of Notice
Richard Hellings	4,893,075	-	14 November 2003
Craig David Boyce	3,615,039	-	17 February 2006
John William Holdsworth	7,914,611	881,993	14 November 2003
Douglas Carrick Belton	2,479,558	1,290,842	30 March 2009

USE OF COMPANY INFORMATION

During the year the Board did not receive any notices from Directors of the company requesting the use of company information received in their capacity as Directors which would otherwise not have been available to them.

COMMUNICATION WITH SHAREHOLDERS

The company has communicated directly with its shareholders via the half yearly report and the annual report and through their attendance at the annual meeting. It has also communicated indirectly via announcements through the NZX on a number of occasions. In complying with company disclosure policy there have been no other obligatory communications to shareholders.

ENVIRONMENT

The Group is committed to only utilising practices which will minimise environmental and social impact. It has embarked on a policy of actively identifying practices where the impact on the environment can be reduced.

The Group recycles materials extracted from washing machines and refrigerators, collects and properly disposes of refrigerant gases and recycles packaging cartons and printer cartridges. The Group also assists with recycling second hand goods through the operation of its chain of clearance centres. The Group supports the Product Stewardship Scheme as the most effective system to achieve removal of wastes created by televisions from landfill and achieving recycling wherever possible of such wastes.

The company has joined the Energy Efficiency and Conservation Authority. EECA provides a New Zealand Energy Star rating in order to promote the brand and help consumers make informed decisions about energy efficient products.

The Group has sought and received assurances from its suppliers that furniture products imported from overseas are manufactured from timbers grown in sustainable forests and not rain forests. Smiths City is a member of the New Zealand Imported Tropical Timber Group. Members are committed to purchase wooden furniture produced only from renewable and sustainable timber.

The Group will continue to expand its practices to reduce waste and slow the use of primary resources.

COMPANY INFORMATION

EXECUTIVE EMPLOYEES REMUNERATION

During the year the following numbers of employees received remuneration of at least $100,000.

REMUNERATION	NUMBER OF EMPLOYEES	REMUNERATION	NUMBER OF EMPLOYEES
$100,000-$109,999	2	$160,000-$169,999	2
$110,000-$119,999	2	$200,000-$209,999	1
$120,000-$129,999	3	$260,000-$269,000	1
$130,000-$139,999	1	**TOTAL**	**12**

20 LARGEST REGISTERED HOLDERS OF EQUITY SECURITIES AS AT 23 JUNE 2011

HOLDER NAME	BALANCE	%
John William Holdsworth	7,732,284	14.60
Retail Management Services 2000 Limited	4,778,075	9.02
Extra Strength Number 164 Limited	3,615,039	6.83
Douglas Carrick Belton	2,479,558	4.68
HSBC Nominees	2,016,844	3.81
Ace Finance	1,742,600	3.29
Custodial Services #6 A/C	1,403,863	2.65
Superannuation & Mutual Savings (Belton)	1,290,842	2.44
Forsyth Barr Custodians Ltd (1L account)	1,183,649	2.24
Philip Julian Eriksen & Julian Hans Eriksen	1,087,000	2.05
Merrill Inez Holdsworth	881,993	1.67
Colin David Smith	663,973	1.25
Accident Compensation Corporation	577,407	1.09
Banora Group	550,000	1.04
Ian Russell Smith & Jean Maree Smith	530,620	1.00
Gordon Henry Boyle	520,087	0.98
J A & P S Dobson, J R Thomson & N S Anderson	501,579	0.95
Forsyth Barr Custodians Ltd (1M account)	414,916	0.78
William Aubrey Cocks	386,247	0.73
Russell Dillon Horlor	350,000	0.66
TOTAL FOR 20 LARGEST	32,706,576	61.76
TOTAL ON ISSUE	52,956,884	100.0

DISTRIBUTION OF REGISTERED HOLDERS OF EQUITY SECURITIES AS AT 23 JUNE 2011

RANGES	NUMBER OF HOLDERS	NUMBER OF SECURITIES	%
1-1,000	831	504,610	0.95
1,001-5,000	737	1,921,513	3.63
5,001-10,000	265	2,129,350	4.02
10,001-50,000	274	6,301,087	11.90
50,001-100,000	47	3,295,704	6.22
100,001 and above	55	38,804,620	73.28
	2,209	52,956,884	100.00

DISTRIBUTION OF REGISTERED HOLDERS OF EQUITY SECURITIES AS AT 23 JUNE 2011

COUNTRY	INVESTORS	NUMBER OF SECURITIES	%
New Zealand	2,153	52,423,130	98.992
Australia	33	333,034	0.629
Cook Islands	1	842	0.002
Fiji	1	907	0.002
France	1	800	0.002
United Kingdom	11	60,705	0.115
India	1	20,000	0.038
Liechtenstein	1	82,500	0.156
United States	7	34,966	0.066
	2,209	52,956,884	100.00

COMMUNITY SUPPORT

Being involved in the Community is seen as very important to the Group. For example the company allocates free of charge the Managing Director's time in overseeing the Ferrymead Heritage Park Limited – a Christchurch based historical park incorporating a childrens' education program, a tourist park and multiple heritage building and asset maintenance programs - management company.

The Group also donated, free of charge, a truck and two drivers to assist families moving from earthquake damaged homes. Our staff assisted almost 50 families in this manner.

In addition the Group are Gold Sponsors of both the IHC and Ronald McDonald House in Canterbury and is a major sponsor of the Santa Parade in Christchurch.

The Group extensively supports charitable organisations in its many locations by involvement in fund raising activities such as raffles and lotteries. Much of this effort is put into raising funds in conjunction with the Group's retail and media partners.

During the year the Group also continued to make donations in cash or product in support of local charities. Total expenditure for donations and sponsorship was $63,013 (2010 $91,359).

TREND STATEMENT

GROUP FINANCIAL PERFORMANCE	2007 ($000)	2008 ($000)	2009 ($000)	2010 ($000)	2011 ($000)
Operating Revenue	271,873	252,407	238,767	226,093	220,700
Profit Before Taxation	3,682	3,562	1,016	1,644	1,892
Add / (Deduct) Taxation Credit / (Expense)	-	-	-	-	-
Profit After Taxation	3,682	3,562	1,016	1,644	1,892
Deduct Minority Interest	(58)	-	-	-	-
Profit After Income Tax	3,624	3,562	1,016	1,644	1,892
GROUP FINANCIAL POSITION					
Assets					
Total Trading Assets	92,478	89,496	86,404	83,973	80,011
Finance Company Assets	92,829	96,918	93,135	90,508	88,715
Total Assets	**185,307**	**186,414**	**179,539**	**174,481**	**168,726**
Deduct Liabilities					
Total Trading Liabilities	55,571	51,908	50,463	49,421	47,169
Finance Company Liabilities	83,968	88,164	83,543	79,360	75,210
Total Liabilities	**139,539**	**140,072**	**134,006**	**128,781**	**122,379**
Net Group Assets	**45,768**	**46,342**	**45,533**	**45,700**	**46,347**
Total Trading Assets (As Above)	92,478	89,496	86,404	83,973	80,011
Net Finance Company Assets					
Receivables	91,974	95,510	90,959	89,481	87,915
Bank	855	1,408	2,176	1,027	800
Deduct Borrowings	(83,968)	(88,164)	(83,543)	(79,360)	(75,210)
Net Investment In Finance Company	8,861	8,754	9,592	11,148	13,505
Total Assets	101,339	98,250	95,996	95,121	93,516
Deduct Total Trading Liabilities (As Above)	55,571	51,908	50,463	49,421	47,169
Net Group Assets With Finance Company As An Investment	45,768	46,342	45,533	45,700	46,347
Key Ratios					
Net Profit Before Tax To Operating Revenue	1.4%	1.4%	0.4%	0.7%	0.9%
Net Profit After Tax and Minority Interests To Operating Revenue	1.3%	1.4%	0.4%	0.7%	0.9%
Net Profit After Tax and Minority Interests To Opening Net Assets	9.0%	7.8%	2.2%	3.6%	4.1%
Earnings Per Share – cents	6.84	6.73	1.92	3.10	3.57
Shareholders' Funds To Total Assets	24.7%	24.9%	25.4%	26.2%	27.5%
Shareholders' Funds To Assets With Finance Company As An Investment	45.2%	47.2%	47.4%	48.0%	49.6%
SUMMARY OF RETURNS TO SHAREHOLDERS					
Net Dividend Per Share - cents	5.50 (1)	4.50(1)	2.00(1)	2.00	2.00(1)
Imputation Credits - cents	0.00	0.00	0.00	0.15	-
Gross Dividend Per Share - cents	5.50	4.50	2.00	2.15	2.00
30 April Share Price - cents	65	48	32	32	32
Gross Dividend Yield Based on 30 April Share Price	8.5%	9.38%	6.25%	6.72%	6.25%

(1) Dividend paid without imputation credits

SMITHS CITY GROUP LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2011

	NOTE	GROUP 2011 ($000)	GROUP 2010 ($000)	PARENT 2011 ($000)	PARENT 2010 ($000)
Revenue	7	**220,700**	**226,093**	**412**	**300**
Trading Profit (Loss)	8	**3,607**	**3,199**	**(553)**	**(536)**
Other Income	9	30	111	2,050	4,284
Group Interest Paid – Excluding Smithcorp	10	(1,757)	(1,670)	(139)	(107)
Results From Operating Activities		**1,880**	**1,640**	**1,358**	**3,641**
Share Of Profit Of Equity Accounted Investee	19	12	4	-	-
Profit Before Taxation		**1,892**	**1,644**	**1,358**	**3,641**
Taxation	11	-	-	-	-
Profit For The Year		**1,892**	**1,644**	**1,358**	**3,641**
Earnings Per Share For Profit Attributable To Equity Holders:					
Basic and Diluted Earnings Per Share (cents)		3.57	3.10		

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2011

	NOTE	GROUP 2011 ($000)	GROUP 2010 ($000)	PARENT 2011 ($000)	PARENT 2010 ($000)
Profit For The Year		**1,892**	**1,644**	**1,358**	**3,641**
Other Comprehensive Income					
Cash Flow Hedges – Fair Value Gains Transferred From/(To) Income Statement	25	-	(891)	-	-
Cash Flow Hedges – Fair Value Gains/(Losses) Taken To Cash Flow Hedge Reserve	25	(186)	313	-	-
Fair Value Revaluation Gain On Land And Buildings	16, 25	-	208	-	-
Total Comprehensive Income For The Period Attributable To Members Of The Company		**1,706**	**1,274**	**1,358**	**3,641**

SMITHS CITY GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2011

	SHARE CAPITAL ($000)	REVALUATION RESERVES ($000)	HEDGING RESERVES ($000)	OTHER RESERVES ($000)	RETAINED EARNINGS ($000)	TOTAL EQUITY ($000)
GROUP						
Balance 1 May 2009	**10,652**	**8,970**	**109**	**94**	**25,708**	**45,533**
Profit For The Year	-	-	-	-	1,644	1,644
Cash Flow Hedges – Fair Value Gains Transferred From (To) Income Statement	-	-	(891)	-	-	(891)
Cash Flow hedges – Fair Value Gains/(Losses) Taken To Cash Flow Hedge Reserve	-	-	313	-	-	313
Revaluation Of Property	-	208	-	-	-	208
Total Comprehensive Income For Period	-	208	(578)	-	1,644	1,274
Subtotal	10,652	9,178	(469)	94	27,352	46,807
Dividends Paid	-	-	-	-	(1,107)	(1,107)
Balance 30 April 2010	**10,652**	**9,178**	**(469)**	**94**	**26,245**	**45,700**
Profit For The Year	-	-	-	-	1,892	1,892
Cash Flow Hedges – Fair Value Gains/(Losses) Taken To Cash Flow Hedge Reserve	-	-	(186)	-	-	(186)
Total Comprehensive Income For Period	-	-	(186)	-	1,892	1,706
Subtotal	10,652	9,178	(655)	94	28,137	47,406
Dividends Paid	-	-	-	-	(1,059)	(1,059)
Balance 30 April 2011	**10,652**	**9,178**	**(655)**	**94**	**27,078**	**46,347**
PARENT						
Balance 1 May 2009	**10,652**	**-**	**-**	**-**	**6,850**	**17,502**
Profit For The Year	-	-	-	-	3,641	3,641
Dividends Paid	-	-	-	-	(1,107)	(1,107)
Balance 30 April 2010	**10,652**	**-**	**-**	**-**	**9,384**	**20,036**
Profit For The Year	-	-	-	-	1,358	1,358
Dividends Paid	-	-	-	-	(1,059)	(1,059)
Balance 30 April 2011	**10,652**	**-**	**-**	**-**	**9,683**	**20,335**

SMITHS CITY GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2011

	NOTE	GROUP 2011 ($000)	GROUP 2010 ($000)	PARENT 2011 ($000)	PARENT 2010 ($000)
CURRENT ASSETS					
Cash And Cash Equivalents	12	2,149	1,818	2,100	1,750
Trade And Other Receivables	13	9,678	7,430	4,004	3,768
Property Intended For Sale		-	619	-	-
Inventories	14	36,151	40,177	-	-
TOTAL CURRENT ASSETS (Excluding Smithcorp Finance)		**47,978**	**50,044**	**6,104**	**5,518**
SMITHCORP FINANCE ASSETS					
Smithcorp Finance Cash And Cash Equivalents	12	800	1,027	-	-
Smithcorp Finance Receivables – Current Portion	15	54,148	52,484	-	-
Smithcorp Finance Receivables – Term Portion	15	33,767	36,997	-	-
TOTAL SMITHCORP FINANCE ASSETS		**88,715**	**90,508**	**-**	**-**
NON CURRENT ASSETS					
Property, Plant And Equipment	16	23,642	24,743	4	8
Intangible Assets	17	3,032	3,489	-	-
Investment Properties	18	870	1,220	-	-
Investments Including Equity Accounted Investees	19, 20	696	684	132	132
Investments In Subsidiaries		-	-	15,684	15,684
Deferred Taxation	21	3,793	3,793	-	-
TOTAL NON CURRENT ASSETS (Excluding Smithcorp Finance)		**32,033**	**33,929**	**15,820**	**15,824**
TOTAL ASSETS		**168,726**	**174,481**	**21,924**	**21,342**
CURRENT LIABILITIES					
Bank Overdraft	12	-	1,220	-	-
Short Term Loan On Property Held For Sale	24	-	565	-	-
Secured Borrowings	24	8,022	12,264	1,546	1,285
Trade And Other Payables Including Derivatives	22	25,639	21,028	43	21
Provisions	23	458	574	-	-
TOTAL CURRENT LIABILITIES		**34,119**	**35,651**	**1,589**	**1,306**
SMITHCORP FINANCE NON CURRENT BORROWINGS	24	75,210	79,360	-	-
NON CURRENT LIABILITIES (Excluding Smithcorp Finance)					
Secured Borrowings	24	13,050	13,770	-	-
TOTAL LIABILITIES		**122,379**	**128,781**	**1,589**	**1,306**
NET ASSETS		**46,347**	**45,700**	**20,335**	**20,036**
SHAREHOLDERS' FUNDS					
Share Capital	25	10,652	10,652	10,652	10,652
Revaluation Reserve	25	9,178	9,180	-	-
Other Reserves	25	(561)	(375)	-	-
Retained Earnings	25	27,078	26,243	9,683	9,384
TOTAL EQUITY		**46,347**	**45,700**	**20,335**	**20,036**
Net Tangible Assets Per Share (cents)		**81.79**	**79.71**		

