

Speirs Group Limited

Annual Report

for the year ended 30 June 2016

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Speirs Group Limited

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REPORTING BY DIRECTORS

Financial Performance

Improved trading results from both Speirs Foods and Advaro for the second half of the financial year, together with a partial recognition of previously written deferred income tax asset has resulted in the Company posting a modest profit for the year ended 30 June 2016.

The Group reported a profit of \$117,000 compared to the previous year profit of \$544,000. The contributions to the overall profit after tax of \$117,000 can be summarised as:

	2016 \$000	2015 \$000	Improvement/ (Deterioration) %
Speirs Foods trading profit before interest	513	509	0.8
Associates' profit/(loss)			
- Rosa Foods Limited	103	141	(27.0)
- Advaro Financial Services Limited	(181)	(72)	(151.4)
- Speirs Nutritionals Partners LP	(4)	10	(140.0)
Realised and Unrealised Gains relating to the Settlement of the Debt Owning from Allied Farmers Limited	32	671	(95.2)
Partial Recognition of Deferred Income Tax Asset	315	-	N/A
Corporate governance and delisting costs	(303)	(298)	(1.7)
Net financing costs	(309)	(417)	25.9
Overall profit attributable to shareholders	117	544	(78.5)

The previous year included significant realised and unrealised gains from the shares held in Allied Farmers. The final sale of shares in Allied Farmers was completed in July 2015.

The cash obtained from the sale of the shares and debt owing from Allied Farmers was used to reduce debt held by the Group and this has resulted in a reduction in financing costs of \$108,000 compared to the previous year.

One dividend on ordinary shares was paid in the 2016 year, 0.5c on 30 September 2015. Due to the poor trading result for the first half of the year no interim dividend was paid.

Speirs Foods

Speirs Foods maintains its leadership role in the processing, distribution and marketing of fresh salads and related products throughout New Zealand. Despite a poor first six months of the year in which material costs were impacted by bad weather, Speirs Foods recovered in the second half of the year and produced a trading profit before interest of \$513,000, a similar result to last year.

Continued focus on growing sales resulted in Total Revenue of \$17.8m, up by 5% on last year's revenue of \$16.9m. Volume adjusted labour costs reduced due to investments in new equipment and improved processes, while material costs were higher due to the supply difficulties experienced in the first half of the year. Customer and competitive pressure on margins continues meaning we have to respond by being innovative in products and production and being able to demonstrate value in terms of product and delivery quality.

Investment in new automated packaging and labelling equipment has improved the efficiency of producing the pottle range and will also allow a wider range of package types and sizes to be produced.

Chris Newton, has advised his intention to step down from his role as General Manager of Speirs Foods. The Speirs Foods Board has agreed with Chris that this will occur around the end of the present calendar year. A process has been commenced to recruit a replacement. The Directors wish to thank Chris for his contribution to Speirs Foods over the last six years and acknowledge his leadership in building sales and business capability in a very challenging market.

Rosa Foods

Speirs Group holds a 40% shareholding Rosa Foods Limited. Based in Porirua, Rosa Foods manufactures heat and eat meals, frittatas, bakes, salads, pasta sauces, pies and a range of family pies which are sold through the two main supermarket chains. Rosa also undertakes a range of contract preparation of food for a number of other food retailers.

The improved profitability of Rosa continued, although at a level below last year. Rosa provided a \$103,000 contribution to the Speirs Group result. Sales increased but profitability was impacted due to disruption from a factory expansion undertaken to cope with sales growth.

Advaro Financial Services (Advaro)

As at 30 June 2015 Speirs Group held an 11.8% shareholding in Advaro Finance and has provided \$1m of interest bearing subordinated debt. During the year, Advaro undertook a further capital raising to fund growth. Speirs Group did not participate in this capital raising and as a consequence our shareholding fell to 9.2%.

To date, the Advaro business has been built on two main business streams, an asset financing business based on the former Speirs Finance business model, and a technology financing business that was acquired shortly after the formation of the business.

Advaro suffered a significant and unexpected setback in December 2015 when a significant technology equipment vendor, Intagr8 Limited unexpectedly went into voluntary liquidation. Intagr8 was a provider of telecommunications and other technical equipment to a wide range of business clients with Advaro providing financing of the equipment. The finance agreements on the equipment are between Advaro and the end client and remain payable. At 31 December 2015 Advaro had not yet made an assessment of the level of provisioning required in relation to Intagr8 and the Speirs Group directors concluded that it was prudent to make a provision of \$250,000 for its shares in any losses that may arise as a consequence of the Intagr8 liquidation. At 30 June 2016 Speirs no longer holds a specific provision in relation to Intagr8, as Advaro have considered the Intagr8 liquidation as part of their provisioning in their audited financial statements for 31 March 2016. For our year end reporting we have equity accounted for our share of the Advaro net equity position

The net contribution for the year from Advaro was a loss of \$181,000 compared to a loss of \$72,000 in the previous year.

Investment in Allied Farmers Limited

At 30 June 2015 Speirs Group held 6,208,410 shares in Allied Farmers Limited with a market value of \$335,254. In July 2015, these remaining shares were sold for \$363,780.

The total amount realised from the original \$2m debt (which we had previously written down to zero) was \$1.4 million. This has been a very good outcome for Speirs Group with the cash received used to repay debt.

Speirs Nutritionals Partners LP (SNP)

SNP have sold the Intellectual Property, Processing Technology and Knowhow associated with its Omega-3 fish oil product and discontinued its manufacturing operations in New Zealand. Future Revenue will only arise if sales of the Omega-3 product range by the new owner commences.

Share Trading Platform

As previously advised, NZX has signalled that it intends closing the NZAX market, on which Speirs Group has traded for some years. After investigation the directors recommended to shareholders that Speirs delist from NZAX and list its shares on the Unlisted market. This change was approved by shareholders on 27 June 2016 and Speirs ceased trading on NZAX at the end of July 2016 and commenced trading on Unlisted on 1 August 2016.

Corporate

Corporate non-financial costs have reduced and are kept at a minimum. Costs in the current year included the costs of delisting from NZAX.

Directors

David Speirs was appointed as a director of Speirs Group effective on 1 February 2016.

