10

ANNUAL REPORT

30 APRIL 2010

Smiths City Group

CONTENTS

COMPANY DIRECTORY

DIRECTORS AND OFFICERS

CHAIRMAN	Craig David Boyce
DEPUTY CHAIRMAN	John Allen Dobson
DIRECTORS	Susan Jane Sheldon John William Holdsworth Richard Hellings
MANAGING DIRECTOR	Richard Hellings
ALTERNATE DIRECTOR	Gerald Haworth Willis
REGISTERED OFFICE	550 Colombo Street Christchurch
BANKERS	ANZ National Bank of New Zealand P O Box 220 Christchurch
AUDITORS	KPMG Level 3, 62 Worcester Boulevard P O Box 1739 Christchurch
SHARE REGISTRARS	Link Market Services P O Box 384 Ashburton

ADDRESS FOR COMMUNICATIONS	POSTAL	PO Box 2343, Christchurch
	TELEPHONE	03 9833000
	FACSIMILE	03 9833031
	EMAIL	group@smithscity.co.nz
	WEBSITE	www.smithscitygroup.co.nz

COMPANY PROFILE

Smiths City Group Limited (the Group) is the Christchurch based holding company for a group of businesses with operating revenues in excess of $226.1million, employing over 700 staff and with approximately 2,350 shareholders. The Group's shares are listed on the New Zealand Stock Exchange under the stock code SCY.

The Group's activities are concentrated in three areas – retail, finance and property.

RETAIL
The Group trades under a number of well known retail brands, split into two broad segments;

» Lifestyle stores
Trading as Smiths City, the lifestyle stores retail a range of household products including furniture, beds, floor coverings, appliances, heating and air conditioning, consumer electronics and sports goods. There are 17 stores throughout the South Island and nine in the North Island. Smiths City stores sell branded goods supported by product specialists in each department and provide a full service customer experience with a full home delivery and installation service. This concept contrasts with the check-out cash and carry style operation used by many discount retailers.

» Specialist appliance chains
Powerstore and L V Martin & Son are specialist appliance chains, with Powerstore trading through eight stores in the South Island and L V Martin & Son operating through five stores in the Wellington region.

» Other Stores
In addition to the lifestyle and specialist appliance retail chains, the Group has four clearance centres which retail budget end furniture and appliances and one store branded as Furniture Concepts which focuses on the upper end of the furniture and accessories market in Christchurch.

The retail chains are supported by the Alectra service operation, which installs and services many of the products sold by the retail chains including heating and air conditioning, floor coverings and appliances.

FINANCE
Smithcorp Finance Limited provides flexible finance options to customers of the retail divisions, as well as unsecured personal loans to customers with a proven credit history. Ownership of the finance company is seen as a key part of the Group's ongoing strategy and gives it a point of difference to the competition.

PROPERTY
Superior store location and presentation are critical to the success of a retail organisation. The Group recognises this and continues to retain ownership of its flagship Smiths City store in Colombo Street, Christchurch, through Smiths City Properties Limited. The property company also undertakes development projects where opportunities are identified to enhance and add value to a site occupied by a Group store.

THE CUSTOMER EXPERIENCE
In modern day retailing creating customer loyalty to a retail brand is becoming increasingly difficult. The Group continues to build enduring customer loyalty and market share through a combination of strong brands and good customer service in its stores and in the customers' homes. The Group are pleased to support some of New Zealand's best known brands – such as Fisher & Paykel, Sleepyhead, Panasonic, Sony and Cavalier Bremworth – alongside its own widely recognised brand names – Smiths City, Powerstore and L V Martin & Son.

The Group continue to provide its customers with a true retail experience through providing quality goods, in store service and in home deliveries and installation, supported by flexible finance options.

CHAIRMAN'S REVIEW

SUMMARY OF FINANCIAL PERFORMANCE

The audited surplus after taxation for the year to 30 April 2010 was $1.644million compared with $1.016million in the previous year – an increase of approximately 61.8%.

Operating revenues for the 12 months decreased from $238.8million to $226.1million – a decrease of 5.3%. Same store sales fell by 3.8%.

	12 mths 30.4.10	12 mths 30.4.10	% inc/dec
TOTAL OPERATING REVENUE	**226,093**	**238,767**	**-5.3**
Profit From Trading Activities	1,640	832	+97.1
Share Of Earnings From Associate	4	184	-97.8
PROFIT BEFORE TAXATION	1,644	1,016	+61.8
Less Taxation	-	-	
SURPLUS AFTER TAXATION	**1,644**	**1,016**	**+61.8**

As a result of carried forward tax losses, no taxation is payable. Taxation losses available for use in future years amount to $22.3million.

DIVIDEND

The Directors have declared an unimputed final dividend of 1.0cent per share (last year 1.0cent per share) to be paid on 13 August 2010. Dividends paid for the year will total 2.0cents partially imputed with 0.15cents of imputation credits that were attached to the 1.0cent dividend paid in February 2010 (last year 2.0cents fully unimputed).

MARKET CONDITIONS AND PROFITABILITY

The company operates in the big ticket retail, consumer finance and retail property markets. While it seeks to maximise its returns by taking advantage of opportunities in each of the three key areas it is retail that underpins the business and if retailing is down, results will inevitably reflect that.

In the year to April the retail market continued to be challenging. It was particularly difficult in the furniture and flooring markets where sales figures produced by the Department of Statistics show the year to April 2010 to be 5.6% below the 2009 year and 20.8% below 2008. The total market size for New Zealand of $1.27b is the lowest since 2004.

Even where the market was stronger – for example, in the flat panel television area – competition amongst retailers for market share has seen margins under severe pressure.

Given these trading conditions the Board is pleased to report almost double the profit from trading activities compared with last year. However, this increase is off a low base and in normal trading conditions the profit recorded this year would not be acceptable.

The company's associate, Adventure Brands Limited, is an importer and wholesaler of bicycles and fitness equipment. The lower contribution this year reflects a combination of soft trading conditions and a lower margin.

RETAIL OPERATIONS

Although total sales were down 5.3% and like for like store sales down 3.8%, all available evidence indicates the company has increased market share in the furnishings category and held market share in the majority of sectors in the home appliance category.

The increased profits are a direct result of improvements made to the business. Margins, particularly in appliances, are under pressure and the improved results were achieved by reducing costs and concentrating on improving performance town by town.

As noted in previous years business is cyclical and the Board is consistently reviewing all the company's operations to ensure they are necessary, viable from a long term perspective and that they meet the definition of core business. This process is ongoing and ensures the company invests in those parts of the business that will give it the greatest return.

During the year, in addition to closing operations that were not profitable and were not considered strategically important, the company took the Smiths City brand into the Wellington market opening stores in Porirua in December and Upper Hutt in March. The results from Wellington have exceeded expectations and consequently the company is actively seeking to increase its footprint in that region.

FINANCE COMPANY

Smithcorp Finance Limited is a key part of the Group's

CHAIRMAN'S REVIEW

promotional activity and customer loyalty program. It 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 there were 75,000 live accounts with an average loan balance of $1,200.

However, Smithcorp has not been immune from the turmoil in the financial markets. The company has, in the 12 months to 30 June 2010, increased its equity in Smithcorp Finance Limited to 15% from just below 10% at the same time last year. This is approximately $4million of additional equity and has been funded from operating cash flows.

PROPERTY COMPANY
Smiths City Properties Limited is primarily an investment company. It owns the property containing the flagship Colombo Street store and Group Administration office in Christchurch. It also undertakes property development opportunities involving our retail operations as they arise.

In spite of the very difficult property market the Colombo Street property held its value in the three years from April 2007 to the latest valuation in April 2010.

STRATEGY
Profitable growth remains the cornerstone of the Board's long term business strategy.

The short term strategy has been to "ride out" the currently difficult trading cycle by maximising those sales that are available, continuing the cost down initiatives and tightly managing working capital.

Maintaining market share is a key performance driver for the company as it is a major contributor to ensuring that the company can take advantage of the market upturn when it occurs.

The company will continue to seek opportunities for new stores in the Wellington region where the use of existing logistics and distribution operations means expansion will produce immediate benefits for the Group.

OUTLOOK
The company continues to operate in a difficult trading environment and clearly it will take time for the full effect of a recovery to translate into historical sales levels, particularly in the furnishings market where purchases are easy to defer.

The Board has confidence that the Group's retail model will continue to offer a tangible point of difference from its competitors, particularly when combined with ownership of its own finance company and the ability to source top locations in selected regions.

C D BOYCE
CHAIRMAN

MANAGING DIRECTOR'S REVIEW

MARKET OVERVIEW

Market conditions in the year to April continued to be very competitive as households strived to balance their budgets and the housing market – which has a significant impact on flooring an furniture sales – continued to stagnate.

The market reacted aggressively to the softer trading conditions with low margin and extended credit promotions with which the Group has had to compete.

REVIEW OF 2010 FINANCIAL YEAR

Over the last two years management has continued to protect profitability by concentrating on those areas that are critical in difficult trading conditions:

» Aggressive promoting in the market place to protect market share.

» Reduce costs without adversely impacting efficiency. In particular, the company concentrated on centralising administration costs.

» Manage stock, debtors and cash to maximise efficiency.

» Ensure there is a continuing program in place to improve the customer offering – including improving locations and in-store service.

» Continue the introduction of innovative finance offerings through Smithcorp Finance Limited.

Reductions in costs, in particular interest, have contributed positively towards the 91.7% increase in profit from trading activities. Whilst this level of profit would not be satisfactory under normal circumstances, the improvements indicate the company is coping with this particularly difficult trading cycle satisfactorily.

In the year the company:

» Relocated the Smiths City Timaru and Powerstore Timaru stores to larger premises.

» Completed the upgrade of the Powerstore Max store in Christchurch, and

» Set up a Carpet Super Store at the Smiths City Northwood site in Christchurch.

Recognising changing business conditions it also:

» Closed the L V Martin Rotorua store.

» Closed the Alectra Queenstown service operation.

» Downsized the L V Martin service operation in Wellington.

» Transferred the majority of the administration functions for Wellington to Christchurch thus yielding significant cost savings.

Current trading conditions are likely to be the norm for the foreseeable future and company growth through expansion with new stores is, therefore, a prerequisite for a return to higher profit levels.

The Wellington market was identified as the best area for immediate growth for two main reasons. Firstly, there had been a reduction in the number of furniture stores in the region over the past few years and, secondly, by making use of the logistics already in place in the L V Martin Wellington operations, expansion in the region could be achieved without significantly increasing the Group warehousing and delivery costs.

Accordingly, during December the company opened a new Smiths City store in Porirua and in March opened a second store in Upper Hutt.

Both new stores have traded strongly since opening and offer a good base for a larger presence in the Wellington region. The company is actively seeking other lower North Island opportunities for growth.

Both the finance and property companies have contributed positively to the current years result.

Ownership of our finance company, Smithcorp Finance Limited, gives the company strategic advantages. By

MANAGING DIRECTOR'S REVIEW

managing the credit granting process right through to credit collection, Smithcorp continually interacts with the customer to ensure their total needs can, wherever possible, be accommodated.

As a result Smithcorp is a key part of our customer loyalty program and the ability to offer innovative finance options is a key part of our promotional activities.

OUR PEOPLE

Included in the Annual Report are the names of all our people who were part of the Group at the end of June 2010.

Working in the big ticket arena, whether in retail, finance, or trades is demanding on our people and their families.

Our team has tackled the difficult trading cycle magnificently. Their loyalty, enthusiasm and product knowledge gives us a key competitive advantage when we are compared with other retailers.

I would personally like to take this opportunity to thank all of them for their efforts over the last 12 months. Thank you.

OUTLOOK

In the short term, retail conditions are not expected to change markedly and changes in GST make predictions difficult.

It is pleasing to report that sales in each of the March, April, May and June months were ahead of the same month in the prior year on a same stores basis.

As previously reported to NZX, on 1 July the longstanding Fisher & Paykel trading arrangement, whereby Smiths City could sell only Fisher & Paykel sourced whiteware product, ends. The company has successfully entered into trading arrangements with several whiteware suppliers, including Fisher & Paykel, on terms satisfactory to the company and, consequently, it is in a strong position to improve its market share in this very important product segment.