SMITHS CITY GROUP LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2011

	NOTE	GROUP 2011 ($000)	GROUP 2010 ($000)	PARENT 2011 ($000)	PARENT 2010 ($000)
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH WAS PROVIDED FROM:					
Receipts From Customers		208,264	220,186	-	-
Receipt From Sale Of Properties		745	-	-	-
Interest Received – Smithcorp Finance		6,137	6,005	-	-
Interest Received – Other		42	95	412	300
Receipt Of Dividend		-	-	2,050	4,284
Total Cash Flows From Operating Activities		215,188	226,286	2,462	4,584
CASH WAS APPLIED TO:					
Payments To Suppliers And Employees		(196,182)	(216,052)	(939)	(836)
Purchase Property Intended For Sale		-	(618)	-	-
Interest Paid – Smithcorp Finance		(5,716)	(5,534)	-	-
Interest Paid - Bank And Other		(1,757)	(1,670)	(139)	(107)
Total Cash Flows Applied To Operating Activities		(203,655)	(223,874)	(1,078)	(943)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		**11,533**	**2,412**	**1,384**	**3,641**
CASH FLOWS FROM INVESTING ACTIVITIES					
CASH WAS PROVIDED FROM:					
Repayment Of Advances From Customers		1,566	1,478	-	-
Total Cash Flows From Investing Activities		1,566	1,478	-	-
CASH WAS APPLIED TO:					
Purchase Of Property, Plant And Equipment		(1,039)	(1,742)	-	-
Total Cash Flows Applied to Investing Activities		(1,039)	(1,742)	-	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**527**	**(264)**	**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES					
CASH WAS PROVIDED FROM:					
Receipt Of Loan		-	489	261	-
Total Cash Flows From Financing Activities		-	489	261	-
CASH WAS APPLIED TO:					
Inter Company Advances		-	-	(236)	(2,419)
Repay Advances To Fund Finance Receivables		(4,150)	(4,183)	-	-
Temporary Reduction of Borrowings to Fund Working Capital		(5,527)	-	-	(115)
Dividends Paid		(1,059)	(1,107)	(1,059)	(1,107)
Total Cash Flows Applied To Financing Activities		(10,736)	(5,290)	(1,295)	(3,641)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**(10,736)**	**(4,801)**	**(1,034)**	**(3,641)**
Net Inflow/(Outflow) In Cash And Cash Equivalents Held		1,324	(2,653)	350	-
Cash And Cash Equivalents At Beginning Of Period	12	1,625	4,278	1,750	1,750
Cash And Cash Equivalents At End Of Period	12	2,949	1,625	2,100	1,750

RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES

	GROUP 2011 ($000)	GROUP 2010 ($000)	PARENT 2011 ($000)	PARENT 2010 ($000)
Profit Per Accounts After Earnings From Associate	1,892	1,644	1,358	3,641
Less Realised Foreign Exchange Gains Transferred To Income Statement	-	(891)	-	-
Less Share Of Earnings From Associate	(12)	(4)	-	-
Less Revaluation Of Investment Properties	(350)	-	-	-
Add Insurance Proceeds For Investment Properties	350	-	-	-
Add Depreciation (Incl Refurbishment) And Amortisation	2,597	2,635	4	2
	4,477	3,384	1,362	3,643
Add/(Deduct) Movements In Working Capital				
Add Decrease (Deduct Increase) Receivables	(1,898)	4,315	-	-
Add Decrease(Deduct Increase) Property Held For Sale	619	(619)	-	-
Add Decrease (Deduct Increase) Inventories	4,026	(2,231)	-	-
Add Increase (Deduct Decrease) Accounts Payable And Provisions	4,309	(2,437)	22	(2)
Movements In Working Capital	7,056	(972)	22	(2)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**11,533**	**2,412**	**1,384**	**3,641**

NOTES TO THE FINANCIAL STATEMENTS

1) REPORTING ENTITY

Smiths City Group Limited ("the Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The company is an issuer in terms of the Financial Reporting Act 1993.

Financial statements for the Company (separate financial statements) and consolidated financial statements are presented. The consolidated financial statements of Smiths City Group Limited as at 30 April 2011 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

Smiths City Group Limited is primarily involved in the retailing of consumer electronic products, kitchen appliances, home heating solutions, home furnishings and sporting goods together with the provision of finance to support the retailing operations. In addition the Group also develops and owns retail property.

2) BASIS OF PREPARATION

a) Statement of Compliance

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZGAAP). They comply with the New Zealand equivalent to International Financial Reporting Standards ("NZIFRS") and other applicable Financial Reporting Standards, as appropriate, of profit oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on 29 June 2011.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

i) Derivative financial instruments are measured at fair value.
ii) Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.
iii) Land and buildings are measured at fair value less subsequent depreciation for buildings.
iv) Investment property is measured at fair value.

The methods used to determine fair values are discussed further in Note 5.

c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars ($) which is the functional currency of the Group and the Company. All financial information presented in New Zealand dollars has been rounded to the nearest thousand unless otherwise stated.

d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

- Smithcorp Finance receivables are initially recognised at fair value in accordance with accounting policy 3d(i). The fair value of Smithcorp Finance receivables takes into account anticipated future income for all finance receivables made on deferred interest terms whilst also estimating the cost of instalment credit receivables made on deferred interest terms. Instalment credit receivables expected to have a non interest bearing period are discounted to their net present value using an appropriate market discount rate. This discount rate is continually reviewed by the Directors. As part of the calculation the probability that contracts will enter an extended interest bearing period is assessed based on historical data. The carrying value of finance receivables is disclosed in Note 15.
- Approximately two years budgeted profits are considered in the calculation of the deferred tax asset to be recognised on the basis it is probable that future taxable profits will be available against which they can be utilised. Further information in respect of the carrying value of the deferred taxation asset is disclosed in Note 21.
- The impairment testing of property, plant and equipment and intangible assets requires management's assessment of the existence of the indicators of impairment at each reporting date and where the indicators exist, management determines the recoverable amount of the asset. In the case of impairment testing of

indefinite life intangible assets, impairment testing procedures involves the use of management cash flow projections and key assumptions as described in Note 17.

- In assessing the valuation of the Colombo Street property the Directors have considered the following: : previous valuations completed on capitalised market rentals; Smiths City have publicly committed to moving back into the Colombo Street, Christchurch site; other businesses in the vicinity have returned to their sites; there is currently no evidence of adjustments to market rents; Smiths City have business interruption insurance for a period of 24 months; locality of the property and access via Moorhouse Avenue; and Council have stated that there is no intention to significantly alter the city roading layout. The valuation of land and buildings is described in Note 16.
- The impairment of finance receivables is based on management's assessment of any objective evidence of impairment on an individual and collective basis, which takes into account the historical loss experience in the portfolio of finance receivables as described in Note 28.
- The valuation of investment property is undertaken by an external independent valuation company by reference to market values as described in Note 18.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

e) Segment Reporting

An operating segment is a component of an entity that engages in business activities which earns revenue and incurs expenses and for which the chief operating decision maker (CODM) reviews the operating results on a regular basis and makes decisions on resource allocation. The Group has determined its CODM to be the Managing Director on the basis that it is him who determines the allocation of resources to segments and assess their performance.

The reportable operating segments of the Group have been determined based on the components of the Group that the CODM monitors in making decisions about operating matters. Such components have been identified on the basis of internal reports that the CODM reviews regularly in order to allocate resources and to assess the performance of the entity.

The Group is organised into three reportable segments, namely retail, the financing of retail sales, and property, reflecting the different sectors solely in New Zealand, within which the Group operates. The corporate structure of the Group also reflects these segments.

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

a) Basis of Consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are valued at cost in the Parent.

ii) Associates (Equity Accounted Investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). Associates are stated at cost in the Parent company's financial statements.

iii) Transactions Eliminated on Consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

iv) Business Combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. The excess of the cost of acquisition over the fair value of the company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the company's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

When the Group acquires a minority interest of an investment that is already controlled, the excess or deficit between the fair value of consideration paid and the fair value of the assets and liabilities acquired is recognised as a movement in equity.

b) Foreign Currency Transactions

Transactions in foreign currencies are converted to NZD at exchange rates at the dates of the transactions unless the transactions are hedged by foreign currency derivative instruments. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. All exchange gains and losses are recognised in the income statement in the period that they arise, except for qualifying cash flow hedges, which are recognised in other comprehensive income.

c) Impairment

The carrying amounts of the Group's property, plant and equipment, intangible assets, investments in equity accounted associates and subsidiaries and financial assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment, except that indefinite life intangible assets are tested annually and when impairment indicators exist.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For trade receivables and Smithcorp Finance receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue and taking into account the historical loss experience in portfolios with a similar number of days overdue.

d) Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date – i.e: the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

i) Non Derivative Financial Instruments

Non derivative financial instruments comprise Smithcorp Finance receivables, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. All non derivative financial instruments are initially recognised at fair value.

Smithcorp Finance Receivables

Subsequent to initial recognition, Smithcorp Finance receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Trade and Other Receivables

Trade and other receivables are recognised at cost less impairment losses.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Loans and Borrowings

Loans and 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.

Trade and Other Payables

Trade and other payables are stated at cost and the amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. These amounts are unsecured and are usually paid within 60 days of recognition.

ii) Derivative Financial Instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities.

Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and are recognised initially at fair value. Any gain or loss on remeasurement to fair value is recognised immediately in the income statement.

e) Property, Plant and Equipment

i) Recognition and Measurement

Land and Buildings are shown at fair value less subsequent depreciation for buildings. Fair value is determined by external independent valuers.

Other classes of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

ii) Subsequent Costs

The costs of the day to day servicing of property, plant and equipment is recognised in the income statement as incurred.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

iii) Depreciation

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The depreciation methods for the current and comparative periods are as follows:

» Buildings	1% straight line
» Leasehold Improvements	12.5% - 50% straight line
» Office and computer equipment	10% - 20% straight line

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

f) Intangible Assets

i) Indefinite Life Intangible Assets

Indefinite Life Intangible Assets comprising purchased brands and trade names are initially measured at cost. Cost being the purchase price of the brands and trade names. On an annual basis, the recoverable amount of the brand is determined based on value in use calculations specific to the cash generating units associated with that brand.

ii) Definite Life Intangible Assets

Definite Life Intangible Assets comprising acquired customer databases and computer software applications are capitalised on the basis of the costs incurred to acquire the customer database and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives.

Computer software development costs recognised as assets are amortised on a straight line basis over their estimated useful lives.

The estimated useful lives for the current and comparative periods are as follow:

Customer databases	20 years
Computer software applications	5 years
Development costs	5 years

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of directly attributable costs.

g) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in the income statement.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

h) Leased Assets

Leases in which substantially all 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 term of the lease.

i) Inventories

Inventories are measured at the lower of cost and net realisable value and are recorded net of all volume rebates and settlement discounts. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing locations and condition being the acquisition cost, freight, duty and other inward charges. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

j) Non Current Assets Held For Sale

Non current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on the initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in the income statement.

k) Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

m) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

n) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Retail sales are recognised when the Group sells a product to the customer. Where such products are required to be installed, sales revenue is recognised when the product is installed. Proceeds from insurance claims are recognised when the Group has the right to receive the proceeds.

o) Finance Income

Finance income comprises income on Smithcorp Finance receivables, interest income on funds invested, dividend income, foreign currency gains and gains on hedging instruments that are recognised in the income statement.

Income on Finance Receivables

Income on finance receivables is recognised using the effective interest method calculated on the net amount outstanding. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset.

The calculation of the effective interest rate includes all fees that are integral to the effective interest rate. All fees except those charged to customers accounts in arrears are considered to be integral to the effective interest rate. Fees charged to customer accounts in arrears are recognised as income at the time the fees are charged.

Interest Income on Funds Invested

Interest income is recognised on a time proportionate basis using the effective interest method, which takes into account the effective yield on the financial asset.

p) Finance Expenses

Finance expenses comprise interest expense on borrowings, foreign currency losses, impairment losses recognised on financial assets (except for trade receivables) and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

q) Government Grants

Government assistance relating to amounts retained to encourage retention of employees. Grants are deducted against the expenses they are intended to compensate.

r) Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s) Goods and Services Tax (GST)

The income statement and statement of cash flow have been prepared exclusive of GST. All items in the balance sheet are stated net of GST with the exception of trade and finance receivables and trade payables, which include GST invoiced.

t) Deferred Landlord Contributions

Landlord contributions to fit out costs are capitalised as deferred contributions and amortised to the income statement over the initial period of the lease.

u) Earnings per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

v) New Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2010, as described in those annual financial statements.

w) New Standards and Interpretations Not Yet Adopted

The Group has elected not to early adopt the following standards which have been issued but are not yet effective:

- ***NZIFRS9 Financial Instruments*** – approved in November 2009 and effective for annual reporting periods beginning on or after 1 January 2013.

- ***NZIAS24 Related Party Disclosures*** – approved in November 2009 and effective for annual reporting periods beginning on or after 1 January 2011.

- ***NZIFRS10 Consolidated Financial Statements, IAS27 Separate Financial Statements (revised 2011), NZIAS28 Investments in Associates and Joint Ventures (revised 2011)*** – approved in May 2011 and effective for annual reporting beginning after 1 January 2013.

- ***NZIFRS12 Disclosure of Interests And Other Entities*** – approved in May 2011 and effective for annual reporting beginning after 1 January 2013.

- ***NZIFRS13 Fair Value Measurement*** – approved in May 2011 and effective for annual reporting beginning after 1 January 2013.

- ***Amendment To NZIAS12 Income Taxes Deferred Tax: Recovery of Underlying Assets*** – approved in December 2010 and effective for annual reporting beginning after 1 January 2012.

The Group will adopt the above standards on their effective dates. This is not expected to have a material impact on the Group's Financial Statements.

4) STATEMENTS OF CASH FLOWS

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

- Cash comprises cash and bank balances including Smithcorp Finance.

- Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, investments along with advances and repayments from borrowers from Smithcorp Finance.

- 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; and

- Operating activities include all transactions and other events that are not investing or financing activities.

5) DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Property, Plant and Equipment

The fair value of property, plant and equipment recognised as a result of a business combination and land and buildings held are based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

b) Investment Property

An external independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

c) Trade and Other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

d) Smithcorp Finance Receivables

The fair value of Smithcorp Finance receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

e) Borrowings

Fair value is calculated based on the present value of contractual cash flows, discounted at the market rate of interest at the reporting date.

f) Derivatives

The fair value of forward exchange contracts is based on broker quotes. If a quote is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

6) SEGMENT INFORMATION

The Group has three reportable operating segments that are defined by the sectors within the Group which operates namely retail, the financing of retail sales, and property. This reflects the provision of flexible branded finance options to the Group's retail customers as being considered a key and integral part of the full service offering of all the trading operations of the Group. The following is an analysis of the Group's revenue and results by operating segment. Revenue reported below represents revenue generated from external customers. Inter segment revenue is recognised on the basis of arms length transactions.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2 e).

There has been no impact on the measurement of the Group's assets and liabilities from the adoption of NZIFRS8.

More information on finance income is included in Note 7 and finance costs in Note 10. Furthermore information on finance receivables is included in Note 15 and finance receivables borrowings in Note 24. Note 28 includes further disclosures on credit and liquidity risk and interest rate risk associated with the financing of the Group's retail sales.

Segment Revenue and Profit Analysis

	REVENUE FROM EXTERNAL CUSTOMERS ($000)	INTER SEGMENT REVENUE ($000)	TOTAL SEGMENT REVENUE ($000)	SEGMENT PROFIT (LOSS) ($000)
YEAR ENDED 30 APRIL 2010				
Retail Activities	215,871	-	215,871	(836)
Finance Business	10,222	-	10,222	2,604
Property Activities	111	1,548	1,659	515
Parent Company	-	4,284	4,284	(643)
Total For Reportable Segments	226,204	5,832	232,036	1,640
Shares Of Profit Of Equity Accounted Investee	-	-	-	4
Total Before Taxation	226,204	5,832	232,036	1,644
YEAR ENDED 30 APRIL 2011				
Retail Activities	209,543	-	209,543	(65)
Finance Business	11,157	-	11,157	2,155
Property Activities	30	1,548	1,578	482
Parent Company	-	2,050	2,050	(692)
Total For Reportable Segments	220,730	3,598	224,328	1,880
Shares Of Profit Of Equity Accounted Investee	-	-	-	12
Total Before Taxation	220,730	3,598	224,328	1,892

Other Segment Information

	RETAIL ACTIVITIES ($000)	FINANCE ACTIVITIES ($000)	PROPERTY ACTIVITIES ($000)	TOTAL ($000)
YEAR ENDED 30 APRIL 2010				
Assets	61,589	90,833	22,059	174,481
Liabilities	(34,467)	(79,457)	(14,857)	(128,781)
Equity	27,122	11,376	7,202	45,700
Acquisitions Of Property, Plant, Equipment, Intangibles And Investments	1,742	-	618	2,360
Depreciation And Amortisation	2,495	54	86	2,635
YEAR ENDED 30 APRIL 2011				
Assets	56,744	90,854	21,128	168,726
Liabilities	(29,976)	(78,404)	(13,999)	(122,379)
Equity	26,768	12,450	7,129	46,347
Acquisitions Of Property, Plant, Equipment, Intangibles And Investments	950	89	-	1,039
Depreciation, Amortisation And Impairment	2,478	26	93	2,597

7) REVENUE

	GROUP		PARENT	
	2011 ($000)	2010 ($000)	2011 ($000)	2010 ($000)
Retail Sales	209,543	215,871	-	-
Interest Income On Smithcorp Finance Receivables Measured At Amortised Cost	10,614	9,704	-	-
Other Finance Income	467	391	-	-
Interest Income On Bank Deposits	76	127	39	87
Interest Income Inter Group	-	-	373	213
	220,700	226,093	412	300

8) EXPENSES BY NATURE

	GROUP		PARENT	
	2011 ($000)	**2010 ($000)**	**2011 ($000)**	**2010 ($000)**
Cost of Goods Sold	(153,519)	(159,011)	-	-
Operating Lease Rental Expense	(12,783)	(12,596)	-	-
Employee Benefits	(29,382)	(29,941)	(742)	(733)
Auditors' Remuneration				
- For Audit Services	(70)	(72)	(19)	(19)
Directors' Fees	(195)	(175)	(195)	(175)

The Colombo Street and Moorhouse Avenue properties in Christchurch are covered by Business Interruption Insurance for 24 and 18 months respectively. The purpose of Business Interruption Insurance is to put the Group in the same position as if an insurance event (namely the February 2011 earthquake) had not occurred and normal trading conditions applied. Payment for Business Interruption has been received for March, April and subsequently May 2011. Accordingly Business Interruption Insurance proceeds recognised in these financial statements is sufficient to ensure the gross margin achieved by the Group from the two retail locations referred to above is comparable to normal operations had the February 2011 earthquake not occurred.

9) OTHER INCOME

Dividend From Subsidiaries	-	-	2,050	4,284
Change In Fair Value Of Investment Properties	(350)	-	-	-
Investment Property Demolition Recovery	350	-	-	-
Rental Income From Investment Properties	30	111	-	-
	30	111	2,050	4,284

The Investment Properties have been identified by the Canterbury Earthquake Recovery Authority (CERA) as requiring demolition. The indemnity value of these properties is to be paid by the Group's Insurer immediately after they are demolished. An impairment loss has been recognised together with the amount to be released after demolition given the insurer's assertion that the claim will be met.

10) INTEREST EXPENSE

Interest Expense On Smithcorp Finance Receivables Borrowings Included In Trading Profit	(5,716)	(5,534)	-	-
Interest Expense On Bank Borrowings On Property And Retail Activities	(1,757)	(1,670)	(139)	(107)

11) INCOME TAX EXPENSE

a) Income Tax Expense				
Current Tax	-	-	-	-
Deferred Tax Expense	-	-	-	-
Total Income Tax Expense	-	-	-	-
b) Reconciliation Of Income Tax Expense To Tax Rate Applicable To Profits				
Profit Before Income Tax Expense	1,892	1,644	1,358	3,641
Tax at the Rate Of 30% (2010 30%)	(568)	(493)	(408)	(1,092)
Tax Effect Of Amounts Which Are Either Deductible Or Taxable In Calculating Taxable Income				
- Tax Exempt Income	(26)	(44)	615	1,285
- Expenses Not Deductible For Tax	(484)	235	-	-
Recognition Of Previously Unrecognised Tax Losses	1,078	302	(207)	(193)
Total Income Tax Expense	-	-	-	-
c) Imputation Credits				
Imputation Credits 1 May	-	112	-	-
Imputation Credits Attached To Dividends Received	-	24	-	-
Imputation Credits Utilised	-	(136)	-	-
Imputation Credits 30 April 2010	-	-	-	-
The Imputation Credits Are Available To Equity Holders Of The Company:				
Through The Company	-	-	-	-
Through Subsidiaries	-	-	-	-
	-	-	-	-

12) CASH AND CASH EQUIVALENTS

	2011 GROUP ($000)	2011 SMITH CORP ($000)	2011 TOTAL ($000)	2010 GROUP ($000)	2010 SMITH CORP ($000)	2010 TOTAL ($000)	PARENT 2011 ($000)	PARENT 2010 ($000)
Cash Floats	49	-	49	68	-	68	-	-
Bank Balances	-	7	7	-	-	-	-	-
Call & Short Term Deposits	2,100	793	2,893	1,750	1,027	2,777	2,100	1,750
Cash & Cash Equivalents	2,149	800	2,949	1,818	1,027	2,845	2,100	1,750
Bank Overdrafts Used For Cash Management Purposes	-	-	-	(1,220)	-	(1,220)	-	-
Cash & Cash Equivalents Used In Statement of Cash Flows	2,149	800	2,949	598	1,027	1,625	2,100	1,750

The effective interest rates on call and short term deposits in 2011 was 3.15% - 3.65% (2010 2.5% - 4.7%). Of the amounts on deposit $1.225million is at call and the remaining deposit matured before 31 May 2011 (2010 $1.018million is at call and the remaining deposits mature before 31 August 2010).

13) TRADE AND OTHER RECEIVABLES

	GROUP 2011 ($000)	GROUP 2010 ($000)	PARENT 2011 ($000)	PARENT 2010 ($000)
Current:				
Trade Receivables	4,238	4,409	-	-
Impairment Allowances	(87)	(126)	-	-
Net Trade Receivables	4,151	4,283	-	-
Insurance Claim Investment Properties	350	-	-	-
Other Receivables	3,712	3,147	208	236
Insurance Claim Earthquake Damaged Stock	1,465	-	-	-
Inter Company Receivables	-	-	3,796	3,532
Total Current Receivables	9,678	7,430	4,004	3,768

Effective Interest Rate

No interest is charged on trade receivables.

Fair Value

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

Refer to Note 9 for further information on the amount due on demolition of the Group's Investment Properties.

Refer to Note 28 for information on the credit risk associated with the trade receivables.

Payment of the insurance claim related to earthquake damaged stock was received after balance date. Both the impairment and recovery are reflected in cost of goods sold.

14) INVENTORIES

Finished Goods	36,790	40,611	-	-
Write-down To Net Realisable Value	(639)	(434)	-	-
Net Inventories	36,151	40,177	-	-

Inventory adjustments are provided at period end for stock obsolescence. The amount of inventory sold during the year is reflected in cost of goods sold.

The Group recognises inventory at the lower of cost and net realisable value (NRV). The Group is in the process of lodging material damage insurance claims associated with inventory damaged in the February 2011 earthquake. At the date of this report all material damage insurance claims lodged have been paid by the insurer.

For inventory that to date an insurance claim has not been lodged, the NRV is expected to be at least equal to cost.

The amount of inventory subject to registered reservation of title claims total $6.6million (2010 $3.3million).

15) SMITHCORP FINANCE RECEIVABLES

	2011 FIXED INSTALMENT ($000)	2011 REVOLVING CREDIT ($000)	2011 TOTAL ($000)	2010 FIXED INSTALMENT ($000)	2010 REVOLVING CREDIT ($000)	2010 TOTAL ($000)
Gross Finance Receivables	105,215	19,099	124,314	107,880	18,491	126,371
Gross Finance Receivables Due From Related Parties	-	1,268	1,268	-	678	678
Provision For Unearned Income	(36,429)	-	(36,429)	(36,640)	-	(36,640)
	68,786	20,367	89,153	71,240	19,169	90,409
Less Impairment Allowances	(819)	(419)	(1,238)	(566)	(362)	(928)
	67,967	19,948	87,915	70,674	18,807	89,481
ANALYSIS						
Current Portion	46,252	7,896	54,148	45,534	6,950	52,484
Term Portion	21,715	12,052	33,767	25,140	11,857	36,997
	67,967	19,948	87,915	70,674	18,807	89,481

Refer to Note 28 for information on the credit risk associated with Smithcorp Finance receivables. A further breakdown of current and non current receivables is given as part of the liquidity risk disclosure. Additional provisioning as a result of the Canterbury Earthquakes totalling $160,000 has been made.

The gross finance receivable due from related parties comprises the amount due from Adventure Brands Limited under a revolving credit facility. The effective interest rate is 5.44% (2010 5.42%) and the facility is secured over the inventory and certain debtors of Adventure Brands Limited.

Gross finance receivables includes all interest and finance related fees due under financing agreements.

The interest rate charged to customers on fixed instalment and flexible credit agreements varies. For those customers paying their accounts within the promotional term no interest is charged. However, for those customers whose accounts become interest bearing the rate charged is up to 23.95% per annum (2010 22.95%).

The finance receivables relate to products sold on deferred payment terms. There are no unguaranteed residual values accruing to the benefit of the Group.

16) PROPERTY, PLANT & EQUIPMENT

	LAND & BUILDINGS ($000)	LEASEHOLD IMPROVEMENTS ($000)	OFFICE & COMPUTER EQUIPMENT ($000)	TOTAL ($000)
GROUP				
Cost or Valuation				
Balance 1 May 2009	20,267	9,318	17,089	46,674
Additions	-	-	1,082	1,082
Revaluations	208	-	-	208
Balance 30 April 2010	**20,475**	**9,318**	**18,171**	**47,964**
Balance 1 May 2010	20,475	9,318	18,171	47,964
Additions	2	8	769	779
Reclassifications	-	(467)	467	-
Balance 30 April 2011	**20,477**	**8,859**	**19,407**	**48,743**
Depreciation and Impairment Costs				
Balance 1 May 2009	(168)	(6,898)	(14,148)	(21,214)
Depreciation For The Year	(87)	(152)	(1,768)	(2,007)
Balance 30 April 2010	**(255)**	**(7,050)**	**(15,916)**	**(23,221)**
Balance 1 May 2010	(255)	(7,050)	(15,916)	(23,221)
Depreciation For The Year	(94)	(318)	(1,303)	(1,715)
Impairment Provision – Earthquake	-	(165)	-	(165)
Balance 30 April 2011	**(349)**	**(7,533)**	**(17,219)**	**(25,101)**

	LAND & BUILDINGS	LEASEHOLD IMPROVEMENTS	OFFICE & COMPUTER EQUIPMENT	TOTAL
Carrying Amounts				
At 1 May 2009	20,099	2,420	2,941	25,460
At 30 April 2010	**20,220**	**2,268**	**2,255**	**24,743**
At 1 May 2010	20,220	2,268	2,255	24,743
At 30 April 2011	**20,128**	**1,326**	**2,188**	**23,642**
PARENT				
Cost or Valuation				
Balance 1 May 2009	-	-	27	27
Additions	-	-	-	-
Disposals	-	-	-	-
Balance 30 April 2010	**-**	**-**	**27**	**27**
Balance 1 May 2010	-	-	27	27
Additions	-	-	-	-
Disposals	-	-	-	-
Balance 30 April 2011	**-**	**-**	**27**	**27**
Depreciation and Impairment Costs				
Balance 1 May 2009	-	-	(17)	(17)
Depreciation For The Year	-	-	(2)	(2)
Disposals	-	-	-	-
Balance 30 April 2010	**-**	**-**	**(19)**	**(19)**
Balance 1 May 2010	-	-	(19)	(19)
Depreciation For The Year	-	-	(4)	(4)
Disposals	-	-	-	-
Balance 30 April 2011	**-**	**-**	**(23)**	**(23)**
Carrying Amounts				
At 1 May 2009	-	-	10	10
At 30 April 2010	**-**	**-**	**8**	**8**
At 1 May 2010	-	-	8	8
At 30 April 2011	**-**	**-**	**4**	**4**

Land and buildings were included in the financial statements at 30 April 2010 at independent valuation dated 30 April 2010 prepared by Fright Aubrey, Registered Valuers (now Colliers Valuation). The market value of the property is the estimated amount for which a property could be exchanged at the date of valuation between a willing buyer and a willing seller in an arms length transaction wherein the parties had acted knowledgably, prudently and without compulsion.

