

**SMITHS CITY
GROUP**

**ANNUAL
RESULT**

30 APRIL 2005

Financial Information

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REPORT AND FINANCIAL STATEMENTS

Your Directors are pleased to submit to shareholders their Report and Financial Statements for the year ended 30 April 2005.

PRINCIPAL ACTIVITIES

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

- » 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 brands, and through Alectra the retailing and provision of services to the commercial trade and, in addition, the provision of after sales services to the retail activities, all through Smiths City (Southern) Limited.
- » Finance – the provision of finance by Smithcorp Finance Limited to support the retailing operation.
- » Property – the ownership of the newly redeveloped flagship Colombo Street retail property in central Christchurch through Smiths City Properties Limited.

PROFIT

The company net profit after taxation was \$8.707million – up 100.9% on last years \$4.334million. There were no abnormal items. Earnings per share were 16.44cents up from 8.18cents last year.

SHAREHOLDERS' EQUITY

Shareholders' equity as at 30 April 2005 was \$38.024million, up 20.0% on prior year of \$31.675million.

DIVIDEND

The Directors have approved a final dividend of 3.5cents fully unimputed, which will be paid on 10 August 2005. Dividends paid for the year will be 6.5cents unimputed, including a one off special dividend of 1.5cents (last year 3.5cents fully imputed).

SIGNIFICANT CHANGES

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

STATUTORY INFORMATION

For information on Disclosure of Interest by Directors, Remuneration of Directors, Use of Company Information and Insurances refer to page 33 of this report

Dated 21 June 2005

RICK HELLINGS
MANAGING DIRECTOR

J A DOBSON
DEPUTY CHAIRMAN

Code of Governance

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. This responsibility includes such areas of stewardship as:

- » Commercial Performance
- » 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 currently comprises five Directors including the Managing Director of the Group. Two Directors – J A Dobson and S J Sheldon (who was appointed on 23 May 2005) are specified as independent.

GROUP MANAGEMENT STRUCTURE

The Groups' organisation structure is focused on its three main activities: trading; the provision of consumer finance and the maintenance of its property assets. This delivers an organisation that is focussed 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 corrective action is taken promptly to mitigate and monitor the risk.

COMMITTEES

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.

The Audit Committee is accountable to the Board for recommendations of the external auditors, KPMG. It also monitors the audit function and reviews the annual audit process. The committee gives the Board assurance on the accuracy of the financial information in the Groups annual report. 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.

The Remuneration Committee did not meet during the year.

The Nominations Committee met to select a new Director.

SHARE TRADING PROTOCOL

The Board has adopted a share protocol for its Directors and executives, specifying the rules under which shares can be traded in Smiths City Group Limited. 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 non-public price sensitive information for up to three months after the announcement of the company's half year or annual results. This policy complies with the Securities Markets Act 1988 and its insider trading regulations.

Trend Statement

FINANCIAL PERFORMANCE	2005 (\$000)	2004 (\$000)	2003 (\$000)	2002 (\$000)	2001 (\$000)
Operating Revenue	227,466	205,077	192,683	180,943	170,176
Profit Before Taxation	5,106	6,084	5,079	4,472	2,805
Add / (Deduct) Taxation Credit / (Expense)	3,574	(2,008)	(1,676)	(1,536)	(425)
Profit After Taxation	8,680	4,076	3,403	2,936	2,380
Add Dividend From Associate	81	258	645	430	0
Profit After Taxation And Dividend From Associate	8,761	4,334	4,048	3,366	2,380
FINANCIAL POSITION					
Assets					
Total Current Trading Assets	51,986	40,940	38,840	37,121	34,481
Non Current Trading Assets	23,612	22,969	15,891	14,420	14,805
Total Trading Assets	75,598	63,909	54,731	51,541	49,286
Finance Company Assets	88,612	85,263	83,213	79,413	74,994
Total Assets	164,210	149,172	137,944	130,954	124,280
Deduct Liabilities					
Current Trading Liabilities	27,344	23,143	22,035	21,070	18,851
Non Current Trading Liabilities	20,225	17,100	12,485	11,000	11,755
Total Trading Liabilities	47,569	40,243	34,520	32,070	30,606
Finance Company Liabilities	78,617	77,254	76,601	74,519	72,247
Total Liabilities	126,186	117,497	111,121	106,589	102,853
Net Group Assets	38,024	31,675	26,823	24,365	21,427
Consisting Of:					
Capital	10,652	10,652	10,652	10,652	10,554
Reserves	27,372	21,023	16,171	13,713	10,873
Shareholders' Funds	38,024	31,675	26,823	24,365	21,427
FINANCIAL POSITION RESTATING FINANCE COMPANY SUBSIDIARY AS AN INVESTMENT					
Total Trading Assets (As Above)	75,598	63,909	54,731	51,541	49,286
Net Finance Company Assets					
Receivables	86,119	84,517	82,406	79,160	74,135
Bank	2,493	746	807	253	859
Deduct Borrowings	(78,617)	(77,254)	(76,601)	(74,519)	(72,247)
Net Investment In Finance Company	9,995	8,009	6,612	4,894	2,747
Total Assets	85,593	71,918	61,343	56,435	52,033
Deduct Total Trading Liabilities (As Above)	47,569	40,243	34,520	32,070	30,606
Net Group Assets With Finance Company As An Investment	38,024	31,675	26,823	24,365	21,427
Consisting Of Shareholders' Funds	38,024	31,675	26,823	24,365	21,427
Key Ratios					
Net Profit Before Tax To Operating Revenue	2.2%	3.0%	2.6%	2.5%	1.6%
Net Profit After Tax To Operating Revenue	3.9%	2.1%	2.1%	1.9%	1.4%
Net Profit After Tax To Opening Net Assets	27.7%	16.2%	16.6%	15.7%	11.8%
Earnings Per Share (Cents)	16.54	8.18	7.64	6.36	4.52
Shareholders' Funds To Total Assets	23.2%	21.2%	19.4%	18.6%	17.2%
Shareholders' Funds To Assets With Finance Company As A Net Investment	44.4%	44.0%	43.7%	43.2%	41.2%

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 APRIL 2005

A BASIS OF PREPARATION

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

The financial statements comply with the Financial Reporting Act 1993 and comprise statements of the following: significant accounting policies, financial performance, movements in equity, financial position, cash flows, as well as the notes to these statements contained on pages 24 to 31 of this Annual Report.

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

B BASIS OF PREPARING GROUP FINANCIAL STATEMENTS SUBSIDIARIES

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

INVESTMENT

The Group had an interest in Wairau Park Limited, in which it held a shareholding of 21.49% (liquidated during the year) and has an interest in Adventure Brands Limited, in which it has a shareholding of 30%. The financial results of these companies have not been equity accounted due to the lack of ability to exercise significant influence over their operations. The investments are included at cost.

INTRA-GROUP TRANSACTIONS

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

C HIRE PURCHASE REVENUE

Prior to the introduction of the Credit Contracts and Consumer Finance Act 2003 on 1 April 2005 income on instalment credit receivables was calculated using the Rule of 78 method.

The method of calculating income was, however, changed for instalment credit contracts entered into after 1 April 2005. For contracts entered into after this date income is recognised on an actuarial basis (effective interest method) calculated on the net amount of outstanding basis.

The effect of the change in method is, however, not material in relation to the financial statements for the year ended 30 April 2005.

Income related to future accounting periods on instalment credit receivables is recorded in the Statement of Financial Position as Provision for Unearned Income.

D DEPRECIATION

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

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

E LAND AND BUILDINGS

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

Property intended for sale is stated at cost.

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 APRIL 2005 (continued)**

F OTHER PROPERTY, PLANT AND EQUIPMENT

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

G INTANGIBLE ASSETS

Purchased identifiable Intangible Assets comprising purchased brands, trade names and customer databases are shown at cost less any impairment write-downs.

Intangible assets are amortised over a period not exceeding 20 years.

H STORE REFURBISHMENTS

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

I TAX

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

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

J INVENTORY

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

K ACCOUNTS RECEIVABLE

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

L DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments with predetermined policies and limits in order to reduce fluctuations in exchange and interest rates. Forward rate agreements and swaps are used to reduce exposure to fluctuations in interest rates. Forward foreign exchange contracts are used to reduce exposure to fluctuations in exchange rates. Derivative financial instruments that are designated as hedges of specific items or economic exposures are recognised on the same basis as the underlying hedged items. The net differential paid or received on forwards and swaps is recognised as a component of interest expense or revenue over the period of agreement. Financial instruments that do not constitute hedges are stated at market value and any resultant gain or loss is recognised in the statement of financial performance. The Group does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

M LEASE COSTS

OPERATING LEASES

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

FINANCE LEASES

The interest expense component of finance lease payments is recognised in the Statement of Financial Performance using the effective interest rate method.

