

# **SMITHS CITY GROUP LIMITED**

**Annual Report  
for the Year  
ended 30 April 2002**

# CONTENTS

## TABLE OF CONTENTS

NOTICE OF ANNUAL GENERAL MEETING.....	2
DIRECTORS' DECLARATION.....	3
COMPANY DIRECTORY.....	4
ORGANISATION STRUCTURE.....	5
DIRECTORS' REVIEW .....	6-7
CHIEF EXECUTIVE'S REVIEW.....	8-9
TREND STATEMENT.....	10
AUDITORS' REPORT .....	11
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES .....	12-13
STATEMENT OF FINANCIAL PERFORMANCE .....	14
STATEMENT OF MOVEMENTS IN EQUITY .....	14
STATEMENT OF FINANCIAL POSITION.....	15
STATEMENT OF CASHFLOWS.....	16
NOTES TO THE FINANCIAL STATEMENTS .....	17-24
STATUTORY INFORMATION .....	25-26
CELEBRATION OF 25 YEARS SERVICE STAFF.....	27
STAFF LIST.....	28

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Smiths City Group Limited will be held in the Conference Room, Mancan House Conference Centre, Corner Cambridge Terrace and Manchester Street, Christchurch, at 10.00am on Thursday 29 August 2002.

## THE BUSINESS OF THE MEETING

### ORDINARY BUSINESS

1. Annual Report - to receive the Annual Report for the year ended 30 April 2002.
2. Directors - to record the retirement by rotation as a Directors of the company of Mr J A Dobson and Mr R Hellings. Mr Dobson and Mr Hellings are eligible and available for re-election.
3. Auditors - to record the appointment of the auditors, KPMG, and to authorise the Board of Directors to fix their remuneration for the ensuing year.

### GENERAL BUSINESS

To consider any other business which may be properly brought before the meeting.

4 July 2002

By Order of the Board  
G H WILLIS

### PROXIES

A member entitled to vote at the meeting is entitled to appoint a proxy (whether a member or not) to attend and vote instead of the member. The form of proxy enclosed (if used) should be lodged at the Registered Office of the company or B K Registries, the company's share registrar at P O Box 384, Ashburton by 10.00am on Tuesday 27 August 2002.

# SMITHS CITY GROUP LIMITED

**Annual Report  
for the Year  
ended 30 April 2002**

## **DIRECTORS' DECLARATION**

The Directors are pleased to present the Annual Report and Financial Statements for Smiths City Group Limited and its subsidiaries for the year ended 30 April 2002.

For and on behalf of the Board

C D BOYCE  
Chairman

J A DOBSON  
Director

4 July 2002

# COMPANY DIRECTORY

## **DIRECTORS AND OFFICERS**

CHAIRMAN	Craig David Boyce
DEPUTY CHAIRMAN	John Allen Dobson
DIRECTORS	Joy Kay Leslie John William Holdsworth Richard Hellings
ALTERNATE DIRECTOR	Gerald Haworth Willis
CHIEF EXECUTIVE	Richard Hellings

<b>REGISTERED OFFICE</b>	550 Colombo Street Christchurch
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<b>BANKERS</b>	The National Bank of New Zealand Limited P O Box 454 Christchurch
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<b>AUDITORS</b>	KPMG P O Box 274 Christchurch
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<b>SHARE REGISTRARS</b>	B K Registries P O Box 384 Ashburton
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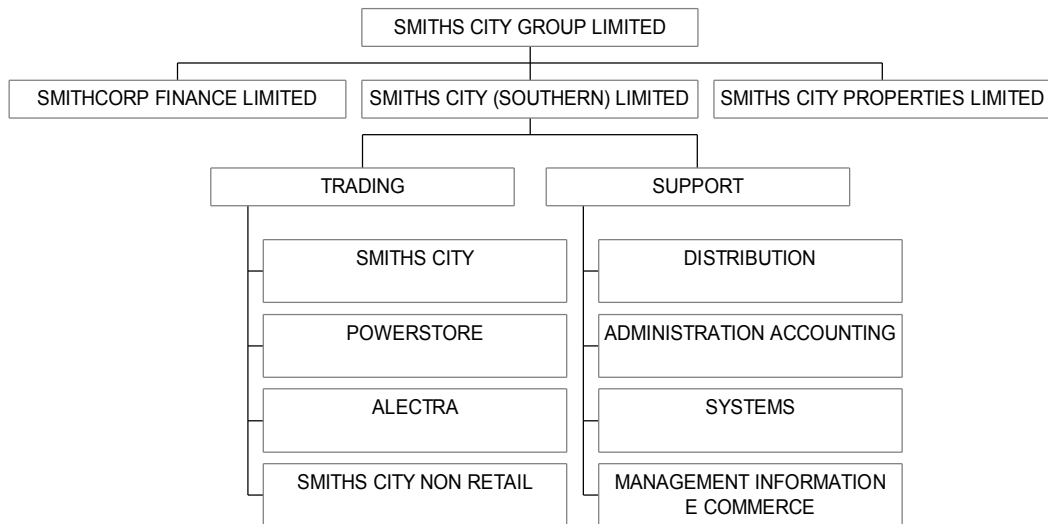
## **ADDRESS FOR COMMUNICATIONS**

POSTAL	P O Box 2343, Christchurch
TELEPHONE	03 9833000
FACSIMILE	03 9833031
EMAIL	<a href="mailto:group@smithscity.co.nz">group@smithscity.co.nz</a>
WEBSITE:	<a href="http://www.smithscitygroup.co.nz">www.smithscitygroup.co.nz</a>

# ORGANISATION STRUCTURE

## THE COMPANY

Smiths City Group Limited has three main parts to its business – trading; finance and property. It operates through three subsidiaries as follows:



1. SMITHS CITY (SOUTHERN) LIMITED – incorporates all the trading operations of the company. Predominantly trading in the retail sector all operations are based in the South Island.

The largest division is the retail business operated as Smiths City. This division has 17 stores retailing appliances, furnishings, sports, DIY and flooring.

Powerstore is the division operating solely in the appliance retail field and has 10 stores.

Alectra mainly services whiteware appliances and also is involved in electrical wiring of buildings.

The Non Retail division trades as Smiths City Commercial and services commercial users. It also has two small manufacturing units.

2. SMITHCORP FINANCE LIMITED – a stand alone finance company which provides a funding facility to the trading operations enabling them to offer fixed repayment and revolving credit facilities to their customers.
3. SMITHS CITY PROPERTIES LIMITED – a property company which currently owns only the Colombo Street property in Christchurch – the Group’s largest individual retail operation and the Group’s administration centre.

In addition the Group owns 21.49% of Wairau Park Limited, a property development company with one development project on the North Shore of Auckland.

## DIRECTORS' REVIEW

The Directors are pleased to report an audited after tax profit for the year of \$3.366million – an increase of 41.4% on last years profit of \$2.380million. Sales in the same period were \$175.876million – an increase of 6.4% on last years sales of \$165.276million.

The Directors have declared a fully imputed final dividend of 2.0cents per share, bringing the dividend for the year to a fully imputed 3.0cents per share. In accordance with the latest Accounting Standards the final 2.0cent dividend has not been included in the 2002 financial results but will be charged in 2003.

We were pleased with the result which represents:

- The best operating profit since the Group was restructured in 1992.
- An after tax return on opening Shareholders' Funds of 15.7%, up from 11.8% last year and well ahead of the 12.5% target which was outlined to shareholders at last years Annual General Meeting.

### TRADING

The Group operates exclusively in the South Island. Low interest rates combined with a low exchange rate has seen a strong rural economy this year which has produced strong retail conditions for the predominantly rural South Island economy.

During the year the Group has taken full advantage of these conditions to strengthen our core business and increase profits through:

### *RETAIL*

- Improving, where appropriate, store locations, presentation and in-store service.
- Maximising the benefits of improvements in management reporting systems to improve buying, reduce

costs per transaction and improve working capital management.

### *FINANCE*

Extending the financial package offered to the Group's loyal customers via Smithcorp Finance.

### *PROPERTY*

Continuing our review of the development opportunities on our key site at Colombo Street, Christchurch.

The Chief Executive will comment on these matters in more detail in his review.

### WAIRAU PARK LIMITED

During the year the company worked to provide further returns from this investment which had paid no dividend in the 2001 financial year. Over the previous two years the property market in Auckland had been relatively slow but it has improved in the last year. As a result we received two dividends during the year - \$214,870 in September 2001 and \$214,870 in March 2002. Since balance date a further dividend of \$171,896 has been received.

We are hopeful that over the coming two year period the remaining land and buildings will be sold and the company wound up with proceeds distributed to the shareholders.

### SHAREHOLDERS

Our improved share price over the last 12 months more fairly reflects – in our opinion – the company's performance.

The company is dependent upon staff and management to maintain our competitive position and develop customer loyalty and key competitive advantages over our opposition. This was recognised by shareholders at the Annual General Meeting of September 1999 when it approved the introduction of a Staff Share Scheme. The first step of this Scheme was completed this year and 350,000 shares were issued to key management personnel in accordance with

the undertakings given by the Directors at that Annual General Meeting.

## **DIRECTORS' REVIEW**(continued)

### **DIRECTORS' VIEW OF THE FUTURE**

The first duty of Directors is the survival and well being of the Company, in the interests of present and future staff, suppliers and shareholders. Then the challenge to Directors and management is to consistently grow shareholder value.

During the financial year ended April 1999 the company approved a three year business plan to ensure that by the end of the 2002 financial year the company would be in a position to compete positively and aggressively in the highly competitive retail market. The company has achieved the goals laid down in that plan and, in fact, exceeded our target sales for 2002 of \$155million by \$20million.