Management's intention is to remain competitive and hold market share across all those product categories in which it trades profitably. In particular, it will concentrate on improving on the gains in market share it has made in the furniture business this year.

In addition it will continue to seek innovative ways to reduce total costs without compromising customer service (even in an environment of increasing interest rates) and work diligently to take advantage of buying opportunities offered through working closely with our business partners. Membership of the NARTA buying group is a key part of this.

These moves will ensure that the company is in a strong position to take advantage of improvements in the overall market that will inevitably occur as the wider economy improves.

RICK HELLINGS
MANAGING DIRECTOR

SMITHS CITY

The chain of stores operating under the Smiths City brand is the largest trading arm of the Group. It now has a total of 30 stores – 17 South Island; nine North Island; four Clearance Centres.

In the current year Smiths City opened two new stores – Porirua and Upper Hutt. Both stores have traded above expectations since opening and the division looks forward to increasing its presence in the lower North Island in the year ahead.

Smiths City's integrated full service model puts the brand in a unique position, giving it the ability to exceed customers' expectations, providing a superior level of service both in store and after the sale has been completed. To enhance this position during the year, Smiths City has:

- Continued to roll out the Photo Image Centres in the larger stores. This service has proved to be very popular and usage has been increasing steadily throughout the year. Through 2010 it will launch the "On Line Photo Developing Service" and "Photo Gifting Service" to support the existing photo labs.
- Completed extensive refurbishments of the Whakatane and Nelson stores with further refurbishments planned for the coming year in other key sites.
- Completed the opening of a new Carpet Super Store in the Northwood, Christchurch complex. This operation combines a retail showroom, warehouse and cutting operation which is also the home base for the Christchurch team of carpet and vinyl layers. The consolidation of the carpet activities into one location has resulted in a significant increase in turnover and further growth is targeted in the coming year.

Smiths City celebrates 92 years of trading in 2010 and the team are excited about continuing to offer superior service and its wide product range including computers, whiteware, televisions, digital cameras, beds, household furniture, flooring, cycles, camping, mowers, barbeques and hardware to its valued and loyal customer base.

Smiths City hits the Wellington region – Porirua store opening

POWERSTORE

Powerstore is a chain of eight specialist stores strategically located in the main South Island centres. It sells a complete range of branded consumer electronics, computers and household appliances.

Selling only quality brands Powerstore recognises the desires of customers to purchase the latest in technology in a professional environment supported by professional in store service at very competitive prices.

As such Powerstore differentiates itself from other large home appliance retailers by its offer to market and by the strength of its team. As technology improves product available is continually evolving. Powerstore strives to remain ahead of the market by offering its customers the latest technology products. As an example this has led to a strong start to the sale of the 3D flat panel televisions recently introduced into the market place.

Highlights during the year were:

- » Powerstore relocated in Timaru – the new store is located in a central site, much larger and with a high traffic flow.
- » Powerstore has committed to opening six Powerstore Photo Hubs in-store providing customers with a new photo imaging service.

New look Powerstore Max – Moorhouse Avenue, Christchurch

L V MARTIN & SON

L V Martin & Son is a Wellington based retailer of high quality brands of consumer electronics, kitchen appliances and small appliances. The division has five stores which are located in central Wellington; Lower Hutt; Porirua; Paraparaumu and the flagship at Ngauranga gorge.

The business has achieved significant benefits from the implementation in the previous year of a full suite of computer systems into the business. These systems included inventory management, service and delivery control and accounting processes.

In the past year L V Martin & Son has assumed responsibility for the warehousing and distribution function for the new Smiths City stores in the Wellington region. The synergies gained by combining the logistics functions of the two groups have been significant and are a clear example of savings that can be made by sensible use of the business assets.

Most of the focus in the year under review has been on further improvements to customer service. An example is the introduction of an L V Martin "credit card" which makes the customer's shopping experience in store even easier.

The internet is regarded as an important tool for sales growth in the future. L V Martin see the internet as an important complement to the traditional style of retail that has been used by appliance chains. On line sales have grown consistently over the past year and that trend is expected to continue. This is an area that is continuously reviewed and upgraded.

L V Martin & Son's Coastlands store

ALECTRA

Alectra is a trade based operation specialising in servicing and installation of electrical, heating, solar, whiteware and plumbing products, as well as the design and installation of electrical and data solutions to commercial enterprises.

The trade operation provides a fast, friendly and efficient whiteware and heating repair service. As Authorised Service Agents for a broad range of brands, Alectra is one of New Zealand's largest whiteware repairers.

It also offers a comprehensive installation service for air conditioning, plumbing, solar and gas appliances. As such it plays a valuable part in the Group's full service business model which promises complete customer satisfaction from the point of purchase to where the unit is fully operational in the customer's home.

The business operates throughout New Zealand and prides itself on the professionalism of its in home service.

A montage of the team from Alectra throughout New Zealand

SMITHCORP FINANCE

Smithcorp Finance Limited

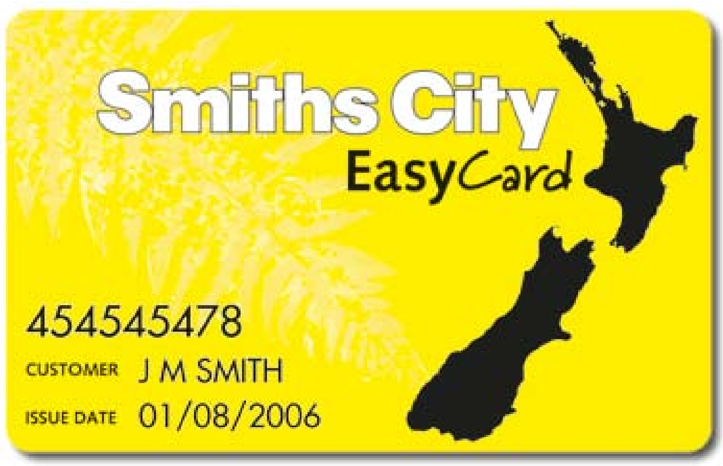
Smithcorp Finance Limited has been a key part of the Group's strategy since the late 1980s and continues to contribute at both the financial and strategic level.

Ownership of the finance company gives the Group a unique competitive advantage in big-ticket retail with the ability to provide a level of customer service and interaction unmatched in the market place. From a Group perspective when Smithcorp provides finance there is customer contact through the entire cycle of the sales transaction from display of the product through to payment of the final instalment. This not only provides customers with a full service retail experience but also opportunities to retain "top of mind" recall for the next purchase.

The finance industry has been through a turbulent period over the past 24 months. The market is currently seeing the ongoing effects of legislative change now being implemented. The company's relationship with its major financiers – ANZ National Bank and, in the case of Smithcorp Finance, Fisher & Paykel Finance Limited, is strong. The Group is pleased to be associated with lenders of their strength and reputation.

A significant part of Smithcorp's own strength is due to the concentration of risk being low. With 74,958 active accounts and an average balance of $1,204 it is well positioned for the future. Credit is an important part of everyday life for many customers and Smithcorp looks forward to continuing to provide its customers with a full service retail experience.

EASY PAY®



SMITHS CITY PROPERTIES LIMITED

Smiths City
PROPERTIES LIMITED

Matters relating to property are managed by the Group's property company – Smiths City Properties Limited.

The property company was set up to own and manage the land and buildings in Colombo Street, Christchurch, which house the largest store in the Group. This site is where Smiths City began 92 years ago and remains an important part of the business.

The property is one of the premiere retail sites in Christchurch and has a current market value of $21.44million, which independent valuation has shown has been maintained during the very difficult property environment over the last three years.

The company also owns and manages a small cluster of investment properties adjacent to the Colombo Street, Christchurch, property. These buildings house local businesses.

The total land area is 15,545 square metres and the building housing the retail business is 8,800 square metres.

Smiths City Properties is also used to locate, purchase and enhance properties for the retail arm. This year the company purchased a property in Invercargill which has been renovated and adapted to the needs of the local Clearance Centre which has taken out a lease on the property. The building is of historical interest and has a heritage preservation status. Renovations were undertaken to ensure the retention of the character of the building.

Colombo Street Christchurch and its staff

DIRECTORS' REPORT

REPORT AND FINANCIAL STATEMENTS
Your Directors are pleased to submit to shareholders their Report and Financial Statements for the year ended 30 April 2010.

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

PRINCIPAL ACTIVITIES
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.

PROFIT
The Group net profit after taxation was $1.644million – compared with last year's $1.016million. Earnings per share was 3.1cents compared with 1.9cents last year.

SHAREHOLDERS' EQUITY
Shareholders' equity as at 30 April 2010 was $45.7million, up 0.4% on prior year of $45.533million.

DIVIDEND
The Directors have approved a final dividend of 1.0cent unimputed, which will be paid on 13 August 2010. Dividends paid for the year will be 2.0cents partially imputed with 0.15cents of imputation credits that were attached to the previous 1.0cent dividend paid in February 2010 (last year 2.0cents unimputed).

SIGNIFICANT CHANGES
There were no significant changes to the operations of the Group during the year.

MATERIAL EVENTS SINCE BALANCE DATE
The Budget announcement on 20 May 2010 resulted in a number of changes in tax regulations that will impact on the Group in the future.

These include increasing GST to 15%, lowering the corporate tax rate to 28% and the removal of tax deductibility of depreciation on buildings with an expected life beyond 50 years.

As these announcements were made subsequent to year end these have not impacted on the reported result.

However, based on a current tax carrying value for Buildings and Investment Properties, the Group estimates that the change in tax depreciation will reduce the net deferred tax asset and increase tax charge by $1.9million ignoring any potential impact of the Group's unrecognised tax losses.

The Government has announced that it will undertake a review of the definition of 'building structure' for tax purposes. The outcome of this review may also result in a further adjustment to the Group's deferred tax liability.

The deferred tax liability adjustment is a one off, non cash accounting entry which has no impact on Smiths City Group's underlying profitability, cash flows or dividend policy.

DIRECTORS' REPORT

ATTENDANCE AT MEETINGS
Directors attended the following meetings during the year.

	Board – Maximum 10	Audit Committee – Maximum 4
C D Boyce	10	4
J A Dobson	9	4
J W Holdsworth	8	Not applicable
S J Sheldon	10	4
R Hellings	10	4 (as observer)

The Remuneration Committee and the Nomination Committee did not meet during the year.

REMUNERATION AND BENEFITS
The Board seeks independent advice before recommending any changes in Directors' fees to shareholders. The Directors' fees, currently $250,000, were 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 2010 were:

	Directors' Fees	Other Services	Total Remuneration
NON EXECUTIVE DIRECTORS			
Craig David Boyce	65,000	-	65,000
John William Holdsworth	30,000	-	30,000
John Allen Dobson	45,000	-	45,000
Susan Jane Sheldon	35,000	-	35,000
	175,000	-	175,000
EXECUTIVE DIRECTOR			
Richard Hellings	-	386,000	386,000
	-	386,000	386,000

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 2009	Purchases	Sales	Balance as at 30 April 2010
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	-	-	4,778,075

FURTHER INFORMATION
For information on Disclosure of Interest by Directors, Use of Company Information and Insurances refer to the Governance Report on pages 16-20.

Dated 24 July 2010

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 do not materially differ from the NZX Corporate Governance Best Practice Code.

ROLE OF THE BOARD OF DIRECTORS

The Board is responsible for the proper direction and control of the Group's activities. 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. The Board is responsible for the overall stewardship of the company including a 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

» Business Plans and Budgets

» Delegations of Authority

» Identification and Control of Business Opportunities

» Integrity of Management Information Systems

» Reports to Shareholders

The Board comprises five 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 and S J Sheldon 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 policies and procedures 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.

GOVERNANCE REPORT

Audit Committee;
Chairman; J A Dobson *Members; S J Sheldon and C D Boyce*

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 in private with the auditors on two separate occasions 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;
Chairman; C D Boyce *Members; J A Dobson, S J Sheldon, J W Holdsworth and R Hellings*

The Nomination Committee is responsible for selecting appropriate nominees for election as Directors. As there were no vacancies to fill, the Committee did not meet during the year.