N OPERATING CASHFLOW

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

O FOREIGN EXCHANGE

Foreign currency monetary assets and liabilities are translated into New Zealand Dollars at the rate of exchange ruling at balance date. Foreign currency transactions are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses are recognised in the Statement of Financial Performance.

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 APRIL 2005 (continued)**

P COMPARATIVES

Certain comparatives have been re-stated to provide a more meaningful comparison with the current accounting period.

Q CHANGES IN ACCOUNTING POLICY

All accounting policies have been consistently applied by the Parent and the Group and are consistent with the previous year.

**SMITHS CITY GROUP LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 APRIL 2005**

		GROUP		PARENT	
	NOTE	30.4.05 (\$000)	30.4.04 (\$000)	30.4.05 (\$000)	30.4.04 (\$000)
Operating Revenue		227,466	205,077	-	-
Ongoing Activities					
Surplus/(Deficit) Before Income Tax	1	5,187	6,342	(570)	(714)
Plus/(Less) Taxation	10	3,574	(2,008)	3,611	322
Net Surplus For The Year		8,761	4,334	3,041	(392)
Deduct Minority Interest		(54)	-	-	-
Net Surplus/(Deficit) After Income Tax		8,707	4,334	3,041	(392)

2005 Group and Parent Surplus/(Deficit) Before Income Tax includes a dividend of \$81,000 from Wairau Park Limited (2004 \$258,000)

**STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2005**

	GROUP		PARENT	
	30.4.05 (\$000)	30.4.04 (\$000)	30.4.05 (\$000)	30.4.04 (\$000)
TOTAL EQUITY AT BEGINNING OF YEAR				
- Parent Interest	31,675	26,823	6,780	8,760
Net Surplus/(Deficit) for year				
- Parent Interest	8,707	4,334	3,041	(392)
- Minority Interest	54	-	-	-
Deduct dividend paid				
- Parent Interest	(2,912)	(1,588)	(2,912)	(1,588)
Add Revaluation Reserve Increase				
- Parent Interest	-	2,106	-	-
Minority Interest Contribution	500	-	-	-
TOTAL EQUITY AT END OF YEAR	38,024	31,675	6,909	6,780
Consists of: Parent Interest	37,470	31,675	6,909	6,780
Minority Interest	554	-	-	-

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

SMITHS CITY GROUP LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2005

		GROUP		PARENT	
	NOTE	30.4.05 (\$000)	30.4.04 (\$000)	30.4.05 (\$000)	30.4.04 (\$000)
ASSETS					
Cash and Short Term Deposits	2	26	21	4,002	2,797
Bank Account	2	474	600	-	-
Accounts Receivable	3	11,424	8,275	295	46
Taxation Receivable	10	272	-	436	-
Property Intended For Sale	8	3,134	-	-	-
Intercompany Receivables		-	-	-	1,781
Inventory		35,577	32,044	-	-
CURRENT ASSETS (excluding Smithcorp)		50,907	40,940	4,733	4,624
Smithcorp Bank Balances and Deposits	4	2,493	746	-	-
Smithcorp Receivables - Current Portion	5	45,796	49,224	-	-
Smithcorp Receivables - Term Portion	5	40,323	37,306	-	-
TOTAL SMITHCORP ASSETS		88,612	87,276	-	-
Investments	6	120	368	15,127	13,375
Intangible assets	7	915	-	-	-
Property, Plant and Equipment	8	23,492	22,601	22	22
TOTAL ASSETS		164,046	151,185	19,882	18,021
LESS LIABILITIES					
Trade Creditors	9	27,180	25,028	144	241
Intercompany Payables		-	-	1,829	-
Provision for Taxation	10	-	128	-	-
CURRENT LIABILITIES (excluding Smithcorp)		27,180	25,156	1,973	241
Smithcorp Borrowings Term Portion	12	78,617	77,254	-	-
TOTAL SMITHCORP LIABILITIES		78,617	77,254	-	-
Secured Borrowings Term Portion	11	20,225	17,100	11,000	11,000
TOTAL TERM LIABILITIES		20,225	17,100	11,000	11,000
TOTAL LIABILITIES		126,022	119,510	12,973	11,241
NET ASSETS		38,024	31,675	6,909	6,780
EQUITY					
Share Capital	13	10,652	10,652	10,652	10,652
Reserves	14	5,527	5,527	-	-
Retained Earnings (Deficit)	14	21,291	15,496	(3,743)	(3,872)
Shareholders' Funds		37,470	31,675	6,909	6,780
Minority Equity		554	-	-	-
TOTAL EQUITY		38,024	31,675	6,909	6,780
NOTE					
Total current assets		99,196	90,910	4,733	4,624
Total current liabilities		27,180	25,156	1,973	241

Smithcorp refers to Smithcorp Finance Limited

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

SMITHS CITY GROUP LIMITED
STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 APRIL 2005

	GROUP		PARENT	
	30.4.05 (\$000)	30.4.04 (\$000)	30.4.05 (\$000)	30.4.04 (\$000)
CASHFLOW FROM OPERATING ACTIVITIES				
CASH WAS PROVIDED FROM:				
Receipts From Customers	223,591	193,534	201	25
Receipt of Dividend	81	258	81	258
Taxation Refund	3,174	-	3,174	-
Interest Received – Smithcorp	5,385	5,068	-	-
Interest Received - Other	759	74	759	74
	232,990	198,934	4,215	357
CASH WAS APPLIED TO:				
Payments to Suppliers and Employees	(216,914)	(186,314)	(1,902)	(682)
Interest Paid - Smithcorp	(5,656)	(5,332)	-	-
Interest Paid - Bank and Other	(2,073)	(1,571)	-	-
Taxation Paid	-	(1,808)	-	-
	(224,643)	(195,025)	(1,902)	(682)
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS (NOTE 19)	8,347	3,909	2,313	(325)
INVESTING ACTIVITIES				
CASH WAS PROVIDED FROM:				
Sale of Property	-	-	-	-
Realisation of Investments	248	-	248	-
	248	-	248	-
CASH WAS APPLIED TO:				
Purchase of Shares in Subsidiary	(2,049)	-	(2,049)	-
Purchase of Property, Plant and Equipment	(5,133)	(6,202)	(5)	-
	(7,182)	(6,202)	(2,054)	-
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(6,934)	(6,202)	(1,806)	-
FINANCING ACTIVITIES				
CASH WAS PROVIDED FROM:				
Receipts From Inter Company Advances	-	-	3,610	2,151
Receipt of Term Loan for Property	3,125	4,615	-	-
	3,125	4,615	3,610	2,151
CASH WAS APPLIED TO:				
Dividends Paid	(2,912)	(1,588)	(2,912)	(1,588)
	(2,912)	(1,588)	(2,912)	(1,588)
NET CASH INFLOW FROM FINANCING ACTIVITIES	213	3,027	698	563
NET INCREASE IN CASH HELD	1,626	734	1,205	238
Opening Cash	1,367	633	2,797	2,559
Closing Cash	2,993	1,367	4,002	2,797
CLOSING CASH COMPRISES:				
Cash and Short Term Deposits	500	621	4,002	2,797
Smithcorp Bank Balances and Deposits	2,493	746	-	-
	2,993	1,367	4,002	2,797

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

SMITHS CITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SURPLUS/(DEFICIT) BEFORE INCOME TAX

Surplus/(Deficit) Before Income Tax is arrived at after crediting (charging) the following items:

	GROUP		PARENT	
	30.4.05 (\$000)	30.4.04 (\$000)	30.4.05 (\$000)	30.4.04 (\$000)
INCOME				
Interest - Smithcorp Deposits	45	37	-	-
Interest – Other	5,351	5,031	759	74
Dividend from Wairau Park	81	258	81	258
Foreign Exchange Gain	17	-	17	-
Decrease in Doubtful Debts Provision	87	32	-	-
EXPENSES				
Auditors' Remuneration				
- For Audit Services	(59)	(57)	(17)	(9)
- For Other Services	(27)	(63)	-	-
Bad Debts Written Off	(461)	(576)	-	-
Depreciation				
- Property	(65)	-	-	-
- Leasehold Improvements	(522)	(531)	-	-
- Plant, Fittings and Equipment	(1,094)	(1,275)	(5)	(8)
Directors' Fees	(121)	(100)	(121)	(100)
Interest – Smithcorp Borrowings	(5,656)	(5,332)	-	-
Interest – Other Borrowings	(2,072)	(1,571)	-	-
Leasing and Rent Charges	(8,249)	(6,385)	-	-