Our budgets and business plan for the next three years are directed to achieving over \$200million in sales through the "organic growth" of our existing retail stores. This will provide for growth in shareholder value and earnings.

We have considered the option of growing quickly by acquisition but the Directors have decided steady growth within the core business is our best way forward. As noted last year the growth of the Group "will be limited not by opportunities presenting themselves, but by ensuring those taken up fit with our strategic direction".

One such example this year was in the gas appliance area where the acquisition of the South Island retail assets of Rockgas and the trading assets of Christchurch based Gasfit Limited has proved very successful and contributed positively to the 2002 profit result.

We intend maintaining our policy of distributing by way of dividends only up to 50% of after tax profits. This will ensure sufficient profits are retained to adequately fund any strategic opportunities as they arise.

Competitive advantage for the Group is from our strong retail brands; our established and loyal customer base; and our staff who are dedicated to providing a superior level of customer service both in-store and after the sale has been completed. These factors and our management team's ability to adapt to change provide a positive outlook for the future.

**CRAIG BOYCE**  
**CHAIRMAN**





# CHIEF EXECUTIVE'S REVIEW

As noted earlier in the Directors' Review the low interest rate combined with the low exchange rate has seen the New Zealand economy in general and the South Island in particular perform strongly. This has flowed through to retail spending which has also been strong during the year under review.

Operating profit from trading activities for the year increased from \$2.805million to \$4.472million – an increase of 59.4%. In the same period sales revenue increased from \$165.276million to \$175.876million – an increase of 6.4%. Operating profit in the current year represents a return on sales of 2.5% up from 1.7% last year.

Whilst our sales increase is only slightly ahead of the total market (based on data provided by the Department of Statistics), the company has seen good increases in market share in those key areas highlighted by the company as strategically important – in particular furniture, whiteware, visual products (television, video records and DVD players) and heating.

The improvements in profitability have been the result of focusing on those areas highlighted in last year's Annual Report as providing real opportunities for improvement in efficiencies and returns. These were:

- To maximise the benefits of improvements made in our management reporting systems thereby reducing costs without any reduction in efficiencies.
- To maximise the benefits of improvements in store locations, presentation and in store service standards.
- To maximise the benefits of improving sales in non-commodity products in less mature markets, and
- To build the Smithcorp Finance Limited operation through the provision of additional financial products to our customer base.

## **TRADING**

The company operates through four trading operations – Smiths City; Powerstore; Alectra and the Smiths City “Non Retail” operations – supported by centralised logistics (incorporating distribution) management information and treasury functions. Smithcorp Finance Limited provides funding for the

provision of flexible finance options for customers.

Major achievements through the year were:

SMITHS CITY -

- The combining of the management team of the Smiths City and Smiths DIY operations to form a lean and aggressive management team dedicated to maximising the benefits of the Smiths City brand.
- Continued improvements in market share in product areas highlighted as strategically important to us. Together with improvements in store merchandising and in store service this has improved the brand perception and overall profitability of an already successful retail operation.
- The acquisition of the South Island retail assets of Rockgas has enabled Smiths City to firmly establish itself as the “one stop heating shop” in the South Island.

POWERSTORE –

- Closed its Mall stores in Christchurch and opened a larger store on Riccarton Road thus reducing costs and increasing sales in Christchurch.
- Continued to build on the strength of the brand and improve market share and returns from the very competitive appliance market, particularly in computers and communication products.

ALECTRA -

- The whiteware service and electrical wiring business had been difficult in the two year period to 2001. However, a combination of closing smaller operations, reducing costs and a strong marketing campaign to establish the Alectra brand, has seen this operation return to profitability this year. This turn around is a real credit to the small management team involved in Alectra.
- The acquisition of the trading assets of Gasfit Limited has opened a new and profitable opportunity for Alectra.
- Alectra has continued to establish its electrical contracting business building a reputation for getting jobs completed in a timely professional manner.

NON RETAIL –

- This is our “business to business” model and expands our target market from purely the domestic retail market into the

business market. The operation has now formulated

## **CHIEF EXECUTIVE’S REVIEW (continued)**

a detailed business plan designed to gain market share in the tourism, building and rural markets. This remains a key area of revenue growth for us.

### **CENTRALISED LOGISTICS AND ADMINISTRATION –**

- The company has continued to improve the quality and timeliness of management information to the trading operations as well as using that information to improve working capital and treasury management. This is a key area in reducing our costs per transaction and improving retained margins.

### **SMITHCORP FINANCE -**

- During the year the company successfully introduced “Lifestyle Finance”, an unsecured loan option to our customers. This facility has proved very popular and the company is now reviewing alternative products to add to Smithcorp.

The Directors have long regarded the Colombo Street complex as strategically important to the company and have been reviewing requirements for the site. The Board expects to make a decision soon on a redevelopment to take place which will provide the company with a secure long term future for what is already its largest retail space.

### **OUTLOOK**

Overall the market outlook is uncertain. Both the interest rate and the exchange rate have risen markedly in the last six months. The result – particularly when combined with the current year being an election year – is a less certain economy and thus an uncertain outlook for retail.

The three year Business Plan has set – as mentioned earlier – aggressive sales targets for the company. It now has store locations in each of the towns in which it wishes to operate. Accordingly, our growth in retail sales will come from increasing the size and product ranges in our stores rather than the number of stores we have. By concentrating on non-commodity product categories in expanding markets we are confident that these sales targets can be achieved in spite of any uncertainty there may be in the market place.

Since balance date the company has – as part of its strategy of continuously improving its

customer offering – relocated the Smiths City Invercargill store to a larger premises; opened the Powerstore Northwood store (replacing the small Wairakei Road operation) and extended the Smiths City Nelson store.

In addition plans are in place to relocate the Smiths City Alexandra store to larger premises and to complete a major renovation of the Powerstore Moorhouse Avenue store giving it significantly more retail space. Also, the Non Retail operations will merge into one larger premises and our Christchurch Distribution Centre will move to a larger site with better access before Christmas.

Whilst the retail industry is dependent to a great extent on the strength of the economy continued improvements such as these should ensure that the improved profit results experienced in the 2002 financial year are sustainable on an ongoing basis.

### **STAFF**

With the changes we have made to the business and the backing of our committed and skilled staff we look forward positively to the new financial year.

As has been stated previously, working in retail puts tremendous demands on our staff and their families. A combination of changes in technology and a more demanding consumer means that without the positive attitude and support from our staff and their willingness to accept these changes, we would not be in a position to either achieve the results we had in the last year or look forward confidently to the future.

The loyalty of its staff is paramount to any organisation and we are fortunate to have a very loyal staff. As at 31 July the company has 27 staff who have served with the company for 25 years or more. We believe this amount of support deserves recognition and accordingly have included their photograph in the Annual Report as a record of our appreciation of their support.

Also included in the Annual Report are the names of all our staff who were part of the “Smiths City Group team” at the conclusion of this financial year. I would personally like to thank them all for their efforts during the year. We are proud to be part of company that continues to move positively into the future.

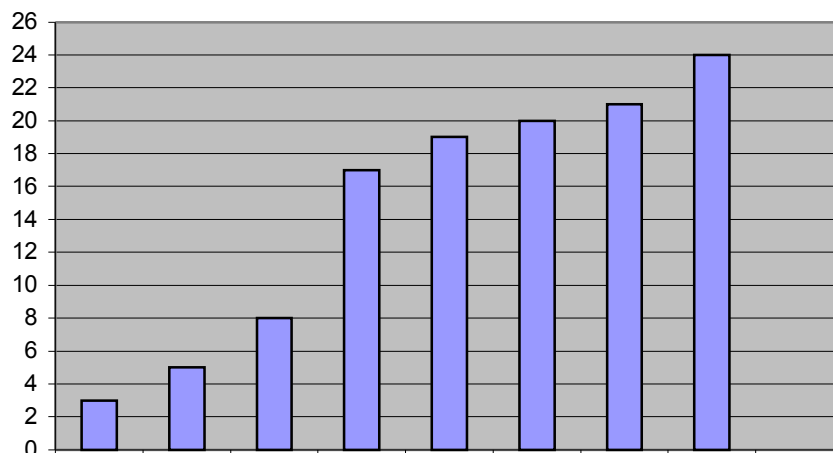
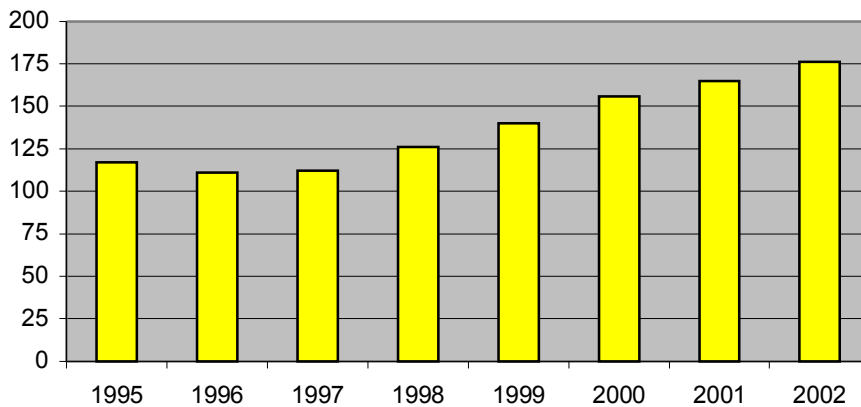
**RICK HELLINGS  
CHIEF EXECUTIVE**

**SMITHS CITY GROUP LIMITED**

**TREND STATEMENT**

	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Sales	175,876	165,276	156,433	139,745	125,780
Profit From Trading	4,472	2,805	2,684	1,766	1,692
Non Trading Profits					
Wairau Park Dividend	430	-	258	689	258
Refund from IRD	-	-	-	-	539
Profit From Discontinued Operations	-	-	-	-	514
Profit from Non Trading Activities	430	-	258	689	1,311
Profit Reported in Annual Report	4,902	2,805	2,942	2,455	3,003
Less Taxation	(1,536)	(425)	(892)	-	-
<b>PROFIT AFTER TAXATION</b>	<b>3,366</b>	<b>2,380</b>	<b>2,050</b>	<b>2,455</b>	<b>3,003</b>
<b>CLOSING NET ASSETS PER SHEET</b>	<b>24,365</b>	<b>21,427</b>	<b>20,099</b>	<b>19,111</b>	<b>17,020</b>

Sales \$M





## Audit report

### To the shareholders of Smiths City Group Limited

We have audited the financial statements on pages 12 to 24. The financial statements provide information about the past financial performance and financial position of the company and group as at 30 April 2002. This information is stated in accordance with the accounting policies set out on pages 12 and 13.

#### Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 30 April 2002 and the results of their operations and cash flows for the year ended on that date.

#### Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

#### Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm carries out other assignments for the company and certain of its subsidiaries in the area of taxation advice. Partners and employees of our firm 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. The firm has no other interest in the company or any of its subsidiaries.

#### Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the financial statements on pages 12 to 24:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the company and group as at 30 April 2002 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 18 July 2002 and our unqualified opinion is expressed as at that date.

  
Christchurch



Member Firm of  
KPMG International

# STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 APRIL 2002

## A BASIS OF PREPARATION

Smiths City Group Limited is a company registered under the Companies Act 1993. The financial statements presented are those for Smiths City Group Limited (the Parent) and the Smiths City Group (the Group). The Group consists of the Parent and its subsidiaries.

The financial statements comply with the Financial Reporting Act 1993 and comprise statements of the following: significant accounting policies, financial performance, movements in equity, financial position, cash flows, as well as the notes to these statements contained on pages 14 to 24 of this Annual Report.

The financial statements are prepared on the basis of historical cost except that land and buildings are stated at valuation.

## B BASIS OF PREPARING GROUP FINANCIAL STATEMENTS

### SUBSIDIARIES

Subsidiaries are those entities controlled, directly or indirectly, by the Group. The financial statements of the subsidiaries are included in the Financial Statements using the purchase method of consolidation.

### INVESTMENT

The Group has an interest in Wairau Park Limited, in which it has a shareholding of 21.49%. The financial results of this company have not been equity accounted due to the lack of ability to exercise significant influence or control over its operations. The investment is included at cost less capital distributions received to date.

### GOODWILL ARISING ON ACQUISITION

Goodwill arising on the acquisition of a Group entity represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired. Goodwill has been fully amortised.

### INTRA-GROUP TRANSACTIONS

Intra-group balances and profits resulting from intra-group transactions are eliminated in preparing the Group financial statements.

## C HIRE PURCHASE REVENUE

The interest relating to future accounting periods on the instalment credit receivables is excluded from revenue and is calculated using the rule of 78 method. The cost of the effect of the portion of hire purchase sales made on deferred interest has been recognised.

## D DEPRECIATION

Depreciation is charged on the following basis on all property, plant and equipment:

- |   |                   |
|---|-------------------|
| • Motor vehicles, office equipment,<br>furniture & fittings | 20% straight line |
| • Plant & machinery   | 10% straight line |
| • Buildings   | 1% straight line  |

## E LAND AND BUILDINGS

Land and buildings are stated at valuation as determined every three years by a registered independent valuer. The basis of valuation is fair value. Any surplus on revaluation of a class of land and buildings is transferred directly to equity unless it offsets a previous decrease in value recognised in the statement of financial performance, in which case it is recognised in the statement of financial performance. A decrease in value relating to a class of land and buildings is recognised in the statement of financial performance where it exceeds the surplus previously transferred to equity.

## F OTHER PROPERTY, PLANT AND EQUIPMENT

Other property, plant and equipment has been recorded at cost less accumulated depreciation.

## **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 APRIL 2002 (continued)**

### **G STORE REFURBISHMENTS**

Expenditure on the fitting out of new stores is capitalised and depreciated over the initial term of the lease. In respect of existing stores refurbishment expenditure is capitalised and written off over 12 months.

### **H TAX**

Income tax expense is recognised on the operating surplus before taxation adjusted for permanent differences between taxable and accounting income. Deferred tax is calculated using the comprehensive basis under the liability method. This method involves recognising the tax effect of all timing differences between accounting and taxable income as a deferred tax asset or liability in the statement of financial position. The future tax benefit or provision for deferred tax is stated at the income tax rates prevailing at balance date.

Future tax benefits are not recognised unless realisation of the asset is virtually certain.

### **I INVENTORY**

Stocks consisting substantially of retail goods (a portion of which are subject to “retention of title clauses”) are valued at the lower of cost and net realisable value on bases consistent with previous years. In determining cost, the “weighted average cost” formula is followed. Stocks reduced from cost to net realisable value are valued on a specific identification basis.

### **J ACCOUNTS RECEIVABLE**

Accounts receivable are valued at expected realisable value after making adequate provision for doubtful debts. All known losses are written off against income in the period in which they become evident.

### **K FINANCIAL INSTRUMENTS**

The Group is party to financial instruments to meet financing needs. These financial instruments include bank and finance company loan facilities, forward rate agreements and swaps to reduce exposure to fluctuations in interest rates. Financial instruments that are designated as hedges of specific items or economic exposures are recognised on the same basis as the underlying hedged items. The net differential paid or received on forwards and swaps is recognised as a component of interest expense or revenue over the period of agreement. Financial instruments that do not constitute hedges are stated at market value and any resultant gain or loss is recognised in the statement of financial performance.

### **L LEASE COSTS**

#### **OPERATING LEASES**

The trading operation of the Group leases properties for its retail and storage activities. Operating lease payments are included in the determination of the operating profit in equal instalments to monthly rentals paid.

#### **FINANCE LEASES**

The interest expense component of finance lease payments is recognised in the statement of financial performance using the effective interest rate method.

### **M OPERATING CASHFLOW**

A substantial portion of the Group’s sales are made on hire purchase terms, which are funded through a long term arrangement with an independent finance company. This funding is included in operating cashflows.

### **N CHANGES IN ACCOUNTING POLICY**

The Group has adopted the new standard FRS3 Accounting for Property, Plant and Equipment. FRS3 requires revaluations to be stated at highest and best use without deducting disposal costs. This change in accounting policy has had no effect on the Financial Statements.

With this exception, the accounting policies have been consistently applied by the Parent and the Group and are consistent with the previous year.



**SMITHS CITY GROUP LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 APRIL 2002**

		<b>GROUP</b>		<b>PARENT</b>	
	NOTE	30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
Sales		175,876	165,276	-	-
<b>Ongoing Activities</b>					
Surplus Before Income Tax	1	4,902	2,805	(266)	940
Plus/(Less) Taxation	9	(1,536)	(425)	323	80
Net Surplus After Income Tax		3,366	2,380	57	1,020

2002 Surplus Before Income Tax includes a dividend of \$430,000 from Wairau Park Limited (2001 \$nil)

**STATEMENT OF MOVEMENTS IN EQUITY**  
**FOR THE YEAR ENDED 30 APRIL 2002**

		<b>GROUP</b>		<b>PARENT</b>	
		30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
TOTAL EQUITY AT BEGINNING OF YEAR		21,427	20,099	6,197	9,556
Net Surplus for year		3,366	2,380	57	1,020
Deduct provision for dividend		-	(526)	-	(526)
Deduct dividend paid		(526)	(526)	(526)	(526)
Add shares issued for staff shares		98	-	98	-
Deduct revaluation reserve transferred		-	-	-	(3,327)
TOTAL EQUITY AT END OF YEAR		24,365	21,427	5,826	6,197