Remuneration Committee;
Chairman; C D Boyce *Members; J A Dobson, S J Sheldon, J W Holdsworth and R Hellings*

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, Susan Jane Sheldon and Richard Hellings are Directors of the following companies except where differences are noted:

Smiths City Group Limited
SCG Finance Limited
Smiths City (Auckland) Limited
Smiths DIY (Southern) Limited
Smiths City (Christchurch) Limited
Smiths City Properties Limited
Alectra Limited
Powerstore Limited
Smithcorp Finance Limited
Smiths City (Southern) Limited
Smiths City (Nelson) Limited
Smiths City (Wellington) Limited
Quintana Investments Limited
L V Martin & Son Limited (R Hellings, J W Holdsworth and T Douthett only)
Furniture Concepts Limited (R Hellings & C D Boyce only)
Smiths City Staff Share Plan Trustee Limited (except for R Hellings)

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 Bernard Matthews (New Zealand) Limited Connexionz Limited Orion Group Limited Extra Strength No 164 Limited Progressive Leathers 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 J SHELDON	Freightways Limited Christchurch International Airport Limited (resigned 30 September 2009) Wool Industry Network Limited Wool Grower Holdings Limited National Provident Fund Board of Trustees (resigned 30 September 2009) Reserve Bank of New Zealand Contact Energy Limited Telecom Corporation of New Zealand Limited (appointed 21 June 2010) FibreTech Holdings Limited and subsidiary Sue Sheldon Advisory Limited

SHARE TRADING PROTOCOL

The Board has a share protocol for those individuals who are defined as restrictive 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, 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 6 July 2010 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	4,778,075	-	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. During the year Smiths City joined 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.

COMMUNITY SUPPORT
During the year the Group continued to make donations in cash or product in support of local charities. Total expenditure for donations and sponsorship was $124,977 (2009 $95,211).

The Group recognises that it is dependent on the support of the community and the need to promote its products and services to the community.

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.

The Group also supports the IHC and Ronald McDonald House in Canterbury and is the major sponsor of the Santa Parade in Christchurch.

ADDITIONAL 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	4	$150,000-$159,999	1
$110,000-$119,999	1	$180,000-$189,999	1
$120,000-$129,999	3	$190,000-$199,999	1
$130,000-$139,999	2	$250,000-$259,999	1
		TOTAL	**14**

20 LARGEST REGISTERED HOLDERS OF EQUITY SECURITIES AS AT 6 JULY 2010

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
Ace Finance Limited	1,742,600	3.29
Superannuation & Mutual Savings	1,290,842	2.44
Custodial Services Limited	1,230,000	2.32
Forsyth Barr Custodians Limited (1 L A/C)	1,200,649	2.27
Philip Julian Eriksen & Julian Hans Eriksen	1,087,000	2.05
Merill Inez Holdsworth	881,993	1.67
Colin David Smith & Glennis Elizabeth Smith	633,973	1.20
HSBC Nominees	625,342	1.18
Accident Compensation Corporation	580,526	1.10
Ian Russell Smith & Jean Maree Smith	530,620	1.00
Gordon Henry Boyle	519,587	0.98
JA & PS Dobson & JR Thomson & N S Anderson	501,579	0.95
Margaret Ann O'Keefe	500,000	0.94
Forsyth Barr Custodians Ltd (1 M A/C)	411,817	0.78
Russell Dillon Horlor	400,000	0.76
Banora Group Limited	400,000	0.76
TOTAL FOR 20 LARGEST	31,141,484	58.81
TOTAL ON ISSUE	52,956,884	100.0

DISTRIBUTION OF REGISTERED HOLDERS OF EQUITY SECURITIES AS AT 6 JULY 2010

RANGES	NUMBER OF HOLDERS	NUMBER OF SECURITIES	%
1-1,000	849	516,220	0.97
1,001-5,000	770	2,024,231	3.82
5,001-10,000	287	2,303,184	4.35
10,001-50,000	290	6,620,167	12.50
50,001-100,000	46	3,147,089	5.94
100,001 and above	58	38,345,993	72.41
	2,300	52,956,884	100.00

FINANCIAL INFORMATION

TREND STATEMENT

GROUP FINANCIAL PERFORMANCE	UNDER GAPP 2006 ($000)	UNDER NZIFRS 2007 ($000)	2008 ($000)	2009 ($000)	2010 ($000)
Operating Revenue	243,039	271,873	252,407	227,063	226,093
Profit Before Taxation	5,209	3,682	3,562	1,016	1,644
Add / (Deduct) Taxation Credit / (Expense)	383	-	-	-	-
Profit After Taxation	5,592	3,682	3,562	1,016	1,644
Deduct Minority Interest	(156)	(58)	-	-	-
Add Dividend From Associate	-	-	-	-	-
Profit After Income Tax	5,436	3,624	3,562	1,016	1,644
GROUP FINANCIAL POSITION					
Assets					
Total Trading Assets	85,165	92,478	89,496	86,404	83,973
Finance Company Assets	92,786	92,829	96,918	93,135	90,508
Total Assets	**177,951**	**185,307**	**186,414**	**179,539**	**174,481**
Deduct Liabilities					
Total Trading Liabilities	55,030	55,571	51,908	50,463	49,421
Finance Company Liabilities	81,969	83,968	88,164	83,543	79,360
Total Liabilities	**136,999**	**139,539**	**140,072**	**134,006**	**128,781**
Net Group Assets	**40,952**	**45,768**	**46,342**	**45,533**	**45,700**
Total Trading Assets (As Above)	85,165	92,478	89,496	86,404	83,973
Net Finance Company Assets					
Receivables	91,704	91,974	95,510	90,959	89,481
Bank	1,082	855	1,408	2,176	1,027
Deduct Borrowings	(81,969)	(83,968)	(88,164)	(83,543)	(79,360)
Net Investment In Finance Company	10,817	8,861	8,754	9,592	11,148
Total Assets	95,982	101,339	98,250	95,996	95,121
Deduct Total Trading Liabilities (As Above)	55,030	55,571	51,908	50,463	49,421
Net Group Assets With Finance Company As An Investment	40,952	45,768	46,342	45,533	45,700
Key Ratios					
Net Profit Before Tax To Operating Revenue	2.1%	1.4%	1.4%	0.4%	0.7%
Net Profit After Tax and Minority Interests To Operating Revenue	2.2%	1.3%	1.4%	0.4%	0.7%
Net Profit After Tax and Minority Interests To Opening Net Assets	14.5%	9.0%	7.8%	2.2%	3.5%
Earnings Per Share – cents	10.26	6.84	6.73	1.92	3.12
Shareholders' Funds To Total Assets	23.0%	24.7%	24.9%	25.4%	26.2%
Shareholders' Funds To Assets With Finance Company As An Investment	42.7%	45.2%	47.2%	47.4%	48.0%
SUMMARY OF RETURNS TO SHAREHOLDERS					
Net Dividend Per Share - cents	5.50 (1)	5.50 (1)	4.50(1)	2.00(1)	2.00
Imputation Credits - cents	0.00	0.00	0.00	0.00	0.15
Gross Dividend Per Share - cents	5.50	5.50	4.50	2.00	2.15
30 April Share Price - cents	61	65	48	32	32
Gross Dividend Yield Based on 30 April Share Price	9.0%	8.5%	9.38%	6.25%	3.6%

(1) Dividend paid without imputation credits

KPMG

Audit report

To the shareholders of Smiths City Group Limited

We have audited the financial statements on pages 24 to 57. The financial statements provide information about the past financial performance and financial position of the company and group as at 30 April 2010. This information is stated in accordance with the accounting policies set out on pages 29 to 33.

Directorsí 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 2010 and the results of their operations and cash flows for the year ended on that date.

Auditorsí 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. 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.

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 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 24 to 57 :
  - 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 2010 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 28 June 2010 and our unqualified opinion is expressed as at that date.

KPMG

SMITHS CITY GROUP LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2010

	NOTE	GROUP 2010 ($000)	GROUP 2009 ($000)	PARENT 2010 ($000)	PARENT 2009 ($000)
Revenue	7	**226,093**	**238,767**	**300**	**637**
Trading Profit		**3,199**	**3,109**	**(536)**	**(188)**
Other Income	9	111	110	4,284	3,250
Group Interest Paid – Excluding Smithcorp	10	(1,670)	(2,387)	(107)	(177)
Results From Operating Activities		**1,640**	**832**	**3,641**	**2,885**
Share Of Profit Of Equity Accounted Investees	19	4	184	-	-
Profit Before Taxation		**1,644**	**1,016**	**3,641**	**2,885**
Taxation	11	-	-	-	-
Profit For The Year		**1,644**	**1,016**	**3,641**	**2,885**
Earnings Per Share For Profit Attributable To Equity Holders:					
Basic and Diluted Earnings Per Share (cents)		3.10	1.92		

STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 APRIL 2010

	NOTE	GROUP 2010 ($000)	GROUP 2009 ($000)	PARENT 2010 ($000)	PARENT 2009 ($000)
Profit For The Year		**1,644**	**1,016**	**3,641**	**2,885**
Other Comprehensive Income					
Cash Flow Hedges – Fair Value Gains Transferred From/(To) Income Statement	25	(891)	891	-	-
Cash Flow Hedges – Fair Value Gains/(Losses) Taken To Cash Flow Hedge Reserve	25	313	(596)	-	-
Fair Value Revaluation Gain On Land And Buildings		208	-	-	-
Total Comprehensive Income For The Period Attributable To Members Of The Company		**1,274**	**1,311**	**3,641**	**2,885**

SMITHS CITY GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2010

	SHARE CAPITAL ($000)	REVALUATION RESERVES ($000)	HEDGING RESERVES ($000)	OTHER RESERVES ($000)	RETAINED EARNINGS ($000)	TOTAL EQUITY ($000)
GROUP						
Balance 1 May 2008	**10,652**	**8,972**	**(186)**	**94**	**26,810**	**46,342**
Profit For The Year	-	-	-	-	1,016	1,016
Cash Flow Hedges – Fair Value Gains Transferred From Income Statement	-	-	891	-	-	891
Cash Flow hedges – Fair Value Gains/(Losses) Taken To Cash Flow Hedge Reserve	-	-	(596)	-	-	(596)
Revaluation Of Property	-	-	-	-	-	-
Total Comprehensive Income For Period	-	-	295	-	1,016	1,311
Subtotal	10,652	8,972	109	94	27,826	47,653
Dividends Paid	-	-	-	-	(2,120)	(2,120)
Balance 30 April 2009	**10,652**	**8,972**	**109**	**94**	**25,706**	**45,533**
Profit For The Year	-	-	-	-	1,644	1,644
Cash Flow Hedges – Realised Fair Value Gains Taken 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	9,180	(469)	94	27,350	46,807
Dividends Paid	-	-	-	-	(1,107)	(1,107)
Balance 30 April 2010	**10,652**	**9,180**	**(469)**	**94**	**26,243**	**45,700**
PARENT						
Balance 1 May 2008	**10,652**	**-**	**-**	**-**	**6,084**	**16,736**
Profit For The Year	-	-	-	-	2,885	2,885
Dividends Paid	-	-	-	-	(2,119)	(2,119)
Balance 30 April 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**