At 30 June 2016 the Board of Directors of the Company comprised four non-executive directors:

Derek Walker, B.E. (Hons), BBS., Chairman
Fred Hutchings BBS, FCA, Deputy Chairman
Nelson Speirs, FCA.
David Speirs

Fred Hutchings was appointed to the Speirs Foods Board on 1 February 2016 and John McCliskie retired from the Speirs Foods Board as at 30 June 2016. The Group directors acknowledge the valuable contribution John made to the Foods business. From 1 July 2016 the Board of Directors of Speirs Foods comprised Derek Walker (Chair), Fred Hutchings (Deputy Chair) and Robert Speirs.

Outlook

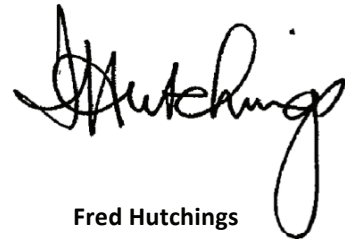
The Company continues to make progress in re-building shareholder value and reducing borrowings. Future profits must be obtained from Speirs Foods and our holding in associates, particularly Advaro and Rosa. The directors continue to closely monitor the performance of those companies and the investment in them. A summary of the present purpose, goals and key strategies for the Group is appended to this report.

Our People

Speirs Group has continued to benefit, as it has for many years, from strong supportive relationships with all its stakeholders. We wish to again thank our investors, customers, suppliers and staff for the strong support they have provided during this past twelve month period



Derek Walker
Chairman



Fred Hutchings
Director

16 September 2016

Speirs Group Limited

Purpose, Goals and Strategy

Purpose

Speirs Group is an active investment company focused on the food, logistics and finance sectors and aims to maximise returns to its investors and enhance the well-being of all its stakeholders.

Goals

- Investment returns over the medium term will exceed the average NZX50 return as measured by capital growth and dividends to shareholders.
- A range of investments will be held to ensure the Group is able to diversify risk.
- The Group Board will have appropriate governance input to investments commensurate with the size and percentage of the investment holding.
- Full or partial divestment of investments may be undertaken when the value that can be realised is greater than assessed value of retaining the investment or to lower the risk profile of the portfolio.
- The ratio of debt to debt plus equity increase to at least 50% in the next 3-5 years and then be maintained at no less than 50%.
- Corporate office costs will be kept to a minimum.

Summary of Present Investments

Investment	Holding	Type	Description
Speirs Foods	100%	Food - Active	Fresh food production and distribution
Advaro Financial Services	9%	Finance - Active	Advaro is involved in a number of activities in the finance sector in New Zealand.
Rosa Foods	40%	Food - Active	Prepared meal production and distribution, third party contract manufacturing
Speirs Nutritionals	60%	Food – Non Trading	Commercial development and marketing of Intellectual Property and Know How

Investment Criteria

Criteria to be considered for any investment are:

1. The investment is aligned with the core competencies of Speirs Group - food manufacture, marketing and distribution; or finance.
2. The investment has synergy with an existing investment that provides potential to increase sales, reduce costs and improve the profitability of the new and existing businesses.
3. Acceptable shareholder agreements are in place to ensure that SGL has appropriate governance input to investments commensurate with the size and percentage of the investment holding
4. The investment will within the short to medium term provide sufficient free cash to SGL to cover annual investment costs.
5. The amount of capital required is affordable for SGL and would not materially increase the financial risk to the business.

Summary of Strategy for Each Investment

Investment	Investment Strategy
Speirs Foods	<p>The present intention is to hold this investment to provide profitability and cash flow to the wider group.</p> <p>Speirs Foods strategy is to:</p> <ul style="list-style-type: none"> • Maintain the strong national position the Company has in the fresh salads market; • Grow sales by developing and marketing new products that are aligned with the business's core competencies; • Improve the efficiency of production and distribution with targeted capital investment and continual improvement of processes and practices; • Maintain the highest levels of food safety and employee health and safety. <p>A partial or full divestment of this investment would be considered if a proposal provided a better outcome for shareholders. At present, the Group is not actively pursuing a divestment.</p>
Advaro Financial Services	<p>The present intention is to hold this investment while the company builds its business and shareholder value.</p> <p>As a minority shareholder Speirs Group Limited is only able to exert modest influence in relation to this entity. Management will be encouraged to move performance from the "start-up" phase to profitability as quickly as possible.</p> <p>There may be opportunities to invest further capital into this business and this will be considered and a decision made on the potential returns and the availability of funds within the Group.</p>
Rosa Foods	<p>The present intention is to maintain the current 40% shareholding.</p> <p>Rosa Food's present strategy is to:</p> <ul style="list-style-type: none"> • Maintain the strong national position the Company has in the prepared meals market; • Grow prepared meal production and third party manufacturing opportunities by manufacturing products that are aligned with the business's core competencies; • Improve the efficiency of production with targeted capital investment and continual improvement of processes and practices; • Maintain the highest levels of food safety and employee health and safety. <p>We will aim to maintain and build on synergies between Rosa Foods and Speirs Foods.</p> <p>A partial or full divestment of this investment would be considered if a proposal provided a better outcome for shareholders. At present, the Group is not actively pursuing a divestment.</p>
Speirs Nutritionals	<p>In the absence of any investment opportunities this investment will continue to await the receipt of any income from sales of Omega 3 products by the purchaser of the business rights. Additional investment would only be considered if an opportunity is presented which will provide a high probability of an appropriate return and which was supported by the other partners.</p>

FINANCIAL STATEMENTS

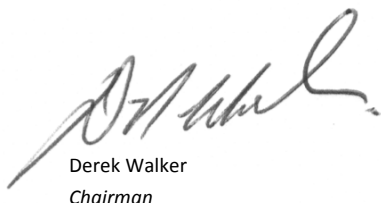
STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Notes	Group	
		June 2016 \$'000	June 2015 \$'000
Assets			
Current Assets			
Cash and Cash Equivalents	12	194	122
Trade and Other Receivables	13	1,751	1,768
Prepayments		12	101
Loans, Advances and Investments	16	-	335
Inventories	14	469	469
Total Current Assets		2,426	2,795
Non Current Assets			
Investment in Associates	15	1,485	1,615
Loans, Advances and Investments	16	1,000	1,000
Deferred Income Tax Asset	17	315	-
Property, Plant & Equipment	18	3,036	2,941
Intangible Assets		17	43
Total Non Current Assets		5,853	5,599
Total Assets		8,279	8,394
Liabilities			
Current Liabilities			
Trade and Other Payables	19	2,237	2,102
Borrowings	20	124	-
Total Current Liabilities		2,361	2,102
Non Current Liabilities			
Trade and Other Payables	19	-	38
Borrowings	20	3,392	3,727
Total Liabilities		5,753	5,867
Equity			
Contributed Capital	21	12,925	12,925
Accumulated Deficits		(10,399)	(10,398)
Capital & Reserves		2,526	2,527
Total Equity and Liabilities		8,279	8,394

The Board of Directors of Speirs Group Limited authorised these financial statements for issue on 16 September 2016.