**These statements should be read in conjunction with the attached notes to the Financial Statements.**

**SMITHS CITY GROUP LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2002**

		GROUP		PARENT	
	NOTE	30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
<b>ASSETS</b>					
Cash and Short Term Deposits	2	-	-	2,252	1,057
Accounts Receivable	3	7,982	6,854	116	84
Taxation Receivable	9	-	696	408	911
Intercompany Receivables		-	-	920	3,271
Inventory		29,113	26,931	-	-
<b>CURRENT ASSETS (excluding Smithcorp)</b>		<b>37,095</b>	<b>34,481</b>	<b>3,696</b>	<b>5,323</b>
Smithcorp Bank Balances and Deposits	4	253	859	-	-
Smithcorp Receivables - Current Portion	5	34,869	47,479	-	-
Smithcorp Receivables - Term Portion	5	46,648	28,747	-	-
<b>TOTAL SMITHCORP ASSETS</b>		<b>81,770</b>	<b>77,085</b>	<b>-</b>	<b>-</b>
Investments	6	248	348	13,255	13,355
Property, Plant and Equipment	7	14,172	14,457	34	48
<b>TOTAL ASSETS</b>		<b>133,285</b>	<b>126,371</b>	<b>16,985</b>	<b>18,726</b>
<b>LESS LIABILITIES</b>					
Overdraft	2	469	2,646	-	-
Trade Creditors	8	22,627	17,770	159	203
Provision for Dividend		-	526	-	526
Provision for Taxation	9	305	-	-	-
Secured Borrowings Current Portion	10	-	1,401	-	800
<b>CURRENT LIABILITIES (excluding Smithcorp)</b>		<b>23,401</b>	<b>22,343</b>	<b>159</b>	<b>1,529</b>
Smithcorp Borrowings Current Portion	11	35,993	60,983	-	-
Smithcorp Borrowings Term Portion	11	38,526	9,863	-	-
<b>TOTAL SMITHCORP LIABILITIES</b>		<b>74,519</b>	<b>70,846</b>	<b>-</b>	<b>-</b>
Secured Borrowings Term Portion	10	11,000	11,755	11,000	11,000
<b>TOTAL TERM LIABILITIES</b>		<b>11,000</b>	<b>11,755</b>	<b>11,000</b>	<b>11,000</b>
<b>TOTAL LIABILITIES</b>		<b>108,920</b>	<b>104,944</b>	<b>11,159</b>	<b>12,529</b>
<b>NET ASSETS</b>		<b>24,365</b>	<b>21,427</b>	<b>5,826</b>	<b>6,197</b>
<b>EQUITY</b>					
Share Capital	12	10,652	10,554	10,652	10,554
Reserves		3,421	3,421	-	-
Retained Earnings (Deficit)	13	10,292	7,452	(4,826)	(4,357)
<b>TOTAL EQUITY</b>	13	<b>24,365</b>	<b>21,427</b>	<b>5,826</b>	<b>6,197</b>
<b>NOTE</b>					
Total current assets		72,217	82,819	3,696	5,323
Total current liabilities		59,394	83,326	159	1,529

Smithcorp refers to Smithcorp Finance Limited

**This statement should be read in conjunction with the attached notes to the Financial Statements.**

**SMITHS CITY GROUP LIMITED**  
**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 APRIL 2002**

	GROUP		PARENT	
	30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
<b>CASHFLOW FROM OPERATIONS</b>				
CASH WAS PROVIDED FROM:				
Receipts From Customers	172,717	163,650	76	(120)
Receipt of Dividend	430	-	430	1,200
Interest Received	111	107	80	107
	<b>173,258</b>	<b>163,757</b>	<b>586</b>	<b>1,187</b>
CASH WAS APPLIED TO:				
Payment to Suppliers and Employees	(161,084)	(154,670)	3	(253)
Interest Paid - Finance Company	(5,062)	(5,307)	-	-
Interest Paid - Bank and Other	(1,459)	(1,632)	-	-
Taxation Paid	(535)	(2,013)	-	(827)
	<b>(168,140)</b>	<b>(163,622)</b>	<b>3</b>	<b>(1,080)</b>
<b>NET INFLOW FROM OPERATIONS (NOTE 18)</b>	<b>5,118</b>	<b>135</b>	<b>589</b>	<b>107</b>
<b>INVESTING ACTIVITIES</b>				
CASH WAS PROVIDED FROM:				
Proceeds from sale of property, plant and equipment	1,100	-	-	-
Realisation of investments	100	-	100	-
	<b>1,200</b>	<b>-</b>	<b>100</b>	<b>-</b>
CASH WAS APPLIED TO:				
Purchase of property, plant and equipment	(1,540)	(1,542)	7	-
<b>NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>(340)</b>	<b>(1,542)</b>	<b>107</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>				
CASH WAS PROVIDED FROM:				
Receipt of Intercompany Advances	-	-	2,351	-
Receipt of Term Loan	-	995	-	800
	<b>-</b>	<b>995</b>	<b>2,351</b>	<b>800</b>
CASH WAS APPLIED TO:				
Payment of Inter-Company Advances	-	-	-	(1,990)
Dividends Paid	(1,052)	(1,315)	(1,052)	(1,315)
Payment of Term Loan	(2,155)	(556)	(800)	-
	<b>(3,207)</b>	<b>(1,871)</b>	<b>(1,852)</b>	<b>(3,305)</b>
<b>NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>(3,207)</b>	<b>(876)</b>	<b>499</b>	<b>(2,505)</b>
NET INCREASE (DECREASE) IN CASH HELD				
Opening Cash	1,571	(2,283)	1,195	(2,398)
Closing Cash	1,787	496	1,057	3,455
	<b>(216)</b>	<b>(1,787)</b>	<b>2,252</b>	<b>1,057</b>
CLOSING CASH 30 APRIL 2002 COMPRISES:				
Cash and Short Term Deposits	(469)	(2,646)	2,252	1,057
Finance Company Bank Balances and Deposits	253	859	-	-
	<b>(216)</b>	<b>(1,787)</b>	<b>2,252</b>	<b>1,057</b>

This statement should be read in conjunction with the attached notes to the Financial Statements.

## SMITHS CITY GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1: SURPLUS BEFORE INCOME TAX

Surplus before income tax is arrived at after crediting (charging) the following items:

	GROUP		PARENT	
	30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
<b>INCOME</b>				
Interest - Smithcorp Finance Deposits	31	29	-	-
Interest – Other	80	95	80	95
Distribution From Subsidiary	-	-	-	1,200
Dividend from Wairau Park	430	-	430	-
Gain on Sale of Fixed Assets	-	134	-	-
<b>EXPENSES</b>				
Auditors' Remuneration				
- For Audit Services	(52)	(49)	(9)	(9)
- For Other Services	(29)	(7)	(28)	(7)
Bad Debts Written Off	(522)	(631)	-	-
Decrease/(Increase) in Doubtful Debts Provision	(113)	(72)	-	-
Depreciation	(1,825)	(1,345)	(7)	(9)
Directors' Fees	(65)	(70)	(65)	(70)
Interest - Smithcorp Finance Borrowings	(5,062)	(5,307)	-	-
Interest – Other Borrowings	(1,174)	(1,248)	-	(253)
Leasing and Rent Charges	(6,049)	(5,309)	-	-
Loss on sale of property, plant and equipment	(12)	-	-	-

#### NOTE 2: BANK BALANCES

<b>CASH AND SHORT TERM DEPOSITS</b>				
Cash and Bank Balances	-	-	6	7
Money Market Deposits	-	-	2,246	1,050
	-	-	2,252	1,057
<b>OVERDRAFT</b>				
Cash and Bank Balances	(2,715)	(3,696)	-	-
Money Market Deposits	2,246	1,050	-	-
	(469)	(2,646)	-	-

Bank overdraft has been set off against cash balances pursuant to a right of set off.

#### NOTE 3: ACCOUNTS RECEIVABLE

Trade Receivables	6,011	3,822	-	-
Other Receivables and Prepayments	1,971	3,032	116	84
	7,982	6,854	116	84

#### NOTE 4: SMITHCORP FINANCE BANK BALANCES

Cash and Bank Balances	3	9	-	-
Money Market Deposits	250	850	-	-
	253	859	-	-

#### NOTE 5: SMITHCORP FINANCE RECEIVABLES

These represent Hire Purchase and Monthly "Option Plan" Receivables owned by the wholly owned finance company of the Group, Smithcorp Finance Limited.

	GROUP		PARENT	
	30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
Hire Purchase and Optional Payment Plan Receivables	87,693	82,294	-	-
Less Provision for Unearned Income	(6,176)	(6,068)	-	-
	81,517	76,226	-	-
Comprises:				
Amount Receivable Within 1 Year	34,869	47,479	-	-
Amount Receivable Beyond 1 Year	46,648	28,747	-	-
	81,517	76,226	-	-

#### NOTE 6: INVESTMENTS

Wairau Park Limited	248	248	248	248
Subsidiary Companies	-	-	13,007	13,007
Other	-	100	-	100
	248	348	13,255	13,355

The shareholding of the Group in Wairau Park Limited has remained unchanged throughout the year at 21.49%. The value of the investment in the Group's books as at 30 April 2002 is \$247,662, being original cost less capital redemptions to balance date.

The Group's share of the net assets as disclosed in the Statement of Financial Position of Wairau Park Limited as at 31 March 2002 is \$1,189,276 (2001 \$1,588,459). The Directors' policy of not equity accounting for investments where the company does not have control has been continued.

#### NOTE 7: PROPERTY, PLANT & EQUIPMENT

GROUP	30.4.02 (\$000)				30.4.01 (\$000)			
	AT COST	AT VALUATION	ACCUM DEP	BOOK VALUE	AT COST	AT VALUATION	ACCUM DEP	BOOK VALUE
Land	-	4,169	-	4,169	-	4,241	-	4,241
Buildings	-	5,073	-	5,073	-	5,159	(105)	5,054
TOTAL PROPERTY	-	9,242	-	9,242	-	9,400	(105)	9,295
Leasehold Improvements	3,540	-	(2,122)	1,418	2,810	-	(208)	2,602
Leased Equipment	-	-	-	-	1,918	-	(303)	1,615
Plant, Fittings, Equipment	9,730	-	(6,218)	3,512	6,794	-	(5,849)	945
	13,270	-	(8,340)	4,930	11,522	-	(6,360)	5,162
	13,270	9,242	(8,340)	14,172	11,522	9,400	(6,465)	14,457
PARENT								
Land	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
TOTAL PROPERTY	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-
Plant, Fittings, Equipment	149	-	(115)	34	260	-	(212)	48
	149	-	(115)	34	260	-	(212)	48

Land and buildings are included in the Financial Statements at an independent valuation dated 30 April 2002, prepared by Fright Aubrey, Registered Valuers. The Directors' policy is to revalue properties in the books of the Group on a three year cycle.