SMITHS CITY GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2010

	NOTE	GROUP 2010 ($000)	GROUP 2009 ($000)	PARENT 2010 ($000)	PARENT 2009 ($000)
CURRENT ASSETS					
Cash And Cash Equivalents	12	1,818	2,102	1,750	1,750
Trade And Other Receivables	13	7,430	11,745	3,768	1,349
Property Intended For Sale		619	-	-	-
Inventories	14	40,177	37,946	-	-
TOTAL CURRENT ASSETS (Excluding Smithcorp Finance)		**50,044**	**51,793**	**5,518**	**3,099**
SMITHCORP FINANCE ASSETS					
Smithcorp Finance Cash And Cash Equivalents	12	1,027	2,176	-	-
Smithcorp Finance Receivables – Current Portion	15	52,484	53,618	-	-
Smithcorp Finance Receivables – Term Portion	15	36,997	37,341	-	-
TOTAL SMITHCORP FINANCE ASSETS		**90,508**	**93,135**	-	-
NON CURRENT ASSETS					
Property, Plant And Equipment	16	24,743	25,460	8	10
Intangible Assets	17	3,489	3,458	-	-
Investment Properties	18	1,220	1,220	-	-
Investments Including Equity Accounted Investees	19, 20	684	680	132	132
Investments In Subsidiaries		-	-	15,684	15,684
Deferred Taxation	21	3,793	3,793	-	-
TOTAL NON CURRENT ASSETS (Excluding Smithcorp Finance)		**33,929**	**34,611**	**15,824**	**15,826**
TOTAL ASSETS		**174,481**	**179,539**	**21,342**	**18,925**
CURRENT LIABILITIES					
Bank Overdraft	12	1,220	-	-	-
Short Term Loan On Property Held For Sale	24	565	-	-	-
Secured Borrowings	24	12,264	11,618	1,285	1,400
Trade And Other Payables Including Derivatives	22	21,028	23,756	21	23
Provisions	23	574	597	-	-
TOTAL CURRENT LIABILITIES		**35,651**	**35,971**	**1,306**	**1,423**
SMITHCORP FINANCE NON CURRENT BORROWINGS	24	**79,360**	**83,543**	-	-
NON CURRENT LIABILITIES (Excluding Smithcorp Finance)					
Secured Borrowings	24	13,770	14,492	-	-
TOTAL LIABILITIES		**128,781**	**134,006**	**1,306**	**1,423**
NET ASSETS		**45,700**	**45,533**	**20,036**	**17,502**
SHAREHOLDERS' FUNDS					
Share Capital	25	10,652	10,652	10,652	10,652
Revaluation Reserve	25	9,180	8,972	-	-
Other Reserves	25	(375)	203	-	-
Retained Earnings	25	26,243	25,706	9,384	6,850
TOTAL EQUITY		**45,700**	**45,533**	**20,036**	**17,502**
Net Tangible Assets Per Share (cents)		**79.71**	**79.45**		

SMITHS CITY GROUP LIMITED
STATEMENT OF CASH FLOW
AS AT 30 APRIL 2010

	NOTE	GROUP 2010 ($000)	GROUP 2009 ($000)	PARENT 2010 ($000)	PARENT 2009 ($000)
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH WAS PROVIDED FROM:					
Receipts From Customers		220,186	227,456	-	-
Receipt From Sale Of Properties		-	2,520	-	-
Interest Received – Smithcorp Finance		6,005	6,880	-	-
Interest Received – Other		95	230	300	637
Receipt Of Dividend		-	-	4,284	3,250
Total Cash Flows From Operating Activities		226,286	237,086	4,584	3,887
CASH WAS APPLIED TO:					
Payments To Suppliers And Employees		(216,052)	(219,414)	(836)	(823)
Purchase Property Intended For Sale		(618)	-	-	-
Interest Paid – Smithcorp Finance		(5,534)	(7,838)	-	-
Interest Paid – Bank And Other		(1,670)	(2,397)	(107)	(177)
Total Cash Flows Applied To Operating Activities		(223,874)	(229,649)	(943)	(1,000)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		**2,412**	**7,437**	**3,641**	**2,887**
CASH FLOWS FROM INVESTING ACTIVITIES					
CASH WAS PROVIDED FROM:					
Repayment Of Advances From Customers		1,478	4,551	-	-
Total Cash Flows From Investing Activities		1,478	4,551	-	-
CASH WAS APPLIED TO:					
Purchase Of Property, Plant And Equipment		(1,742)	(1,507)	-	-
Total Cash Flows Applied to Investing Activities		(1,742)	(1,507)	-	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**(264)**	**3,044**	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
CASH WAS PROVIDED FROM:					
Receipt Of Loan		489	-	-	-
Total Cash Flows From Financing Activities		489	-	-	-
CASH WAS APPLIED TO:					
Inter Company Advances		-	-	(2,419)	(731)
Repay Advances To Fund Finance Receivables		(4,183)	(4,620)	-	-
Repayment Of Loan		-	(2,543)	(115)	(37)
Dividends Paid		(1,107)	(2,120)	(1,107)	(2,119)
Total Cash Flows Applied To Financing Activities		(5,290)	(9,283)	(3,641)	(2,887)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**(4,801)**	**(9,283)**	**(3,641)**	**(2,887)**
Net Inflow/(Outflow) In Cash And Cash Equivalents Held		(2,653)	1,198	-	-
Cash And Cash Equivalents At Beginning Of Period	12	4,278	3,080	1,750	1,750
Cash And Cash Equivalents At End Of Period	12	1,625	4,278	1,750	1,750

RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES

	GROUP 2010 ($000)	GROUP 2009 ($000)	PARENT 2010 ($000)	PARENT 2009 ($000)
Profit Per Accounts After Earnings From Associate	1,644	1,016	3,641	2,885
Plus Realised Foreign Exchange Gains	(891)	891	-	-
Less Share Of Earnings From Associate	(4)	(184)	-	-
Less Revaluation Of Investment Properties	-	5	-	-
Add Depreciation (Incl Refurbishment) And Amortisation	2,635	2,521	2	1
	3,384	4,249	3,643	2,886
Add/(Deduct) Movements In Working Capital				
Add Decrease (Deduct Increase) Receivables	4,315	393	-	-
Add Decrease(Deduct Increase) Property Held For Sale	(619)	2,395	-	-
Add Decrease (Deduct Increase) Inventories	(2,231)	(282)	-	-
Add Increase (Deduct Decrease) Accounts Payable And Provisions	(2,437)	682	(2)	1
Movements In Working Capital	(972)	3,188	(2)	1
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**2,412**	**7,437**	**3,641**	**2,887**

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 2010 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 28 June 2010.

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) 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 one 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.
- 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 5 b.

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 which 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. 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.

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.

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) **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.

r) **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.

s) **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.

t) **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.

u) **New Accounting Policies**

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2009, as described in those annual financial statements.

The following new standards and amendments to standards are mandatory and are required to be applied for the first time for financial years beginning on or after 1 January 2009.

- ***NZIAS1 Presentation of Financial Statements (revised)***

  The revised standard requires "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements; an income statement and a statement of comprehensive income. The financial statements have been prepared under the revised disclosure requirements.

- ***NZIFRS8 Operating Segments***

  NZIFRS8 replaces NZIAS14 Segment Reporting. It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Application of NZIFRS8 has resulted in one new operating segment, Finance. Refer Note 6 for further information.

v) **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.

- ***NZIFRS3 Business Combinations*** – approved in February 2008 and effective for annual reporting beginning after 1 July 2009.

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)	OPERATING PROFIT (LOSS) ($000)	NON RECURRING ITEMS* ($000)	SEGMENT PROFIT (LOSS) ($000)
YEAR ENDED 30 APRIL 2009						
Retail Activities	227,063	-	227,063	(678)	(919)*	(1,597)
Finance Business	11,704	-	11,704	2,412	-	2,412
Property Activities	115	1,672	1,787	382	-	382
Parent Company	-	3,250	3,250	(365)	-	(365)
Total For Reportable Segments	238,882	4,922	243,804	1,751	(919)	832
Shares Of Profits Of Equity Accounted Investees	-	-	-	184	-	184
Total Before Taxation	238,882	4,922	243,804	1,935	(919)	1,016
YEAR ENDED 30 APRIL 2010						
Retail Activities	215,871	-	215,871	514	(1,350)*	(836)
Finance Business	10,222	-	10,222	2,604	-	2,604
Property Activities	111	1,548	1,659	515	-	515
Parent Company	-	4,284	4,284	(643)	-	(643)
Total For Reportable Segments	226,204	5,832	232,036	2,990	(1,350)	1,640
Shares Of Profit Of Equity Accounted Investees	-	-	-	4	-	4
Total Before Taxation	226,204	5,832	232,036	2,994	(1,350)	1,644

*** - Non recurring items comprise costs of exiting business units.**

Other Segment Information

	RETAIL ACTIVITIES ($000)	FINANCE ACTIVITIES ($000)	PROPERTY ACTIVITIES ($000)	TOTAL ($000)
YEAR ENDED 30 APRIL 2009				
Assets	65,751	92,312	21,476	179,539
Liabilities	(35,148)	(83,686)	(15,172)	(134,006)
Equity	30,603	8.626	6,304	45,533
Acquisitions Of Property, Plant, Equipment, Intangibles And Investments	1,475	32	-	1,507
Depreciation And Amortisation	2,383	54	84	2,521
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

7) REVENUE

	GROUP		PARENT	
	2010 ($000)	2009 ($000)	2010 ($000)	2009 ($000)
Retail Sales	215,871	227,063	-	-
Interest Income On Smithcorp Finance Receivables Measured At Amortised Cost	9,704	10,906	-	-
Other Finance Income	391	493	-	-
Interest Income On Bank Deposits	127	305	87	216
Interest Income Inter Group	-	-	213	421
	226,093	238,767	300	637

8) EXPENSES BY NATURE

Cost of Goods Sold	(159,011)	(165,880)	-	-
Operating Lease Rental Expense	(12,596)	(12,969)	-	-
Employee Benefits	(29,941)	(31,031)	(733)	(709)
Auditors' Remuneration				
- For Audit Services	(72)	(70)	(19)	(18)
Directors' Fees	(175)	(186)	(175)	(186)

9) OTHER INCOME

Dividend From Subsidiaries	-	-	4,284	3,250
Change In Fair Value Of Investment Properties	-	(5)	-	-
Rental Income From Investment Properties	111	115	-	-
	111	110	4,284	3,250

10) INTEREST EXPENSE

	GROUP 2010 ($000)	GROUP 2009 ($000)	PARENT 2010 ($000)	PARENT 2009 ($000)
Interest Expense On Smithcorp Finance Receivables Borrowings	(5,534)	(7,839)	-	-
Interest Expense on Bank Borrowings	(1,670)	(2,387)	(107)	(177)

11) INCOME TAX EXPENSE

	GROUP 2010 ($000)	GROUP 2009 ($000)	PARENT 2010 ($000)	PARENT 2009 ($000)
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	1,644	1,016	3,641	2,885
Tax at the Rate Of 30% (2009 30%)	(493)	(305)	(1,092)	(866)
Tax Effect Of Amounts Which Are Either Deductible Or Taxable In Calculating Taxable Income				
- Tax Exempt Income	-	54	1,285	1,073
- Expenses Not Deductible For Tax	-	(250)	-	-
Recognition Of Previously Unrecognised Tax Losses	493	501	(193)	(207)
Total Income Tax Expense	-	-	-	-
c) **Imputation Credits**				
Imputation Credits 1 May	112	83	-	-
Imputation Credits Attached To Dividends Received	24	29	-	-
Imputation Credits Utilised	(136)	-	-	-
Imputation Credits 30 April 2010	-	112	-	-
The Imputation Credits Are Available To Equity Holders Of The Company:				
Through The Company	-	-	-	-
Through Subsidiaries	-	112	-	-
	-	112	-	-

12) CASH AND CASH EQUIVALENTS

	2010			2009			2010	2009
	GROUP	SMITH CORP	TOTAL	GROUP	SMITH CORP	TOTAL	PARENT	
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Cash Floats	68	-	68	111	-	111	-	-
Bank Balances	-	-	-	241	11	252	-	-
Call & Short Term Deposits	1,750	1,027	2,777	1,750	2,165	3,915	1,750	1,750
Cash & Cash Equivalents	1,818	1,027	2,845	2,102	2,176	4,278	1,750	1,750
Bank Overdrafts Used For Cash Management Purposes	(1,220)	-	(1,220)	-	-	-	-	-
Cash & Cash Equivalents Used In Statement of Cash Flows	598	1,027	1,625	2,102	2,176	4,278	1,750	1,750

The effective interest rates on call and short term deposits in 2010 was 2.5% - 4.7% (2009 2.5% - 8.5%). Of the amounts on deposit $1.018million is at call and the remaining deposits mature before 31 August 2010 (2009 with the exception of deposits totalling $0.625million which matures in May 2009 and $0.5million which matures in August 2009, all other deposits are at call).