The earthquake represents an indication of impairment and requires the completion of an impairment assessment. The Directors consider there has been indication of impairment post the February 2011 earthquake and have undertaken an impairment review. After careful consideration to various options in regard to the value of the asset, the Directors consider that the key inputs to the fair value model should be consistent with the independent valuation obtained in 2010 as the most appropriate indicator of value. Having given careful consideration to various options in regard to the carrying value of the asset it was concluded that this value in use assessment remains the most appropriate indicator of fair value after consideration of the following factors:

- The company is committed to moving back into the Colombo Street site. The development will be in two stages and it is anticipated that the redeveloped site will have a similar level of retail space to that previously in place.
- At present little redevelopment has been completed within the four avenues in Christchurch. Only four months have passed since February. Given that estimates of the time for such work vary up to 15 years, trying to make forecasts of property values at this early stage will involve unacceptable levels of estimation.
- The South City area of which the Colombo Street property is part, is not included in the closed off CBD "red zone", and has the major retail complexes of South City Mall and Pak N Save adjacent, and both fully operational.
- The City Council has stated that there is no intention to significantly alter the city roading layout which, based on the best evidence currently available, will result in the Colombo Street site continuing to be part of a successful retail hub within the four avenues.
- The 2010 valuation was completed on the basis of capitalised market rentals. At this stage there is no evidence of permanent adjustment to market rentals in the South City area.
- The ongoing costs associated with the store are covered by business interruption insurance cover.

The net book value of land and buildings would have been $10.953million (2010 $10.953million) if the cost model had been applied. Details of property, plant and equipment pledged as security is referred to in Note 24.

17) INTANGIBLE ASSETS

GROUP	**PURCHASED BRANDS**	**CUSTOMER DATABASES**	**SOFTWARE INCL DEVELOPMENT COSTS**	**TOTAL**
	($000)	**($000)**	**($000)**	**($000)**
Cost				
Balance 1 May 2009	776	1,150	2,439	4,365
Additions	-	-	280	280
Additions Internally Developed	-	-	380	380
Balance 30 April 2010	**776**	**1,150**	**3,099**	**5,025**
Balance 1 May 2010	776	1,150	3,099	5,025
Additions	-	-	-	-
Additions Internally Developed	-	-	256	256
Balance 30 April 2011	**776**	**1,150**	**3,355**	**5,281**
Amortisation and Impairment Costs				
Balance 1 May 2009	-	(276)	(631)	(907)
Amortisation For The Year	-	(86)	(543)	(629)
Balance 30 April 2010	**-**	**(362)**	**(1,174)**	**(1,536)**
Balance 1 May 2010	-	(362)	(1,174)	(1,536)
Amortisation For The Year	-	(84)	(629)	(713)
Balance 30 April 2011	**-**	**(446)**	**(1,803)**	**(2,249)**
Carrying Amounts				
At 1 May 2009	776	874	1,808	3,458
At 30 April 2010	**776**	**788**	**1,925**	**3,489**
At 1 May 2010	776	788	1,925	3,489
At 30 April 2011	**776**	**704**	**1,552**	**3,032**

The L V Martin brand of $776,000 (2010 $776,000) is regarded by the Directors as having an indefinite useful life as there is no foreseeable limit to the period over which the brand is expected to generate net cash flow for the Group.

The fair value of purchased brands and customer database is based on the discounted cash flows expected to be derived from the eventual sale of the assets.

Impairment Tests For Indefinite Life Brands

On an annual basis, the recoverable amount of the brand is determined based on value in use calculations specific to the cash generating units associated with that brand. These calculations use pre-tax cash flow projections based on financial budgets prepared by management covering a five year period. Cash flows beyond the five year period are extrapolated by way of terminal value calculation using five year cash flow and a range of discount rates. There were no impairment losses incurred in respect of brands. The key assumptions used for the value in use calculations are as follows:

Revenue Growth Rate 2%	(2010 2%)
Pre Tax Discount Rate 13% - 15%	(2010 range of 13.5-15.5%)

The growth rates adopted are consistent with internal forecasts and budgets. The discount rate reflects the specific risks relating to the cash flow being discounted.

18) INVESTMENT PROPERTY

	GROUP ($000)	**PARENT ($000)**
Balance 1 May 2009	1,220	-
Change In Fair Value	-	-
Balance 30 April 2010	**1,220**	**-**
Balance 1 May 2010	1,220	-
Change In Fair Value	(350)	-
Balance 30 April 2011	**870**	**-**

Investment property comprises several commercial properties that are leased to third parties. These properties were extensively damaged as a result of the September 2010 and February 2011 earthquakes. They have also been identified for demolition by CERA. There is, therefore, an impairment loss on the buildings recognised above. The indemnity value of these buildings is equal to the impairment loss and this is to be paid by the insurer immediately these properties are demolished. Refer also Note 13.

The land value is not considered impaired at this stage and is valued on the basis of a valuation by Fright Aubrey, Registered Valuers (now Colliers Valuation), at 30 April 2010. Based on the information available to the Directors at the date of this report, the land remains suitable for redevelopment.

19) EQUITY ACCOUNTED INVESTEE

The Group's share of profit in its equity accounted investee Adventure Brands Limited for the year was $12,000 (2010 $4,000). The end reporting period of the financial statements of Adventure Brands Limited is 31 March. These reporting figures are the most recently available information at the time of the Group's reporting period.

Summary financial information for this equity accounted investees, not adjusted for the percentage ownership held by the Group:

	GROUP ($000)	PARENT ($000)
Movements In Carrying Value Of Equity Accounts Investee		
Balance 1 May 2009	668	120
Smiths City Group's Share Of Profit	4	-
Balance 30 April 2010	**672**	**120**
Balance 1 May 2010	672	120
Smiths City Group's Share Of Profit	12	-
Balance 30 April 2011	**684**	**120**

	OWNERSHIP ($000)	TOTAL ASSETS ($000)	TOTAL LIABILITIES ($000)	REVENUE ($000)	PROFIT FOR EQUITY ACCOUNTING PURPOSES ($000)
2010	30%	5,801	3,248	11,095	4
2011	30%	6,968	4,195	11,881	12

20) OTHER INVESTMENTS

The Group has an investment of $12,000 in NARTA NZ Limited. NARTA NZ Limited is an appliance buying group of which the Group was one of the founding members. The Group has Board representation in this company and the Group's shareholding also provides it with voting rights. Purchases through this buying group are settled directly with the suppliers concerned on normal commercial terms.

The Group also received income as a member from this company totalling $276,557 for the year ended 30 April 2011 (2010 $269,000). The amount owing to the Group at balance date was $230,775 (2010 $75,000).

21) DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised Deferred Tax Assets

A deferred tax asset has not been recognised in respect of the following unutilised tax losses on the basis that, as referred to in Note 2 d) these exceed approximately two years budgeted profits.

	GROUP		PARENT	
	2011 ($000)	**2010 ($000)**	**2011 ($000)**	**2010 ($000)**
Unutilised Tax Losses	18,801	22,370	18,801	22,370
Unrecognised Deferred Tax Assets	5,264	6,711	5,264	6,711

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributed to the following:

	ASSETS		LIABILITIES		NET	
	2011 ($000)	2010 ($000)	2011 ($000)	2010 ($000)	2011 ($000)	2010 ($000)
GROUP						
Property, Plant And Equipment	-	1,006	(305)	-	(305)	1,006
Investment Property	-	-	(239)	(333)	(239)	(333)
Inventory	814	768	-	-	814	768
Receivables	447	419	-	-	447	419
Derivatives	183	141	-	-	183	141
Provisions	1,158	839	-	-	1,158	839
Tax Losses	1,735	953	-	-	1,735	953
	4,337	4,126	(544)	(333)	3,793	3,793

As a result of buildings no longer being depreciable for tax purposes, a deferred tax liability adjustment of $725,000 was required.

During the period the company has considered the level of budgeted profits to be recognised in the calculation of the deferred tax asset. As part of this assessment the Directors have considered the likelihood of a change in shareholding and the historical performance of the company. As a result, approximately two years budgeted profits are considered appropriate on the basis it is probable that future taxable profits will be available against which they can be utilised (previously approximately one year). Accordingly, a deferred tax asset adjustment of $782,000 was required.

Movement In Temporary Differences During The Year

GROUP	BALANCE 1 May 2009 ($000)	MOVEMENT ($000)	BALANCE 30 April 2010 ($000)	MOVEMENT ($000)	BALANCE 30 April 2011 ($000)
Property, Plant And Equipment	619	387	1,006	(1,309)	(303)
Investment Property	(333)	-	(333)	94	(239)
Inventory	716	52	768	44	812
Receivables	401	18	419	28	447
Derivatives	235	(94)	141	42	183
Provisions	1,226	(387)	839	319	1,158
Tax Losses	929	24	953	782	1,735
	3,793	-	3,793	-	3,793

The Group has tax losses of $18.8million (2010 $22.3million) and no unrecognised temporary differences. The ability to utilise these tax losses in the future depends upon the generation of sufficient assessable income, shareholder continuity and any changes in legislation.

22) TRADE AND OTHER PAYABLES

	GROUP		PARENT	
	2011 ($000)	2010 ($000)	2011 ($000)	2010 ($000)
Trade Payable Due To Related Parties	118	117	-	-
Other Trade Payables	19,934	16,347	43	21
Derivatives	655	469	-	-
Non Trade Payables And Accrued Expenses	4,462	4,095	-	-
Accruals For Earthquake Related Costs	470	-	-	-
	25,639	21,028	43	21

The value of trade and other payables approximates their carrying value. No interest is paid on the payables.

23) PROVISIONS

GROUP

	WARRANTIES ($000)
Balance 1 May 2009	597
Provisions Made During The Period	856
Provisions Used During The Period	(879)
Balance 30 April 2010	**574**
Balance 1 May 2010	574
Provisions Made During The Period	620
Provisions Used During The Period	(736)
Balance 30 April 2011	**458**

A provision has been recorded for service on unexpired warranties based on a set percentage of the retail value of appliances sold and for annual and long term service contracts spread over the length of the warranty or service contract.

24) LOANS AND BORROWINGS

The contractual terms of the Group's interest bearing loans and borrowings is set out below. Further information about the company's exposure to interest rate and foreign currency risk is set out in Note 28.

	GROUP		PARENT	
	2011 ($000)	2010 ($000)	2011 ($000)	2010 ($000)
NON CURRENT LIABILITIES				
Secured Smithcorp Loans	75,210	79,360	-	-
Secured Bank Loans	13,050	13,770	-	-
CURRENT LIABILITIES				
Bank Overdraft	-	1,220	-	-
Secured Bank Loans	8,022	12,018	1,546	1,285
Other Secured Loans	-	246	-	-
Loan On Property Held For Sale	-	565	-	-
TOTAL INTEREST BEARING LIABILITIES	**96,282**	**107,179**	**1,546**	**1,285**

Terms And Debt Repayment Schedule

Terms and conditions of outstanding loans were as follows:

	NOMINAL INTEREST RATE	TERM	FACILITY ($000)	CARRYING AMOUNT 2011 ($000)	FACILITY ($000)	CARRYING AMOUNT 2010 ($000)
GROUP						
Secured Fisher & Paykel Finance Limited Loan (i)	BBR plus 5.2%	see note (i) below	90,000	73,826	90,000	78,743
Secured Fisher & Paykel Finance Limited Loan (ii)	BBR plus 2.5%	see note (ii) below	5,000	1,384	5,000	617
Secured Bank Loan (iii)	BBR plus 2.6%	see note (iii) below	13,770	13,770	14,000	14,000
Secured Bank Loan (iii)	BBR plus 1.3%	see note (iii) below	14,125	7,302	14,125	11,788
Secured Bank Loan	BKBM plus 2.6%	See note (iii) below	-	-	565	565
Secured Bank Overdraft	10.75%	See note (iii) below	2,000	-	2,000	1,220
Other Secured Loans (iv)			-	-	1,000	246
Total Interest Bearing Liabilities			124,895	96,282	126,690	107,179
PARENT						
Secured Bank Loan	BBR plus 1.3%	see note (iii) below	3,500	1,546	3,500	1,285

Total Interest Bearing Liabilities

i) This Fisher & Paykel Finance Limited facility is secured by a fixed and floating charge over the Smithcorp Finance receivables. The facility expires with 18 months notice by either party.

ii) This secured loan relates to a trade finance facility which is secured by a fixed and floating charge over the assets of a subsidiary company which finances certain stock purchased by Adventure Brands Limited. The facility expires with 13 months notice by either party.

iii) The secured bank loans and bank overdraft are secured by a fixed and floating charge over all the Group's assets except for Smithcorp Finance receivables. The loans are also subject to various covenants and capital ratios. The current portion of secured bank loans are subject to review annually. The $13.770million loan is secured by way of mortgage over the Group's Colombo Street property. $720,000 of this loan is scheduled to be repaid by 30 April 2012.

iv) The Parent company has also guaranteed the Secured Bank Loans and Fisher & Paykel Finance Limited Loans.

25) CAPITAL AND RESERVES

Share Capital
At balance date the Group and Parent had issued and paid up capital of $10.652million (2010 $10.652million). The number of shares issued is 52,956,884 (2010 52,956,884). All shares are fully paid up and have equal voting and dividend rights. Upon winding up all shares rank equally with regard to the Group's residual assets.

Hedging Reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Revaluation Reserve
The revaluation reserve relates to the revaluation of property, plant and equipment.

Other Reserves
These relate to realised capital profits on disposal of assets.

26) DIVIDENDS

The following dividends were declared and paid by the Group for the year ended 30 April:

	Cents Per Share		**Total Paid**	
	2011	**2010**	**2011**	**2010**
Interim For Year Ending 30 April 2011	1.0		530	
Final For Year Ending 30 April 2010	1.0		529	
Interim For Year Ending 30 April 2010		1.0		577
Final For Year Ending 30 April 2009		1.0		530
	2.0	2.0	1,059	1,107

Apart from the Interim dividend for the year ending 30 April 2010 all other dividends were unimputed.

On 29 June 2011 the Directors announced to the NZX that they propose to pay a dividend of 1.0cent per share on Friday 12 August 2011 (2010 1.0cents).

27) EARNINGS PER SHARE

The calculation of basic earnings per share at 30 April 2011 was based on the profit attributable to ordinary shareholders of $1.892million (2010 $1.644million) and a weighted average number of ordinary shares outstanding of 52,956,884 (2010 52,956,884). Basic earnings per share is the same as dilutive earnings per share as there are no ordinary shares outstanding that have any dilutive potential.

28) FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, foreign currency and liquidity risks arises in the normal course of the Group's business.

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and finance receivables.

Management has a credit policy in place under which each new customer is individually assessed for credit worthiness before credit is granted applying to trade accounts, fixed instalment agreements and/or revolving credit accounts. This includes the obtaining of deposits and ensuring adequate insurance cover is in place for items supplied on credit terms. The Group also reviews external ratings as part of this process.