Signed on behalf of the Board of Directors



Derek Walker
Chairman



Fred Hutchings
Director

16 September 2016

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Notes	Group	
		2016 \$'000	2015 \$'000
Revenue		17,839	16,939
Purchases of Raw Materials		(6,305)	(5,524)
Employee Benefits Expense	6	(4,471)	(4,498)
Freight, Packaging & Other		(5,393)	(5,261)
Net Trading Income		1,670	1,656
Other Income	7	251	930
Total Net Income earned from Operating Activities		1,921	2,586
Share of Gain/(Loss) and Gain on Acquisition of Associates	15	(82)	79
Other Expenses	8	(1,348)	(1,315)
Earnings Before Interest, Depreciation and Amortisation		492	1,350
Interest Income		105	106
Interest Expense		(414)	(523)
Net Interest Expense	9	(309)	(417)
Depreciation and Amortisation		(381)	(389)
Profit/(Loss) Before Income Tax		(198)	544
Income Tax (Expense)/ Benefit	10	315	-
Other Comprehensive Income		-	-
Total Comprehensive Income		117	544

	Note	Group	
		2016 Cents	2015 Cents
Total Profit per Share Attributed to Equity Holders of the Company :			
Basic Profit per Share	11	0.49	4.26
Diluted Profit per Share	11	0.49	4.26

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

Group

	<i>Note</i>	<i>Contributed Capital \$'000</i>	<i>Accumulated Deficits \$'000</i>	<i>Total Equity \$'000</i>
Balance at 1 July 2015		12,925	(10,398)	2,527
Comprehensive Income				
Profit for the Year		-	117	117
Total Comprehensive Income		-	117	117
Transactions with Owners	21			
Dividends Paid on Ordinary Shares	21	-	(57)	(57)
Dividends Paid On Perpetual Preference Shares		-	(61)	(61)
Total Transactions with Owners		-	(118)	(118)
Balance at 30 June 2016		12,925	(10,399)	2,526

Group

	<i>Note</i>	<i>Contributed Capital \$'000</i>	<i>Accumulated Deficits \$'000</i>	<i>Total Equity \$'000</i>
Balance at 1 July 2014		12,925	(10,768)	2,157
Comprehensive Income				
Profit for the Year		-	544	544
Total Comprehensive Income		-	544	544
Transactions with Owners	21			
Dividends Paid on Ordinary Shares	21	-	(113)	(113)
Dividends Paid On Perpetual Preference Shares		-	(61)	(61)
Total Transactions with Owners		-	(174)	(174)
Balance at 30 June 2015		12,925	(10,398)	2,527

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

		<i>Group</i>	
	<i>Notes</i>	2016 <i>\$'000</i>	2015 <i>\$'000</i>
Cash Flows from Operating Activities			
Interest Received		105	106
Dividends Received		8	12
Cash Receipts from Customers		17,508	16,526
Other Income		211	659
Dividends Paid on Redeemable Preference Shares		(264)	(264)
Interest Expense		(150)	(238)
Cash Paid to Suppliers and Employees		(17,326)	(16,644)
Net Cash from Operating Activities	22	92	157
Cash Flows from Investing Activities			
Proceeds from Sale of Property, Plant & Equipment		2	102
Proceeds from Partial Redemption of Preference Shares in an Associate	15	48	12
Proceeds from Sale of Allied Farmers Limited Shares	16	367	670
Repayment of Speirs Securities Limited Subordinated Debt		-	50
Acquisition of Intangibles		-	(65)
Acquisition of Property, Plant & Equipment		(452)	(330)
Net Cash Flows from Investing Activities		(35)	439
Cash Flows from Financing Activities			
Proceeds from Borrowings		530	-
Repayments of Borrowings		(397)	(1,081)
Dividends Paid on Ordinary Shares		(57)	(113)
Dividends Paid on Perpetual Preference Shares		(61)	(61)
Net Cash Flows from Financing Activities		15	(1,255)
Net Increase / (Decrease) in Cash and Cash Equivalents		72	(659)
Cash and Cash Equivalents at Beginning of Year		122	781
Cash and Cash Equivalents at Year End	12	194	122

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

1 GENERAL INFORMATION

Speirs Group Limited operates as a holding company. Speirs Foods Limited was formed on 1 July 2010 and is also a wholly owned subsidiary of Speirs Group Limited and is involved in the production and distribution of fresh food products. Speirs Investments LP is a wholly owned subsidiary of Speirs Group Limited which holds an 9.17% investment in Advaro Financial Services Limited

Speirs Group Limited is a limited liability company incorporated and domiciled in New Zealand. The postal address of the head office of Speirs Group Limited is PO Box 318, Palmerston North, New Zealand.

Until 29 July 2016, Speirs Group Limited has equity securities listed on the alternative list (NZAX) of New Zealand Exchange Limited.

These consolidated financial statements have been approved for issue by the Board of Directors on 16 September 2016.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The financial statements are presented in New Zealand dollars, the Group's functional currency, and are rounded to the nearest thousand. They are prepared using the historical cost basis except where accounting policies detail otherwise.

Compliance with International Financial Reporting Standards

The financial statements of Speirs Group Limited comply with International Financial Reporting Standards ("IFRS").

Entities Reporting

The consolidated financial statements of the 'Group' are for the economic entity comprising Speirs Group Limited, its wholly owned subsidiaries Speirs Foods Limited and Speirs Investments LP and its associate entities Rosa Foods Limited and Speirs Nutritionals Partners LP and Advaro Financial Services Limited. All entities within the group are registered in New Zealand.

The Group is designated as a profit-oriented entity for financial reporting purposes.

Statutory Base

Speirs Group Limited is a company registered under the Companies Act 1993 and is a listed issuer under the terms of the Financial Reporting Act 2013. Being an issuer of shares and debt under the Financial Markets Conduct (FMC) Act 2013, Speirs Group Limited is an FMC entity for reporting purposes.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Companies Act 1993.