NOTE 2: BANK BALANCES

CASH AND SHORT TERM DEPOSITS				
Cash and Bank Balances	(3,191)	(1,699)	311	477
Money Market Deposits	3,691	2,320	3,691	2,320
	500	621	4,002	2,797

NOTE 3: ACCOUNTS RECEIVABLE

Trade Receivables	7,934	5,808	-	-
Other Receivables and Prepayments	3,490	2,467	295	46
	11,424	8,275	295	46

NOTE 4: SMITHCORP FINANCE BANK BALANCES

Cash and Bank Balances	23	6	-	-
Money Market Deposits	2,470	740	-	-
	2,493	746	-	-

NOTE 5: SMITHCORP FINANCE RECEIVABLES

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

	GROUP		PARENT	
	30.4.05 (\$000)	30.4.04 (\$000)	30.4.05 (\$000)	30.4.04 (\$000)
Hire Purchase and Optional Payment Plan Receivables	94,739	91,838	-	-
Less Provision for Unearned Income	(8,620)	(5,308)	-	-
	86,119	86,530	-	-
Comprises:				
Amount Receivable Within 1 Year	45,796	49,224	-	-
Amount Receivable Beyond 1 Year	40,323	37,306	-	-
	86,119	86,530	-	-

NOTE 6: INVESTMENTS

Wairau Park Limited	-	248	-	248
Subsidiary Companies	-	-	15,007	13,007
Adventure Brands Limited	120	120	120	120
	120	368	15,127	13,375

Wairau Park Limited, in which the Group had a 21.49% holding, was liquidated through the year and all surplus funds were returned to shareholders.

The Group's share of the net assets as disclosed in the Statement of Financial Position of Wairau Park Limited as at 31 March 2005 is \$nil (2004 \$318,800).

The shareholding of the Group in Adventure Brands Limited has remained unchanged throughout the year at 30%.

The Group's share of the net assets as disclosed in the Statement of Financial Position of Adventure Brands Limited as at 31 March 2005 is \$168,392 (2004 \$240,905).

NOTE 7: INTANGIBLE ASSETS

Opening Balance	-	-	-	-
Additions at Cost	915	-	915	-
Amortisation	-	-	-	-
Closing Balance	915	-	915	-

Purchased identifiable Intangible Assets comprising purchased brands, trade names and customer databases are shown at cost less any impairment write-downs. Intangible assets are amortised over a period not exceeding 20 years.

NOTE 8: PROPERTY, PLANT & EQUIPMENT

GROUP	30.4.05 (\$000)				30.4.04 (\$000)			
	AT COST	AT VALUATION	ACCUM DEPN	BOOK VALUE	AT COST	AT VALUATION	ACCUM DEPN	BOOK VALUE
Land	-	9,420	-	9,420	-	9,420	-	9,420
Property Held For Sale	3,134	-	-	3,134	-	-	-	-
Buildings	-	8,256	(83)	8,173	-	8,256	-	8,256
TOTAL PROPERTY	3,134	17,676	(83)	20,727	-	17,676	-	17,676
Less Property Held For Sale	(3,134)	-	-	(3,134)	-	-	-	-
	-	17,676	(83)	17,593	-	17,676	-	17,676
Leasehold Improvements	6,033	-	(3,864)	2,169	5,370	-	(3,343)	2,027
Plant, Fittings, Equipment	13,130	-	(9,400)	3,730	11,423	-	(8,525)	2,898
	19,163	-	(13,264)	5,899	16,793	-	(11,868)	4,925
TOTAL	19,163	17,676	(13,347)	23,492	16,793	17,676	(11,868)	22,601
PARENT								
Plant, Fittings, Equipment	27	-	(5)	22	149	-	(127)	22

Land and buildings are included in the Financial Statements at an independent valuation dated 30 April 2004 prepared by Fright Aubrey, Registered Valuers. The Directors' policy is to revalue properties in the books of the Group on a three year cycle. Borrowing costs of \$nil have been capitalised under Property Plant and Equipment during the year (2004 \$106,495).

Property intended for sale is stated as a current asset. Refer to Note 22 Events Subsequent to Balance Date.

NOTE 9: TRADE CREDITORS

	GROUP		PARENT	
	30.4.05 (\$000)	30.4.04 (\$000)	30.4.05 (\$000)	30.4.04 (\$000)
Employee Entitlements	2,541	2,014	-	-
Provision For Unearned Income	7,467	5,309	-	-
Trade Creditors and Other Accruals	17,172	17,705	144	241
Total Creditors and Accruals	27,180	25,028	144	241

NOTE 10: TAXATION

INCOME TAX EXPENSE				
Operating surplus/(deficit) before tax	5,187	6,342	(570)	(714)
Add Permanent Differences:				
Imputation Credits Received	-	127	-	127
Other	-	6	-	-
Total Permanent Differences	-	133	-	127
Add/(Deduct) Timing Differences	588	(5)	(108)	(3)
Assessable Income/(Loss)	5,775	6,470	(678)	(590)
Tax Expense 33%	1,905	2,135	(224)	(195)
Less Imputation Credits	-	(127)	-	(127)
Current Tax Expense/(Credit)	1,905	2,008	-	(322)
Less Tax Losses Utilised	(5,479)	-	(3,387)	-
Income Tax Expenses/(Credit)	(3,574)	2,008	(3,611)	(322)
TAXATION RECEIVABLE (PROVISION FOR TAXATION)				
Opening Balance	(128)	52	-	-
Credit/(Charge) for the Year	3,574	(2,008)	3,611	322
Less Refund Received	(3,174)	-	(3,174)	(322)
Add Taxation Paid	-	1,808	-	-
Prior Year Adjustment	-	20	(1)	-
Taxation Receivable/(Payable)	272	(128)	436	-

Following the receipt of a favourable adjudication by Inland Revenue the company was able to carry forward losses for part of the 1999 tax year. This resulted in a tax refund of \$1.2million.

Following the receipt of a further favourable adjudication by Inland Revenue the company has gained access to tax losses totalling \$52.2million arising from the liquidation of Smiths City Limited in June 2002. Assessable income for the 2003, 2004 and 2005 tax years has been offset by some of these losses and the losses available as at 30 April 2005 are \$35.6million. The ability to utilise these tax losses in the future depends on the generation of sufficient assessable income, shareholder continuity and possible changes in legislation.

Deferred taxation has not been recognised in the Financial Statements unless there is virtual certainty of realisation.

IMPUTATION CREDIT ACCOUNT

	GROUP		PARENT	
	30.4.05	30.4.04	30.4.05	30.4.04
	(\$000)	(\$000)	(\$000)	(\$000)
Opening Balance	4,444	3,293	813	1,466
Adjustment For Prior Years	4	-	2,224	-
Add Imputation Credits Received	506	1,931	-	127
Less Imputation Credits Utilised	(4,795)	(780)	(2,878)	(780)
Closing Balance	159	4,444	159	813

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

NOTE 11: SECURED BORROWINGS

Bank Advances and Bills including Long Term Portion of Advances	11,000	11,000	11,000	11,000
Advance for Property	9,225	6,100	-	-
	20,225	17,100	11,000	11,000
Less Current Portion	-	-	-	-
Term Portion of Term Loans	20,225	17,100	11,000	11,000

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

NOTE 12: NATURE OF SECURITY OVER SMITHS CITY GROUP LIMITED ASSETS

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

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

The Smithcorp Finance Limited borrowings are secured by a first ranking charge in favour of Fisher & Paykel Finance Limited over the total assets of Smithcorp Finance Limited under a deed dated 5 June 1998, as amended by supplemental deeds. The deed may be terminated by either party after giving 37 months notice. These assets have been consolidated as part of the Group financial statements.

NOTE 13: SHARE CAPITAL

Issued and Paid Up Capital				
Balance (52,956,884 Shares)	10,652	10,652	10,652	10,652

All shares are fully paid and have equal voting and dividend rights. Upon winding up all shares rank equally with regard to the Group's residual assets.

NOTE 14: EQUITY

	SHARE CAPITAL (\$000)	RETAINED EARNINGS (\$000)	CAPITAL RESERVES (\$000)	REVALUATION RESERVE (\$000)	TOTAL EQUITY (\$000)
<u>GROUP 2005</u>					
Balance at Start of Year	10,652	15,496	94	5,433	31,675
Add Surplus After Tax	-	8,707	-	-	8,707
Deduct Dividend Paid	-	(2,912)	-	-	(2,912)
Balance at End of Year	10,652	21,291	94	5,433	37,470
<u>PARENT 2005</u>					
Balance at Start of Year	10,652	(3,872)	-	-	6,780
Add Surplus After Tax	-	3,041	-	-	3,041
Deduct Dividend Paid	-	(2,912)	-	-	(2,912)
Balance at End of Year	10,652	(3,743)	-	-	6,909

Included under Group Equity is an amount of \$554,000 which relates to minority interest.