There are levels of authorisation for granting credit within the Group. These are allocated to the credit officers or the head of the credit team. Larger loans and facilities require approval by the Managing Director, Chief Financial Officer or in some cases, Divisional General Managers.

In order to determine which customers are classified as having payment difficulties, the Group applies a mix of duration and frequency of default. The Group does require collateral in respect of the finance receivables being the goods themselves and if considered necessary will register a security interest against them.

Categories are utilised by the Group to classify exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. Categories are used to determine where impairment allowances are required.

The credit risk framework consists of the following categories reflecting varying degrees of risk of default and the availability of collateral or other risk mitigation. Categories are also subject to regular reviews by the credit team.

Credit Risk Category		Description
Current	Low risk	Compliance with all terms
In arrears	Fair risk	Non compliance but follow up action underway
Arrangement	Low/fair risk	Non compliance but a payment plan in place
Insurance Claim	Low/fair risk	Non compliance but account insured
Collection/Repossession	Impaired	Action being taken to enforce security
Legal Action	Impaired	Action being taken to enforce security

Regular external audits of finance receivables are undertaken by the financier of the ledger. All credit policies and procedures are subject to review by the Audit Committee who also receive quarterly reports on the ledgers, arrears levels and impairment losses.

The Group's exposure to credit risk is mainly influenced by its customer base. As such it is concentrated to the default risk of the retail sector in New Zealand. There are no individually significant exposures to any one customer or group of related customers apart from Adventure Brands Limited which is referred to in Note 15. There are no other significant related party finance receivables.

Investments are allowed only in liquid securities and only with counterparties that have an investment grade rating. In addition the Group has established counterparty limits for investments and derivatives depending on their rating. Transactions involving derivative financial instruments are with counterparties who have sound credit ratings.

Liquidity Risk

Liquidity risk represents the Group's ability to meet is contractual obligations. The Group evaluates its liquidity risk on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover shortfalls.

Market Risk

The Group enters into derivative arrangements in the ordinary course of business to manage foreign currency and interest rate risks. The Board of Directors provides oversight for risk management and derivative activities. This includes determining the Group's financial risk policies and objectives, guidelines for derivative instrument utilisation, procedures for control and valuation, risk analysis, counterparty credit approval and ongoing monitoring and reporting.

Foreign Currency Risk

The Group is exposed to foreign currency risks on purchases that are denominated in a currency other than the company's functional currency, New Zealand Dollars ($) which is the presentation currency of the Group. The overseas currency in which transactions are denominated is US Dollars (USD). The Group hedges up to 100% of its estimated foreign currency exposure in respect of forecasted purchases over the following 12 months. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year at the balance sheet date.

Interest Rate Risk

The Group has a policy of ensuring that interest rate exposure on term borrowings (or core debt) shall be fixed forward for 12 months for a minimum of 50% of total exposure and up to a maximum of 100%. Based on independent advice received monthly, interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy.

Other Market Price Risks

The Group is not exposed to substantial other market price risk arising from financial instruments.

QUANTITATIVE DISCLOSURES

Credit Risk

The carrying amount of financial assets represents the Group's maximum credit exposure. The Group's material credit risk arises from finance receivables. The Group has not renegotiated the term of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status. The Group has no restructured financial assets. The status of trade and finance receivables at reporting date is as follows:

Trade Receivables

Trade receivables comprise sales made to customers on credit through the Group's trades based businesses or through the collection of purchasing volume or advertising rebates from suppliers not otherwise deducted from suppliers payable accounts.

	GROSS RECEIVABLE 2011 ($000)	IMPAIRMENT 2011 ($000)	GROSS RECEIVABLE 2010 ($000)	IMPAIRMENT 2010 ($000)
Not Past Due	3,049	-	3,188	-
Past Due 0-30 Days	548	-	404	-
Past Due 31-60 Days	169	-	130	-
Past Due Over 61 Days	472	(87)	687	(126)
	4,238	(87)	4,409	(126)
ANALYSIS				
Trade Receivables – Trades Based Customers	750	(12)	823	(60)
Other Receivables Including Monthly Account Customers	3,488	(75)	3,586	(66)
	4,238	(87)	4,409	(126)

In summary, trade receivables are determined to be impaired as follows:

	2011 ($000)	2010 ($000)
Gross Trade Receivables	4,238	4,409
Individual Impairment	(87)	(126)
Trade Receivables Net	4,151	4,283

Individually impaired trade receivables relate to several insolvent customers. In the case of insolvency the Group generally writes off the receivable unless there is clear evidence that a receipt is highly probable. Where applicable trades based receivables are also insured in accordance with Group policy.

Those trade receivables which are past due for which no impairment provision has been made relate to accounts for which there is no recent history of default.

Fixed Instalment Receivables

	2011			2010		
	ACCOUNT BALANCE %	ACCOUNT BALANCE ($000)	IMPAIR-MENT ($000)	ACCOUNT BALANCE %	ACCOUNT BALANCE ($000)	IMPAIR-MENT ($000)
Current	83.69	57,568	-	85.79	61,117	-
1 Month Overdue	4.35	2,992	-	3.93	2,800	-
2 Month Overdue	6.06	4,168	-	5.53	3,940	-
3 Month Overdue	2.54	1,747	-	1.89	1,346	-
Over 3 Month Overdue	3.36	2,311	(819)	2.86	2,037	(566)
	100.0	68,786	(819)	100.00	71,240	(566)

	VALUE OF ARREARS %	VALUE OF INSTALMENT ARREARS ($000)	IMPAIR-MENT ($000)	VALUE OF ARREARS %	VALUE OF INSTALMENT ARREARS ($000)	IMPAIR-MENT ($000)
Total Value Of Arrears	2.75	1,893	(819)	2.46	1,755	(566)

In summary, fixed instalment receivables are determined to be impaired as follows:

	2011 ($000)	2010 ($000)
Fixed Instalment Receivables	68,786	71,240
Collective Impairment	(819)	(566)
Fixed Instalment Receivables Net	67,967	70,674

The Impairment amount includes $160,000 made as a result of the Christchurch Earthquakes for which the risk of default has increased.

Revolving Credit Receivables (Excluding Receivables Due From Related Parties)

	2011			2010		
	ACCOUNT BALANCE %	ACCOUNT BALANCE ($000)	IMPAIRMENT ($000)	ACCOUNT BALANCE %	ACCOUNT BALANCE ($000)	IMPAIRMENT ($000)
Current	98.17	18,749	(69)	98.32	18,180	(51)
1 Month Overdue	0.73	139	(139)	0.71	131	(131)
2 Month Overdue	0.29	55	(55)	0.29	54	(54)
3 Month Overdue	0.16	30	(30)	0.14	26	(26)
Over 3 Month Overdue	0.65	125	(126)	0.54	100	(100)
	100.0	19,098	(419)	100.00	18,491	(362)

In summary, revolving credit receivables (including receivables due from related parties) are determined to be impaired as follows:

	2011 ($000)	2010 ($000)
Revolving Credit Receivables	19,099	18,491
Collective Impairment	(419)	(362)
Revolving Credit Receivables Net	18,680	18,129

Impaired Finance Receivables
Impaired finance receivables are those for which the Group determines that there is objective evidence that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement. These loans are treated as subject to collection, repossession or legal action in the Group's internal credit risk grading system.

Past Due But Not Impaired
Finance receivables where contractual interest or principal repayments are past due but the Group believes that impairment is not appropriate based on the stage of collection of amounts owed to the Group or the level of security/collateral available. These loans are treated as under arrangement.

Allowances for Impairment
The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its finance receivables portfolio. The main component of this allowance is a specific loss component that relates to individual exposures which is identified on loans subject to individual assessment for impairment.

Write Off Policy
The Group writes off a receivable (and any related allowances for impairment losses) when management determines that the loan is uncollectible. This determination is reached after collection procedures have proved unsuccessful, the occurrence of significant changes in borrowers position such that the borrower can no longer pay the obligation, or that the proceeds from the collateral and/or insurance claim will not be sufficient to pay back the entire obligation.

Collateral
The Group is able to repossess goods supplied on all its consumer loans and in certain cases holds registered security interests and guarantees.

Impaired Assets Provision

	2011				2010			
	TRADE RECEIVABLES	FIXED INSTALMENT RECEIVABLES	REVOLVING CREDIT RECEIVABLES	TOTAL	TRADE RECEIVABLES	FIXED INSTALMENT RECEIVABLES	REVOLVING CREDIT RECEIVABLES	TOTAL
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Impaired Assets Provision								
Opening Balance	126	566	362	1,054	226	396	316	938
Movement In Provision For Impairment	(39)	253	57	271	(100)	170	46	116
Closing Balance	87	819	419	1,325	126	566	362	1,054
Impaired Asset Expense								
Impairment Charges On Uncollectable Accounts	68	429	245	742	52	506	292	850
Recoveries From Accounts Previously Written Off	(3)	(123)	(12)	(138)	(3)	(156)	(11)	(170)
Impaired Assets Charge Included In Store And Distribution Expenses	65	306	233	604	49	350	281	680

LIQUIDITY RISK

The following table sets out the contractual cash flows for all financial assets, liabilities and derivatives that are settled on a gross cash flow basis.

Residual Contractual Maturities Of Financial Assets And Liabilities

	BALANCE SHEET	CONTRACTUAL CASH FLOWS	6 MTHS OR LESS	6-12 MTHS	1-2 YRS	MORE THAN 2 YRS
GROUP 2011	($000)	($000)	($000)	($000)	($000)	($000)
Non Derivative Assets						
Cash And Cash Equivalents	2,949	2,950	2,950	-	-	-
Trade And Other Receivables	9,678	9,678	9,678	-	-	-
Fixed Instalment Receivables	67,968	104,608	26,319	25,786	37,648	14,855
Revolving Credit Receivables	18,679	57,026	3,352	3,155	5,766	44,753
Related Party Receivables	1,268	1,307	798	311	168	30
Total Non Derivative Assets	**100,542**	**175,569**	**43,097**	**29,252**	**43,582**	**59,638**
Non Derivative Liabilities						
Bank Overdrafts	-	-	-	-	-	-
Secured Bank Loans	(21,072)	(22,296)	(802)	(975)	(20,519)	-
Smithcorp Finance – Liabilities Against Finance Receivables	(73,826)	(79,557)	(42,512)	(24,962)	(12,083)	-
Smithcorp Finance – Liabilities Against Related Party Receivables	(1,384)	(1,462)	-	-	(1,462)	-
Trade And Other Payables	(26,097)	(26,097)	(26,097)	-	-	-
Total Non Derivative Liabilities	**(122,379)**	**(129,412)**	**(69,411)**	**(25,937)**	**(34,064)**	**-**
Interest Rate Swaps – Out Flow	(169)	(169)	(169)	-	-	-
Forward Exchange Contracts – Out Flow	(487)	(487)	(354)	(133)	-	-
Unutilised Loan Facilities	-	(28,613)	(28,613)	-	-	-
TOTAL	**(22,493)**	**16,888**	**(55,450)**	**3,182**	**9,518**	**59,638**

GROUP 2010	BALANCE SHEET ($000)	CONTRACTUAL CASH FLOWS ($000)	6 MTHS OR LESS ($000)	6-12 MTHS ($000)	1-2 YRS ($000)	MORE THAN 2 YRS ($000)
Non Derivative Assets						
Cash And Cash Equivalents	2,845	2,853	2,853	-	-	-
Trade And Other Receivables	7,430	7,430	7,430	-	-	-
Fixed Instalment Receivables	70,674	108,351	26,362	26,383	40,155	15,451
Revolving Credit Receivables	18,129	51,839	3,293	3,084	5,593	39,869
Related Party Receivables	678	700	427	167	90	16
Total Non Derivative Assets	**99,756**	**171,173**	**40,365**	**29,634**	**45,838**	**55,336**
Non Derivative Liabilities						
Bank Overdrafts	(1,220)	(2,298)	-	-	(2,298)	-
Secured Bank Loans	(26,354)	(29,079)	-	(595)	(28,484)	-
Secured Other Loans	(245)	(260)	(145)	(115)	-	-
Smithcorp Finance – Liabilities Against Finance Receivables	(78,743)	(83,929)	(44,853)	(27,097)	(11,979)	-
Smithcorp Finance – Liabilities Against Related Party Receivables	(617)	(652)	-	-	(652)	-
Trade And Other Payables	(21,602)	(21,602)	(21,602)	-	-	-
Total Non Derivative Liabilities	**(128,781)**	**(137,820)**	**(66,600)**	**(27,807)**	**(43,413)**	**-**
Interest Rate Swaps – Out Flow	(218)	(218)	(58)	(158)	(2)	-
Forward Exchange Contracts – Out Flow	(250)	(250)	(200)	(50)	-	-
Unutilised Loan Facilities	-	(19,511)	(19,511)	-	-	-
TOTAL	**(29,493)**	**13,374**	**(46,004)**	**1,619**	**2,423**	**55,336**

The contractual maturity of financial assets and liabilities is shown above. However, the Group's expected cash flows on these instruments, specifically fixed instalment receivables, vary significantly from their contractual cash flows.

PARENT 2011						
Non Derivative Assets						
Cash And Cash Equivalents	2,100	2,101	2,101	-	-	-
Trade And Other Receivables	4,004	4,004	4,004	-	-	-
Total Non Derivative Assets	6,104	6,105	6,105	-	-	-
Non Derivative Liabilities						
Trade And Other Payables	(43)	(43)	(43)	-	-	-
Secured Loans	(1,546)	(1,646)	-	-	(1,646)	-
Total Non Derivative Liabilities	(1,589)	(1,689)	(43)	-	(1,646)	-
TOTAL	4,515	4,416	6,062	-	(1,646)	-

PARENT 2010						
Non Derivative Assets						
Cash And Cash Equivalents	1,750	1,835	1,835	-	-	-
Trade And Other Receivables	3,768	3,768	3,768	-	-	-
Total Non Derivative Assets	5,518	5,603	5,603	-	-	-
Non Derivative Liabilities						
Trade And Other Payables	(21)	(21)	(21)	-	-	-
Secured Loans	(1,285)	(1,370)	-	-	(1,370)	-
Total Non Derivative Liabilities	(1,306)	(1,391)	(21)	-	-	-
TOTAL	4,212	4,212	5,582	-	(1,370)	-

Expected Maturities Of Financial Assets And Liabilities

GROUP 2011						
Fixed Instalment Receivables	67,968	67,968	26,519	19,733	16,383	5,333
GROUP 2010						
Fixed Instalment Receivables	70,674	70,674	27,870	17,664	20,806	4,334

FOREIGN CURRENCY RISK

The Group's exposure to foreign currency risk can be summarised as follows:

	AVERAGE EXCHANGE RATE 2011	AVERAGE EXCHANGE RATE 2010	FOREIGN CURRENCY 2011	FOREIGN CURRENCY 2010	CONTRACT VALUE 2011	CONTRACT VALUE 2010	FAIR VALUE 2011	FAIR VALUE 2010
			($000)	($000)	($000)	($000)	($000)	($000)
Outstanding Contracts								
Buy US Dollars								
Less Than 3 Months	0.688	0.646	565	900	821	1,394	(116)	(149)
3-6 Months	0.692	0.668	1,500	495	2,166	741	(238)	(51)
6-12 Months	0.754	0.686	1,535	990	2,037	1,444	(133)	(50)
							(487)	(250)

The Group has no significantly unhedged foreign currency exposures.