Critical Accounting Estimates

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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 if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of NZ IFRS and IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

2.2 Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of Speirs Group Limited, its wholly owned subsidiaries Speirs Foods Limited and Speirs Investments LP as at 30 June 2016. Speirs Group Limited and its wholly owned subsidiaries and associates are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are those entities over which the company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights coupled with the ability to appoint the majority of the directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally evidenced by holding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the Group by using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Financial Assets

The Group classifies its financial assets in the following category: 'loans and advances'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition (as determined by their settlement date) and re-evaluates this designation at every reporting date.

Regular purchases and sales of financial assets are recognised on the trade – date - the date on which the Group commits to purchase or sell the asset.

Shares

Shares held in listed entities are treated as a Fair value through profit and loss Category. The shares are carried at fair value with movements in market value recorded through the Statement of Comprehensive Income.

Loans and Advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and advances are accounted for at amortised cost using the effective interest method. Loans and receivables are initially recognised at fair value inclusive of transaction costs. Loans and receivables are derecognised when the rights to receive cash flows from them have expired or where the Group has transferred substantially all risks and rewards of ownership.

2.5 Impairment

Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventory and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available to use, the recoverable amount is estimated at each reporting date.

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 are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit, or group of units, on a pro-rata basis. The cash generating units are Speirs Nutritionals Partners LP and Rosa Foods Limited (associates of Speirs Group Limited), and Speirs Foods Limited (wholly owned subsidiaries of Speirs Group Limited).

The recoverable amount of an asset or a 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.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Property, Plant and Equipment

Owned Assets

Land is recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the land.

Buildings, plant and equipment, computer equipment and vehicles are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the construction or acquisition of the items.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, and only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate assets' costs less their residual values to their estimated lives, as follows:

• Buildings	2.50 – 3.00%
• Computer Equipment	12.50 – 20.00%
• Vehicles	20.00%
• Other plant and equipment	10.00 – 25.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

2.7 Intangible Assets

Acquired computer software and other identifiable intangible assets are capitalised on the basis of the costs incurred to acquire them and bring them to use.

Computer software costs and other intangible assets are considered to have a definite life and are amortised over the best estimate of their useful lives (4 years).

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes any borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Trade Receivables and Loans and Advances

Trade receivables and loans and advances are initially recognised at fair value and subsequent to initial recognition are measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables and loans and advances is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables, loan and or advance. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

2.10 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within liabilities on the statement of financial position.

2.11 Share Capital

Ordinary shares and perpetual preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Interest expense is recognised using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period to which it relates.

2.14 Employee Benefits

Bonus Obligations

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the expected level of payment.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services

up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All short-term employee benefit obligations are presented as other payables.

2.15 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the other comprehensive component in the statement of comprehensive income.

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax is realised or settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of goods and services tax, and is recognised as follows:

Sales of Goods

Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs, the possible return of goods, or continuing management involvement with the goods.

Provision of Services

Revenue from the provision of services is recognised in the statement of comprehensive income when the service has been performed.

Interest Income

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments, including loans and advances, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.18 Other Income

Dividend Income

Dividend income is recognised when the right to receive payment is established.

2.19 Dividend Distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

2.20 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.21 Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of trade receivables and trade payables, which include GST invoiced.

2.22 Functional and Presentation Currency

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss component of the statements of comprehensive income, except when deferred in equity as qualifying cash flow hedges, in which case, they are recognised in other comprehensive income.

2.23 Financial Reporting Standards

a) **New and Amended Standards adopted by the Group:**

There are no new standards or amendments to standards effective for periods beginning 1 July 2015 that are relevant to the Group.

b) **Standards not early adopted by the Group:**

The Group chose not to early adopt the following accounting standards that may have a material effect on the financial statements in future years:

- NZ IFRS 9 Financial Instruments – effective 1 January 2018.
- NZ IFRS 15 Revenue from Contracts with Customers – effective 1 January 2018
- NZ IFRS 16 Leases – effective 1 January 2019
- Amendments to IAS1 Disclosure Initiatives – effective 31 December 2016

The Group is in the process of assessing the impact of adopting these accounting standards.

3 ESTIMATES AND JUDGMENTS

The Group makes assumptions and estimates that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgement has been exercised in determining the timing and extent of the recognition of the benefit of tax losses and other temporary differences. In 2016 the directors have partially recognised the portion of accumulated tax losses which are probably going to be recovered in the medium term. The remaining benefit of tax losses and temporary differences continue to be treated as an unrecognised asset.

There are no other significant accounting estimates and assumptions deemed critical to the Group's results and financial position.

4 SEGMENT REPORTING

For the purposes of this note, the chief operating decision-maker has been identified as the Board of Directors of Speirs Group Limited. The Board reviews the Group's internal reporting pack on a monthly basis to assess performance and to allocate resources. Within the pack, operating segments have primarily been determined with reference to differences in products and services.

The Board of Directors assesses the performance of the operating segments based on a measure of net profit after tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event.

A summarised description of each business unit is shown below:

Speirs Foods	The supply of salad and fresh cut vegetables to retailers and caterers.
Other	The Group has some central operations and corporate costs which are not allocated to business segments. This includes the operations of Speirs Investments LP

The Group operates predominantly within New Zealand.

Group 12 months June 2016	Speirs Foods \$'000	Other \$'000	Reconciliation \$'000	Consolidated \$'000
External Revenue				
Interest Income	2	103	-	105
Revenue	17,839	-	-	17,839
Other Income	205	46	-	251
Intersegment Revenue / (Eliminations)	-	466	(466)	-
Total Segment Revenue	18,046	615	(466)	18,195
Overall Segment Result	312	(44)	(466)	(198)
Income Tax Benefit/(Expense)				315
Profit for the Year				117
Segment Assets	5,356	6,923	(4,000)	8,279
Segment Liabilities	2,706	3,047	-	5,753
Depreciation and Amortisation	381	-	-	381
Capital Expenditure	452	-	-	452

Two customers account for 83% of the total Revenue

Group 12 months June 2015	Speirs Foods \$'000	Other \$'000	Reconciliation \$'000	Consolidated \$'000
External Revenue				
Interest Income	2	104	-	106
Revenue	16,939	-	-	16,939
Other Income	199	810	-	1,009
Intersegment Revenue / (Eliminations)	-	466	(466)	-
Total Segment Revenue	17,140	1,380	(466)	18,054
Overall Segment Result	273	737	(466)	544
Income Tax Expense				-
Profit for the Year				544
Segment Assets	5,604	6,790	(4,000)	8,394
Segment Liabilities	2,866	3,001	-	5,867
Depreciation and Amortisation	389	-	-	389
Capital Expenditure	395	-	-	395

Two customers account for 83% of the total Trading Revenue

5 FINANCIAL ASSETS AND LIABILITIES

Accounting Classifications and Fair Values

The financial assets are loans and receivables/financial liabilities are at amortised cost and for both carrying value equals fair value.