NOTE 15: EMPLOYEE SHARE OWNERSHIP SCHEME

No shares were issued to staff under the Employee Share Ownership Scheme in the current year.

The total number of shares on issue is 350,000 being 0.66% of the total shares on issue in the Group. At balance date the market value of these shares was \$234,500 (67cents per share). The shares do not carry the entitlement to vote.

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

NOTE 16: RELATED PARTY TRANSACTIONS

Note 20 identifies all companies within the Group. All of these companies are related parties to the Parent. Other than as identified below, there are no other related parties with whom material transactions have taken place.

RENTAL INCOME

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

	30.4.05 (\$000)	30.4.04 (\$000)
Smiths City (Southern) Limited	1,264	1,237

This rental transaction is conducted on an arms length basis.

MANAGEMENT CONTRACT (GROUP AND PARENT)

Smiths City (Southern) Limited, a subsidiary company, has a management contract dated 31 October 2002 with Retail Management Services (2000) Limited to provide the services of Richard Hellings as Managing Director with an annual retainer of \$275,000 from 1 April 2003 plus an annual incentive of \$139,469 plus the use of a motor vehicle and annual health premiums with a cost of \$26,920 per annum. This contract was based on independent expert advice provided by Sheffield Consulting Group Limited.

Smiths City (Southern) Limited, a subsidiary company had a management contract dated 31 October 2002 with Extra Strength Number 164 Limited to provide the services of Craig Boyce as Executive Chairman with an annual retainer of \$78,000 from 1 February 2001 amended to \$60,000 commencing 1 November 2002 (plus an annual incentive of 2.5% of tax paid equivalent of trading profit to the extent that it exceeds 10% of opening shareholders' funds) plus the use of a motor vehicle and annual health premiums with a cost of \$15,660 per annum. The payment of the annual retainer ceased as from 31 October 2003 when Mr Boyce relinquished all executive duties and became non-executive Chairman.

INFORMATION TECHNOLOGY SERVICES

The company has an existing contract with Datacom Group Limited to provide information technology outsourcing services for the computer hardware and software facilities of the company for three years from 1 November 2002. The transaction was completed on a commercial arms length basis within the Managing Director's delegated powers and involved the redeployment of some staff members from the subsidiary.

NOTE 17: COMMITMENTS

	GROUP		PARENT	
	30.4.05 (\$000)	30.4.04 (\$000)	30.4.05 (\$000)	30.4.04 (\$000)
OPERATING LEASE LIABILITIES				
Not later than 1 year	6,731	6,465	-	-
Later than 1 year but not later than 2 years	5,618	5,637	-	-
Later than 2 years but not later than 5 years	9,344	11,291	-	-
Later than 5 years	305	1,942	-	-
	21,998	25,335	-	-

CAPITAL COMMITMENTS

The value of capital commitments at 30 April 2005 was \$nil (2004 \$nil).

CONTINGENT LIABILITIES

The Group has contingent liabilities of \$nil at balance date (2004 \$nil).

The Parent Company has guaranteed \$400,000 of borrowings by Adventure Brands Limited from The National Bank of New Zealand Limited.

NOTE 18: FINANCIAL INSTRUMENTS

a) CREDIT RISK

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

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

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

Maximum exposures to credit risk at balance date are:

	GROUP		PARENT	
	30.4.05 (\$000)	30.4.04 (\$000)	30.4.05 (\$000)	30.4.04 (\$000)
Cash and Short Term Deposits	26	21	4,002	2,797
Smithcorp Bank Balances and Deposits	2,493	746	-	-
Smithcorp Receivables	86,119	86,530	-	-
Accounts Receivable	11,424	8,275	295	46

b) CONCENTRATION OF CREDIT RISK

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

c) INTEREST RATE RISK

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

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

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

Forward Interest Rate Agreements	28,750	29,700	28,750	29,700
----------------------------------	--------	--------	--------	--------

The 2005 contracts comprise five back to back forward rate agreements structured in such a manner that when one matures another takes over.

d) SMITHCORP BORROWINGS – HIRE PURCHASE PORTFOLIO

The Group funds a significant portion of its hire purchase portfolio under a facility with an external finance company. The facility expires with 37 months notice by either party. Interest rates under the facility are reviewed and negotiated on a regular basis by both parties. The effective interest rate for the year ended 30 April 2005 was 7.69% (2004 6.56%).

e) **BANK FACILITY**

The Group has borrowing facilities of \$17,100,000 with the National Bank of New Zealand. The interest rate is variable, and is based on the buying rate for bank accepted bills. The effective rate of interest for the year ended 30 April 2005 was 7.32% (2004 6.17%).

The Group also entered into a term loan facility for \$3,125,000 during the year. The interest rate is variable based on the buying rate for bank accepted bills. The effective rate of interest for the year ended 30 April 2005 was 8.35%.

f) **FOREIGN CURRENCY RISK**

The Group is exposed to foreign currency risk as a result of purchasing inventory in US Dollars. The Group hedges its exposure by maintaining a US Dollar bank account for these inventory purchases and entering into forward foreign exchange contracts.

The principal or contract amount of the forward foreign exchange contracts are \$1.8million. The Group has no material unhedged currency exposures at balance date.

g) **FAIR VALUE**

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

- Cash and short term deposits
- Smithcorp bank balances and deposits
- Smithcorp receivables
- Accounts receivable
- Intercompany receivables
- Smithcorp borrowings

The fair values of non-current investments in unlisted shares are disclosed in Note 6.

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

	2005		2004	
	FAIR VALUE (\$000)	CARRYING VALUE (\$000)	FAIR VALUE (\$000)	CARRYING VALUE (\$000)
Forward Foreign Exchange Contracts	23	-	-	-
Forward Interest Rate Agreements	16	-	(17)	-

NOTE 19: RECONCILIATION OF NET PROFIT AFTER TAX WITH CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP		PARENT	
	30.4.05 (\$000)	30.4.04 (\$000)	30.4.05 (\$000)	30.4.04 (\$000)
Net Surplus per Statement of Financial Performance	8,761	4,334	3,041	(392)
Add non cash items:				
Depreciation	1,680	1,807	5	8
Adjusted surplus	10,441	6,141	3,046	(384)
Add/(Deduct) movements in other working capital items:				
(Increase)/Decrease in Smithcorp Receivables	411	(1,627)	-	-
Increase in Smithcorp Borrowings	1,363	652	-	-
(Increase) in Accounts Receivable	(1,774)	(591)	(200)	(26)
(Increase)/Decrease in Taxation Receivable	(400)	(76)	(436)	-
(Increase) in Inventory	(1,427)	(882)	-	-
Increase/(Decrease) in Current Liabilities	(267)	292	(97)	85
	(2,094)	(2,232)	(733)	59
Net cash inflow from operating activities GST exclusive	8,347	3,909	2,313	(325)

NOTE 20: SUBSIDIARY COMPANIES

The subsidiary companies, all with balance dates of 30 April and all wholly owned except for L V Martin & Son Limited which is 80% owned and are included in the consolidated accounts as at 30 April 2005 are as follows:

TRADING

- | | |
|---|--|
| » Smithcorp Finance Limited - finance | » Smiths City (Southern) Limited - retail |
| » Smiths City Properties Limited – property | » L V Martin & Son Limited – retail (acquired 1 November 2004) |

NON TRADING

- | | |
|--------------------------------------|---|
| » Smiths City (Auckland) Limited | » Quintana Investments Limited |
| » Smiths City (Nelson) Limited | » Smiths City (Wellington) Limited |
| » Smiths DIY (Southern) Limited | » Powerstore Limited |
| » Alectra Limited | » Smiths City Staff Share Plan Trustees Limited, formerly Computerstore Limited |
| » Smiths City (Christchurch) Limited | |

NOTE 21: SEGMENTAL REPORTING

The Group operates principally in the retail sector in the South Island of New Zealand. Segmental reporting within the context of Statement of Standard Accounting Practice number 23 issued by the Institute of Chartered Accountants of New Zealand, “Financial Reporting for Segments”, is therefore not required.

NOTE 22: EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

Since balance date the Group has entered into an unconditional agreement for the sale of its Ngauranga Gorge, Wellington, property for \$3.825million. Settlement date is 28 October 2005.