None of the above financial instruments relate to the parent entity. The value of forward exchange contracts outstanding are recognised in trade and other payables. Cash flow hedge accounting has been adopted.

INTEREST RATE RISK

Interest Rate Swap Contracts

Under the interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at reporting date.

	AVERAGE CONTRACT FIXED INTEREST RATE 2011	AVERAGE CONTRACT FIXED INTEREST RATE 2010	NOTIONAL PRINCIPAL AMOUNT 2011	NOTIONAL PRINCIPAL AMOUNT 2010	FAIR VALUE 2011	FAIR VALUE 2010
Outstanding Contracts			($000)	($000)	($000)	($000)
Variable Rate For Fixed Contracts						
Less Than 1 Year	4.64%	5.22%	8,200	32,840	(40)	(216)
1-2 Years	4.71%	4.73%	8,200	8,200	(128)	(2)
			16,400	41,040	(168)	(218)

In the current and prior financial year the above financial instruments relate to a subsidiary entity. The value of interest rate swaps outstanding are recognised in trade and other payables. Hedge accounting has been adopted.

Interest Rate Risk – Repricing Analysis

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts categorised by the earlier of their contractual repricing or expected maturity dates.

GROUP 2011	VARIABLE INTEREST RATE	6 MTHS OR LESS	6-12 MTHS	1-2 YRS	MORE THAN 2 YRS	NON INTEREST BEARING	TOTAL
		($000)	($000)	($000)	($000)	($000)	($000)
Financial Assets							
Cash And Cash Equivalents	3.15-3.65%	2,949	-	-	-	-	2,949
Trade And Other Receivables	-	-	-	-	-	9,678	9,678
Fixed Instalment Receivables	16.95-23.95%	26,519	19,733	16,383	5,333	-	67,968
Revolving Credit Receivables	23.95%	18,680	-	-	-	-	18,680

GROUP 2011	VARIABLE INTEREST RATE	6 MTHS OR LESS ($000)	6-12 MTHS ($000)	1-2 YRS ($000)	MORE THAN 2 YRS ($000)	NON INTEREST BEARING ($000)	TOTAL ($000)
Related Party Receivables	BBR Plus 2.75%	1,268	-	-	-	-	1,268
		49,416	19,733	16,383	5,333	9,678	100,543
Financial Liabilities							
Bank Overdraft	10.90%	-	-	-	-	-	-
Trade, Other Payables And Provisions	-	-	-	-	-	(26,097)	(26,097)
Related Party Receivables Borrowings	BBR Plus 2.5%	(1,383)	-	-	-	-	(1,383)
Fixed Instalment And Revolving Credit Receivables Borrowings	BBR Plus 5.2%	(39,463)	(23,155)	(11,207)	-	-	(73,825)
Secured Loans	BKBM Plus 1.3-2.6%	(7,572)	(450)	(13,050)	-	-	(21,072)
Effect Of Interest Rate Derivatives		8,200	8,200	-	-	-	16,400
		(40,218)	(15,405)	(24,257)	-	(26,097)	(105,977)
TOTAL		**9,198**	**4,328**	**(7,874)**	**5,333**	**(16,419)**	**(5,434)**

GROUP 2010

Financial Assets							
Cash And Cash Equivalents	2.5%-4.7%	2,845	-	-	-	-	2,845
Trade, Other Payables And Provisions		-	-	-	-	7,430	7,430
Fixed Instalment Receivables	15.95%-22.95%	27,870	17,664	20,806	4,334	-	70,674
Revolving Credit Receivables	22.95%	18,129	-	-	-	-	18,129
Related Party Receivables	BBR plus 2.75%	678	-	-	-	-	678
		49,522	17,664	20,806	4,334	7,430	99,756
Financial Liabilities							
Bank Overdraft	10.5%	-	-	(1,220)	-	-	(1,220)
Trade And Other Payables		-	-	-	-	(21,602)	(21,602)
Related Party Receivables Borrowings	BBR plus 2.5%	(617)	-	-	-	-	(617)
Fixed Instalment And Revolving Credit	BBR plus 4.5%	(41,913)	(25,524)	(11,305)	-	-	(78,742)
Receivables Borrowings Secured Loans	BKBM plus 1.3%-2.6%	(12,264)	(565)	(13,770)	-	-	(26,599)
Effect Of Interest Rate Derivatives		8,250	4,250	20,350	8,200	-	41,050
		(46,544)	(21,839)	(5,945)	8,200	(21,602)	(87,730)
TOTAL		**2,978**	**(4,175)**	**14,861**	**12,534**	**(14,172)**	**12,026**

PARENT 2011

Financial Assets							
Cash And Cash Equivalents	3.15-3.65%	2,100	-	-	-	-	2,100
Trade And Other Receivables	-	-	-	-	-	4,004	4,004
		2,100	-	-	-	4,004	6,104
Financial Liabilities							
Trade And Other Payables		-	-	-	-	(43)	(43)
Secured Loans	BKBM Plus 1.3%	(1,546)	-	-	-	-	(1,546)
		(1,546)	-	-	-	(43)	(1,589)
TOTAL		**554**	**-**	**-**	**-**	**3,961**	**4,515**

PARENT 2010	VARIABLE INTEREST RATE	6 MTHS OR LESS ($000)	6-12 MTHS ($000)	1-2 YRS ($000)	MORE THAN 2 YRS ($000)	NON INTEREST BEARING ($000)	TOTAL ($000)
Financial Assets							
Cash And Cash Equivalents	4.5%-4.7%	1,750	-	-	-	-	1,750
Trade And Other Receivables		-	-	-	-	3,768	3,768
		1,750	-	-	-	3,768	5,518
Financial Liabilities							
Trade And Other Payables		-	-	-	-	(21)	(21)
Secured Loans	BBR plus 1.3%	(1,285)	-	-	-	-	(1,285)
		(1,285)	-	-	-	(21)	(1,306)
TOTAL		**465**	**-**	**-**	**-**	**3,747**	**4,212**

Capital Management
The Group's capital includes share capital, reserves and retained earnings.

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders funds is also recognised and the Group recognises the need to maintain a balance between the higher returns that may be possible with greater gearing and the advantages and security afforded by a sound capital position.

Other than covenants and capital ratios as referred to in Note 24 the Group is not exposed to any externally imposed capital requirements.

The allocation of capital between its specific business segment operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is undertaken independently of those responsible for the operation.

The Group's responsibilities in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the Group's management of capital during the period.

HEDGING

Interest Rate Hedges
The Group has a policy of ensuring that interest rate exposure on term borrowings (or core debt) shall be fixed forward on a rolling 12 months basis for a minimum of 50% of total exposure and up to a maximum of 100%. Interest rate swaps have been entered into to achieve an appropriate mix of exposure within the Group's policy. The swaps mature over the next 27 months and have fixed swap rates ranging from 4.64% to 4.71% (2010 3.6% to 7.88%). At 30 April 2011 the Group had interest rate swaps with a notional contract amount of $16.40million (2010 $41.050million). The Group classifies interest rate swaps as cash flow hedges.

The net fair value of swaps at 30 April 2011 was $168,689 (2010 $218,528) comprising assets of $nil (2010 $nil) and liabilities of $168,689 (2010 $218,528). The interest rate used to calculate the fair value of swaps at 30 April 2011 is 2.67% to 3.14%.

Forecast Transactions
The Group classifies its forward exchange contracts hedging forecast transactions as cash flow hedges. The net fair value of forward exchange contracts used as hedges of forecast transactions at 30 April 2011 was $486,641 (2010 $250,852) comprising assets of $nil (2010 $nil) and liabilities of $486,641 (2010 $250,852). The exchange rate used to calculated the fair value of forward exchange contracts at 30 April 2011 was US$0.8094.

Accounting Classifications And Fair Values
The table below sets out the Group's classification of each class of financial assets and their fair values. Note that the only instruments designated at fair value are the derivatives. The derivatives are classified as Level 2 in the fair value hierarchy and there has been no movement between levels of fair value hierarchy during the financial year.

GROUP 2011

	NOTE	LOANS & RECEIVABLES ($000)	DESIGNATED AT FAIR VALUE ($000)	OTHER LIABILITIES ($000)	TOTAL CARRYING AMOUNT ($000)	FAIR VALUE ($000)
Financial Assets						
Cash And Cash Equivalents	12	2,949	-	-	2,949	2,949
Trade And Other Receivables	13	9,678	-	-	9,678	9,678
Finance Receivables	15	86,647	-	-	86,647	86,647
Related Party Receivables	15	1,268	-	-	1,268	1,268
		100,542	-	-	100,542	100,542
Financial Liabilities						
Bank Overdraft	12	-	-	-	-	-
Trade And Other Payables	22, 23	-	-	(26,097)	(26,097)	(26,097)
Related Party Receivables Borrowings	24	-	-	(1,384)	(1,384)	(1,384)
Finance Receivable Borrowings	24	-	-	(73,826)	(73,826)	(73,826)
Secured Loans	24	-	-	(21,072)	(21,072)	(21,072)
Derivatives	25	-	(655)	-	(655)	(655)
		-	(655)	(122,379)	(123,034)	(123,034)

GROUP 2010

	NOTE	LOANS & RECEIVABLES ($000)	DESIGNATED AT FAIR VALUE ($000)	OTHER LIABILITIES ($000)	TOTAL CARRYING AMOUNT ($000)	FAIR VALUE ($000)
Financial Assets						
Cash And Cash Equivalents	12	2,845	-	-	2,845	2,845
Trade And Other Receivables	13	6,430	-	-	6,430	6,430
Finance Receivables	15	88,803	-	-	88,803	88,803
Related Party Receivables	15	678	-	-	678	678
		98,756	-	-	98,756	98,756
Financial Liabilities						
Bank Overdraft	12	-	-	(1,220)	(1,220)	(1,220)
Trade And Other Payables	22, 23	-	-	(21,602)	(21,602)	(21,602)
Related Party Receivables Borrowings	24	-	-	(617)	(617)	(617)
Finance Receivable Borrowings	24	-	-	(78,743)	(78,743)	(78,743)
Secured Loans	24	-	-	(26,599)	(26,599)	(26,599)
Derivatives	25	-	(469)	-	(469)	(469)
		-	(469)	(128,781)	(129,250)	(129,250)

PARENT 2011

	NOTE	LOANS & RECEIVABLES ($000)	DESIGNATED AT FAIR VALUE ($000)	OTHER LIABILITIES ($000)	TOTAL CARRYING AMOUNT ($000)	FAIR VALUE ($000)
Financial Assets						
Cash And Cash Equivalents	12	2,100	-	-	-	2,100
Trade & Other Receivables	13	4,004	-	-	-	4,004
		6,104	-	-	-	6,104
Financial Liabilities						
Trade And Other Payables	22, 23	-	-	(43)	-	(43)
Secured Loans	24	-	-	(1,546)	-	(1,546)
		-	-	(1,589)	-	(1,589)

PARENT 2010

	NOTE	LOANS & RECEIVABLES ($000)	DESIGNATED AT FAIR VALUE ($000)	OTHER LIABILITIES ($000)	TOTAL CARRYING AMOUNT ($000)	FAIR VALUE ($000)
Financial Assets						
Cash And Cash Equivalents	12	1,750	-	-	1,750	1,750
Trade & Other Receivables	13	3,768	-	-	3,768	3,768
		5,518	-	-	5,518	5,518
Financial Liabilities						
Trade And Other Payables	22, 23	-	-	(21)	(21)	(21)
Secured Loans	24	-	-	(1,285)	(1,285)	(1,285)
		-	-	(1,306)	(1,306)	(1,306)

Interest Rates Used for Determining Fair Value

The following interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an appropriate constant credit spread:

	GROUP 2011	GROUP 2010
Derivatives Held For Risk Management	4.64% - 4.71%	3.6%-7.88%
Finance Receivables	12%	12%-13%

Interest Rate Sensitivity

The Group's sensitivity to interest rate risk can be expressed in two ways:

1. *Fair Value Sensitivity Analysis*

   A change in interest rates impacts the fair value of the Group's fixed rate assets and liabilities and its interest rate swaps. Fair value changes impact on profit or loss or equity only where the instruments are carried at fair value. Accordingly, the fair value sensitivity to a 100 basis point movement in interest rates (based on the assets and liabilities held at balance date) is as follows:

	GROUP		GROUP		PARENT		PARENT	
	2011 Impact On Profit Or Loss +1% ($000)	**2011** Impact On Equity -1% ($000)	**2010** Impact On Profit Or Loss +1% ($000)	**2010** Impact On Equity -1% ($000)	**2011** Impact On Profit Or Loss +1% ($000)	**2011** Impact On Equity -1% ($000)	**2010** Impact On Profit Or Loss +1% ($000)	**2010** Impact On Equity -1% ($000)
Finance Receivables	(666)	777	(682)	682	-	-	-	-

2. *Cash Flow Sensitivity Analysis*

   A change in interest rates would also impact on interest payments and receipts on the Group's floating rate assets and liabilities. Accordingly, the one year cash flow sensitivity to a 100 basis point movement in interest rates (based on assets and liabilities held at balance date) is as follows:

	GROUP		GROUP		PARENT		PARENT	
	2011 Impact On Profit Or Loss +1% ($000)	**2011** Impact On Equity -1% ($000)	**2010** Impact On Profit Or Loss +1% ($000)	**2010** Impact On Equity -1% ($000)	**2011** Impact On Profit Or Loss +1% ($000)	**2011** Impact On Equity -1% ($000)	**2010** Impact On Profit Or Loss +1% ($000)	**2010** Impact On Equity -1% ($000)
Cash And Cash Equivalents	29	(29)	28	(28)			18	(18)
Related Party Receivables	13	(13)	7	(7)			-	-
Bank Overdraft	-	-	(10)	10	-	-	-	-
Related Party Receivables								
Borrowings	(14)	14	(6)	6			-	-
Finance Receivables Borrowings	(738)	738	(787)	787			-	-
Secured Loans	(210)	210	(265)	265			(13)	13

i) Note that trade and other receivables are all denominated in NZ$ and are non interest bearing.

ii) Note that as finance receivables are calculated at amortised cost using their effective interest rate the sensitivity is based on variations against the effective interest rate and not the interest rate the customer would pay in accordance with the contract itself.

iii) Note that accounts payable are all denominated in NZ$ and are non interest bearing.