13) **TRADE AND OTHER RECEIVABLES**

	GROUP		PARENT	
	2010 ($000)	2009 ($000)	2010 ($000)	2009 ($000)
Current:				
Trade Receivables	4,409	5,485	-	-
Impairment Allowances	(126)	(226)	-	-
Net Trade Receivables	4,283	5,259	-	-
Other Receivables	3,147	6,486	236	276
Inter Company Receivables	-	-	3,532	1,073
Total Current Receivables	7,430	11,745	3,768	1,349

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

14) **INVENTORIES**

Finished Goods	40,611	38,189	-	-
Write-down To Net Realisable Value	(434)	(243)	-	-
Net Inventories	40,177	37,946	-	-

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 amount of inventory subject to registered reservation of title claims total $3.3million (2009 $5.4million).

15) **SMITHCORP FINANCE RECEIVABLES**

	2010			2009		
	FIXED INSTALMENT ($000)	REVOLVING CREDIT ($000)	TOTAL ($000)	FIXED INSTALMENT ($000)	REVOLVING CREDIT ($000)	TOTAL ($000)
Gross Finance Receivables	107,880	18,491	126,371	109,320	18,915	128,235
Gross Finance Receivables Due From Related Parties	-	678	678	-	1,079	1,079
Provision For Unearned Income	(36,640)	-	(36,640)	(37,643)	-	(37,643)
	71,240	19,169	90,409	71,677	19,994	91,671
Less Impairment Allowances	(566)	(362)	(928)	(396)	(316)	(712)
	70,674	18,807	89,481	71,281	19,678	90,959

	2010			2009		
	FIXED INSTALMENT ($000)	REVOLVING CREDIT ($000)	TOTAL ($000)	FIXED INSTALMENT ($000)	REVOLVING CREDIT ($000)	TOTAL ($000)
ANALYSIS						
Current Portion	45,534	6,950	52,484	45,843	7,775	53,618
Term Portion	25,140	11,857	36,997	25,438	11,903	37,341
	70,674	18,807	89,481	71,281	19,678	90,959

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.

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 5.42% (2009 5.88%) 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 22.95% per annum (2009 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 2008	20,267	9,178	16,030	45,475
Additions	-	212	1,078	1,290
Disposals	-	(72)	(19)	(91)
Balance 30 April 2009	**20,267**	**9,318**	**17,089**	**46,674**
Balance 1 May 2009	20,267	9,318	17,089	46,674
Additions	-	-	1,082	1,082
Revaluations	208	-	-	208
Disposals	-	-	-	-
Balance 30 April 2010	**20,475**	**9,318**	**18,171**	**47,964**
Depreciation				
Balance 1 May 2008	(84)	(6,307)	(12,799)	(19,190)
Depreciation For The Year	(84)	(621)	(1,358)	(2,063)
Disposals	-	30	9	39
Balance 30 April 2009	**(168)**	**(6,898)**	**(14,148)**	**(21,214)**
Balance 1 May 2009	(168)	(6,898)	(14,148)	(21,214)
Depreciation For The Year	(87)	(152)	(1,768)	(2,007)
Disposals	-	-	-	-
Balance 30 April 2010	**(255)**	**(7,050)**	**(15,916)**	**(23,221)**
Carrying Amounts				
At 1 May 2008	20,183	2,871	3,231	26,285
At 30 April 2009	**20,099**	**2,420**	**2,941**	**25,460**
At 1 May 2009	20,099	2,420	2,941	25,460
At 30 April 2010	**20,220**	**2,268**	**2,255**	**24,743**
PARENT				
Cost or Valuation				
Balance 1 May 2008	-	-	27	27
Additions	-	-	-	-
Disposals	-	-	-	-
Balance 30 April 2009	**-**	**-**	**27**	**27**

	LAND & BUILDINGS ($000)	LEASEHOLD IMPROVEMENTS ($000)	OFFICE & COMPUTER EQUIPMENT ($000)	TOTAL ($000)
Balance 1 May 2009	-	-	27	27
Additions	-	-	-	-
Disposals	-	-	-	-
Balance 30 April 2010	**-**	**-**	**27**	**27**
Depreciation				
Balance 1 May 2008	-	-	(16)	(16)
Depreciation For The Year	-	-	(1)	(1)
Disposals	-	-	-	-
Balance 30 April 2009	**-**	**-**	**(17)**	**(17)**
Balance 1 May 2009	-	-	(17)	(17)
Depreciation For The Year	-	-	(2)	(2)
Disposals	-	-	-	-
Balance 30 April 2010	**-**	**-**	**(19)**	**(19)**
Carrying Amounts				
At 1 May 2008	-	-	11	11
At 30 April 2009	**-**	**-**	**10**	**10**
At 1 May 2009	-	-	10	10
At 30 April 2010	**-**	**-**	**8**	**8**

Land and buildings are included in the financial statements 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 net book value of land and buildings would have been $9.92million (2009 $10.09million) 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 ($000)	CUSTOMER DATABASES ($000)	SOFTWARE INCL DEVELOPMENT COSTS ($000)	TOTAL ($000)
Cost				
Balance 1 May 2008	776	1,048	2,271	4,095
Additions	-	102	-	102
Additions Internally Developed	-	-	168	168
Balance 30 April 2009	**776**	**1,150**	**2,439**	**4,365**
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**
Amortisation				
Balance 1 May 2008	-	(192)	(256)	(448)
Amortisation For The Year	-	(84)	(375)	(459)
Balance 30 April 2009	**-**	**(276)**	**(631)**	**(907)**
Balance 1 May 2009	-	(276)	(631)	(907)
Amortisation For The Year	-	(86)	(543)	(629)
Balance 30 April 2010	**-**	**(362)**	**(1,174)**	**(1,536)**

GROUP	PURCHASED BRANDS ($000)	CUSTOMER DATABASES ($000)	SOFTWARE INCL DEVELOPMENT COSTS ($000)	TOTAL ($000)
At 1 May 2008	776	856	2,015	3,647
At 30 April 2009	**776**	**874**	**1,808**	**3,458**
At 1 May 2009	776	874	1,808	3,458
At 30 April 2010	**776**	**788**	**1,925**	**3,489**

The L V Martin brand of $776,000 (2009 $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%	(2009 2%)
Pre Tax Discount Rate 13.5% - 15.5%	(2009 range of 14-16%)

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 2008	1,225	-
Change In Fair Value	(5)	-
Balance 30 April 2009	**1,220**	-
Balance 1 May 2009	1,220	-
Change In Fair Value	-	-
Balance 30 April 2010	**1,220**	-

Investment property comprises several commercial properties that are leased to third parties. Each of the leases contains a non cancellable period. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The future minimum lease receivables under non cancellable leases that expire within one year total $113,000 (2009 $102,000).

Investment properties were valued independently by Fright Aubrey, Registered Valuers (now Colliers Valuation), at 30 April 2010.

19) EQUITY ACCOUNTED INVESTEES

The Group's share of profit in its equity accounted investee Adventure Brands Limited for the year was $4,000 (2009 $184,000). 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 Investees		
Balance 1 May 2008	484	120
Smiths City Group's Share Of Profit	184	-
Balance 30 April 2009	**668**	**120**
Balance 1 May 2009	668	120
Smiths City Group's Share Of Profit	4	-
Balance 30 April 2010	**672**	**120**

	OWNERSHIP	TOTAL ASSETS	TOTAL LIABILITIES	REVENUE	PROFIT FOR EQUITY ACCOUNTING PURPOSES
	($000)	($000)	($000)	($000)	($000)
2009	30%	5,669	2,925	13,367	613
2010	30%	5,801	3,248	11,095	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 $269,000 for the year ended 30 April 2010 (2009 $217,000). The amount owing to the Group at balance date was $75,000 (2009 $60,000).

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 one years budgeted profits.

	GROUP		PARENT	
	2010 ($000)	2009 ($000)	2010 ($000)	2009 ($000)
Unrecognised Deferred Tax Assets	19,180	19,283	19,180	19,283

Recognised Deferred Tax Assets and Liabilities
Deferred tax assets and liabilities are attributed to the following:

	ASSETS		LIABILITIES		NET	
	2010 ($000)	2009 ($000)	2010 ($000)	2009 ($000)	2010 ($000)	2009 ($000)
GROUP						
Property, Plant And Equipment	1,006	619	-	-	1,006	619
Investment Property	-	-	(333)	(333)	(333)	(333)
Inventory	768	716	-	-	768	716
Receivables	419	401	-	-	419	401
Derivatives	141	235	-	-	141	235
Provisions	839	1,226	-	-	839	1,226
Tax Losses	953	929	-	-	953	929
	4,126	4,126	(333)	(333)	3,793	3,793

Movement In Temporary Differences During The Year

GROUP	BALANCE 1 May 2008 ($000)	MOVEMENT ($000)	BALANCE 30 April 2009 ($000)	MOVEMENT ($000)	BALANCE 30 April 2010 ($000)
Property, Plant And Equipment	817	(198)	619	387	1,006
Investment Property	(333)	-	(333)	-	(333)
Inventory	96	620	716	52	768
Receivables	385	16	401	18	419
Derivatives	56	179	235	(94)	141
Provisions	784	442	1,226	(387)	839
Tax Losses	1,988	(1,059)	929	24	953
	3,793	-	3,793	-	3,793

The Group has tax losses of $22.3million (2009 $23.3million) 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 2010 ($000)	GROUP 2009 ($000)	PARENT 2010 ($000)	PARENT 2009 ($000)
Trade Payable Due To Related Parties	117	203	-	-
Other Trade Payables	16,347	17,931	21	23
Derivatives	469	783	-	-
Non Trade Payables And Accrued Expenses	4,095	4,839	-	-
	21,028	23,756	21	23

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 2008	718
Provisions Made During The Period	848
Provisions Used During The Period	(969)
Balance 30 April 2009	**597**
Balance 1 May 2009	597
Provisions Made During The Period	856
Provisions Used During The Period	(879)
Balance 30 April 2010	**574**

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 2010 ($000)	GROUP 2009 ($000)	PARENT 2010 ($000)	PARENT 2009 ($000)
NON CURRENT LIABILITIES				
Secured Smithcorp Loans	79,360	83,543	-	-
Secured Bank Loans	13,770	14,000	-	-
Other Secured Loans	-	492	-	-
CURRENT LIABILITIES				
Bank Overdraft	1,220	-	-	-
Secured Bank Loans	12,018	11,618	1,285	1,400
Other Secured Loans	246	-	-	-
Loan On Property Held For Sale	565	-	-	-
TOTAL INTEREST BEARING LIABILITIES	**107,179**	**109,653**	**1,285**	**1,400**

<u>Terms And Debt Repayment Schedule</u>
Terms and conditions of outstanding loans were as follows:

	NOMINAL INTEREST RATE	TERM	FACILITY ($000)	CARRYING AMOUNT 2010 ($000)	FACILITY ($000)	CARRYING AMOUNT 2009 ($000)
GROUP						
Secured Fisher & Paykel Finance Limited Loan (i)	BBR plus 4.5%	see note (i) below	90,000	78,743	90,000	82,345
Secured Fisher & Paykel Finance Limited Loan (ii)	BBR plus 2.5%	see note (ii) below	5,000	617	5,000	1,198
Secured Bank Loan (iii)	BBR plus 2.6%	see note (iii) below	14,000	14,000	14,000	14,000
Secured Bank Loan (iii)	BBR plus 1.3%	see note (iii) below	14,125	11,788	14,125	11,618
Secured Bank Loan	BKBM plus 2.6%	see note (iii) below	565	565	-	-
Secured Bank Overdraft	10.5%	see note (iii) below	2,000	1,220	2,000	-
Other Secured Loans (iv)	11.90%	Four years	1,000	246	1,000	492
Total Interest Bearing Liabilities			126,690	107,179	126,125	109,653
PARENT						
Secured Bank Loan	BBR plus 1.3%	see note (iii) below	3,500	1,285	3,500	1,400

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 $14.0million loan is secured by way of mortgage over the Group's Colombo Street property. The $565,000 loan is secured by way of mortgage over a property in Invercargill occupied by the Group.

iv) Other secured loans are secured by a fixed and floating charge over certain POS equipment.

v) 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 (2009 $10.652million). The number of shares issued is 52,956,884 (2009 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	
	2010	2009	2010	2009
Interim For Year Ending 30 April 2010	1.0		530	
Final For Year Ending 30 April 2009	1.0		577	
Interim For Year Ending 30 April 2009		1.0		530
Final For Year Ending 30 April 2008		3.0		1,589
	2.0	4.0	1,107	2,119

Apart from the Interim dividend for the year ending 30 April 2010, which was partially imputed, all other dividends were unimputed.