Determination of Fair Values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

- Cash and Cash Equivalents – at face value, as this approximates fair value (Level 1)
- Trade and Other Receivables – at face value, after allowance for any assessed impairment, as this approximates fair value
- Investments in Debt and Equity Securities – at market or, if no active market, at value assessed by management using a valuation technique and approved by directors.(Level 2)
- Non-Derivative Financial Liabilities – at net present value.(Level 2)

Notwithstanding this there is no variation.

6 EMPLOYEE BENEFITS EXPENSE

	<i>Group</i>	
	2016 \$'000	2015 \$'000
Employee Benefits Expense		
Wages and Salaries	4,286	4,327
Other Personnel Expenses	185	171
Total Employee Benefits Expense	4,471	4,498

7 OTHER INCOME

	<i>Group</i>	
	2016	2015
	\$'000	\$'000
Other Income		
Rental Income	97	97
Mark to Market Gain on Holding of Allied Farmers Limited Shares	-	54
Realised Gain on the Sale of Allied Farmers Limited Shares	32	190
Reversal of Impairment Provision on Debt Owing from Allied Farmers Limited	-	427
Other Income	122	162
Total Other Income	251	930

8 OTHER EXPENSES

	<i>Group</i>	
	2016	2015
	\$'000	\$'000
Other Expenses		
Fees Paid to Auditors		
Statutory Audit of Financial Statements	41	43
Other Services	-	-
Directors Fees – Parent	107	105
Directors Fees – Subsidiaries	71	54
Bad Debts Written Off	4	3
Costs and fees in Relation to Delisting from NZAX	30	-
Insurance	178	235
Loss on Disposal of Property, Plant and Equipment	-	1
Other Expenses	916	874
Total Other Expenses	1,347	1,315

9 NET INTEREST INCOME/ (EXPENSE)

	<i>Group</i>	
	2016	2015
	\$'000	\$'000
Interest Income		
Cash and Cash Equivalents	3	4
Loans and Advances	102	102
Total Interest Income	105	106
Interest Expense		
Borrowings		
Redeemable Preference Shares Dividends	264	264
Amortisation of Issue Costs of Redeemable Preference Shares	-	21
Debtor Financing	94	124
Mortgage	48	106
On all other borrowings	8	8
Total Interest Expense	414	523
Net Interest Income/(Expense)	(309)	(417)

10 INCOME TAX EXPENSE

	<i>Group</i>	
	2016	2015
	\$'000	\$'000
Tax Expense/(Benefit)		
Current Tax	40	-
Deferred Tax Expense/(Benefit) – Note 17	(355)	-
Income Tax Expense/(Benefit)	(315)	-
	<i>Group</i>	
	2016	2015
	\$'000	\$'000
Reconciliation of Effective Tax Rate		
Profit Before Income Tax	117	544
Income Tax at 28%	33	152
Loss/(Gain) on Associates	21	(5)
Non-deductible Expenses	83	78
Tax Exempt Income	(97)	(188)
Unrecognised Future Income Tax Benefit	(355)	(37)
	(315)	-
	<i>Group</i>	
	2016	2015
	\$'000	\$'000
Imputation Credits		
Imputation Credits at Beginning of Year	3,399	3,570
Imputation Credits Attached to Redeemable Preference Share , Convertible Redeemable Preference Share, Ordinary Shares and Perpetual Preference Share Dividends Paid	(148)	(171)
Imputation Credits at End of Year	3,251	3,399

The imputation credits are available to shareholders of Speirs Group Limited through their shareholdings in Speirs Group Limited.

11 EARNINGS PER SHARE

Basic and Diluted Profit per Share

	<i>Group</i>	
	2016	2015
	\$'000	\$'000
Profit Attributable to Shareholders		
Profit for the Year	117	544
Dividends Paid on Perpetual Preference Shares	(61)	(61)
Profit for the Year Attributable to Shareholders	56	483
	<i>Group</i>	
	2016	2015
	'000	'000
Weighted Average Number of Ordinary Shares – Basic and Diluted		
Issued Ordinary Shares at Beginning of the Year	22	11,335
Issued Ordinary Shares at End of the Year		11,335
Weighted Average Number of Ordinary Shares at Period End – Basic and Diluted		11,335
	2016	2015
	Cents	Cents
Basic Profit per Share	0.49	4.26
Diluted Profit per Share	0.49	4.26

12 CASH AND CASH EQUIVALENTS

	<i>Group</i>	
	30 June	30 June
	2016	2015
	\$'000	\$'000
Cash and Cash Equivalents		
Cash at Bank	31	46
Short Term Deposits – Call	163	76
Total Cash & Cash Equivalents	194	122

All cash and cash equivalents are held in registered banks.

At 30 June 2016 and 30 June 2015 the Speirs Group Limited and Speirs Foods Limited had no overdraft facility.

13 TRADE AND OTHER RECEIVABLES

Group	30 June 2016		30 June 2015	
	Gross Amount	Carrying Amount	Gross Amount	Carrying Amount
	\$'000	\$'000	\$'000	\$'000
Trade and Other Receivables				
Trade Receivables	1,751	1,751	1,424	1,424
Owing from Pacific Invoice Finance	-	-	344	344
Total Trade and Other Receivables	1,751	1,751	1,768	1,768

Trade and Other Receivables are considered to be collectable in full. Accordingly, no allowance for impairment has been made.

14 INVENTORIES

	<i>Group</i>	
	30 June	30 June
	2016	2015
	\$'000	\$'000
Inventories		
Raw Materials and Consumables	427	391
Provision for Obsolete Consumables	(52)	-
Finished Goods	94	78
Total	469	469

No inventory is subject to retention of title clauses.