#### NOTE 8: TRADE CREDITORS

	GROUP		PARENT	
	30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
Employee Entitlements	1,491	1,483	-	-
Trade Creditors and Other Accruals	21,136	16,287	159	203
<b>Total Creditors and Accruals</b>	<b>22,627</b>	<b>17,770</b>	<b>159</b>	<b>203</b>

#### NOTE 9: TAXATION

<b>INCOME TAX EXPENSE</b>				
Operating surplus before tax	4,902	2,805	(266)	940
Add permanent Differences:				
Imputation Credits Received	212	-	212	-
Deduct Exempt Dividend	-	-	-	(1,200)
Other	(188)	(126)	(18)	3
<b>Total Permanent Differences</b>	<b>24</b>	<b>(126)</b>	<b>194</b>	<b>(1,197)</b>
Add/(Deduct) Timing Difference	663	(2,281)	(2)	1
<b>Assessable Income</b>	<b>5,589</b>	<b>398</b>	<b>(74)</b>	<b>(256)</b>
Tax Expense 33%	1,844	131	(24)	(84)
Less Imputation Credits	(212)	-	(212)	-
<b>Current Tax</b>	<b>1,632</b>	<b>131</b>	<b>(236)</b>	<b>(84)</b>
Add/(Deduct) Deferred Tax	-	349	-	(1)
Add/(Deduct) Prior Year Adjustment	(96)	(55)	(87)	5
<b>Income Tax Expenses / (Credit)</b>	<b>1,536</b>	<b>425</b>	<b>(323)</b>	<b>(80)</b>
<b>DEFERRED TAXATION</b>				
Opening Balance	-	349	-	6
(Deduct) expenses	-	(349)	-	(6)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TAXATION RECEIVABLE (PROVISION FOR TAXATION)</b>				
Opening Balance	696	(1,241)	911	(2)
Charge for the Year	(1,632)	(131)	236	84
Add Taxation Paid/(Deduct Taxation Received)	535	2,013	(826)	824
Prior Year Adjustment	96	55	87	5
<b>Closing Balance</b>	<b>(305)</b>	<b>696</b>	<b>408</b>	<b>911</b>

Taxation losses carried forward from the year ended 30 April 1999 are the subject of discussions with the Inland Revenue Department. As losses available to be carried forward against future income periods can not be quantified the Directors have provided for tax in full.

#### IMPUTATION CREDIT ACCOUNT

Opening Balance	1,495	130	899	129
Add Imputation Credits Received	1,047	2,013	494	1,418
Less Imputation Credits Utilised	(818)	(648)	(1,628)	(648)
<b>Closing Balance</b>	<b>1,724</b>	<b>1,495</b>	<b>(235)</b>	<b>899</b>

The account is a memorandum account only and does not form part of the financial statements.

#### NOTE 10: SECURED BORROWINGS

	GROUP		PARENT	
	30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
Bank Advances and Bills including Long Term Portion of Advances	11,000	11,800	11,000	11,800
Loan with IBM New Zealand Credit Limited	-	1,356	-	-
	11,000	13,156	11,000	11,800
Less Current Portion	-	1,401	-	800
Term Portion of Term Loans	11,000	11,755	11,000	11,000

The Group's bank borrowings are secured by first ranking debenture stock under a composite debenture deed dated 16 October 1995.

#### FINANCE LEASE LIABILITIES

Not later than 1 year	-	601	-	-
Later than 1 year but not later than 2 years	-	588	-	-
Later than 2 years but not later than 5 years	-	167	-	-
Later than 5 years	-	-	-	-
	-	1,356	-	-
Less Future Lease Finance charges	-	(233)	-	-
Net Finance Lease Liability	-	1,123	-	-
Made up of:				
Current	-	498	-	-
Non-current	-	625	-	-
	-	1,123	-	-

The finance lease liabilities had an interest rate of 7.9%.

#### NOTE 11: NATURE OF SECURITY OVER SMITHS CITY GROUP LIMITED ASSETS

There are the following charges over the assets of the Group:

Composite debenture over the assets of the Group excluding Smithcorp Finance Limited in favour of The National Bank of New Zealand Limited securing advances.

A floating debenture (second ranking) over the assets of Smiths City (Southern) Limited in favour of IBM Global Financing Limited was released during the year.

The Smithcorp Finance Limited borrowings are secured by a first ranking charge in favour of Fisher & Paykel Finance Limited over the total assets of Smithcorp Finance Limited under a debenture dated 5 June 1998. These assets have been consolidated as part of the consolidated group financial statements.

#### NOTE 12: SHARE CAPITAL

Issued and Paid Up Capital				
Opening Balance (52,606,884 Shares)	10,554	10,554	10,554	10,554

Issued for Staff Shares (350,000 Shares at 28cents)	98	-	98	-
Closing Balance (52,956,884 Shares)	10,652	10,554	10,652	10,554

#### NOTE 13: EQUITY

	SHARE CAPITAL (\$000)	RETAINED EARNINGS (\$000)	CAPITAL RESERVES (\$000)	REVALUATION RESERVE (\$000)	TOTAL EQUIT Y (\$000)
GROUP 2002					
Balance at Start of Year	10,554	7,452	94	3,327	21,427
Add Surplus After Tax	-	3,366	-	-	3,366
Add Shares Issued for Staff Shares	98	-	-	-	98
Deduct Dividend Paid	-	(526)	-	-	(526)
Balance at End of Year	10,652	10,292	94	3,327	24,365
PARENT 2002					
Balance at Start of Year	10,554	(4,357)	-	-	6,197
Add Shares Issued for Staff Shares	98	-	-	-	98
Add Surplus After Tax	-	57	-	-	57
Deduct Dividend Paid	-	(526)	-	-	(526)
Balance at End of Year	10,652	(4,826)	-	-	5,826

#### NOTE 14: EMPLOYEE SHARE OWNERSHIP SCHEME

In accordance with a resolution passed at the Annual General Meeting of the Group on 29 September 2000 to enable shares to be offered to employees, Directors resolved to issue 350,000 ordinary shares on 13 July 2001 to employees, such shares ranking pari passu with existing shares as regards to voting rights. These were issued at a price of 28cents per share being the average share price over 20 workings days from the announcement of the result for the financial year ended 30 April 2001 which occurred on 13 July 2001.

The total number of shares issued was 350,000 being 0.66% of the total shares on issue in the Group and which is less than the 2% approved by shareholders for issue in any one financial year.

The staff share scheme administered by Smiths City Staff Share Plan Trustees Limited, formerly Computerstore Limited (the "Trustee"). Shares were issued under the terms of the Deed of Trust for the staff share scheme and have been issued fully paid to 11 senior members of the management team of the Group. The shares are funded by the Trustee who has made interest free loans to the participants. These loans are to be repaid from future dividends over the next five years at the conclusion of which participants will have the choice of repaying any outstanding loans and taking up the shares. If the shares are not taken up they will be sold by the Trustee on the open market.

#### NOTE 15: RELATED PARTY TRANSACTIONS

Note 19 identifies all companies within the Group. 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

The following rental income was received by the parent company, Smiths City Group Limited, from a subsidiary company:

	30.4.02	30.4.01
	(\$000)	(\$000)
Smiths City (Southern) Limited	1,031	1,131



This rental transaction is conducted on an arms length basis.

#### MANAGEMENT CONTRACT (GROUP AND PARENT)

Smiths City (Southern) Limited, a subsidiary company, has a management contract dated 22 December 1999 with Retail Management Services (2000) Limited to provide the services of Richard Hellings as Chief Executive Officer with an annual retainer of \$220,000 amended to \$275,000 from 1 April 2002 (plus an annual incentive of 10% of tax paid equivalent of trading profit to the extent that it exceeds 10% of opening shareholders' funds) plus the use of a motor vehicle and annual health premiums with a cost of \$11,260 per annum. This contract has been based on independent expert advice provided by Sheffield Consulting Group Limited.

Smiths City (Southern) Limited, a subsidiary company, has a management contract dated 22 December 1999 with Extra Strength Number 164 Limited to provide the services of Craig Boyce as Executive Chairman with an annual retainer of \$132,000 reduced to \$96,000 from 1 August 2000 and to \$78,000 from 1 February 2001 amended to \$60,000 commencing 1 November 2002 (plus an annual incentive of 5% of tax paid equivalent of trading profit to the extent that it exceeds 10% of opening shareholders' funds) plus the use of a motor vehicle and annual health premiums with a cost of \$8,150 per annum.

#### NOTE 16: COMMITMENTS

	SMITHS CITY GROUP LIMITED		PARENT	
	30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
OPERATING LEASE LIABILITIES				
Not later than 1 year	4,915	5,291	-	-
Later than 1 year but not later than 2 years	3,776	4,321	-	-
Later than 2 years but not later than 5 years	7,215	7,676	-	-
Later than 5 years	2,176	3,273	-	-
	<b>18,082</b>	<b>20,561</b>	<b>-</b>	<b>-</b>

#### CAPITAL COMMITMENTS

The Group had a capital commitment of \$nil at balance date (2001 \$nil).

#### CONTINGENT LIABILITIES

The Group has contingent liabilities of \$nil at balance date (2001 \$nil).

#### NOTE 17: FINANCIAL INSTRUMENTS

##### a) CREDIT RISK

Financial instruments which potentially subject the Group to credit risk principally consist of bank balances and accounts receivable.

The Group performs credit evaluations on customers requiring credit but does not require collateral other than that available under the hire purchase contracts. While the Group is subject to credit risk on all its bank balances and deposits it does not expect losses to occur as a result of such credit risks.

The Group seeks to ensure its counter parties are, and investments are with, reputable, high quality financial institutions.