29) RELATED PARTY TRANSACTIONS

Note 30 identifies all companies within the Group, Note 19 identifies the associate company and Note 20 the investment in an appliance buying group of which the Group is a shareholder. All of these companies are related parties to the Parent. Other than as identified below, there are no other related parties with whom material transactions have taken place.

RENTAL INCOME

During the year Smiths City Properties Limited received rental income of $1.548million (2010 $1.548million) from Smiths City (Southern) Limited, a fellow subsidiary company of the parent. This rental transaction is conducted on an arms length basis.

MANAGEMENT CONTRACT (GROUP AND PARENT)

Smiths City Group Limited entered into a management contract dated 31 October 2008 with Retail Management Services 2000 Limited to provide the services of Richard Hellings as Managing Director for a three year period to 31 October 2011 with an annual retainer of $365,000 from 1 November 2008 plus an estimated annual incentive based on profit (estimated to be nil for the current year) plus the use of a motor vehicle and annual health premiums with an estimated cost of $21,000 per annum. This contract was based on independent expert advice provided by Sheffield Consulting Group Limited.

INFORMATION TECHNOLOGY SERVICES

The company has an existing contract dating from 1 November 2009 with Datacom Group Limited of which John Holdsworth and Craig Boyce, Directors of Smiths City Group Limited, are Directors, and John Holdsworth has a beneficial ownership to provide information technology outsourcing services for the computer hardware and software facilities of the company. The transaction was completed on a commercial arms length basis within the Managing Director's delegated powers. Purchases for the year were $649,962(2010 $750,545). The amount owing to Datacom Group Limited at balance date was $62,954 (2010 $55,402).

ADVENTURE BRANDS

The Group has a 30% holding in Adventure Brands Limited through a subsidiary. Purchases for the year were $1.550million (2010 $1.638million). The amount owing at year end was $55,168 (2010 $61,346). At balance date the Group had advanced $1.268million to Adventure Brands Limited (2010 $678,000). The advance is a revolving credit facility entered into on an arms length basis at a weighted average interest rate of 5.44% per annum and is secured over stock funded by the facility and certain debtors of Adventure Brands Limited.

NARTA NZ LIMITED

Refer Note 20.

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation including Directors comprised short term employee benefits of $1.727million (2010 $1.717million).

30) SUBSIDIARY COMPANIES

The subsidiary companies, all with balance dates of 30 April and all are wholly owned included in the consolidated accounts as at 30 April 2011 are as follows:

TRADING

» Smithcorp Finance Limited - finance
» Smiths City Properties Limited – property
» Smiths City (Southern) Limited - retail
» SCG Finance Limited

NON TRADING

» Debt Recovery Legal Services Limited (formerly Smiths City (Auckland) Limited)
» Smiths City (Nelson) Limited
» Smiths DIY (Southern) Limited
» Alectra Limited
» Smiths City (Christchurch) Limited
» Quintana Investments Limited
» Smiths City (Wellington) Limited
» Powerstore Limited
» Smiths City Staff Share Plan Trustees Limited
» Smiths City (Rotorua) Limited (In Liquidation)
» L V Martin & Son Limited

All Directors of Smiths City Group Limited are also Directors of the Trading subsidiaries. Messrs C D Boyce and R Hellings are also Directors of the Non Trading subsidiaries except for Mr Hellings who is not a Director of Smiths City Staff Share Plan Trustee Limited. The Directors of L V Martin & Son Limited are Messrs J W Holdsworth; R Hellings and T E Douthett.

31) OPERATING LEASES

Non cancellable operating lease rentals are payable as follows:

	GROUP		PARENT	
	2011 ($000)	**2010 ($000)**	**2011 ($000)**	**2010 ($000)**
Less Than 1 Year	12,529	11,714	-	-
Between 1-5 Years	31,576	29,908	-	-
More Than 5 Years	1,906	2,632	-	-
	46,011	44,254	-	-

The Group leases the majority of its stores under operating leases. The leases typically run for between three to nine years with options to renew the leases after that date. Lease payments are increased every three years to reflect either market rentals or in some cases CPI increases. The Group leases the majority of its motor vehicle fleet under operating leases.

32) CAPITAL COMMITMENTS

The value of capital commitments at 30 April 2011 was $60,000 (2010 $60,000). The Group has indicated it intends to rebuild the Colombo Street property and trade from it. This property is fully insured. Details of the cost of remedial work are not finally determined but the Group believes they will be fully covered under its Insurance Policy.

33) CONTINGENT LIABILITIES

The Group has contingent liabilities of $nil at 30 April 2011 (2010 $nil). As at 30 April 2011 the Parent Company has guaranteed $400,000 of borrowings by Adventure Brands Limited from The National Bank of New Zealand Limited (2010 $400,000). Smiths City Group Limited has also guaranteed the borrowings from Fisher & Paykel Finance Limited which are secured against the finance receivables of Smithcorp Finance Limited refer note 24.

34) EVENTS SUBSEQUENT TO BALANCE DATE

On 29 June 2011 the Directors announced to the NZX that the Group proposes to pay a dividend of 1.0cents per share on Friday 12th August 2011 (2010 1.0cents).

Following the significant aftershocks on Monday 13 June the Group’s largest Distribution Centre, in Woolston, received some structural damage and is closed for repairs. These should be completed by the end of June when normal operations are expected to resume. The closure of this warehouse has not affected the supply of product for the retail business. Engineers have cleared the Smiths City stores at Northwood and Riccarton, the Powerstore outlets in Riccarton and Northwood and the Alectra service centre at Sockburn which also houses the Group’s administration function. All of these buildings are now occupied and operating normally. The company has insurance cover for losses arising from material damage to stock as well as business interruption insurance for selected stores and distribution centres. The company has met with its insurers and is not aware of any material losses that fall outside this cover.

KPMG

Independent Auditor's Report

To the Shareholders of Smiths City Group Limited

Report on the Company and Group Financial Statements

We have audited the accompanying financial statements of Smiths City Group Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 21 to 55. The financial statements comprise the statements of financial position as at 30 April 2011, the income statements and statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' Responsibility for the Company and Group Financial Statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 and group'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 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.

Our firm has also provided other services to the company and group in relation to taxation and general accounting services. Partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditors of the company and group. The firm has no other relationship with, or interest in, the company and group.

Opinion

In our opinion the financial statements of on pages 21 to 55:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company and the group as at 30 April 2011 and of the financial performance and cash flows of the company and the group for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

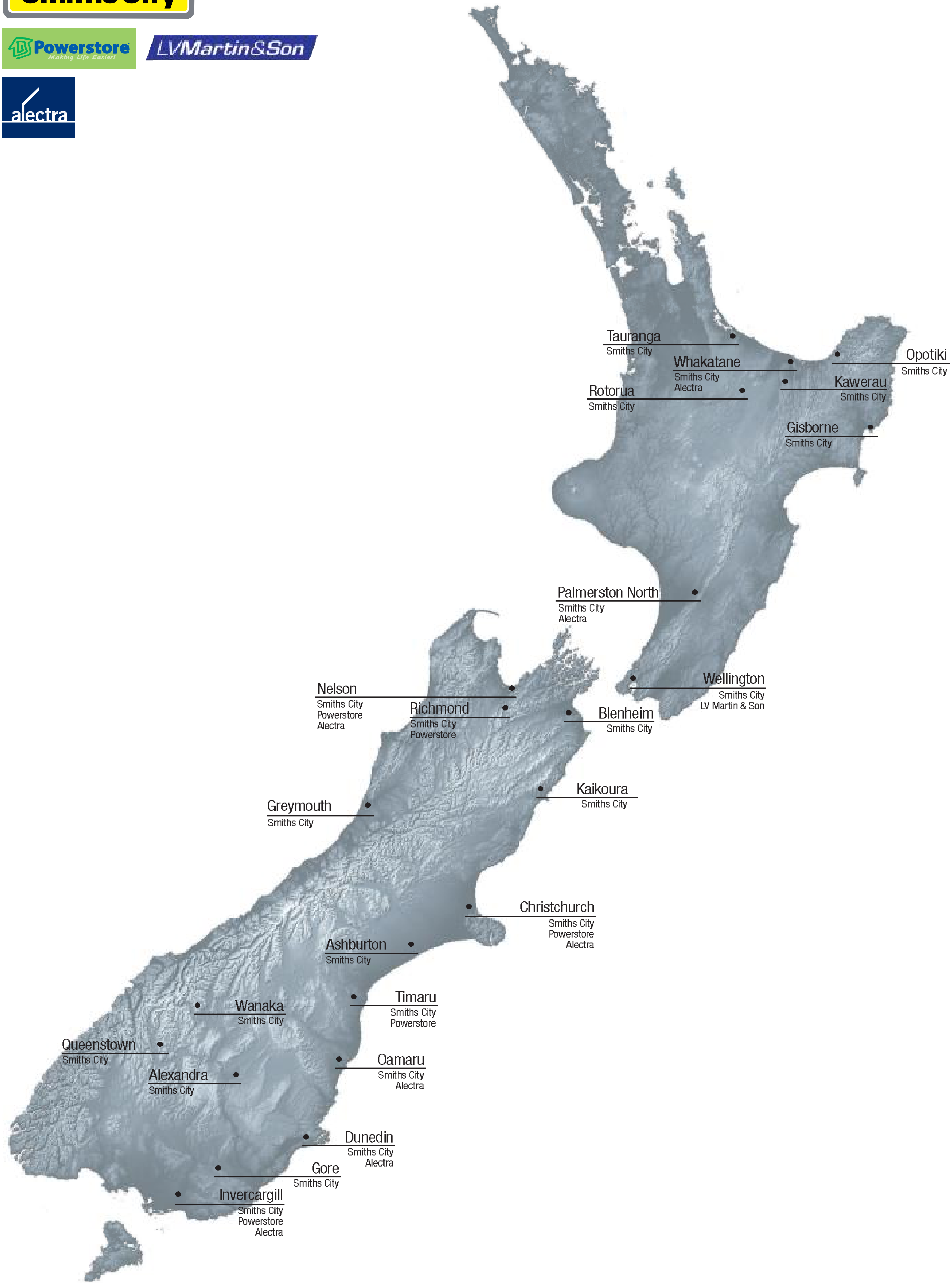
- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Smiths City Group Limited and its subsidiaries as far as appears from our examination of those records.