Since balance date the Group has entered into an unconditional agreement to purchase a previously leased property at 10-18 Watts Road, Christchurch, for \$4.2million. Settlement date is 31 October 2005.

NOTE 23: ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group has an 80% shareholding in a subsidiary company, L V Martin & Son Limited, which purchased the trading assets of the L V Martin business on 1 November 2004. The contribution after tax of L V Martin & Son Limited for the period 1 November 2004 to 30 April 2005 was \$268,000.

The acquisition has the following effect on the consolidated financial position. The property acquired was settled on 31 March 2005.

	GROUP	
	30.4.05 (\$000)	30.4.04 (\$000)
Current Assets	3,603	-
Non Current Assets	4,621	-
Current Liabilities	(2,543)	-
	5,681	
Less Minority Interest	(500)	-
Net Assets Acquired	5,181	-
Being:		
Operating Assets	2,547	-
Property	3,134	-
	5,681	-
Less Minority Interest	(500)	-
	5,181	-



Audit report

To the shareholders of Smiths City Group Limited

We have audited the financial statements on pages 19 to 31. The financial statements provide information about the past financial performance and financial position of the company and group as at 30 April 2005. This information is stated in accordance with the accounting policies set out on pages 19 to 21.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 30 April 2005 and the results of their operations and cash flows for the year ended on that date.

Auditors' responsibilities

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

Basis of opinion

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

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

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

Our firm has also provided other services to the company and certain of its subsidiaries in relation to taxation. Partners and employees of our firm may deal with the group on normal terms within the ordinary course of trading activities of the business of the 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 19 to 31:
 - 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 2005 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 21 June 2005 and our unqualified opinion is expressed as at that date.

Christchurch



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DISCLOSURES OF INTEREST

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

Craig David Boyce - Chairman

Bernard Matthews (New Zealand) Limited
Christchurch Arts Centre
Christchurch City Holdings Limited
Connexionz Limited
Datacom Group Limited
Extra Strength No 164 Limited
New Zealand Trade & Enterprise Limited
Orion Group Limited
Progressive Leather Limited
Snowy Peak Limited
Television New Zealand Limited
Wairau Park Limited

John Allen Dobson – Deputy Chairman

J A Dobson Limited
Fiordland Travel Limited
Gough Holdings Limited
Orion Group Limited
Securitised Equipment Holdings Limited
Securitised Equipment Receivables Limited
Rural Transport Limited
Versatile Buildings Limited
Wilson Bulk Transport

John William Holdsworth

Datacom Group Limited
L V Martin & Son Limited

Richard Hellings

Adventure Brands Limited
Ferryhead Park Limited (Honorary)
Retail Management Services 2000 Limited
L V Martin & Son Limited

Susan Jane Sheldon (appointed 23 May 2005)

Freightways Limited
CanWest Mediaworks Limited
Christchurch International Airport Limited
Asure New Zealand Limited
Ngai Tahu Holdings Corporation Limited
FibreTech New Zealand Limited
FibreTech Holdings Limited
Nimbus Bedware Limited
The National Provident Fund

ORDINARY SHARE HOLDINGS BY DIRECTORS AND RELATED PARTIES

	<u>30.4.04</u>	<u>PURCHASES</u>	<u>SALES</u>	<u>30.4.05</u>
Craig David Boyce	3,415,039	-	-	3,415,039
John Allen Dobson	451,579	-	-	451,579
John William Holdsworth	8,614,277	-	-	8,614,277
Rick Hellings	4,778,075	-	-	4,778,075

REMUNERATION AND OTHER BENEFITS

	<u>DIRECTORS' FEES</u>	<u>OTHER SERVICES</u>	<u>TOTAL REMUNERATION</u>
Craig David Boyce	50,000	-	50,000
John William Holdsworth	20,000	-	20,000
John Allen Dobson	30,000	-	30,000
Stephanie Jane Waterfield*	20,833	-	20,833
	<u>120,833</u>	<u>-</u>	<u>120,833</u>

*=Resigned 17 February 2005

INTERESTS REGISTER

Disclosures made in the interests register of the company, and its subsidiaries, during the year were by Messrs Boyce and Holdsworth, as Directors of Datacom Group Limited who declared an interest in a continuing contract with a subsidiary company to provide information technology outsourcing services for the computer and software facilities, Mr Boyce who recorded he is the major shareholder of Extra Strength No 164 Limited which had a management contract with the company and Mr Hellings who recorded he is the major shareholder of Retail Management Services 2000 Limited which has a management contract with the company.

DIRECTORS' AND OFFICERS' INSURANCE

The company has effected Directors' and Officers' Liability Insurance and Statutory Liabilities and Defence Costs Insurance on behalf of the Directors and Officers. The company has also entered into indemnities with Directors and Officers as 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.

USE OF COMPANY INFORMATION

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

EXECUTIVE EMPLOYEE'S REMUNERATION

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

<u>SUBSIDIARIES</u>	<u>NUMBER OF EMPLOYEES</u>
Smiths City (Southern) Limited	
\$100,000-\$109,999	3
\$110,000-\$119,999	1
\$130,000-\$139,999	1
\$140,000-\$149,999	1
\$220,000-\$229,999	1

DONATIONS

During the year the Group made donations in cash or product of \$23,226 (2004: \$27,063).

In addition the Group extensively support a number of local charitable organisations by involvement in fund raising activities such as raffles and lotteries. Much of this effort is put into raising funds in conjunction with the Group's retail promotions and media partners. The highlight of the year is undoubtedly the annual Christmas party held for children in Canterbury. Staff from Smiths City and families join with approximately 100 IHC children to celebrate the season and exchange gifts.

20 LARGEST REGISTERED HOLDERS OF EQUITY SECURITIES AS AT 10 JUNE 2005

<u>HOLDER NAME</u>	<u>BALANCE</u>	<u>%</u>
John William Holdsworth	7,732,284	14.60%
Retail Management Services 2000 Limited	4,778,075	9.02%
New Zealand Central Securities Depository Limited	3,620,468	6.84%
Extra Strength No 164 Limited	3,415,039	6.45%
Colin David Smith & Ian Russell Smith	1,061,241	2.00%
Philip Julian Eriksen & Julian Hans Eriksen	1,000,000	1.89%
Probatus Investments Limited	915,458	1.73%
Bevan Hugh Wallace	889,875	1.68%
Merrill Inez Holdsworth	881,993	1.67%
Erroll Douglas George Scott	735,000	1.39%
M J & A R Shrubsall	648,906	1.23%
Margaret Anne O'Keefe	579,412	1.09%
Tasman Pacific Insurance Limited	533,564	1.01%
Anne McKenzie Newell	500,000	0.94%
J A Dobson Limited	451,479	0.85%
Bevan Hugh Wallace	450,000	0.85%
Austen Herbert Stewart Kyle	400,000	0.76%
Lorraine Mary McCaffrey	400,000	0.76%
William Aubrey Cocks	386,247	0.73%
Smiths City Staff Employee Share Plan Trustee Limited	350,000	0.66%
	<u>29,729,141</u>	<u>56.15%</u>

DISTRIBUTION OF REGISTERED HOLDERS OF EQUITY SECURITIES AS AT 12 JULY 2005

<u>RANGES</u>	<u>NUMBER OF HOLDERS</u>	<u>NUMBER OF SECURITIES</u>	<u>%</u>
1-1,000	973	594,143	1.122
1,001-5,000	824	2,145,923	4.052
5,001-10,000	276	2,159,976	4.078
10,001-100,000	367	10,968,536	20.712
100,001 and above	64	37,088,306	70.035
	<u>2,504</u>	<u>52,956,884</u>	<u>100.000</u>

SUBSTANTIAL SECURITY HOLDERS

According to notices given to the company under the Securities Markets Act 1988 as at 30 June 2005 the following were substantial security holders in the company with relevant interests as noted below. The total number of issued voting securities of Smiths City Group Limited as at that date was 52,956,884.

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	3,415,039		14 November 2003
John William Holdsworth	7,732,284	881,993	14 November 2003
Stephen Christopher Montgomery	300,000	2,591,375	25 May 2005
Blair Richard Watson Tallot	100,000	2,591,375	25 May 2005

WAIVERS ISSUED BY NZX APPLICABLE AT 30 APRIL 2005

On 17 February 2005 NZXR granted a temporary waiver from Listing Rules 3.3.1(c) and 3.6.2(c) to allow the company's Board to have one Independent Director instead of two and for the company's Audit Committee to have one Independent Director instead of two, such waiver to expire on the earlier of 16 June 2005 or the appointment of an Independent Director. As Sue Sheldon was appointed on 23 May 2005 the waiver expired on that date.