Maximum exposures to credit risk at balance date are:

	GROUP		PARENT	
	30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
Cash and Short Term Deposits	-	-	2,252	1,057

Smithcorp Finance Bank Balances and Deposits	253	859	-	-
Smithcorp Finance Receivables	81,517	76,226	-	-
Trade Accounts Receivable	7,982	6,854	116	84

b) **CONCENTRATION OF CREDIT RISK**

The Group is not exposed to any concentration of credit risk.

c) **INTEREST RATE RISK**

The Group generally adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis. Forward rate agreements and swaps are used to hedge repricing risk on floating rate borrowings.

Exposure to interest rate risk arises in the normal course of the Group's business. Derivative financial instruments are used as a means of reducing exposure to fluctuations in interest rates. While these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

The principal or contract amounts of derivative financial instruments outstanding at balance date were:

	<b>GROUP</b>		<b>PARENT</b>	
	30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
Forward rate agreements	20,500	3,000	20,500	3,000

The 2002 contracts comprise five back to back forward rate agreements structured in such a manner that when one matures another takes over.

d) **HIRE PURCHASE PORTFOLIO**

The Group funds a significant portion of its hire purchase portfolio under a facility with an external finance company. The facility expires on 12 September 2004. Interest rates under the facility are reviewed and negotiated on a regular basis by both parties. The effective interest rate for the year ended 30 April 2002 was 7.59% (2001 7.81%).

e) **BANK FACILITY**

The Group has a borrowing facility of \$11,000,000 with the National Bank of New Zealand. The interest rate is variable, and is based on the buying rate for bank accepted bills. The effective rate of interest for the year ended 30 April 2002 was 6.27% (2001 7.42%).

f) **IBM FACILITY**

A subsidiary had a borrowing facility with IBM Global Financing New Zealand Limited scheduled to terminate in August 2003 but which was repaid in full during the year. The effective rate of interest for the year ended 30 April 2002 was 7.9% (2001 7.9%).

f) **FAIR VALUE**

The carrying amount is the fair value for each of the following classes of financial instrument:

- Cash and short term deposits
- Smithcorp Finance bank balances and deposits
- Smithcorp Finance receivables
- Trade accounts receivable
- Intercompany receivables
- Smithcorp Finance borrowings

The fair value of non-current investment in unlisted shares is disclosed in Note 6.

The fair values of the following financial instruments differ from their carrying values shown in the Statement of Financial Position:

**2002**

**2001**

	<b>FAIR VALUE (000)</b>	<b>CARRYING VALUE (000)</b>	<b>FAIR VALUE (000)</b>	<b>CARRYING VALUE (000)</b>
Forward Rate Agreements	4	-	14	-

**NOTE 18: RECONCILIATION OF NET PROFIT AFTER TAX WITH CASH INFLOW FROM OPERATING ACTIVITIES**

	GROUP		PARENT	
	30.4.02 (\$000)	30.4.01 (\$000)	30.4.02 (\$000)	30.4.01 (\$000)
Net Surplus per Statement of Financial Performance	3,366	2,380	57	1,020
Add non cash items:				
Depreciation	1,825	1,345	7	9
Adjusted surplus	5,191	3,725	64	1,029
Add/(Deduct) movements in other working Capital items:				
(Increase)/Decrease in Smithcorp receivables	(5,291)	(5,977)	-	-
Increase/(Decrease) in Smithcorp borrowings	3,673	4,495	-	-
(Increase)/Decrease in accounts receivable	(2,133)	(1,136)	569	(965)
(Increase)/Decrease in inventory	(2,182)	(695)	-	-
Increase/(Decrease) in current liabilities	5,860	(277)	(44)	43
	(73)	(3,590)	525	(922)
Net cash inflow from operating activities GST exclusive	5,118	135	589	107

**NOTE 19: SUBSIDIARY COMPANIES**

The subsidiary companies, all with balance dates of 30 April and all wholly owned, included in the consolidated accounts at 30 April 2002 are as follows:

TRADING

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

NON TRADING

- Smiths City Limited (in liquidation)
- Smiths City (Auckland) Limited
- Smiths City (Rotorua) Limited (in liquidation)
- 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, formerly Computerstore Limited

**NOTE 20: SEGMENTAL ACCOUNTING**

The Group operates solely in the retail sector in the South Island of New Zealand. Segmental accounting with the context of Statement of Standard Accounting Practice number 23 issued by the Institute of Chartered Accountants of New Zealand, "Financial Reporting for Segments", is therefore not required.

# STATUTORY INFORMATION

## DISCLOSURES OF INTEREST

Directors have disclosed the following interests as Directors or Employees of Companies or other entities which may have material dealings with the company from time to time.

John William Holdsworth	Datacom Group Limited
John Allen Dobson	Rockgas Timaru Limited Alpine Energy Limited Southport NZ Limited Gough Holdings Limited Fiordland Travel Limited Networks South Limited Wilson Bulk Transport Securitised Equipment Receivables Limited
Joy Kay Leslie	Wickliffe Limited
Craig David Boyce	Christchurch City Holdings Limited Datacom Group Limited Advanced Foods (New Zealand) Limited Television New Zealand Limited Industry New Zealand Limited Extra Strength No 164 Limited
Richard Hellings	Retail Management Services 2000 Limited

## SHARE HOLDINGS BY DIRECTORS AND RELATED PARTIES

	30.4.01	PURCHASES	SALES	30.4.02
<u>John William Holdsworth</u>				
Ordinary Shares	8,045,677	568,600	-	8,614,277
<u>John Allen Dobson</u>				
Ordinary Shares	151,579	-	-	151,579
<u>Joy Kay Leslie</u>				
Ordinary Shares	16,579	-	-	16,579
<u>Craig David Boyce</u>				
Ordinary Shares	4,261,478	568,600	-	4,830,078
<u>Richard Hellings</u>				
Ordinary Shares	4,211,975	568,600	-	4,780,575

## REMUNERATION AND OTHER BENEFITS

	DIRECTORS' FEES	OTHER SERVICES	TOTAL REMUNERATION
John William Holdsworth	20,000	-	20,000
John Allen Dobson	25,000	-	25,000
Joy Kay Leslie	20,000	-	20,000
	65,000	-	65,000

## INTERESTS REGISTER

There were no particular disclosures made in the interests register of the company, and its subsidiaries, during the year.

## **STATUTORY INFORMATION (continued)**

### **DIRECTORS' AND OFFICERS' 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 permitted by the company's Constitution. The insurance and indemnity do not cover liabilities arising from criminal action.

### **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.

### **EXECUTIVE EMPLOYEE'S REMUNERATION**

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

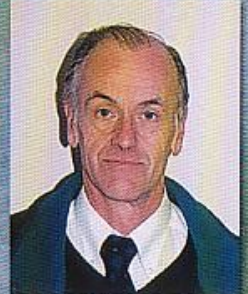
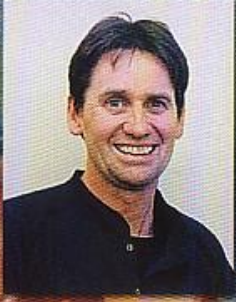
<u>SUBSIDIARIES</u>	<u>NUMBER OF EMPLOYEES</u>
Smiths City (Southern) Limited \$180,000 - \$189,999	1

### **DONATIONS**

During the year the Group made donations in cash or product of \$22,960 (2001: \$17,406). In addition the Group does extensively support a number of local charitable organisations 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 promotions and media partners. The highlight of the year is undoubtedly the annual Christmas party held for children in Canterbury. Staff from Smiths City and families join with approximately 100 IHC children to celebrate the season and exchange gifts.

# Staff who have celebrated over 25 years service with Smiths City



Starting Back Left to Right - Colin McKillop; Bill Nossiter; Blake Knox; John Hey  
Sim Lee; Murray Reid; Alan Mander; Maree Saville; Stuart MacCallister; John Brown; Peter Smith  
Tony Smith; Kevin Archer; Bruce Pye; Clint Le Comte; David Snook; Wayne Edwards; Sue Warner  
Carolyn Callister; Joan Harkerss; John Bishop; Gloria Boyd; May (Scotty) MacLennan  
*ABSENT INSETS* Kevin Linton (left top); Gavin Kerr (left bottom); Brian Penman (right top); Pieter Franssen (right bottom).