15 ASSOCIATE ENTITIES

Overall Summary

	<i>Group</i>	
	30 June	30 June
	2016	2015
	\$'000	\$'000
Investments Equity Accounted		
Share of Rosa Foods Limited	659	604
Share of Speirs Nutritionals Partners LP	18	22
Share of Advaro Financial Services Limited	808	989
	1,485	1,615

	30 June	30 June
	2016	2015
	\$'000	\$'000
Share of Profit/(Loss) of Associates		
Share of Profit of Rosa Foods Limited	103	141
Share of Profit/(Loss) of Speirs Nutritionals Partners LP	(4)	10
Share of Profit/(Loss) of Advaro Financial Services Limited and Gain on Acquisition	(181)	(72)
	(82)	79

(a) Rosa Foods Limited

On 1 April 2008 Speirs Group Limited purchased 40% of the ordinary shares of Rosa Foods Limited ("Rosa"). Rosa is a Wellington based food manufacturer providing prepared meal products to the supermarket chains. Rosa has a reporting date of 31 March. Financial information for Rosa has been extracted from unaudited management accounts for the period ended 30 June 2016. Speirs Group Limited did not receive a dividend on ordinary shares from Rosa during the year ended 30 June 2016.

	<i>Group</i>	
	30 June	30 June
	2016	2015
	\$'000	\$'000
Opening Balance	604	475
Partial Redemption of Preference Shares	(48)	(12)
Share of surplus/(deficit) after tax of associate	103	141
Closing Balance	659	604

At 30 June the unaudited statement of financial position of Rosa was as follows:

	2016	2015
	\$'000	\$'000
Current Assets	1,540	1,122
Goodwill	495	495
Property Plant and Equipment and Investments	970	526
Total Assets	3,005	2,143
Current Liabilities	1,162	843
Non Current Liabilities	296	10
Total Liabilities	1,458	853
Net Assets	1,547	1,290

(b) Speirs Nutritionals Partners LP

On 1 February 2010 Speirs Group Limited acquired a 59.61% interest in Speirs Nutritionals Partners LP ("SNPLP") in return for selling Speirs Group Limited's shares in Speirs Nutritionals Limited following a restructuring of the entities within the Group. SNPLP is a Limited Partnership which was formed when Speirs Nutritionals trading entity was changed from that of a company to that of a Limited Partnership. During the year ended 30 June 2011 Speirs Group Limited increased its interest in SNPLP from 59.61% to 60.657%. Financial information for SNPLP has been extracted from unaudited management accounts for the year ended 30 June 2016. SNPLP is not accounted for as a subsidiary as Speirs Group (under the terms of the underlying Partnership Agreement) does not have control of SNPLP. It does, however, have significant influence.

	<i>Group</i>	
	2016	2015
	\$'000	\$'000
Share of surplus/(deficit) after tax of associate	(4)	10
Less share of dividends received	-	-
Net addition/(deletion) to the investment carrying value	(4)	10
Prior Year Balance Brought Forward	22	12
	18	22

At 30 June the unaudited statement of financial position of SNPLP was as follows:

	2016	2015
	\$'000	\$'000
Current Assets	29	39
Total Assets	29	39
Current Liabilities	-	3
Total Liabilities	-	3
Net Assets	29	36
Speirs Group Share (60.657%)	18	22

(c) Advaro Financial Services Limited

As a result of a series of transactions during the year ended 30 June 2014 Speirs Investments Limited Partnership (a wholly owned subsidiary of Speirs Group Limited) acquired an 11.76% interest in Advaro Financial Services Limited ("Advaro"). Advaro is involved in a number of activities in the finance sector in New Zealand. Financial information for Advaro has been extracted from Advaro's unaudited management accounts for the period ended 30 June 2016. As Speirs Group has the right to appoint a director to the Board of Advaro, it has significant influence in Advaro. For this reason Advaro is treated as an associate entity.

	2016	2015
	\$'000	\$'000
Share of surplus/(deficit) after tax of associate	(345)	(72)
Effect of Change in Shareholding	164	-
Less share of dividends received	-	-
Net addition/(deletion) to the investment carrying value	(181)	(72)
Prior Year Balance Brought Forward	989	1,061
	808	989

At 30 June the unaudited statement of consolidated financial position of Advaro was as follows:

	2016	2015
	\$'000	\$'000
Current Assets	4,920	5,026
Finance Receivables	110,085	77,905
Plant and Equipment	909	814
Future Income Tax Benefit	2,309	871
Intangible Assets	5,402	5,635
Total Assets	123,625	90,251
Current Liabilities	2,967	1,297
Funding Lines	111,841	80,547
Total Liabilities	114,808	81,844
Net Assets	8,816	8,407
Speirs Share (9.17%; 2015 11.76%)	808	989

16 LOANS, ADVANCES AND INVESTMENTS

	<i>Group</i>	
	<i>30 June 2016 \$'000</i>	<i>30 June 2015 \$'000</i>
-		
Subordinated Debt in Advaro Funding 2 LP	1,000	1,000
Shares in Allied Farmers Limited	-	335
	1,000	1,335
Provision for Impairment	-	-
	1,000	1,335
Current	-	335
Non-Current	1,000	1,000
	1,000	1,335

Subordinated Debt in Advaro Funding 2 LP

As part of the establishment of the business of Advaro Financial Services Limited, Speirs Group Limited was required to invest the \$1million establishment fee it received in relation to this transaction into subordinated debt of a wholly owned subsidiary of Advaro Financial Services Limited, Advaro Funding 2 LP. The investment is subordinated to all other liabilities of Advaro Funding 2 LP and, so long as Advaro Funding 2 LP is not in default, bears a minimum interest rate of 10.00% per annum, payable (in arrears) on a monthly basis. The interest rate has a reset mechanism which is tied to market interest rates.

Shares in Allied Farmers Limited

At 30 June 2016 Speirs Group Limited held no Allied Farmers Limited ordinary shares (30 June 2015: 6,208,410 ordinary shares).

During the year ended 30 June 2016 Speirs has disposed of 6,208,410 (2015: 8,970,077) Allied Farmers shares by way of on market trading on NZX for \$363,780, net of commission paid (2015: \$662,636).

17 DEFERRED TAX ASSET

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the asset can be utilised. During the year ended 30 June 2016 the Group recognised a deferred tax asset comprising of \$355,315 of previously unrecognised tax losses, of which \$40,281 were applied to the current tax expense for the year.

Recognised Deferred Tax Assets

As at 30 June 2016 the Group has recognised a deferred tax asset of \$315,034 (2015: \$Nil) which is comprised of previously unrecognised tax losses.

