

**SMITHS CITY GROUP LIMITED  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASHFLOWS FOR  
THE HALF YEAR**

	AS AT 31.10.01 \$000	AS AT 31.10.00 \$000	AS AT 30.4.01 \$000
<b>Cashflows From Operating Activities</b>			
Cash Was Provided From:			
Receipts From Customers	81,386	79,702	163,650
Receipt of Dividend	214	0	0
Tax Refund	300	0	0
Interest Received	37	51	107
	<u>81,937</u>	<u>79,753</u>	<u>163,757</u>
Cash Was Applied To:			
Payments to Suppliers and Employees	76,014	75,450	154,670
Interest Paid:			
Finance Company	2,673	2,554	5,307
Bank and Other	718	650	1,632
Income Taxes Paid	0	413	2,013
	<u>79,405</u>	<u>79,067</u>	<u>163,622</u>
Net Cashflow From Operating Activities	2,532	686	135
<b>Cashflows From Investing Activities</b>			
Cash Was Provided From:			
Proceeds from Sales of Properties	1,064	0	0
Receipts from Loan	100	0	0
	<u>1,164</u>	<u>0</u>	<u>0</u>
Cash Was Applied To:			
Purchase Fixed Assets	(325)	(1,890)	(1,542)
Net Cashflows Used in Investing Activities	839	(1,890)	(1,542)
<b>Cashflows From Financing Activities</b>			
Cash Was Provided From:			
Receipts from National Bank	0	0	800
Receipts From Term Loan	0	1,117	197
	<u>0</u>	<u>1,117</u>	<u>997</u>
Cash Was Applied To:			
Repay Term Loan	(303)	(413)	(556)
Repay National Bank term loan	(800)	0	0
Pay Dividend	(526)	(789)	(1,315)
	<u>(1,629)</u>	<u>(1,202)</u>	<u>(1,871)</u>
Net Cashflows Used in Financing Activities	(1,629)	(85)	(874)
Net Increase (Decrease) in Cash Held	1,742	(1,289)	(2,281)
Cash at Beginning of Period	(1,785)	496	496
Cash at End of Period	<u>(43)</u>	<u>(793)</u>	<u>(1,785)</u>
Net Surplus per Statement of Financial Performance	1,141	886	2,380
Add Depreciation	699	640	1,345
Adjusted Net Surplus	<u>1,840</u>	<u>1,526</u>	<u>3,725</u>
Add/(Deduct) Movements in Working Capital (Increase)/Decrease in Smithcorp Receivables	(2,554)	(2,449)	(5,977)
Increase/(Decrease) in Smithcorp Borrowings	1,129	1,496	4,495
(Increase)/Decrease in Receivables	(2,783)	(2,530)	(1,136)
(Increase)/Decrease in Inventories	(1,533)	(2,214)	(695)
Increase/(Decrease) in Current Liabilities	6,433	4,857	(277)
Movements in Working Capital	<u>692</u>	<u>(840)</u>	<u>(3,590)</u>

Net Cashflow From Operating Activities 2,532 686 135

**SMITHS CITY GROUP LIMITED  
AND SUBSIDIARIES**

**DIRECTORY**

**BOARD OF DIRECTORS**

Craig David Boyce (Chairman)  
John Allen Dobson (Deputy Chairman)  
Richard Hellings  
John William Holdsworth  
Joy Kay Leslie

**PRINCIPAL GROUP COMPANIES**

HOLDING COMPANY  
Smiths City Group Limited

**TRADING SUBSIDIARY COMPANIES**

Smiths City (Southern) Limited  
Smithcorp Finance Limited  
Smiths City Properties Limited

**ASSOCIATE COMPANY**

Wairau Park Limited (21.45% owned)

**REGISTERED OFFICE**

550 Colombo Street, Christchurch

**ADDRESS FOR COMMUNICATIONS**

POSTAL: P O Box 2343, Christchurch  
TELEPHONE: 03 9833000  
FACSIMILE: 03 9833031

**SHARE REGISTRAR**

B K REGISTRIES  
National Bank Chambers  
138 Tancred Street  
P O Box 384  
ASHBURTON  
TELEPHONE: 0800377388  
FACSIMILE: 03 3081311

**INTERIM REPORT**

**&**

**FINANCIAL STATEMENTS**

**31 OCTOBER 2001**

**SMITHS CITY GROUP  
LIMITED**

**SMITHS CITY GROUP LIMITED  
AND SUBSIDIARIES**

**DIRECTORS' REPORT**

**RESULTS AND DIVIDEND**

Your Directors are pleased to report an unaudited pre-tax profit of \$1,598,000 for the six months to 31 October 2001 compared with \$1,322,000 for the six months to October 2000 – an increase of 20.9%. After tax profit has increased from \$886,000 to \$1,141,000 – an increase of 28.8%. Sales in the same period increased from \$82,546,000 to \$85,519,000 – an increase of 3.6%.

The Directors have declared a fully imputed interim dividend of 1 cent per share.

**TRADING**

The increase in sales and profit is considered a good result given the combined effects of strong competition throughout the six month period and a fall in sales for the four weeks following the September 11<sup>th</sup> terrorist attacks in the United States.