STAFF WHO WERE PART OF THE SMITHS CITY GROUP OF COMPANIES AS AT 30 APRIL 2005

ABERHART David	COLE Russell	GLUE Susan	JONES Stephen	MARTIN Jeremy	REYNOLDS Ben	THOMSON Murray	L V MARTIN & SON LTD
ABERHART Neville	COLEMAN Leigh	GODSMARK-WHITE Victor	JOPE Kerrin	MATEPARAE Jeremy	RICHARDS Jasmine	THORMAN Gary	ACKLEY Simon
ACKROYD Jasmine	COOK Travis	GOEDHART Amber	JOYCE Graeme	MATTHEWS Shane	RICKARD Tracey	THORNE Erin	AMBALIA Rajoo
ADAM Michael	COOK Trevor	GOFFIN Lynda	KELLY John	MATTS Rachel	RIETVELD Joanne	THORNLEY Peter	ANDERSON Michael
ADAMSON Nyrena	COOPER Michael	GOODALL Helen	KELLY Lynda	MEACHEEN Helen	RICH Nicola	TILSON Sasha	ANDERSON Michael
ADDIS Caroline	COOPER Shaun	GOODMAN Laura	KERR Gavin	MEIKLE Judy	RIGG Cindy	TIMBLICK Wayne	APERI Hine Mai
AGAR Chris	COSTA Marco	GOODWIN Miriam	KERR Geoff	MELSE David	ROBERTS Nathan	TITO Jared	ASHWORTH Graham
AHKUOI Jade	COSTER Belinda	GORT Doug	KERR Logan	MEREDITH Michael	ROBERTSON Stuart	TODD Allan	BEATON Jacqueline
AITCHESON Ross	COUNIHAN Melanie	GOWER Peter	KERR Rowan	METCALFE Donna	ROBINSON Maurice	TODD Phillip	BLAKE Tracy
AL-ANBUKY Zainab	COUSSELL Allan	GRAHAM Laurette	KERRIDGE Susan	MEULL Robin	ROBISON Wendy	TOKANA Paul	BOYD Michelle
ALLAN Bruce	COWIE Arnie	GRANT Judith	KHER Priyanka	MIDDLETICH Kelvin	ROBSON Rodney	TOMPKINS Nicholas	BRADELEY Steve
ALLAN Diane	CRACROFT-WILSON Cameron	GRAVER Marilyn	KIERNAN Nigel	MIDDLEMISS Les	ROLFE Ian	TONKIN Gregg	BRICKELL Sue
ALLPRESS Matthew	CRAIG Boyd	GRAY Rodd	KIMURA Seina	MILLAR Andrew	ROLSTON Paul	TONKIN Paul	BUCKLEY Graeme
ANDERSON Gary	CRAIG Sheila	GRAY Theima	KING David	MILLER Daniel	ROSE Sharon	TONKIN Victor	BURNS Shaheen
ANDERSON Matthew	CRAIGS Kay	GREAVES Sue	KING Michael	MILLNS Diane	ROSS Leonora	TOOMEY Brendon	CALDER Glenn
ANDERSON Rick	CRAWLEY Stefan	GREEN Shane	KING Nicky	MILLS Susan	ROSS Richard	TOOLE Carol	CAMPBELL Owen
ANDREWS Shona	CRIGHTON Lance	GREENING John	KING Russell	MILNE Hamish	ROWAN Paul	TOPP Julie	CASS Paul
ANDREWS Tracey	CROMBIE Omea	GREENFELL Warren	KING Warren	MILNE Sandie	ROWLAND Allan	TREGILGUS Jonathon (Joe)	CHALLIS Gary
ARCHER Kevin	CROSS Brian	GRIFFIN Vernon	KINGI Spencer	MOFFAT Cheryl	ROYCE Taane	TURNBULL Campbell	CHEN Vincent
ARCHIBALD Karen	CROSS Daisy	GUBB Chris	KIRCHER Tony	MOKE Tama	RUSSELL Susan-Lee	TURNBULL Christopher	CHEN Henry
ARSCOTT Joanne	CROTON Barry	GUILFORD Jan	KIRK Melanie	MOORE Geoff	RUSSELL Wallace	TURNER Gareth	CLEMENS Daniel
ARTHUR Gary	CROUCHER Boyd	GULLIVER Dylan	KIRNER Heather	MOORE Gordon	RUTHERFORD Heather	TURNER Ryan	COOPER Darryn
ASHWORTH Scott	CROZIER Hugh	GUNNING Maria	KIRNER Jackie	MOORE Shane	RYAN Bridget	TURTIN Peter	COOPER Richard
ATKINSON John	CUMBERLAND Jill	GUTTERIDGE Jason	KNOX Blake	MORGAN Kevin	RYDER Keith	TYRRELL Dion	CRILLY James
AYERS Sarah-Lee	CUNNINGHAM Ian	GUY Daniel	KNOX Jocelyn	MORRIS Ian	SANDERS Valda	TYSON Nigel	CROWE Shane
BAGNALL Simon	CUNNINGHAM Joanne	GUYER Aaron	KRUISSHOOP Allison	MORRISON Suzanne	SANFT Mark	UNDERWOOD Jonathon	CROZIER Maurice
BAILEY Jennifer	CURRAN Gail	HAGAN Bill	KRUKERINK Johan	MOYNIHAN Paul	SAN JOSE-VELARDE Rosa	VAN DER LEM Martin	DOUTHETT Trevor
BAILEY Lisa	DALY Jane	HAGUE Matthew	KUMBAROFF Maria	MULVEY Sandra	SANTURE James	VAN DER LUGT Adrian	DUFF Neville
BALFOUR Craig	DALY Margaret	HAINES Trevor	LAGAN Matthew	MURDOCH Kevin	SAUNDERS Gene	VAN ROOY Logan	FAGAN Rosalie
BARBER Craig	DAVIDSON Rosalene	HALL Carolyn	LAM Hui	MURDOCH Maree	SAVAGE Hamish	VAN ROOYEN Aletia	FIELD Warren
BARDELL Warren	DAVIES Lynn	HALL Ray	LAMB Bernadette	MURDOCH Tracey	SAVIDAN Pamela	VINE Rebecca	FLEMING Nigel
BARNETT Simon	DAVIS Justin	HAMILTON Peter	LAMB Bryan	MURRAY Alan	SAYER Glenn	WAITES Anton	FRASER Stewart
BARNETT Wendy	DAWSON Curtis	HAMMOND Michael	LAMB Daniel	MURRAY Darren	WALKER Sarah	WALKER Tony	GAPPER Matthew
BARRY Glen	DAWSON Graham	HANNAH Helen	LANGDON Jason	MURRAY Warren	SCHAEFFER-GRACE John	WARD Andrew	GOUFFE Hannah
BARTLETT Rhys	DAYMAN Carol	HARE Stewart	LANGDON Colin	MUSSEY Ryan	SCHEMBRI Shirlea	WARD Judi	HAGAN Neville
BEECROFT Wayne	DE CANNE Chas	HARGRAVE Valerie	LATIMER Brett	MUSON Phillip	SCHERER Markus	WARDS Claire	HALLIGAN Andrew
BENEDETTI Liliana	DELIS Terry	HARKERS Joan	LATIMER Vicki	MYWATA Aloysius	SCHRODER Virginia	WARE Dale	HAM Nigel
BENNIE Melanie	DELUROY Mike	HARKERS Joanne	LAVERACK Michael	MYVALL Shane	SCOTT Diane	WARNER Sue	HANSEN Dennis
BERGMAN Stephen	DEMPSEY Natalya	HARLEY Cathy	LAWSOON Sharon	MYTTON Scott	SCOTT Kerri Ann	WATSON James	HANSEN Nathan
BERRY Tim	DEMPSEY Rowan	HARPER Heath	LEACOCK Michelle	NEALE Roger	SCOTT Sheridan	WATSON Tania	HEARN Stephen
BEST Rick	DICKIE Adam	HARRIS Alan	LEADER Tim	NEAME Andrew	SEAGER Dean	WEBSTER Adam	HOUHLIAN Michael
BISHOP John	DICKIE Peter	HARRIS Michael	LE COMTE Clint	NEAME Benjamin	SEAWARD Arthur	WEBSTER Gary	HUFF Colin
BLACK Ken	DID-DELL Tim	HART Ray	LEE Brian	NEILL Michael	SEDDON Lynne	WEEKLY Peter	HUTCHINGS Asher
BLACK Thomas	DILLMORE Michelle	HARTSTONGE Trevor	LEE Nicole	NELSON Darren	SEDDON Rhys	WEIR Susan	HYDE Graeme
BLACKMORE Kerry Anne	DILLWORTH John	HARVEY Carrie	LEE Sim	NELSON Linda	SENEVIRATNE Tyrone	WENLOCK Tony	JOHNSTONE Gregory
BLAKE Alex	DODDS Lyn	HARVEY Christine	LEECH Erin	NELSON Mark	SHANKS Murray	WESTOBY Gordon	KENT Karl
BLOWER John	DODDS Stuart	HARVEY Jason	LEEDER Julie	NEWALL Alison	SHARFE Kenneth	WESTWOOD Wendy	KINGON Grant
BOAL Andrew	DONALDSON Diana	HASKETT Steve	LEWIN Brian	NEWBY Paul	SHARP Craig	WHITE Jan	KURNEY Lance
BOND Raewyn	DONALDSON Pauline	HAWLER Colin	LEUNG David	NEWMAN Keith	SHATFORD Brent	WHITE Suzanne	LAKE Graham
BONIS Helen	DOUGHERTY Michael	HAWARDS Hanna	LEWIS Philip	NEWTON Sarah	SHAW Bronwyn	WHITEHOUSE Stephen	LAMBERT Nathan
BOTTING Kelli	DOUGLAS Brenda	HAWARD Robyn	LEWIS Kristine	NEWTON Stuart	SHEA Brian	WILD Paul	LAMERTON John
BOWDEN Kirsty	DOWNIE Kevin	HEAPHY Jean	LILBURN GREG	NICHOLSON Fran	SHIELDS Julian	WILKES Rachel	LEE Michael
BOYD Gloria	DRUMMOND Bill	HELLIER Joanne	LINDSAY Leanne	NIXON Philip	SHRIMPTON Bruce	WILKES Sam	LESA Faamoe
BOYCE Craig	DUNCAN Adrienne	HELLINGS Reece	LINDSAY Rachel	NOBLE Trish	SIDON Darrell	WILKINSON Marcus	LLORICO Emilio
BOYCE Maree	DUNN Michael	HELLINGS Rhye	LINTON Kevin	NORTON Rowena	SIMCOCK Martin	WILLIAMS Arnie	MACKLIN Amy
BOZOKY Jacqueline	DURER Joe	HENDERSOON Gordon	LIST Gavin	NUNN Alaster	SIMMONS Laura	WILLIAMS Isdale	MAINLAND George