**STAFF WHO WERE PART OF THE SMITHS CITY GROUP OF COMPANIES AT 30 APRIL 2002**

ABERHART Neville	BROWN Warrick	CRAWLEY Stefan	FERGUSON Ann	HARLEY Cathy	JOHNSON Scott	LITTLER Sandra	MILLS Julie	POLLARD Neil	SKJOTT Paul	VUGTS Greta
ABRAMS Michelle	BROWNE Stefan	CREELMAN Wayne	FIELD Bronwyn	HARRIS Alan	JOHNSON Shane	LOASBY Gayle	MILLS Susan	POOLE Michael	SMITH Brent	WADELLE Craig
ADAM Wendy	BUNKER John	CRIGHTON Lance	FIFITA Leroy	HARRIS Michael	JOHNSON Simon	LOCHHEAD Mark	MILNE Hamish	POPE Julie	SMITH Carl	WAITES Anton
ADAMSON Nyrena	BURDIS Rodney	CROFTS Trevor	FLACK James	HART Ray	JOHNSON Tim	LOGIE Judy	MILNE Sandie	POPE Noel	SMITH Dean	WALKER Scott
ADIE Shaun	BURGESS Grant	CROSBIE Nicola	FLECK Paula	HAWARD Robyn	JOHNSTON David	LONG Gavin	MOORE Geoff	POWICK Sharon	SMITH Doug	WALKER Todd
ADDIS Caraline	BURGESS Lynette	CROUCHER Boyd	FLEMING Richard	HARVEY Christine	JOHNSTON James	LONG Kevin	MOORE Gordon	PRANGELL Adam	SMITH Graeme	WALKER Tony
AITCHESON Ross	BURKE Colin	CROSS Brian	FLETCHER Daniel	HARVEY Jason	JOHNSTON Lois	LORD Colin	MORRIS Brian	PRICE Laurette Ann	SMITH Ian	WALSH John
ALDERSON Lee	BURKE Jeremy	CROSS Daisy	FLINT Melissa	HARVEY Michelle	JOHNSTON Russell	LORMANS Vince	MOUNTNEY Ryan	PRIDDY Judith	SMITH Michael	WALTERS Ross
ALLEN Sonja	BURKE Keryn	CROTON Barry	FOWLER Angela	HAWKE Michael	JOHNSTON Sacha	LOUGHMAN Christine	MULVEY Samdra	PRINGLE Kay	SMITH Nathan	WARD Judi
ALLEWAY Mark	BURKETT Craig	CROZIER Hugh	FOX Graham	HAYDON Charlotte	JOHNSTON Sarah	LOUTTIT Glenda	MURDOCH Maree	PRITCHARD Mark	SMITH Peter	WARD Peter
ALLFREY Chris	BURNEY Kate	CUMBERLAND Jill	FRANCIS Fiona	HAZLETT Finn	JOHNSTON Susan	LOWE Shaun	MURDOCH Tracey	PRITCHARD Nicola	SMITH Ryan	WARDS Claire
ANDERSON Annette	BUSSELL Craig	CUNNIFF David	FRANSSEN Pieter	HEAPHY Jean	JOINES Maurice	LUAFUTU Lino	MURPHY Cherie	PYE Bruce	SMITH Tony	WARNER Sue
ANDERSON Garry	BUSSELL Glenn	CUNNINGHAM Ian	FRASER Kay	HEINZ Jessica	JOLLY Alan	LUCAS Chris	MURRAY Warren	RADFORD Grant	SMITH Tony	WARREN Steve
ANDERSON Matthew	BUTCHER Lynne	CUNNINGHAM Joanne	FRASER Regan	HELLINGS Reece	JONES Bill	LUCAS Jared	NAVARRETE Manuel	RAMSAY Don	SNOOK Christopher	WATSON Andrew
ANDERSON Rick	BUTLER Joanne	DALY Jane	FREDRIC Aaron	HELLINGS Rick	JONES Christine	LYONS Danny	NEAME Andrew	RANDS Bruce	SNOOK David	WEEKLY Peter
ANDREWS Eunice	BUTLER Robyn	DALY Margaret	FREEMAN Philippa	HENDERSON Cody	JONES Lee	MacASKILL Evelyn	NEILL Michael	RANSLEY Maxwell	SNOOK Jeremy	WESTAWAY Wayne
ANDREWS Shona	BUTLER Michelle	DAVIES Ceinwen	FREWEN Suzanne	HENDERSON Damien	JOPE Kerrin	McAULEY Andrew	NELSON Darren	RASMUSSEN Nancy	SOLOMON Tau	WESTOBY Gordon
ARCHER Jonathon	BYRNE Leigh	DAWSON Curtis	FRITH Natalya	HENDERSON Gordon	JOSEPH Julia	McCALLISTER Stuart	NELSON Mark	REID Andrew	SPOWDEN Loris	WESTWOOD Wendy
ARCHER Kevin	CALLISTER Carolyn	DAWSON Graham	FRY Pam	HENDERSON Yvonne	JOSS Timothy	McCARLTHY Brendon	NEWALL Alison	REID Murray	SPERRY Dan	WHITE Jan
ARMSTRONG Bevan	CANDLISH Greta	DEAVOLL Julie	FULLER Joanne	HENRY Rachel	JOYCE Graeme	McCLINTOCK Daniel	NEWALL Paul	REINDERS Eddy	STANTON Craig	WHITE Peter
ARMSTRONG Brian	CAPE Sandra	DE CANNE Chas	FULTON Grant	HERBERT Kaye	JOYCE Mark	McCLINTOCK Halie	NEWBY Paul	REKITTKE Robert	STANTON Tracy	WHITE Renee
ARNOLD Amie	CARROLL Scott	DELIS Terry	GABITES David	HERD Robert	KEARNS James	McCONECHY Nicola	NEWMAN Michelle	RETALLICK Joshua	STEPHENS John	WHITE Suzanne
ARROWSMITH Robert	CARSON Julie	DELURY Mike	GAGE David	HERON Christopher	KEENAN Nicole	McCONCHIE Susan	NEWTON Hayden	RICHARDS Megan	STEPHENSON Claire	WILD Paul
ARSCOTT Joanne	CARSTON Evan	DEMPESEY Rowan	GALLAGHER Michael	HEWETT Kelly	KELLY Lynda	McCORD Kaye	NEWTON Stuart	RICHARDSON Terry	STILL Debra	WILKES Rachel
ATKINSON John	CASEY Natasha	DEVLIN Tessa	GALLON Debbie	HEWLETT Brent	KERR Gavin	McCULLOCH Ian	NICHOLSON Fran	RICKARD Tracey	STOCKMAN Andrew	WILLIAMS Bronson
ATKINSON Rodger	CATTELL John	DICKIE Peter	GALLOWAY Leanne	HEY John	KERR Rowan	McDONAGH Christine	NIXON Lisa	RIETVELD Joanne	STOTT Brian	WILLIAMS Isdale
AYERS Sarah-Lee	CATTERMOLE Warren	DICKINSON Ken	GERLOFS Angela	HICKMAN Brent	KING Lorraine	MacDONALD Noel	NOBLE Trish	RIGBY Juliette	STOWELL Megan	WILLIAMS Shane
BAILEY Charlie	CHADWICK Daniel	DID-DELL Tim	GIBSON Kim	HIGINBOTTOM Brent	KING Nicky	McDOUGALL Andrew	NORTH David	ROBERTS Darrel	STRACHAN Georgina	WILLIAMS Tracey
BAILEY Jennifer	CHAPMAN Alistair	DIEDRICHS Stefan	GILBERT Bruce	HILL Christine	KIRK Melanie	McELWAIN Steven	NORTON Rowena	ROBERTS Dave	STRINGER Lynne	WILLIS Gerry
BAILEY Lisa	CHAPMAN Gregory	DILLON Toni	GILBERT Richard	HILL Jason	KIRNER Heather	McFARLANE Sue	NOSSITER Bill	ROBERTS Heidi	STUART Michelle	WILSON Craig
BAKER Kylie	CHAPMAN Kelly	DILLWORTH John	GILBERT Tony	HILLERBY Margaret	KIRNER Jackie	McFELIN Lynette	NUNN Alaster	ROBERTSON Kylie	STYLES Adam	WILSON Emma
BALFOUR Craig	CHEERY Don	DODDS Jane	GILCHRIST Tony	HODDER SWAIN Jeffrey	KNOX Blake	McGRATH Mathew	NYBERG Jamie	ROBISON Wendy	SULLIVAN Jennifer	WILSON Kiri
BARBER Craig	CHING Campbell	DODGSHUN Rebecca	GILLESPIE Allan	HODGSON Rochelle	KNOX Jocelyn	McGRATH Sean	OAKLEY Lynda	ROBSON Rodney	SULLIVAN Sharon	WILSON Lorraine
BARBER Haley-Jan	CHING Marcia	DONALDSON Diana	GILLESPIE Duncan	HOEFELICH Elaine	KRAUSS Adam	McGREGOR John (Ian)	OBBECK Peter	RODERICK-HILL Ursula	SWANSON Duncan	WILSON Margaret
BARCLAY Dan	CHISHOLM Murray	DONALDSON Pauline	GILLIESPEI Sean	HOERA Karleigh	KRAUSS Adam	McGROUTHER Katrina	O'DONNELL Mark	ROOKS Grant	SYMONS Katrina	WILSON Nigel
BARDELL Warren	CHIVELL David	DOUGHERTY Michael	GILLIES Dallas	HOGARTH Chris	KRUISHOOP Allison	McINTOSH Scott	OLIVER Max	ROSS Leonorah	TAKITIMU Michaela	WILSON Tony
BEATTIE Katrina	CHRISTENSEN Dennis	DOWNIE Kevin	GILLIGAN Barbara	HOLLAND Jonathon	KUMAR Vishal	McISAAC Darryn	O'NEILL Des	ROWAN Paul	TAKURIMA Darryl	WINDER Darren
BEAUFORT Antony	CHRISTIE Tammy	DRUMMOND Bill	GLUE Susan	HOLLANDS Karen	KUMBAROFF Maria	McIVOR A701Chris	ONG Thai	ROWELL Nathaniel	TAURIMA Dean	WINDERS Denise
BEHAN Tim	CLARIDGE Sharon	DRUMMOND Carey	GOFFIN Lynda	HOPKINS Richard	LAING Judith	MackAY Glenn	ORR Gregory	ROWSE David	TAURIMA Roseanne	WINDERS Jonathon
BEST Rick	CLARK Alan	DUNCAN Adrienne	GOULTER Glenn	HOPKINSON Bryan	LAIRD Joshua	MackAY Ken	OSBORNE Geoff	ROYCE Taane	TYLOR Graeme	WINDSOR Val
BISHOP John	CLARK Delwyn	DUNN Michael	GRAHAM Jillian	HOPKINSON Vicki	LAMB Bernadette	McKAY Marie	OSBORNE Graham	RUSSELL Susan-Lee	TAYLOR Michelle	WINTER Teresa
BLACK Ken	CLARK Jim	DUNNAGE Lee	GRAHAM Judith	HOWARTH Pam	LAMB Bryan	McKENZIE Nathan	O'SHEA Jade	RUSSELL Wallace	TE-EVALE Suii	WITHINGTON Dayna
BLAIKIE John	CLARKE Michael	DYE John	GRANT Judith	HUDSON Tui	LANCASTER Cary	McKILLOP Colin	OXNAM Kenneth	RUTHERFORD Heather	TEPAA Nickolas	WITHINGTON Nigel
BLONDELL Paul	CLARKE Paul	EARL Amanda	GRANT Paul	HUGHES Alisha	LANGE Colin	McKILLOP Darren	OWEN-EALES Karl	SANTURE James	TERRILL Simon	WOOD Janelle
BOAL Andrew	CLEAVER Matt	EASTERBROOK Karen	GRAVER Melissa	HUGHES Jae	LANGDON Jason	MACLENNAN Scotty	PACKMAN Cynthia	SAUNDERS Gene	THOM Tina	WOOD Nick
BOND Judith	CLEVERLEY Charles	EASTERBROOK Rochelle	GRAVES Andrew	HUISMAN Glen	LATIMER Brett	McMILLAN Lance	PALFREYMAN Amber	SAVAGE Hamish	THOMAS James	WOOD Sharon
BOND Raewyn	CLUTTERBUCK Amie	ECKHOLD Alison	GRAY Janine	HUMPHREY Karen	LATIMER Vicki	McMULLAN Lance	PARATA Judith	SAVILLE Maree	THOMPSON Alan	WOOD Sheryl
BONIS Daryl	COE Michael	EDINGTON John	GRAY Robert	HUNT John	LAURIE Hamish	McMURTRIE Kelly	PARISH Linda	SCOTT Jenny	THOMSON Christine	WOODFORD Eddy
BONIS Helen	COFFEY James	EDLIN Scott	GRAY Thelma	HUNTER Jeremy	LAWNS Daphne	McRAE Roger	PARKINSON Denis	SEAWARD Arthur	THOMSON Jean	WOODS Nick
BOWES Winston	COFFEY Mike	EDWARDS John	GREAVES Sue	HURIA Judy	LAWSON Alistair	McKIE Glen	PARRY Cathy	SECKER Ron	THOMSON Murray	WORMALD Paul
BOYCE Craig	COFFEY Sandra	EDWARDS Wayne	GREENSLADE Karen	HURLEY Kane	LAWSON Sharon	MANDER Alan	PARRY Sheryl	SEDDON Lynne	THORNLEY Peter	WRIGHT Jake
BOYD Gloria	COLE Russell	EGGERS Cory	GRENFELL Warren	HURRING Glen	LAWSON Toni	MANSON Charmaine	PARSONS Margaret	SEDDON Rhys	TIMBLICK Wayne	WRIGHT Neressa
BOYD Kelvin	COOCHEY Helen	EKETONE Molly	GRIFFITHS Mark	HUSTON Marie	LEAHY Patrick	MANSON Sheryl	PATEL Jayna	SENEVIRATNE Tyrone	TITO Jared	WYNESS Stuart
BOYLE Sandy	COOK Geoff	ELLEY Carol	GUILFORD Jan	HUTCHISON Nathan	LE COMTE Clint	MARSH Sally-Ann	PATEMAN Greg	SEXTON Rachael	TKATCHENKO Ana	YEE Gordon
BRADY Eugene	COOK Trevor	ELLIOTT Laureen	GWATKIN Michelle	HUTCHISON Steven	LE COMTE Kenton	MARSHALL Annie	PAUL Anna	SHANKS Colleen	TODD Allister	YOUNG Natalie
BRASS Beryl	COOMER John	ELLIS Allen	HAGAN Bill	HYDE Aron	LEE John	MARSHALL Sally	PAYNE Jim	SHARFE Kenneth	TONKIN Gregg	YOUNG Tony
BREACH Melanie	COOPER Michael	ELLIS Jodie	HAGUE Matthew	IRELAND Alan	LEE Marcus	MARTIN Jason	PENMAN Brian	SHAYNE Kim	TONTIN Paul	YOUNG Trevor
BRICE Warner	COOPER Shaun	ELLIS John	HAINES Trevor	IRVINE Brent	LEE Sim	MARTIN Sally	PENNY Stuart	SIDON Darrell	TONTIN Victor	
BRIGGS Jamie	CORCORAN Cushta	ELLIS Mike	HAIR Sonia	JAMES Kim	LEEDER Julie	MATTHEWS Shane	PERRY David	SIMMONDS Lee	TOPP Julie	
BRISCAN Victor	CORNELIUS Gareth	ELLMERS Jeanette	HALL Ray	JARVIS Chris	LE FEVRE Michael	MATTSON Rachel	PETERS Angela	SIMCOCK Martin	TOSACH Elva	
BRITZ Oliver	COSTAROVE Cindy	ENGLISH Blair	HAMILTON Neville	JEFFRIES Renee	LEMIN Brian	MAYNARD Philip	PETERSON Samuel	SIMS Blair	TUCKER Paul	
BROAD Murray	COSTA Marco	EVANS Shane	HAMMOND Michael	JENKINS Bryce	LEWIS Kristine	MEACHEN Helen	PETERSON Shane	SINCLAIR Colleen	TULLOCH Tom	
BROAD Warren	COUNIHAN Melanie	EWART Darren	HAMMOND Michelle	JENKINS Ray	LIDDI COAT Justina	MEIKLE Judy	PETRIE Robin	SINCLAIR Marilyn	TURNBULL Fergus	
BROUGHAM Ken	COUNIHAN Peter	FAIRWEATHER Owen	HANNAH Helen	JOBSON Albie	LIDDY Shaun	MEULI Robin	PHILOUNG Denise	SINCLAIR Mark	TURTON Peter	
BROWN Heather	COWIE Amie	FALETANOAI Mani	HANSEN Malcolm	JOHN Rhys	LINTSAY Sarah	MIDDLEDITCH Kelvin	PHILLIPS Sally	SINCLAIR Rod	TYLER Sally	
BROWN John	CRAGGS Kay	FARIS Carol	HANSEN Malcolm	JOHNS David	LINTON Kevin	MIDDLEMISS Les	PIERCE Carolyn	SINCLAIR Rod	TYSON Nigel	
BROWN Michael	CRAGGS Nicola	FARRALL Ann	HARKERSS Joan	JOHNSON Bryce	LINWOOD Christopher	MILLER Elen	PINKERTON Nigel	SKILLTON Ross	VAN DER LUGT Adrian	
BROWN Sharlene	CRAIG Boyd	FARNLEY Margaret	HARKERSS Joanne	JOHNSON Harold	LISSAMAN Rachel	MILLNS Diane	POLLARD Hamish	SKIPPER Josephine	VAN HOOF Ivan	
BROWN Todd				JOHNSON Lauren				SKIVINGTON Melanie		