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised for the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	<i>Group</i>	
	<i>30 June 2016 \$'000</i>	<i>30 June 2015 \$'000</i>
-		
Temporary Differences Relating To:		
- Property Plant and Equipment	102	94
- Intangible Assets	1	1
- Provisions and Other	119	101
Tax Losses	7,204	7,585
Total	7,426	7,781

18 PROPERTY, PLANT AND EQUIPMENT

	Land \$'000	Buildings \$'000	Computer Equipment \$'000	Vehicles \$'000	Other Plant & Equipment \$'000	Capital Work in Progress \$'000	Total \$'000
Cost							
Balance at 30 June 2014	80	2,859	948	318	4,265	101	8,571
Additions	-	69	78	7	162	14	330
Disposals / Transfers	-	-	(469)	(52)	(240)	-	(761)
Balance at 30 June 2015	80	2,928	557	273	4,187	115	8,140
Additions	-	43	53	-	441	-	537
Disposals	-	-	-	(36)	-	(85)	(121)
Balance at 30 June 2016	80	2,971	610	237	4,628	30	8,556
Depreciation							
Balance at 30 June 2014	-	845	832	283	3,626	-	5,586
Depreciation for the Year	-	118	67	13	169	-	367
Disposals	-	-	(467)	(50)	(237)	-	(754)
Balance at 30 June 2015	-	963	432	246	3,558	-	5,199
Depreciation for the Year	-	123	62	6	164	-	355
Disposals	-	-	-	(34)	-	-	(34)
Balance at 30 June 2016	-	1,086	494	218	3,722	-	5,520
Carrying Amounts							
At 30 June 2015	80	1,965	125	27	629	115	2,941
At 30 June 2016	80	1,885	116	19	906	30	3,036

All assets are used for food processing purposes.

19 TRADE AND OTHER PAYABLES

	<i>Group</i>	
	30 June 2016 \$'000	30 June 2015 \$'000
Trade and Other Payables		
Trade Payables	1,493	1,380
Provisions	5	5
Other Payables and Accrued Expenses	739	755
	2,237	2,140
Current	2,237	2,102
Non-Current	-	38
	2,237	2,140

20 BORROWINGS

	<i>Group</i>	
	30 June	<i>30 June</i>
	2016	<i>2015</i>
	\$'000	<i>\$'000</i>
Borrowings		
Debtor Financing Facility	71	-
Mortgage Facility	400	797
Plant Financing	115	-
Redeemable Preference Shares	2,930	2,930
	3,516	<i>3,727</i>
Current	124	-
Non-Current	3,392	3,727
	3,516	<i>3,727</i>

The year end effective interest rates with respect to borrowings are set out in the table below:

	<i>Group</i>	
	30 June	<i>30 June</i>
	2016	<i>2015</i>
	%	<i>%</i>
Borrowings		
Debtor Financing Facility	9.75%	12.00%
Mortgage Facility	7.75%	8.25%
Plant Financing	0.00%	N/A
Redeemable Preference Shares	9.00%	9.00%

Debtor Financing

The financing is secured by a first ranking charge over the assets and undertakings of Speirs Foods Limited and an unsecured guarantee from Speirs Group Limited. . The facility was entered into on 3 December 2013 and has a minimum non-cancellable period of 270 days. After 270 days has elapsed: (i) Speirs Foods Limited has the right (after giving 90 days' notice to the financier) to terminate the facility; (ii) the financier has the right (after giving 90 days' notice to Speirs Foods Limited) to terminate the facility.

Mortgage Facility

Speirs Foods Limited has a mortgage funding facility for up to \$1,120,000 (2015: \$1,200,000). The facility has a maturity date of 10 July 2018. The facility is secured by a first mortgage over the properties owned by Speirs Foods Limited, along with a second ranking charge over the assets and undertakings of Speirs Foods Limited and an unsecured guarantee from Speirs Group Limited.

Plant Financing

During the year ended 30 June 2016 Speirs Foods Limited entered into a plant financing arrangement with the supplier for a specific item of plant acquired during the same period. The financing is secured by a first ranking charge over the item of plant. The facility is for a 36 month period and is interest free. The facility requires the payment of \$4,424 per month.

Redeemable Preference Shares

During the year ended 30 June 2014 2,929,632 redeemable preference shares were issued at \$1 each. The redeemable preference shares have a scheduled redemption date of 30 September 2017, although Speirs Group Limited has the right to redeem at any time before the scheduled redemption date. The redeemable preference shares rank behind all other liabilities of Speirs Group Limited but ahead of ordinary and perpetual preference shareholders. Until 30 June 2015 the dividend rate will be 9.00% per annum. From 30 June 2015 the dividend rate will be reset annually (on 30 June) and will be the greater of 9.00% or the then one year swap rate plus 4.50%. On 30 June 2015 and 2016 the dividend rate was reset to 9.00%

21 CONTRIBUTED CAPITAL

Group	30 June	
	2016	2015
	\$'000	\$'000
Balance at 1 July	12,925	12,925
Balance at Year End	12,925	12,925

Group	Ordinary Shares	
	30 June	30 June
	2016	2015
	'000	'000
Number of Shares on issue at 1 July	11,335	11,335
Number of Shares on issue at Period End	11,335	11,335

The total authorised number of ordinary shares is **11,334,576** (30 June 2015: 11,334,576). All issued shares were fully paid and entitled to one vote. There are no preferences or restrictions attached to this class of share. Ordinary shares have no par value.

Perpetual Preference Shares

Group	Perpetual Preference Shares	
	30 June	30 June
	2016	2015
	'000	'000
Number of Shares on issue at 1 July	679	679
Number of Shares on issue at Period End	679	679

During the year ended 30 June 2012, in accordance with shareholder resolutions passed at a special shareholder meeting, 679,000 perpetual preference shares ("PPS") were issued at \$1 each

The table below sets out some of the key terms of the PPS.

Issue price	\$1.00 each.
Dividends payable by Speirs Group Limited	Dividends are only payable if authorised by the Board. If authorised, dividends are payable at the higher of: <ul style="list-style-type: none"> (a) 9% per annum; and (b) the average bid and offered swap rate for a one year swap as quoted on the Reuters Screen Page "FISSWAP" (which is currently around 2.4%) plus 5%. No dividends may be authorised by the Board in respect of ordinary shares in Speirs Group Limited unless dividends are authorised in respect of the PPS and all dividends on the PPS, including authorised but unpaid dividends, have been paid.
Ranking in respect of dividends	Behind the dividends payable on the RPS, equally with all other dividends payable on the PPS, and ahead of dividends payable on ordinary shares in Speirs Group Limited and any other shares in Speirs Group Limited that are expressed to rank behind the PPS.
When redeemable	May, at the sole option of Speirs Group Limited, be redeemed by Speirs Group Limited at any time after 10 years from the issue date (i.e. from 2022).
Redemption amount payable by Speirs Group Limited	\$1.00 plus any authorised but unpaid dividends.
When convertible	Convertible at the election of the holder between 5 and 10 years from the date of issue (i.e. between 2017 and 2022).
Rate of conversion	1 PPS converts into 8 ordinary shares in Speirs Group Limited.