BRADLEY Andrew	DYER Chris	HERON Corrin	LILOY Grant	NUTTE Steven	SIMPSON Paula	WILLIAMS Shane	MANNION Heath
BRADY Eugene	EARNSHAW Nicola	ECKERSLEY Heath	LOADER Grant	NYBERG Jamie	SINCLAIR Brett	WILLIAMS Tracey	MARSH Michael
BRADY Rachel	ECKHOLD Alison	EDGAR Craig	LOGIE Judy	NYE Andrew	SINCLAIR Colleen	WILLIAMSON Neil	MARSH Daniela
BRASS Beryl	EDGINGTON John	EDWARDS Matthew	LONG Kevin	OAKLEY Lynda	SINCLAIR Maria	WILLIS Gerry	MASON Sandra
BRIGGS Jamie	EDWARDS Michael	EDWARDS David	LOMANNS Vince	O'BRIEN Alex	SINCLAIR Marilyn	WILLIS Kellie	MATHEWS Richard
BROAD Warren	EGGERS Cory	EGGERS Vanessa	LOUTTIT Glenda	O'BRIEN Carmen	SINCLAIR Mark	WILLIS Nolla	MCALLUM Tracy
BROADWAY Carl	ELLER Carol	ELLEY Christopher	LOW Gary	O'DONNELL Chrissie	SKILLON Ross	WILLIS Nyrella	MCCLAREN Stuart
BROOK Jackie	ELLIS Allie	ELLIOTT Kaye	LUAFUTU Lino	O'DONNELL Mark	SKINNER Philip	WILSON Lorraine	MCMEIKIN Peter
BROUGHAM Ken	ELLIS Jodie	ELLIS Michael	LUCAS Chris	O'HALLORAN Krystal	SMITH Brent	WILSON Margaret	MILLS Susan
BROWN Heather	ELLIS Jodie	ELLIS Jodie	LUCAS Jared	O'HALLORAN Nicola	SMITH Dean	WILSON Robert	MITCHELL Tiffany
BROWN John	ELLIS Jodie	ELLIS Jodie	LUDLOW Craig	OLIVER Max	SMITH Doug	WILSON Sandra	MONK George
BROWN Louise	ELLIS Jodie	ELLIS Jodie	LUSTY Craig	OLSON Nichola	SMITH Ian	WILSON Tony	MOORE Rachael
BROWN Michelle	ELLIS Jodie	ELLIS Jodie	LYNCH Wendy	ONG Rita	SMITH Ian	WILSON Tony	NANKIVELL Krystal
BROWN Paul	ELLIS Jodie	ELLIS Jodie	MACANALLY Robert	ORAM Grant	SMITH Ian	WILSON Tony	NGATAIERUA Cushman
BROWNE Stefan	ELLIS Jodie	ELLIS Jodie	MACASKILL Tony	ORANJE Josh	SMITH Ian	WILSON Tony	NGUYEN Khanh
BROWNIDGE Annette	ELLIS Jodie	ELLIS Jodie	MCBREARTY Simon	ORCHARD Jacob	SMITH Ian	WILSON Tony	PEAT Maureen
BRUCE Dwight	ELLIS Jodie	ELLIS Jodie	MCCLROY Murray	OSBORNE Geoff	SMITH Ian	WILSON Tony	PEREIRA Lui
BUDD Reuben	ELLIS Jodie	ELLIS Jodie	MCCONCHIE Susan	OWEN-EALES Karl	SMITH Ian	WILSON Tony	POINTER William
BUICK Neil	ELLIS Jodie	ELLIS Jodie	MCCONNACHIE Beth	PACKMAN Cynthia	SMITH Ian	WILSON Tony	RANDALL Peter
BULIMAIWAI Apensia	ELLIS Jodie	ELLIS Jodie	MCARDON Kaye	PALMER Bruce	SMITH Ian	WILSON Tony	RING Colleen
BUNKER John	ELLIS Jodie	ELLIS Jodie	MCARDONALD Eila	PARATA Judith	SMITH Ian	WILSON Tony	ROBERTSON Hamish
BURCHER Ryan	ELLIS Jodie	ELLIS Jodie	MCARDONALD Fiona	PARKINSON Denis	SMITH Ian	WILSON Tony	ROBINSON Adrian
BURDON Barbara	ELLIS Jodie	ELLIS Jodie	MCARDONALD Angela	PARKINSON Denis	SMITH Ian	WILSON Tony	RUSSELL Stephen
BURGESS Caleb	ELLIS Jodie	ELLIS Jodie	MACDONALD Ian	PARSONS Margaret	SMITH Ian	WILSON Tony	SEFO Utisone
BURGESS David	ELLIS Jodie	ELLIS Jodie	MACDONALD Noel	PARTRIDGE Rebecca	SMITH Ian	WILSON Tony	SMITH Margaret
BURKE Colin	ELLIS Jodie	ELLIS Jodie	MCADDEN Bruce	PATEL Jayna	SMITH Ian	WILSON Tony	SMITH Peter
BURKE Keryn	ELLIS Jodie	ELLIS Jodie	MACFARLANE Cuillin	PATEMAN Greg	SMITH Ian	WILSON Tony	SOWDEN Jon
BURNELL Paul	ELLIS Jodie	ELLIS Jodie	MACFARLANE Heath	PAUL Scott	SMITH Ian	WILSON Tony	STEMPA Noel
BURNEY Kate	ELLIS Jodie	ELLIS Jodie	MACFARLANE Michael	PEAT Jackie	SMITH Ian	WILSON Tony	STENTIFORD Peter
BURROWS Maureen	ELLIS Jodie	ELLIS Jodie	MACFARLANE Sue	PENG Kevin	SMITH Ian	WILSON Tony	STEWART Jane
BURTON Ann	ELLIS Jodie	ELLIS Jodie	MCCELIN Lynette	PENMAN Brian	SMITH Ian	WILSON Tony	STOCKMAN Adam
BUSSELL Glenn	ELLIS Jodie	ELLIS Jodie	MCGRATH Mathew	PENNIAL Nicholas	SMITH Ian	WILSON Tony	TALAEPA Siaumau
BUTCHER Lynne	ELLIS Jodie	ELLIS Jodie	MCGRATH Nadia	PERCY Lisa	SMITH Ian	WILSON Tony	TAYLOR Frederick
BUTLER Robyn	ELLIS Jodie	ELLIS Jodie	MCGRATH Sean	PETERSON Shane	SMITH Ian	WILSON Tony	THORESEN Tracey
BUTLER Michelle	ELLIS Jodie	ELLIS Jodie	MCLEOD Andrew	PETRIE Robin	SMITH Ian	WILSON Tony	TULETT Keith
BUTLER Stan	ELLIS Jodie	ELLIS Jodie	MCINTOSH Janine	PHILLIPS Rochelle	SMITH Ian	WILSON Tony	TURCHIE Craig
BYRNE Leigh	ELLIS Jodie	ELLIS Jodie	MCINTOSH Kirsten	PHILLIPS Sally	SMITH Ian	WILSON Tony	WALKER Karen
BYRNE Michael	ELLIS Jodie	ELLIS Jodie	MCINTOSH Scott	PHILLIPS Tony	SMITH Ian	WILSON Tony	WATSON Brendan
BYRON Rachel	ELLIS Jodie	ELLIS Jodie	MCINTYRE Allen	PICKERING Craig	SMITH Ian	WILSON Tony	WEST Heath
CALLISTER Carolyn	ELLIS Jodie	ELLIS Jodie	MCINTYRE Anastasia	PICKETT Mark	SMITH Ian	WILSON Tony	WILLARD Kerry
CARSON Amelia	ELLIS Jodie	ELLIS Jodie	McKAY Edith	POPE Noel	SMITH Ian	WILSON Tony	WILLIAMSON Jason
CARSTON Evan	ELLIS Jodie	ELLIS Jodie	McKAY Ken	PORTER Roanna	SMITH Ian	WILSON Tony	WILSON Jiana
CARSTON Paul	ELLIS Jodie	ELLIS Jodie	McKAY Shawn	POWELL Jeremy	SMITH Ian	WILSON Tony	WRIGHT Andrea
CASEY Terry	ELLIS Jodie	ELLIS Jodie	McKENZIE Nathan	PRESNALL Gemma	SMITH Ian	WILSON Tony	
CATTELL John	ELLIS Jodie	ELLIS Jodie	McKENZIE Tania	PRICE Michael	SMITH Ian	WILSON Tony	
CHAIRMOLE Warren	ELLIS Jodie	ELLIS Jodie	McKILLOP Colin	PRIDDY Judith	SMITH Ian	WILSON Tony	
CHAIPANIT Ning	ELLIS Jodie	ELLIS Jodie	McKILLOP Darren	PRITCHARD Colette	SMITH Ian	WILSON Tony	
CHAPMAN Sarah	ELLIS Jodie	ELLIS Jodie	McKINNON Neil	PROUDFORD Mark	SMITH Ian	WILSON Tony	
CHING Campbell	ELLIS Jodie	ELLIS Jodie	McMILLAN Lance	PROUDFOOT Simon	SMITH Ian	WILSON Tony	
CHING Marcia	ELLIS Jodie	ELLIS Jodie	McMULLAN Brent	PUGSLEY Norene	SMITH Ian	WILSON Tony	
CHISHOLM Murray	ELLIS Jodie	ELLIS Jodie	McRAE Roger	PYE Bruce	SMITH Ian	WILSON Tony	
CHRISTENSEN Dennis	ELLIS Jodie	ELLIS Jodie	MACKIE Alice	QUINN Hayden	SMITH Ian	WILSON Tony	
CHUI-YEN Shionaka	ELLIS Jodie	ELLIS Jodie	MACKIE Glen	QUINN Roger	SMITH Ian	WILSON Tony	
CLARK Jamie	ELLIS Jodie	ELLIS Jodie	MAINDONALD Norman	RADFORD Grant	SMITH Ian	WILSON Tony	
CLARK Jim	ELLIS Jodie	ELLIS Jodie	MALAE Angeline	RADTKE Simon	SMITH Ian	WILSON Tony	
CLARK Vicki	ELLIS Jodie	ELLIS Jodie	MANDER Alan	RAKENA Waimiri	SMITH Ian	WILSON Tony	
CLARKE Braden	ELLIS Jodie	ELLIS Jodie	MANIFOLD Desmond	RANGI Denise	SMITH Ian	WILSON Tony	
CLARKE Michael	ELLIS Jodie	ELLIS Jodie	MANSON Charmaine	RANSLEY Maxwell	SMITH Ian	WILSON Tony	
CLARKE Paul	ELLIS Jodie	ELLIS Jodie	MANSON Sheryl	READER James	SMITH Ian	WILSON Tony	
CLIFFORD-MARSH David	ELLIS Jodie	ELLIS Jodie	MARR Kevin	REID Andrew	SMITH Ian	WILSON Tony	
CLIFTON Beth	ELLIS Jodie	ELLIS Jodie	MARSH Sally-Ann	REID Murray	SMITH Ian	WILSON Tony	
COAD Amanda	ELLIS Jodie	ELLIS Jodie	MARSHALL Marie	REKITTKE Robert	SMITH Ian	WILSON Tony	
COFFEY Mike	ELLIS Jodie	ELLIS Jodie	MARTIN Barbara	REVELEY Maree	SMITH Ian	WILSON Tony	