KPMG

29 June 2011
Christchurch

Our people who were part of the Smiths City Group of companies 31 May 2011

ABERHART Neville
ABDUL Zaveed
ACKLEY Simon
ACKROYD Jasmine
ADAMS Louise
ADAMSON Nyrena
ADIE Shaun
AITCHESON Ross
ALAALATOA Jamie
ALLAN Tony
ALLEN David
ALLEN Diane
ALMOND Annette
ALMOND Hula
AMARGALINGGAM Bavani
AMOS Garry
ANDERSON Garry
ANDERSON Krystle
ANDERSON Matthew
ANDERSON Rick
ANDERSON Tony
ANDREWS Genna
ANDREWS Shona
APERI Hine
ARCHBOLD Kara
ARMSTRONG Brian
ARMSTRONG Paul
ARNOTT Nastassja
ARORA Sarika
ASHDOWN Stephanie
ASHWORTH Graham
AUSTEN Benjamin
AUSTIN John
AYERS Sarah-Lee
BAHRAINWALA Husein
BAILEY Lisa
BAKER Tom
BALFOUR Craig
BARDELL Warren
BARNAO Barney
BARNES Michael
BASSETT Richard
BATELY Grahame
BEHAN Tim
BEAUMONT Daniel
BECKLEY Grant
BENNETT Jessica
BENSEMANN Christine
BETHAM Rodney
BEZUIDENHOUT Robert
BIDDINGTON Blair
BHANDARI Avtar
BIDDLE Tanara
BILLING Andrew
BLACK Kenneth
BLACK Thomas
BLAGDON Gregory
BLANCHARD Lesley
BLYTH Mark
BONIS Helen
BORLASE Rachel
BOYCE Craig
BOYCE Maree
BRADLEY Roger
BRADLEY Steve
BREACH Bonnie
BREAKWELL Natalie
BREEN Chris
BRIGGS Christopher
BRIGGS Jamie
BRINSDON Micheal
BROOK Jackie
BROWN Heather
BROWN Matthew
BROWN Todd
BROWNE Stefan
BRYANT Jesse
BUCKLEY Graeme
BUCKNALL Phillip
BULLIMORE Martyn
BURDON Barbara
BURNELL Paul
BURNEY Kate
BURROWS Kerry
BURROWS Marg
BURTON Ann
BYRNE Conor
BYRNE Leigh
CAIRNS Kevin
CALCOTT Mkoi
CALLISTER Carolyn
CAMPBELL Haylee
CARREL Teresa
CARSTON Paul
CARTLEDGE Amii
CATTERMOLE Wal
CHAIPANIT Ning
CHALLIS Gary
CHALMERS Linzi
CHATFIELD Zara
CHING Campbell
CHING Marcia
CHISHOLM Murray
CHONG Pau Fang (Sharon)
CHRISTIAN Marcus
CHRISTIANSEN Stephen
CHUI-YEN Shionaka
CINCO Merlita
CLARK Jim
CLARKE Thomas
CLAUSEN David
CLAXTON Jeremy
CLEPHAS Joshua
CLEVERLEY Lynne
COATES Lyndal
COFFEY Mike
COFFEY Sandra
COKER Bob
CLEGHORN Ross
CLEPHAS Joshua
COLLIER Nigel
COLLINS-HENARE Soria
COOK Ralph
COOPER Michael
COSTA Marco
COSTER Scott
COUNIHAN Melanie
COWIE Coralie
COX Warren
CRAGGS Kay
CRAIG Hannah
CRAIG Sheila
CRAIGIE Murray
CRANSTOUN Orlana
CRAVEN Rebecca
CREED Michael
CRIBB-LANKEY Patricia
CRIGHTON Lance
CROSS Daisy
CROTON Barry
CROUCHER Boyd
CUMBERLAND Jill
CUMMINGS Samantha
CUNEEN Joanna
CUNNINGHAM Ian
CUNNINGHAM Joanne
CURTIS Kerri
DALY Brian
DALY Margaret
DALY Tony
DANBY Melissa
DAVESCOMCH-BUTCHER Lynne
DAVIDSON Chris
DAVIES Lynn
DAVIS Terence
DAWSON Curtis
DAWSON Todd
DELANY Joanne
DELIS Terry
DELPORT Travis
DELVERS Michael
DELVERS Travis
DHOLA Pankaj
DICKIE Adam
DICKIE Peter
DID-DELL Micah
DID-DELL Philip
DID-DELL Tim
DOELEMAN Hans
DOMB Murray
DONALDSON Diana
DONGHI Toni
DOUGHERTY Mike
DOUGLAS Marie
DOUGLAS Melanie
DOUTHETT Trevor
DUDLEY Dawn
DUMERGUE John
DUNCAN Adrienne
EARL Fallon
EASTERBROOK Alistair
ECKHOLD Alison
EDINGTON John
EDWARDS Alister
EDWARDS Robert
EDWARDS Ward
EGGERS Cory
ELLIS Jodie
ELLIS John
ELLIS Mike
ELWOOD Grant
EMMANUEL Arthur
ERICKSEN Rebecca
EVANS Bryce
EVANS Gillian
EWAN Emily
FAIRHALL Rachel
FALWASSER Paul
FAULDING Tim
FEARN Richard
FEATHERS Glenys
FENEMOR Amy
FETHERSTON Maria
FIELD Warren
FIFITA Leroy
FINCH Simon
FITZGERALD Sheryl
FLEMING Nigel
FORSTER Marie
FOSTER Leslie
FOWKE Nicky
FRASER Elizabeth
FRASER John
FRASER Steven
FREW Shane
FRIS Jonathan
FRY Pam
FULTON Grant
GALLAGHER Michael
GALT Jared
GALT John
GAMALINDA ALVIN
GAPPER Matthew
GARDNER Ian
GARDNER Mary
GE Bo
GEEVES Gill
GEMPTON Krystal
GIBLIN James
GILL Ann-Marie
GILLESPIE Allan
GLUE Susan
GOFFIN Lynda
GOLDSTONE Aaron
GOODWIN Phillip
GORT Doug
GORTON Jeanette
GORTON Vicki
GRANGER Antony
GRANT Daniel
GRANT Judith
GRAVER Marilyn
GRAY Wayne
GREDIG Barry
GRIBBEN Damien
GRIFFITHS Michael
GUBB Chris
GUY Daniel
HAGUE Matthew
HALE Debra
HALL Gary
HALL Patricia
HALLAM Angela
HALLIGAN Andrew
HAMILTON Alicia
HAMMOND Michael
HAND Craig
HANDLEY Steven
HANSEN Dennis
HARGRAVES Fiona
HARKNESS Pauline
HARPER Hayden
HARRIS Esther
HARRIS Michael
HARRIS Peter
HARTSTONGE Trevor
HARVEY Jason
HARVEY Jason
HASKETT Steve
HASLEMORE Karen
HAWES Joel
HAWKE Greg
HAWKE Michael
HAYCOCK Rodger
HAYWARD Christopher
HEANEY Michelle
HEARN Stephen
HELLIER Joanne
HELLINGS Rick
HEMINGWAY Jeremy
HENDERSON Glenys
HENDERSON Yvonne
HERBERT Samuel
HESSON Philip
HEWISON Richard
HEWLETT Brent
HEY John
HIBBS Bradley
HICKMAN Brent
HIGHTON Joanne
HILL Michael
HINES Deanne
HODGSON Rochelle
HOEFLICH Elaine
HOGARTH Chris
HOGARTH Christine
HOLMES Susan
HOOD Marcus
HORSCROFT Michael
HSIAO Edward
HUDSON Joshua
HUFF Colin
HUFFAM Aaron
HUGHES Alisha
HUIA Simon
HUMPHREY Lynne
HUMPHREY Stuart
HUNT Jonathan
HUNT Toni
HUTA Michael
HUTT Steven
HVID Wayne
INDER Joshua
IRVINE Jessica
IRVING Rowan
ISAAC Miranda
JARAM Gordon
JARVIS Chris
JENKINS Andrea
JENKINS Bryce
JENKINS Leeanne
JENKINS Ray
JOBSON Albie
JOBSON Peter
JOHN Rhys
JOHNSON Alfred
JOHNSON Allan
JOHNSON Jesse
JOHNSON Laureen
JOHNSON Shane
JOHNSTON Lois
JOHNSTON Paul
JONES Lindon
JOPE Kerrin
JORDAN Gavin
JOYCE Graeme
JURY Nikita
KAGLUND Marion
KARYSTINOS Konstantinos
KATAE Riki
KAUI Anna
KAUR Tanish
KELLETT Dave
KELLY Ryan
KEMP Denise
KENT Brendan
KENNEDY Michael
KERR Gavin
KERR Rowan
KILLEEN William
KING Michael
KINGI Hunia
KIRK Melanie
KIRNER Jackie
KISILIUK Alan
KITTO Alexandra
KNIGHT Fiona
KNOWLER Michael
KOIA Alison
KUMAR Vivek
KURNEY Lance
LAMB Bryan
LAMB Nic
LAMB Tyler
LAMBERT Nathan
LANCASTER Vickie
LANGDON Jason
LANGE Colin
LASEI Stephen
LATIMER Brett
LAUDER Brydie
LAURENT Robert
LAWSON Tony
LAY Jeffrey
LE COMTE Clint
LE CORRE Leanna
LEARMOND Bob
LE COMTE Esther
LEE Brian
LEE Sim
LEMIN Brian
LESA Faamoemoe
LESTER Malcolm
LEWIS Aaron
LEWIS Kristine
LEWIS Matthew
LEWIS Michael
LEWIS Philip
LIENERT Andrew
LIMMER Brenda
LIND Joyce
LINDSAY Mark
LINES Carl
LINTON Kevin
LIST Gavin
LLORICO Emilio
LLOYD Grant
LOCKIE Hadyn
LOGAN Sam
LORMANS Vince
LOUTTIT Glenda
LOW Nathan
LOWE Anthony
LUAFUTU Lino
LUCAS Chris
MacARTHUR PAUL
MacASKILL Anna
MacDONALD Noel
MacDONALD Robyn
McDOWELL Katie
MacKAY Glenn
MacKAY Ken
MacKAY Shawn
MACKIE Glen
MAKIHA Alfred
MALONEY Aaron
MANDER Jayne
MANHIRE Lisa-Jane
MANN Gill
MANSON Charmaine
MANSON Sheryl
MARSHALL Vicki
MARSTERS James
MARTIN Brett
MARTIN Fiona
MASON Elliott
MASON Sandra
MATANGI Sarah
MATTHEWS Shane
MATTHEWS Shaune
MATTSON Rachel
MATZENBACHER Bernardo
MAY Hayden
McCANN Querton
McCONCHIE Susan
McDERMOTT Tony
McDONALD Siusann
McFADDEN Bruce
McFADDEN Dayle
McFARLANE Sue
McFELIN Lyn
McGIVERN Shannon
McGREGOR Tia
McHUGH Andrew
McINTOSH Jodie
McINTYRE Allen
McINTYRE Reid
McKINNON Neil
McLAUGHLAN Mark
McLENNAN Sarah
McMEEKIN Peter
McMILLAN Lance
MEIKLE Judy
MELIND James
MELIS Karen
MELROSE Taria
MELVILLE Jade
MERRIMAN David
MEXTED Peter
MEYER Aaron
MICHAEL Claire
MIHAERE Rosa
MILDENHALL Barry
MILLER Eric
MILLNS Dianne
MILNE Nicholas
MILNE Nicole
MILNE Sandie
MINNEE Eugene
MIRFIN Alan
MOEAHU Kylie
MOORE Geoff
MOORE Jessica
MOORE Shane
MORGAN Kevin
MORGAN Shane
MORRIS Adam
MOYNIHAN Paul
MUIR Dianne
MULQUEEN Kay
MURDOCH Kevin
MURRAY Darren
MURRAY Jamie
MURRAY Warren
MYALL Shane
NAIDU Shorit
NAKAROTI Kulaiyosi
NAKAROTI Tevita
NALLY Terence
NAND Dineshwar
NAYLOR Aaron
NAYLOR Brendan
NAYLOR Graham
NEWBY Paul
NEWMAN Tom
NEWTH Alan
NICHOLLS Samantha
NICHOLSON Atria
NICHOLSON Fran
NOSSITER Gwenddolin
NUDD Simon
O'CARROLL Kay
O'CARROLL Mark
O'CONNOR Rose
OFFICER Gillian
O'HALLORAN Nicola
OLSEN Joseph
OLIVER Faye
O'NEAL Rodney
O'NEILL David
O'NEILL Kate
OPETAIA Tania
ORAM Grant
ORANJE Josh
ORMANDY Tony
ORR Greg
PALATCHIE Pat
PALENSKI Natalie
PALMER Bruce
PANIRAU Phyllis
PANKHURST Sharon
PARISH Andrew
PARISH Linda
PARK Mitzi
PARSONS Gavin
PATERSON Anita
PAUL Marlene
PEARCE Megan
PEPPING Jason
PETERSON Melissa
PETRIE Robin
PHILLIPS Sally
PHILLIPS Sarah
PICKETT Mark
PORT Heather
POWELL James
POWELL Kayla
POWLEY Mark
PRATT Dianne
PRESNALL Gemma
PRESTON Jason
PRIDDY Judith
PROUDFOOT Samuel
PROUDFOOT Simon
PROUDFOOT Tegan
PYE Bruce
RADFORD Grant
RAINBOW Matthew
RAMSAY Bronwyn
RAMSAY Jacinta
RANGI Denise
RAPANA Sonny
RAITT Jeremy
RATCLIFFE Chris
RAWENATA Meepa
RAWIRI Daniels
REID Andrew
REID Andy
REID Murray
REID Phillip
REKITTKE Robert
RICE Lance
RICHMOND Adam
RIETVELD Joanne
RIINI John
ROBERTS Barbara
ROBERTSON Craig
ROBINSON Adrian
ROBISON Wendy
ROGERS Lorraine
ROLINSON Dennis
ROLLESTON James
ROLSTON Paul
ROPER Stephen
ROSE Kathleen
ROWAN Paul
RUFFELL Morgan
RUSSELL Anthony
RUSSELL Michael
RUTHERFORD Heather
RYAN Alexis
RYAN Warrick
RYDER Keith
SABUROVA Svetlana
SAVAGE Hamish
SAVIDAN Pamela
SAYERS Jamie
SAZANOV Vasily
SCHERRER Markus
SCHREURS Hamish
SCHUMACHER Ashley
SCOTT Kerri Ann
SEDDON Lynne
SEDDON Rhys
SELBY Darren
SENEVIRATNE Tyrone
SENIOR Michael
SERVICE Nigel
SHARFE Kenneth
SHARLAND Garry
SHARP Craig
SHEARY Robert
SHEVDE Karan
SHORE Suzanne
SHORTLEY Kirsten
SIDON Darrell
SIMCOCK Martin
SIMPSON Jacqueline
SINCLAIR Joseanne
SINGH Gurpreet
SINGH Maninder
SINGH Navpreet
SIXTUS Liam
SKELTON Karen
SLIGHT Aaron
SMALL David
SMITH Dean
SMITH Doug
SMITH Ian
SMITH Jonathon
SMITH Kelly
SMITH Margaret
SMITH Margaret
SMITH Mark
SMITH Michael
SMITH Nathan
SMITH Peter
SOLOMON George
SOLOMON Tau
SOURIRAJAN Kartik
SPERRY Grant
SPICER Myles
STANBRIDGE Ben
STANTON Craig
STAPLES Dwayne
STEEDMAN Karla
STEMPA Noel
STEWART Ainsley
STEWART Jim
STEWART Jody
STEWART-SMITH Michael
STICKLE Nicole
STOTHERS Jaye
STOTT Nicholas
STOWELL Megan
STRANG Bernadette
STUART Janet
STUBBINGS Phoebe
SUAREZ Julia
SULLIVAN Annie
SULLIVAN Jennifer
SULLIVAN Jeremy
SULLIVAN Sharon
SUTHERLAND Jessie
SUTTON Paul
SWAIN Daniel
SYME Andrea
SYMONS Reginald
SZIGETVARY Illona
TA'ALA Cheyenne
TAHAPEEHI Tete
TAKITIMU Michaela
TAKOKO Jessica
TANG Alan
TANGIITI Teri
TARPY-WARD Kathleen
TAURIMA Dean
TAYLOR Chris
TAYLOR James
TAYLOR Jason
TAYLOR Jason
TAYLOR Matthew
TE MAIPI Robert
TE RIRE Jeremy
TE RUPE Nan
TE WHATA Heeni
TEBAY Russell
TEBBUTT Aimee
TE-EVALE Suli
THOMSEN Christine
THOMSON Jean
THOMSON Murray
THORESEN Tracey
THORMAN Gary
TIMBLICK Wayne
TINDALL Gregg
TINKER Aleisha
TINETTI Leslie
TODD Phillip
TONG Craig
TONKIN Paul
TONKIN Victor
TOPP Julie
TRAFFORD-LILLIS Jamie
TRAINOR Paul
TRITT Marta
TSAO Daniel
TUMAHAI Luke
TURNBULL Campbell
TURNBULL Christopher
TURNER Gareth
VALDEZ Connie
VAN DER AA Kim
VAN DER LEM Martin
VAN MAANEN Benjamin
VAN NIEKERK Sybrand
VAN ROOY Logan
VEERAPUTHARAN Vick
WAITAIKI Carl
WAITE Alan
WALKER Daniel
WALKER Garry
WALKER Ross
WALKER Sally
WALTERS John
WALTON Robert
WARD Judi
WARD Sam
WARREN Chris
WATSON Andrew
WATSON James
WATT Gladstone
WATTON Jamie
WEEKLY Peter
WEEKS Andrew
WEIR Susan
WENHAM Jo-Anne
WESTWOOD Wendy
WHAITIRI Michael
WHITAKER Pat
WHITE Jan
WHITE Mark
WHITE Renee
WHITE Suzanne
WHITEHOUSE Stephen
WHITING Wendy
WILD Paul
WILD Scott
WILKES Rachael
WILLARD Kerry
WILLIAMS Lowell
WILLIAMS Shane
WILLIAMSON Neil
WILLIS Gerry
WILLIS Nola
WILSON Owen
WILSON Tony
WINDERS Jonathon
WINEERA Melanie
WINTER Shaun
WOOD Sharon
WOODS Helen
WORSLEY Anthony
WRIGHT James
WYLIE Hayden
WYLLIE Paul
YASSINETSKY Stepan
YOUNG Oliver
YOUNG Peter
YOUNG Tony



Tauranga
Smiths City
Opotiki
Smiths City
Whakatane
Smiths City
Alectra
Rotorua
Smiths City
Kawerau
Smiths City
Gisborne
Smiths City
Palmerston North
Smiths City
Alectra
Nelson
Smiths City
Powerstore
Alectra
Richmond
Smiths City
Powerstore
Wellington
Smiths City
LV Martin & Son
Blenheim
Smiths City
Kaikoura
Smiths City
Greymouth
Smiths City
Christchurch
Smiths City
Powerstore
Alectra
Ashburton
Smiths City
Timaru
Smiths City
Powerstore
Wanaka
Smiths City
Queenstown
Smiths City
Alexandra
Smiths City
Oamaru
Smiths City
Alectra
Dunedin
Smiths City
Alectra
Gore
Smiths City
Invercargill
Smiths City
Powerstore
Alectra