On 28 June 2010 the Directors announced to the NZX that they propose to pay a dividend of 1.0cent per share on 13 August 2010 (2009 1.0cents).

27) **EARNINGS PER SHARE**

The calculation of basic earnings per share at 30 April 2010 was based on the profit attributable to ordinary shareholders of $1.644million (2009 $1.016million) and a weighted average number of ordinary shares outstanding of 52,956,884 (2009 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 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 2010 ($000)	IMPAIRMENT 2010 ($000)	GROSS RECEIVABLE 2009 ($000)	IMPAIRMENT 2009 ($000)
Not Past Due	3,188	-	3,829	-
Past Due 0-30 Days	404	-	422	-
Past Due 31-60 Days	130	-	356	-
Past Due Over 61 Days	687	(126)	878	(226)
	4,409	(126)	5,485	(226)
ANALYSIS				
Trade Receivables – Trades Based Customers	823	(60)	3,025	(226)
Other Receivables Including Monthly Account Customers	3,586	(66)	2,460	-
	4,409	(126)	5,485	(226)

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

	2010 ($000)	2009 ($000)
Gross Trade Receivables	4,409	5,485
Individual Impairment	(126)	(226)
Trade Receivables Net	4,283	5,259

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

	2010			2009		
	ACCOUNT BALANCE %	ACCOUNT BALANCE ($000)	IMPAIR-MENT ($000)	ACCOUNT BALANCE %	ACCOUNT BALANCE ($000)	IMPAIR-MENT ($000)
Current	85.79	61,117	-	86.30	61,857	-
1 Month Overdue	3.93	2,800	-	3.64	2,609	-
2 Month Overdue	5.53	3,940	-	5.50	3,942	-
3 Month Overdue	1.89	1,346	-	2.12	1,520	-
Over 3 Month Overdue	2.86	2,037	(566)	2.44	1,749	(396)
	100.00	71,240	(566)	100.00	71,677	(396)

	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	2.46	1,755	(566)	1.90	1,362	(396)

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

	2010 ($000)	2009 ($000)
Fixed Instalment Receivables	71,240	71,677
Collective Impairment	(566)	(396)
Fixed Instalment Receivables Net	70,674	71,281

Revolving Credit Receivables (Excluding Receivables Due From Related Parties)

	2010 ACCOUNT BALANCE %	2010 ACCOUNT BALANCE ($000)	2010 IMPAIR MENT ($000)	2009 ACCOUNT BALANCE %	2009 ACCOUNT BALANCE ($000)	2009 IMPAIR MENT ($000)
Current	98.32	18,180	(51)	98.48	18,627	(28)
1 Month Overdue	0.71	131	(131)	0.72	136	(136)
2 Month Overdue	0.29	54	(54)	0.27	51	(51)
3 Month Overdue	0.14	26	(26)	0.13	25	(25)
Over 3 Month Overdue	0.54	100	(100)	0.40	76	(76)
	100.00	18,491	(362)	100.00	18,915	(316)

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

	2010 ($000)	2009 ($000)
Revolving Credit Receivables	18,491	18,915
Collective Impairment	(362)	(316)
Revolving Credit Receivables Net	18,129	18,599

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

	2010				2009			
	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	226	396	316	938	260	387	320	967
Movement In Provision For Impairment	(100)	170	46	116	(34)	9	(4)	(29)
Closing Balance	126	566	362	1,054	226	396	316	938
Impaired Asset Expense								
Impairment Charges On Uncollectable Accounts	52	506	292	850	113	445	190	748
Recoveries From Accounts Previously Written Off	(3)	(156)	(11)	(170)	(9)	(173)	(13)	(195)
Impaired Assets Charge Included In Store And Distribution Expenses	49	350	281	680	104	272	177	553

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 2010	($000)	($000)	($000)	($000)	($000)	($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	108,350	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**	**171,172**	**40,364**	**29,634**	**45,838**	**55,336**

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 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 – Finance Receivables	(78,743)	(83,929)	(44,853)	(27,097)	(11,979)	-
Smithcorp Finance – 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)**	**13,373**	**(46,005)**	**1,619**	**2,423**	**55,336**

GROUP 2009						
Non Derivative Assets						
Cash And Cash Equivalents	4,278	4,292	4,292	-	-	-
Trade And Other Receivables	11,745	11,745	11,745	-	-	-
Fixed Instalment Receivables	71,281	110,375	27,825	28,113	40,706	13,731
Revolving Credit Receivables	18,599	49,255	3,129	2,930	5,314	37,882
Related Party Receivables	1,079	1,115	680	265	144	26
Total Non Derivative Assets	**106,982**	**176,782**	**47,671**	**31,308**	**46,164**	**51,639**
Non Derivative Liabilities						
Bank Overdrafts	-	-	-	-	-	-
Secured Bank Loans	(25,618)	(28,199)	-	-	(28,199)	-
Secured Other Loans	(492)	(562)	(164)	(156)	(242)	-
Smithcorp Finance – Finance Receivables	(82,345)	(88,636)	(44,790)	(30,080)	(13,766)	-
Smithcorp Finance – Related Party Receivables	(1,198)	(1,254)	-	-	(1,254)	-
Trade And Other Payables	(23,756)	(23,756)	(23,756)	-	-	-
Total Non Derivative Liabilities	**(133,409)**	**(142,407)**	**(68,710)**	**(30,236)**	**(43,461)**	**-**
Interest Rate Swaps – Out Flow	(524)	(524)	(95)	(42)	(387)	-
Forward Exchange Contracts – Out Flow	(260)	(260)	(121)	(139)	-	-
Unutilised Loan Facilities	-	(14,473)	(14,473)	-	-	-
TOTAL	**(27,211)**	**19,118**	**(35,728)**	**891**	**2,316**	**51,639**

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 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	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)	-	(1,370)	-
TOTAL	4,212	4,212	5,582	-	(1,370)	-
PARENT 2009						
Non Derivative Assets						
Cash And Cash Equivalents	1,750	1,764	1,764	-	-	-
Trade And Other Receivables	1,349	1,349	1,349	-	-	-
Investments	-	-	-	-	-	-
Total Non Derivative Assets	3,099	3,113	3,113	-	-	-
Non Derivative Liabilities						
Trade And Other Payables	(23)	(23)	(23)	-	-	-
Secured Loans	(1,400)	(1,492)	-	-	(1,492)	-
Total Non Derivative Liabilities	(1,423)	(1,515)	(23)	-	(1,492)	-
TOTAL	**1,676**	**1,598**	**3,090**	**-**	**(1,492)**	**-**

Expected Maturities Of Financial Assets And Liabilities

GROUP 2010						
Fixed Instalment Receivables	70,674	70,674	27,870	17,664	20,806	4,334
GROUP 2009						
Fixed Instalment Receivables	71,281	71,281	26,750	19,093	21,604	3,834

FOREIGN CURRENCY RISK

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

	AVERAGE EXCHANGE RATE 2010	AVERAGE EXCHANGE RATE 2009	FOREIGN CURRENCY 2010 ($000)	FOREIGN CURRENCY 2009 ($000)	CONTRACT VALUE 2010 ($000)	CONTRACT VALUE 2009 ($000)	FAIR VALUE 2010 ($000)	FAIR VALUE 2009 ($000)
Outstanding Contracts								
Buy US Dollars								
Less Than 3 Months	0.646	0.539	900	900	1,394	1,670	(149)	(74)
3-6 Months	0.668	0.520	495	405	741	779	(51)	(57)
6-12 Months	0.686	0.513	990	810	1,444	1,580	(50)	(129)
							(250)	(260)

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 2010	AVERAGE CONTRACT FIXED INTEREST RATE 2009	NOTIONAL PRINCIPAL AMOUNT 2010 ($000)	NOTIONAL PRINCIPAL AMOUNT 2009 ($000)	FAIR VALUE 2010 ($000)	FAIR VALUE 2009 ($000)
Outstanding Contracts						
Variable Rate For Fixed Contracts						
Less Than 1 Year	5.22%	7.65%	32,840	20,300	(216)	(135)
1-2 Years	4.73%	6.09%	8,200	12,350	(2)	(389)
			41,040	32,650	(218)	(524)

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 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	2.5%-4.7%	2,845	-	-	-	-	2,845
Trade And Other Receivables		-	-	-	-	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**

GROUP 2009	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	2.5%-8.50%	4,278	-	-	-	-	4,278
Trade And Other Receivables						11,745	11,745
Fixed Instalment Receivables	15.95%-22.95%	26,750	19,093	21,604	3,834	-	71,281
Revolving Credit Receivables	22.95%	18,600	-	-	-	-	18,600
Related Party Receivables	BBR+2.75%	1,079	-	-	-	-	1,079
		50,707	19,093	21,604	3,834	11,745	106,983

	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 Liabilities							
Bank Overdraft		-	-	-	-	-	-
Trade And Other Payables		-	-	-	-	(23,756)	(23,756)
Related Party Receivables Borrowings	BBR+ 2.5%	(1,198)	-	-	-	-	(1,198)
Fixed Instalment And Revolving Credit Receivables Borrowings	5.62%-9.73%	(42,220)	(27,570)	(12,554)	-	-	(82,344)
Secured Loans	BKBM+1%-1.25%	(11,618)	-	(14,492)	-	-	(26,110)
Effect Of Interest Rate Derivatives		16,200	4,100	12,350	-	-	32,650
		(38,836)	(23,470)	(14,696)	-	(23,756)	(100,758)
TOTAL		**11,871**	**(4,377)**	**6,908**	**3,834**	**(12,011)**	**6,225**
PARENT 2010							
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**
PARENT 2009							
Financial Asset							
Cash And Cash Equivalents	5.65%-8.50%	1,750	-	-	-	-	1,750
Trade And Other Receivables		-	-	-	-	1,349	1,349
		1,750	-	-	-	1,349	3,099
Financial Liabilities							
Trade And Other Payables		-	-	-	-	(23)	(23)
Secured Loans	BKBM+1%	(1,400)	-	-	-	-	(1,400)
		(1,400)	-	-	-	(23)	(1,423)
TOTAL		**350**	**-**	**-**	**-**	**1,326**	**1,676**

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 22 months and have fixed swap rates ranging from 3.6% to 7.88% (2009 3.6% to 8.14%). At 30 April 2010 the Group had interest rate swaps with a notional contract amount of $41.050million (2009 $32.650million). The Group classifies interest rate swaps as cash flow hedges.

The net fair value of swaps at 30 April 2010 was $218,528 (2009 $524,053) comprising assets of $nil (2009 $nil) and liabilities of $218,528 (2009 $524,053).

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 2010 was $250,852 (2009 $259,342) comprising assets of $nil (2009 $2,959) and liabilities of $250,852 (2009 $262,301).

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.