# ADMISSION CARD TO ANNUAL MEETING

Shareholders are invited to attend the Annual meeting of Smiths City Group Limited to be held at Mancan House, Corner of Manchester Street and Cambridge Terrace, Christchurch, on Thursday 29 August 2002 at 10.00am.

- If you wish to attend the meeting please bring this admission card and ballot paper.
- If you are not attending and would like to appoint another person to act as your proxy please complete the lower two sections, fold and post so that it is received by B K Registries Limited no later than 48 hours before the start of the meeting.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Holder No \_\_\_\_\_

Tear Here-----

## PROXY FORM

I/We \_\_\_\_\_ being a shareholder of Smiths City Group Limited hereby appoint\* \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy vote for me/us and on our behalf at the Annual Meeting of the company to be held on 29 August 2002 and at any adjournment thereof.

\*The "Chairman of the Meeting" is willing to act as proxy for any shareholder who may wish to appoint him for that purpose.

## VOTING INSTRUCTIONS/BALLOT PAPER

This form is to be used to vote as follows on the following resolutions:

I direct my proxy to vote as follows:

Fold Here-----

### **Ordinary Resolutions**

Indicate with tick

	<b>FOR</b>	<b>AGAINST</b>
1. To re-elect Mr J A Dobson as a Director	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr R Hellings as a Director	<input type="checkbox"/>	<input type="checkbox"/>
3. To confirm the appointment of KPMG as auditors and authorise the Directors to fix their remuneration	<input type="checkbox"/>	<input type="checkbox"/>

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2002

Signature(s) of Shareholder(s) \_\_\_\_\_  
(If joint shareholders, both must sign)

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### **OFFICE USE ONLY**

**Shareholder No:**

**Holding:**

**Proxy forms must be delivered to the offices of B K Registries Limited at National Bank Chambers, 144 Tancred Street, P O Box 314, Ashburton before Tuesday 27 August 2002.**

Notes

1. To be valid, proxy forms must be delivered to the office of B K Registries Limited at National Bank Chambers, 144 Tancred Street, P O Box 314, Ashburton not less than 48 hours before the time of the meeting.
2. A shareholder entitled to attend and vote is entitled to appoint a proxy.
3. A proxy can be any person, and does not have to be a shareholder. You can appoint the Chairperson of the meeting as a proxy.
4. A proxy for a company/corporation must be signed in accordance with that company's/corporation's constitution.
5. If no specific direction is given, the proxy holder may vote as he/she thinks fit, or abstain from voting.
6. All joint shareholders must sign the proxy form.
7. If the proxy form is signed under power of attorney, a certificate of non-revocation must be completed and forwarded with the proxy form, along with a copy of the power of attorney.

Reply Paid Envelope

SHARE REGISTRAR  
B K Registries Limited  
P O Box 314  
ASHBURTON