In addition the company is now seeing improvements in its liquidity and profit results through enhanced stock and working capital management. This is a result of benefits received from the recently upgraded management reporting systems. These improvements are ongoing and will result in further benefits as the company continues with its policy of decreasing costs per transaction through improving efficiencies across all areas of the business.

The Group will continue its strategy of growing revenue by increasing sales through existing stores and product categories, and by the addition of new opportunities as they arise. To this end the company has committed to relocating the Invercargill Smiths City store to larger, better located premises as well as a new Powerstore in the Northwood Supa Centre, Belfast, in early 2002. Other opportunities to improve our retail offerings will be taken as they become available.

To further implement the above strategy the company purchased, in December, the South Island retail assets of Rockgas Limited, thus giving it access to the rapidly growing market of gas appliances and gas water heating products.

The Group's finance company – Smithcorp Finance Limited - continues to perform well and provides a real opportunity for growth by increasing the financial and other services available to its customers.

**WAIRAU PARK INVESTMENT**

The company received during the period a fully imputed dividend of \$215,000 on our 21% ownership in the Wairau Park Limited property development on the North Shore in Auckland. This investment is nearing completion and a similar dividend is expected in the second half of the year.

**TAXATION**

The company is continuing negotiations with the Inland Revenue as to the availability of losses carried forward from the 1999 tax year. As losses available to be carried forward against future income periods can not be quantified the Directors have provided for tax in full.

**OUTLOOK**

Good sales results in the second half of October have continued into November and December and there are now positive signs that Canterbury is starting to see the benefits of the growth in the rural sector. Given this environment management is confident that good opportunities for delivering further sustainable increases in sales revenue exist within the South Island.

**SMITHS CITY GROUP LIMITED  
AND SUBSIDIARIES  
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE  
FOR SIX MONTHS ENDED 31 OCTOBER 2001**

	SIX MONTHS ENDED 31.10.01 \$000	SIX MONTHS ENDED 31.10.00 \$000	YEAR ENDED 30.4.01 \$000
OPERATING REVENUE	85,519	82,546	165,276
OPERATING SURPLUS BEFORE TAXATION	1,383	1,322	2,805
PLUS DIVIDEND FROM ASSOCIATE	215	0	0
	1,598	1,322	2,805
LESS TAXATION	(457)	(436)	(425)
NET PROFIT AFTER TAX	1,141	886	2,380
LESS DIVIDEND PAYABLE	(526)	(526)	(1,052)
<b>SURPLUS AFTER DIVIDEND</b>	<b>615</b>	<b>360</b>	<b>1,328</b>

**SMITHS CITY GROUP LIMITED  
AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

1. These financial statements are unaudited.
2. The financial statements should be read in conjunction with the audited Annual Report for the year ended 30 April 2001. The financial statements have been prepared using accounting policies which have been applied on bases consistent with those used in the audited financial statements dated 30 April 2001.

**SMITHS CITY GROUP LIMITED  
AND SUBSIDIARIES  
UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 OCTOBER 2001**

	AS AT 31.10.01 \$000	AS AT 31.10.00 \$000	AS AT 30.4.01 \$000
<b>CURRENT ASSETS</b>			
Cash	(43)	(793)	(1,785)
Receivables	8,206	8,953	6,853
Inventories	28,465	28,450	26,931
<b>TOTAL CURRENT ASSETS</b>	<b>36,628</b>	<b>36,610</b>	<b>31,999</b>
<b>TOTAL SMITHCORP FINANCE RECEIVABLES</b>	<b>78,780</b>	<b>72,697</b>	<b>76,226</b>
<b>OTHER ASSETS</b>			
Investments	248	348	348
Property, Plant and Equipment	14,083	15,511	14,457
<b>TOTAL OTHER ASSETS</b>	<b>14,331</b>	<b>15,859</b>	<b>14,805</b>
<b>TOTAL ASSETS</b>	<b>129,739</b>	<b>125,166</b>	<b>123,030</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	16,196	16,729	12,453
Provisions	7,471	7,300	5,148
<b>TOTAL CURRENT LIABILITIES</b>	<b>23,667</b>	<b>24,029</b>	<b>17,601</b>
<b>TOTAL FINANCE RECEIVABLE BORROWINGS</b>	<b>71,975</b>	<b>67,847</b>	<b>70,846</b>
<b>NON CURRENT LIABILITIES</b>			
Term Loan	1,055	1,031	1,356
Secured Borrowings	11,000	11,800	11,800
<b>TOTAL TERM LIABILITIES</b>	<b>12,055</b>	<b>12,831</b>	<b>13,156</b>
<b>TOTAL LIABILITIES</b>	<b>107,697</b>	<b>104,707</b>	<b>101,603</b>
<b>NET ASSETS</b>	<b>22,042</b>	<b>20,459</b>	<b>21,427</b>
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital Reserves	10,554	10,554	10,554
Revaluation Reserves	3,327	3,327	3,327
Other Reserves	94	94	94
Retained Profit	8,067	6,484	7,452
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY</b>	<b>22,042</b>	<b>20,459</b>	<b>21,427</b>