	NOTE	LOANS & RECEIVABLES ($000)	DESIGNATED AT FAIR VALUE ($000)	OTHER LIABILITIES ($000)	TOTAL CARRYING AMOUNT ($000)	FAIR VALUE ($000)
GROUP 2010						
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)

	NOTE	LOANS & RECEIVABLES ($000)	DESIGNATED AT FAIR VALUE ($000)	OTHER LIABILITIES ($000)	TOTAL CARRYING AMOUNT ($000)	FAIR VALUE ($000)
GROUP 2009						
Financial Assets						
Cash And Cash Equivalents	12	4,278	-	-	4,278	4,278
Trade And Other Receivables	13	11,745	-	-	11,745	11,745
Finance Receivables	15	89,880	-	-	89,880	89,880
Related Party Receivables	15	1,079	-	-	1,079	1,079
		106,982	-	-	106,982	106,982
Financial Liabilities						
Bank Overdraft	12	-	-	-	-	-
Trade And Other Payables	22, 23	-	-	(23,756)	(23,756)	(23,756)
Related Party Receivables Borrowings	24	-	-	(1,198)	(1,198)	(1,198)
Finance Receivable Borrowings	24	-	-	(82,345)	(82,345)	(82,345)
Secured Loans	24	-	-	(26,110)	(26,110)	(26,110)
Derivatives	25	-	(784)	-	(784)	(784)
		-	(784)	(133,409)	(134,193)	(134,193)
PARENT 2010						
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)
PARENT 2009						
Financial Assets						
Cash And Cash Equivalents	12	1,750	-	-	1,750	1,750
Trade And Other Receivables	13	1,349	-	-	1,349	1,349
		3,099	-	-	3,099	3,099
Financial Liabilities						
Trade And Other Payables	22, 23	-	-	(23)	(23)	(23)
Secured Loans	24	-	-	(1,400)	(1,400)	(1,400)
				(1,423)	(1,423)	(1,423)

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	
	2010	2009
Derivatives Held For Risk Management	3.6%-7.88%	3.6%-8.1%
Finance Receivables	12%-13%	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	
	2010	2010	2009	2009	2010	2010	2009	2009
	Impact On Profit Or Loss +1% ($000)	Impact On Equity -1% ($000)	Impact On Profit Or Loss +1% ($000)	Impact On Equity -1% ($000)	Impact On Profit Or Loss +1% ($000)	Impact On Equity -1% ($000)	Impact On Profit Or Loss +1% ($000)	Impact On Equity -1% ($000)
Finance Receivables	(682)	682	(755)	755	-	-	-	-

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	
	2010	2010	2009	2009	2010	2010	2009	2009
	Impact On Profit Or Loss +1% ($000)	Impact On Equity -1% ($000)	Impact On Profit Or Loss +1% ($000)	Impact On Equity -1% ($000)	Impact On Profit Or Loss +1% ($000)	Impact On Equity -1% ($000)	Impact On Profit Or Loss +1% ($000)	Impact On Equity -1% ($000)
Cash And Cash Equivalents	28	(28)	43	(43)	18	(18)	18	(18)
Related Party Receivables	7	(7)	10	(10)	-	-	-	-
Bank Overdraft	(10)	10	-	-	-	-	-	-
Related Party Receivables Borrowings	(6)	6	(12)	12	-	-	-	-
Finance Receivables Borrowings	(787)	787	(823)	823	-	-	-	-
Secured Loans	(265)	265	(261)	261	(13)	13	(14)	14

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 (2009 $1.672million) 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 $750,545 (2009 $772,641). The amount owing to Datacom Group Limited at balance date was $55,402 (2009 $113,558).

ADVENTURE BRANDS
The Group has a 30% holding in Adventure Brands Limited through a subsidiary. Purchases for the year were $1.683million (2009 $1.530million). The amount owing at year end was $61,346(2009 $99,787). At balance date the Group had advanced $678,000 to Adventure Brands Limited (2009 $1.079million). The advance is a revolving credit facility entered into on an arms length basis at a weighted average interest rate of 5.42% 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 $1.717million (2009 $1.648million).

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 2010 are as follows:

TRADING

- » Smithcorp Finance Limited - finance
- » Smiths City Properties Limited – property
- » SCG Finance Limited
- » Smiths City (Southern) Limited - retail
- » L V Martin & Son Limited – retail

NON TRADING

- » 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)

All Directors of Smiths City Group Limited are also Directors of the 100% owned subsidiaries except for Mr Hellings who is not a Director of Smiths City Staff Share Plan Trustee Limited and Ms Sheldon who is not a Director of Smiths City (Rotorua) Limited (In Liquidation). 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	
	2010 ($000)	**2009 ($000)**	**2010 ($000)**	**2009 ($000)**
Less Than 1 Year	11,714	12,189	-	-
Between 1-5 Years	29,908	28,291	-	-
More Than 5 Years	2,632	4,084	-	-
	44,254	44,564	-	-

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 2010 was $60,000 (2009 $148,686).

33) **CONTINGENT LIABILITIES**

The Group has contingent liabilities of $nil at 30 April 2010 (2009 $nil). As at 30 April 2010 the Parent Company has guaranteed $400,000 of borrowings by Adventure Brands Limited from The National Bank of New Zealand Limited (2009 $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 28 June 2010 the Directors announced to the NZX that they propose to pay a dividend of 1.0cents per share on 13 August 2010 2009 1.0cents).

The budget announcement on 20 May resulted in a number of changes in tax regulations that will impact on the Group in the future. These include increasing GST to 15%, lowering the corporate tax rate to 28%, and the removal of tax deductability of depreciation on buildings with an expected life beyond 50 years. As these announcements were made subsequent to year end these have not impacted on the reported result. However, based on a current tax carrying value for Buildings and Investment Properties of $6.9million, the Group estimates that the change in tax depreciation will reduce the net deferred tax asset and increase tax charge by $1.9million (ignoring the impact of unrecognised tax losses which total $19.180million at balance date as referred to in note 21).

The Group increased its equity in the finance receivables in Smithcorp Finance Limited from 13.5% at 30 April 2010 to 15% by 15 June 2010.

OUR PEOPLE WHO WERE PART OF THE SMITHS CITY GROUP OF COMPANIES AS AT JUNE 2010

ABERHART Neville
ABDUL Zaveed
ACKLEY Simon
ACKROYD Jasmine
ADAMS Louise
ADAMSON Nyrena
ADIE Shaun
AITCHESON Ross
ALLAN Bruce
ALLAN Tony
ALLEN David
ALLEN Diane
ALMOND Annette
ALMOND Hula
AMOS Garry
ANDERSON Garry
ANDERSON Matthew
ANDERSON Rewa
ANDERSON Rick
ANDREWS Genna
ANDREWS Shona
APERI Hine
ARORA Sarika
ARCHBOLD Kara
ARMSTRONG Brian
ARMSTRONG Paul
ARNOTT Nastassja
ASHDOWN Stephanie
ASHWORTH Graham
ATHY Michael
AUSTEN Benjamin
AUSTIN John
AYERS Sarah-Lee
BAGNALL Simon
BAHRAINWALA Husein
BAILEY Lisa
BAKER Tom
BALFOUR Craig
BARDELL Warren
BARNAO Barney
BARTELING Simon
BATELY Sarah
BEHAN Tim
BEAUMONT Daniel
BECK Deidre
BECKLEY Grant
BEKKER Rohan
BENNETT Nigel
BENSEMANN Christine
BETHAM Rodney
BEZUIDENHOUT Robert
BIDDINGTON Blair
BIDDLE Tanara
BIRCHFIELD Ashley
BLACK Kenneth
BLACK Thomas
BLAGDON Gregory
BLAKE Tracy
BLANCHARD Lesley
BODLE Gary
BONIS Helen
BOOTEN Brian
BOYCE Craig
BOYCE Maree
BRADLEY Roger
BRADLEY Steve
BREACH Bonnie
BRIGGS Christopher
BRIGGS Jamie
BRINSDON Micheal
BROOK Jackie
BROOK Michelle
BROWN Fraser
BROWN Heather
BROWN Matthew
BROWN Todd
BROWNE Stefan
BROWNRIGG Katie
BUBB Colleen
BUCKLEY Graeme
BUCKNALL Phillip
BUFTON Samuel
BULLIMORE Martyn
BURDON Barbara
BURKE Keryn
BURNELL Paul
BURNEY Kate
BURROWS Kerry
BURROWS Marg
BURROWS Tracey
BURTON Ann
BYRNE Conor
BYRNE Leigh
BYRNE Michael
CAIRNS Kevin
CALCOTT Mikoi
CALLISTER Carolyn
CAMPBELL Haylee
CARREL Teresa
CARSTON Paul
CATTERMOLE Wal

CHAIPANIT Ning
CHALLIS Gary
CHATFIELD Zara
CHIN Henry
CHING Marcia
CHISHOLM Murray
CHONG Sharon
CHRISTIAN Marcus
CHRISTIANSEN Stephen
CHUI-YEN Shionaka
CINCO Merlita
CLAMP Ashley
CLARK Dylan
CLARK Jim
CLAXTON Jeremy
CLEVERLEY Lynne
CLINGIN Amanda
COATES Lyndal
COFFEY Mike
COFFEY Sandra
COKER Bob
COLLIER Nigel
COLLINS-HENARE Sonia
COOK Ralph
COOPER Michael
COSTA Marco
COSTER Scott
COTTLE Debbie
COUNIHAN Melanie
COWIE Norman
COX Joseph
COX Warren
CRAGGS Kay
CRAIG Hannah
CRAIG Sheila
CRAIGIE Murray
CRAVEN Rebecca
CREED Michael
CRIBB-LANKEY Patricia
CRIGHTON Lance
CROSS Daisy
CROTON Barry
CROUCHER Boyd
CULLEN Nardine
CUMBERLAND Jill
CUMMINGS Samantha
CUNNINGHAM Ian
CURTIS Kerri
DALGARNO Daniel
DALY Brian
DALY Margaret
DALY Tony
DAVESCOVICH-BUTCHER Lynne
DAVIDSON Chris
DAVIDSON Rosalene
DAVIES Lynn
DAWSON Curtis
DAWSON Nicholas
DAY Robyn
DE CANNE Chas
DELANY Joanne
DELIS Terry
DELPORT Travis
DELVERS Michael
DEMPSEY Natalya
DHOLA Pankaj
DICKIE Adam
DICKIE Peter
DID-DELL Micah
DID-DELL Philip
DID-DELL Tim
DILLIMORE Michelle
DIXON Daniel
DOELEMAN Hans
DOMB Murray
DONALDSON Diana
DONGHI Toni
DOUGHERTY Mike
DOUGLAS Melanie
DOUTHETT Trevor
DOVEY Jason
DRAPER Samantha
DREDGE Shaun
DRYSDALE Martin
DU PLESSIS Louis
DUDLEY Dawn
DUMERGUE John
DUNCAN Adrienne
DUNLOP John
EASTERBROOK Alistair
ECKHOLD Alison
EDINGTON John
EDWARDS Ward
EGGERS Cory
ELLIS Jodie
ELLIS John
ELLIS Mike
ELWOOD Grant
EWAN Emily
FAGAN Rosalie
FALWASSER Paul

FAULDING Tim
FEARN Richard
FEATHERS Glenys
FEATHERSTONE Dan
FENEMOR Amy
FERGUSON Hamish
FETHERSTON Maria
FIELD Warren
FIFITA Leroy
FINDLAY Jodi
FINDLAY Paul
FITZGERALD Sheryl
FLEMING Nigel
FLINT Melissa
FORSTER Marie
FOSTER Leslie
FOWKE Nicky
FRASER Elizabeth
FRASER John
FRASER Steven
FREW Shane
FRIS Jonathan
FRY Pam
FU Henry
FULTON Grant
GALLAGHER Michael
GALT Jared
GALT John
GAMBHIR Harshdeep
GARDINER Tonia
GARDNER Ian
GARDNER Mary
GE Bo
GEARD Shannon
GEEVES Gill
GEMPTON Krystal
GERRAND Glyn
GIBBINS Robert
GIBLIN James
GIFFORD Karen
GILCHRIST Nathan
GILL Ann-Marie
GILLESPIE Allan
GINGELL Tracy
GLUE Susan
GOFFIN Lynda
GOODWIN Phillip
GORT Doug
GORTON Jeanette
GRAHAM Gordon
GRANGER Antony
GRANT Judith
GRAVER Marilyn
GRAY Wayne
GREDIG Barry
GRIBBEN Damien
GRIFFITHS Michael
GUBB Chris
GUY Daniel
HAGUE Bob
HAGUE Matthew
HALE Debra
HALL Gary
HALL Patricia
HALLAM Angela
HALLIGAN Andrew
HAM Nigel
HAMILTON Alicia
HAMMERSLEY Melissa
HAMMOND Michael
HAND Craig
HANDLEY Steven
HANSEN Dennis
HARGEST Kelly
HARGRAVES Fiona
HARKNESS Pauline
HARPER Hayden
HARRIS Michael
HARRIS Peter
HARTSTONGE Trevor
HARVEY Jason
HARTWIG Sara
HASKETT Steve
HASLEMORE Karen
HAWES Joel
HAWKE Michael
HAYCOCK Petrea
HAYCOCK Rodger
HAYWARD Christopher
HEANEY Michelle
HEARN Stephen
HELLIER Joanne
HELLINGS Rick
HEMSWORTH David
HENDERSON Glenys
HENDERSON Yvonne
HEPI Keryn
HERBERT Leigh
HERBERT Samuel
HEREWINI Wade
HERNANDEZ Kenneth