ADMISSION CARD TO ANNUAL MEETING

Shareholders are invited to attend the Annual Meeting of Shareholders of Smiths City Group Limited to be held in the Conference Room, Mancan House Conference Centre, Corner Cambridge Terrace and Manchester Street, Christchurch, at 10.00am on Friday 30 September 2005.

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

Holder No _____

Tear Here-----

PROXY FORM

I/We _____ being a shareholder of Smiths City Group Limited hereby appoint* _____ of _____ or failing him/her _____ of _____

as my/our proxy vote for me/us and on our behalf at the Annual Meeting of the company to be held on 30 September 2005 and at any adjournment thereof.

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

VOTING INSTRUCTIONS/BALLOT PAPER

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

I direct my proxy to vote as follows:

Fold Here-----

Ordinary Resolutions

	Indicate with tick			
	FOR	AGAINST	ABSTAIN	OPEN
1. To re-elect Mr Dobson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr Hellings as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Ms Sheldon as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To confirm the appointment of KPMG as Auditors and authorise Directors to fix their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To increase Directors' Fees to \$250,000 per annum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this _____ day of _____ 2005

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

OFFICE USE ONLY

Shareholder No:

Holding:

Proxy forms must be delivered to the offices of B K Registries Limited at National Bank Chambers, 144 Tancred Street, P O Box 384, Ashburton before Wednesday 28 September 2005.

Notes

1. To be valid, proxy forms must be delivered to the office of B K Registries Limited at National Bank Chambers, 144 Tancred Street, P O Box 384, Ashburton not less than 48 hours before the starting time of the meeting.
2. A shareholder entitled to attend and vote is entitled to appoint a proxy.
3. A proxy can be any person, and does not have to be a shareholder. You can appoint the Chairperson of the meeting as a proxy.
4. A proxy for a company/corporation must be signed in accordance with that company's/corporation's constitution.
5. If no specific direction is given, the proxy holder may vote as he/she thinks fit, or abstain from voting.
6. All joint shareholders must sign the proxy form.
7. If the proxy form is signed under power of attorney, a certificate of non-revocation must be completed and forwarded with the proxy form, along with a copy of the power of attorney.

Freepost Authority Number 114982

SHARE REGISTRAR
B K Registries Limited
P O Box 384
ASHBURTON

Company Directory

DIRECTORS AND OFFICERS

CHAIRMAN

Craig David Boyce

DEPUTY CHAIRMAN

John Allen Dobson

DIRECTORS

Stephanie Jane Waterfield
(resigned 17 February 2005)

Susan Jane Sheldon

(appointed 23 May 2005)

John William Holdsworth

Richard Hellings

ALTERNATE DIRECTOR

Gerald Haworth Willis

MANAGING DIRECTOR

Richard Hellings

REGISTERED OFFICE

550 Colombo Street
Christchurch

BANKERS

The National Bank of New Zealand
P O Box 454
Christchurch

AUDITORS

KPMG
P O Box 274
Christchurch

SHARE REGISTRARS

B K Registries Limited
P O Box 384
Ashburton

ADDRESS FOR COMMUNICATIONS

POSTAL P O Box 2343
Christchurch

TELEPHONE 03 9833000

FACSIMILE 03 9833031

EMAIL group@smithscity.co.nz

WEBSITE: www.smithscitygroup.co.nz