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 Kahn
HOOD Marcus
HOOK Jason
HOOPER Geoffrey
HORSCROFT Michael
HSIAO Edward
HUFF Colin
HUFFAM Aaron
HUGHES Alisha
HUGHSON Inger
HUIA Simon
HUMPHREY Lynne
HUMPHREY Stuart
HUNT Toni
HUTA Michael
HVID Wayne
INDER Joshua
IRVINE Jessica
IRVING Rowan
ISAAC Miranda
JAMES Jason
JAMES Vanessa
JARAM Gordon
JARVIS Chris
JENKINS Andrea
JENKINS Bryce
JENKINS Leeanne
JENKINS Ray
JOBSON Albie
JOHN Rhys
JOHNSON Alfred
JOHNSON Allan
JOHNSON Laureen
JOHNSON Shane
JOHNSTON Lois
JONES Lindon
JOPE Kerrin
JOYCE Graeme
JURY Sam
KAGLUND Marion
KARYSTINOS Konstantinos
KATAE Riki
KAUI Anna
KELLETT Dave
KELLY Lynda
KENT Brendan
KERR Gavin
KERR Geoff
KERR Logan
KERR Rowan
KIMURA Selina
KING Michael
KING Russell
KINGI Hunia
KINSMAN Murray
KIRK Melanie
KIRNER Jackie
KNIGHT Fiona
KNOWLER Michael
KOIA Alison
KONISE Joanna
KUMAR Vivek
KURNEY Lance
LACANIENTA Leonard
LAGAN Matthew
LAMB Bryan
LAMB Nic
LAMB Tyler
LAMBERT Derek
LAMBERT Nathan
LANCASTER Vickie
LANGDON Jason
LANGE Colin
LASEI Stephen
LATIMER Brett
LAWRENCE Sandra
LAURENT Robert
LAWS Ted
LAWSON Courtney
LAWSON Sharon
LAWSON Tony
LAY Jeffrey
LE COMTE Clint
LEADER Tim
LEAF Mere
LEARMOND Bob
LEE Brian
LEE Sim

LEE-BROUN James
LEI Hong
LEMIN Brian
LESA Faamoemoe
LEWIS Kristine
LEWIS Matthew
LEWIS Michael
LEWIS Philip
LIENERT Andrew
LIMMER Brenda
LIND Joyce
LINDSAY Mark
LINDSAY Rachel
LINTON Kevin
LINWOOD Susan
LIST Gavin
LLORICO Emilio
LLOYD Grant
LLOYD Kylie
LOCKIE Hadyn
LORMANS Vince
LOUTTIT Glenda
LOVETT Anna
LOW Nathan
LOWE Anthony
LUAFUTU Lino
LUCAS Casey
LUCAS Chris
MacARTHUR PAUL
MacASKILL Anna
MacDONALD Noel
MacKAY Glenn
MacKAY Ken
MacKAY Shawn
MACKIE Glen
MAKIHA Alfred
MALONEY Aaron
MANDER Jayne
MANHIRE Lisa-Jane
MANN Gill
MANN-ARPS Michelle
MANSON Charmaine
MANSON Sheryl
MARSHALL Vicki
MARSTERS James
MARTIN Brett
MARTIN Fiona
MASON Elliott
MASON Eruera
MASON Sandra
MATTHEWS Jason
MATTHEWS Shane
MATTSON Rachel
MATZENBACHER Bernardo
MAY Gregory
MAY Hayden
McCAFFREY Halie
McCANN Quenton
McCONCHIE Philip
McCONCHIE Susan
McDERMOTT Tony
McDONALD Siusann
McDOUGALL Dean
McDOUGALL Jared
McFADDEN Bruce
McFADDEN Dayle
McFARLANE Sue
McFELIN Lyn
McGREGOR Tia
McHUGH Andrew
McINTOSH Jodie
McINTYRE Allen
McKENZIE Lisa
McKINNON Neil
McLAUGHLAN Mark
McLEAN Jamie
McMEEKIN Peter
McMILLAN Donanld
McMILLAN Doug
McMILLAN Drew
McMILLAN Lance
McVICAR Mark
MEIKLE Judy
MELIND James
MELROSE Tania
MELVILLE Jade
MEULI Robin
MEXTED Peter
MILDENHALL Barry
MILLER Eric
MILLNS Dianne
MILNE Nicholas
MILNE Sandie
MINNEE Eugene
MIRFIN Alan
MITCHELL Trish
MOHN Kristina
MOONEY Kelvin
MOORE Andrew
MOORE Geoff
MOORE Jessica

MOORE Shane
MORGAN Kevin
MORGAN Shane
MORRIS Adam
MORRISON Murray
MOYNIHAN Paul
MUIR Dianne
MULQUEEN Kay
MURDOCH Kevin
MURPHY Brad
MURRAY Darren
MURRAY Jamie
MURRAY Warren
MYALL Shane
NAKAROTI Kulai
NAKAROTI Tevita
NALLY Terence
NAND Dineshwar
NEIL Jennifer
NEWBY Paul
NEWMAN Tom
NEWTH Alan
NICHOLSON Atria
NICHOLSON Fran
NOBLE Miriam
NOFFKE Diane
NORRIS Ruben
NOSSITER Gwendolin
NUDD Simon
NUNN Alaster
O'CARROLL Kay
O'CARROLL Mark
O'CONNOR Rose
O'DEA Simon
OFFICER Gillian
OLIVER Faye
O'NEAL Rodney
O'NEILL David
OPETAIA Tania
ORAM Grant
ORANJE Josh
ORMANDY Tony
ORR Greg
OWENS Ricky
PAKURIA Toni
PALATCHIE Pat
PALMER Bruce
PALMER Hayden
PANIRAU Phyllis
PARATA Judith
PARISH Andrew
PARISH Linda
PARKER Samantha
PARSONS Gavin
PATERSON Anita
PATUWAI Sierra
PEARCE Megan
PENE Jay Jay
PENE Ricky
PENMAN Brian
PEPPING Jason
PERCY Lisa
PERKS Astra
PETERSON Melissa
PETRIE Robin
PHILLIPS Gerard
PHILLIPS Sally
PHILLIPS Sarah
PICKETT Mark
PORT Heather
POWLEY Mark
PRESTON Jason
PRICE Michael
PRIDDY Judith
PROUDFOOT Simon
PROUDFOOT Tegan
PYE Bruce
RADFORD Grant
RAKENA Waimiri
RAMSAY Bronwyn
RANGI Denise
RAPANA Sonny
RATCLIFFE Chris
RAWENATA Meepa
RAWIRI Daniels
RAWSON Adam
REES Shane
REID Andrew
REID Andy
REID Murray
REID Phillip
REKITTKE Robert
RENATA Audrey
RICE Lance
RICHMOND Adam
RICKARD Troy
RIETVELD Joanne
RIINI John
ROACHE Rebecca
ROBERTSON Craig
ROBINSON Nicholas

ROBISON Wendy
ROLLESTON James
ROLSTON Paul
ROPER Stephen
ROSE Kathleen
ROVERTS Jeremy
ROWAN Paul
RURU Fraser
RUSSELL Anthony
RUSSELL Matthew
RUSSELL Michael
RUTHERFORD Heather
RYAN Warrick
RYDER Keith
SABUROVA Svetlana
SATHIYANATHAN Abiraash
NALLY Terence
SAVAGE Hamish
SAVIDAN Pamela
SAYERS Jamie
SAZANOV Vasily
SCHERRER Markus
SCHREURS Hamish
SCOTT Kerri Ann
SCOTT Mitchell
SEDDON Lynne
SEDDON Rhys
SELBY Darren
SENEVIRATNE Tyrone
SENIOR Michael
SERVICE Nigel
SHARFE Kenneth
SHARLAND Garry
SHARP Craig
SHAW Renae
SHEARY Robert
SHEVDE Karan
SHIRLEY Brenda
SHORE Keegan
SIDON Darrell
SIMCOCK Martin
SIMPSON Aaron
SIMPSON Jacqueline
SINCLAIR Joseanne
SINGH Navpreet
SINGLA Mohit
SIXTUS Liam
SKEA Vaughan
SKELTON Karen
SMALL David
SMITH Dean
SMITH Doug
SMITH Ian
SMITH Jonathon
SMITH Kelly
SMITH Margaret
SMITH Mark
SMITH Michael
SMITH Nathan
SMITH Peter
SOLOMON George
SOLOMON Tau
SPERRY Grant
SPICER Myles
STANTON Craig
STAPLES Dwayne
STEEDMAN Karla
STEMPA Noel
STENTON Krista
STEVENS Brendan
STEWART Ainsley
STEWART James
STEWART Raewyn
STEWART-SMITH Michael
STICKLE Nicole
STOTHERS Jaye
STOTT Carole-Ann
STOTT Nicholas
STOWELL Megan
STRANG Bernadette
STUART Janet
STUBBINGS Phoebe
SULLIVAN Annie
SULLIVAN Jennifer
SULLIVAN Jeremy
SULLIVAN Sarah
SULLIVAN Sharon
SUTHERLAND Jessie
SUTTON Paul
SWAIN Daniel
SYME Andrea
SYMONS Reginald
TA'ALA Cheyenne
TAHAPEEHI Tete
TAIT Wendy
TAKITIMU Michaela
TAKOKO Jessica
TANG Alan
TANGIITI Teri
TARPY-WARD Kathleen
TAUA-BUTLER Benjamin
TAURIMA Dean

TAYLOR Adrian
TAYLOR James
TAYLOR Jason
TAYLOR Jason
TAYLOR Paige
TE MAIPI Robert
TE RUPE Nan
TE WHATA Heeni
TEBAY Russell
TE-EVALE Suli
THOMSEN Christine
THOMSON Craig
THOMSON Jean
THOMSON Murray
THORESEN Tracey
THORMAN Gary
THORNLEY Peter
THORNLEY Susan
TINDALL Gregg
TINETTI Leslie
TINKER Aleisha
TODD Phillip
TONG Craig
TONKIN Paul
TONKIN Victor
TOPP Julie
TRAFFORD-LILLIS Jamie
TRAINER Harvie
TRAINOR Paul
TRENGROVE Allan
TRITT Marta
TSAO Daniel
TULLETT Steven
TUMAHAI Luke
TURCHIE Craig
TURNBULL Campbell
TURNBULL Christopher
TURNER Gareth
TURNER Sam
TURTON Kayla
VAN DER AA Kim
VAN DER LEM Martin
VAN MAANEN Benjamin
VAN NIEKERK Sybrand
VAN ROOY Logan
VEERAPUTHARAN Vick
VENDT Matthew
VERCOE Matthew
VERTONGEN Amanda
WAITE Alan
WALKER Daniel
WALKER Garry
WALKER Karen
WALTON Robert
WARD Judi
WARD Sam
WARDS Claire
WARREN Ben
WATSON Andrew
WATT Gladstone
WATTON Jamie
WEBSTER Adam
WEBSTER Kerera
WEEKLY Peter
WEIR Susan
WESTWOOD Wendy
WHAITIRI Michael
WHITAKER Pat
WHITE Debbie
WHITE Jan
WHITE Mark
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 Sandra
WILSON Tony
WINDERS Jonathon
WINTER Shaun
WOOD Peter
WOOD Sharon
WOODALL Richard
WOODS Helen
WORSLEY Anthony
WRIGHT James
WROBLEWSKI Krzysztof
WYLIE Hayden
XUE Wendy
YASSINETSKY Stepan
YIN Nick
YOUNG Tony

2010 AS WE ARE TODAY

26 Smiths City stores
- ***9 North Island***
- ***17 South Island***

4 Clearance Centres – New Zealand wide

1 Furniture Concepts – Christchurch only

8 Powerstore – South Island only

5 L V Martin & Son – Wellington region only

7 Alectra Service – New Zealand wide

NOTES