Ranking in liquidation	Behind the creditors of Speirs Group Limited, behind the RPS holders, but ahead of ordinary shareholders and any other holders of shares that are expressed to rank behind the RPS.
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Dividends

The following dividends were declared and paid by Speirs Group Limited:

	30 June 2016 '000	30 June 2015 '000
0.5c per Qualifying Ordinary Share (30 June 2015: 1.0c)	57	113
9.0c per Qualifying Perpetual Preference Share (30 June 2015: 9.00c)	61	61

22 RECONCILIATION OF PROFIT AFTER TAX FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

	<i>Group</i>	
	30 June 2016 \$'000	30 June 2015 \$'000
Reconciliation of Profit After Tax for the Year to Net Cash from Operating Activities		
Profit for the Year	117	544
Adjustments for Non-Cash Items:		
Depreciation of Property, Plant and Equipment	355	367
Amortisation of Intangible Assets	26	22
Issue of Allied Farmers Limited Shares	-	(27)
Mark to Market Gain on Allied Farmers Limited Shares	-	(54)
Realised Gain on Disposal of Allied Farmers Limited Shares	(32)	(190)
Bad Debts Written-off	4	3
Partial Recognition of Deferred Income Tax Asset	(315)	-
Non Cash Loss on Speirs Securities Limited	-	7
Share of Associates (Gains)/ Losses	82	(79)
(Gain) / Loss on Sale of Property Plant and Equipment	-	1
	237	594
Movement in Other Working Capital Items:		
Change in Inventories	-	(56)
Change in Trade and Other Receivables and Prepayments	(242)	(377)
Change in Trade and Other Payables	97	(4)
Net Cash From Operating Activities	92	157

23 RELATED PARTIES

Transactions with Key Management Personnel

Key management personnel are considered to be the Directors of the Group and executives with the greatest authority for the strategic direction and management of the Group.

Key management personnel compensation comprised:

	<i>Group</i>	
	30 June 2016 \$'000	30 June 2015 \$'000
Short-Term Employee Benefits	449	442
Termination Benefits	-	-
	449	442

Other Transactions with Key Management Personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or for which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

There were no material transactions or outstanding balances relating to key management personnel.

Entities with which Speirs Group Limited is deemed to be related are: Speirs Foods Limited (a wholly owned subsidiary), Speirs Nutritionals Partners LP (a Limited partnership in which Speirs Group has a 60.57% interest), Speirs Investments LP (a Limited Partnership in which Speirs Group Limited is the sole Limited Partner), Advaro Financial Services Limited and its subsidiaries (a company in which Speirs Group Limited holds 9.17% of the shares on issue) and Rosa Foods Limited (a company in which Speirs Group Limited has a 40% interest).

Transactions for the year ended 30 June 2016 with related parties are summarised below:

- **Speirs Foods Limited**
 - Speirs Group Limited received a dividend of \$400,000 (30 June 2015: \$400,000) from Speirs Foods Limited.
 - Speirs Group Limited charged Speirs Foods Limited \$66,000 (30 June 2015: \$66,000) in respect of corporate services provided by Speirs Group Limited.
 - At 30 June 2016 Speirs Group Limited owed \$7,443 (30 June 2015: \$242,659) to Speirs Foods Limited.
- **Rosa Foods Limited**
 - Speirs Group Limited received a dividend on preference shares for \$8,060 (30 June 2015: \$11,990) from Rosa Foods Limited. At 30 June 2015 the balance of the preference shares was \$40,000 (30 June 2015: \$88,000).
 - Speirs Foods charged Rosa Foods Limited \$578,789 (30 June 2015: \$508,012) for freight and marketing services provided. At 30 June 2016 Rosa Foods Limited owed Speirs Foods Limited \$116,455 (30 June 2015: \$52,615).
- **Advaro Financial Services Limited and its subsidiaries**
 - Speirs Group Limited has invested \$1,000,000 (30 June 2015: \$1,000,000) by way of subordinated debt into a wholly owned subsidiary of Advaro Financial Services Limited
 - Speirs Group Limited received \$100,000 (30 June 2015: \$100,000) of interest on the subordinated debt. At 30 June 2016 the amount of accrued interest owing was \$8,333 (30 June 2015: \$8,333).

From time to time directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

24 CAPITAL COMMITMENTS AND CONTINGENCIES

Commitments

The Group was committed to capital expenditure of \$64,855 for the year ended 30 June 2016 (30 June 2015: \$114,545)

Contingent Liabilities

At 30 June 2016 the Group had no contingent liabilities (2015: Same)

25 EVENTS AFTER THE REPORTING PERIOD

There have been no events subsequent to balance date requiring disclosure in, or adjustment to, the financial statements.

26 FINANCIAL RISK MANAGEMENT

Introduction and Overview

The Group had exposure to the following risks arising from its use of financial instruments:

- Credit risks
- Liquidity risks
- Market risks

The Group manages raw material price risks through negotiated supply contracts. However, these contracts are for the purpose of receipt in accordance with the Group's expected usage requirements only and, accordingly, are not accounted for as financial instruments.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of Capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Risk management is carried out and monitored by the senior management team under policies approved by the Board of Directors. Management identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

Management of Credit Risk

The Board of Directors are responsible for the approval of credit risk policy. Senior management is responsible for the management and oversight of the credit risk policy established by the Board of Directors.

All members of the group are required to implement Group credit policies and procedures, with credit approval delegated from senior Management. Each business unit has a Senior Executive who reports on all credit related matters to the Board of Directors. Each business unit is responsible for the quality and performance of its credit portfolio and for the monitoring and controlling of all credit risks in its portfolios.

Exposure to Credit Risk

The Group has no 'off-balance sheet' liabilities. The maximum credit risk is the amount represented on the statement of financial position. Financial Assets which subject the Group to credit risks consist of:

	<i>Group</i>	
	<i>June 2016 \$'000</i>	<i>June 2015 \$'000</i>
Cash and Cash Equivalents	194	122
Trade and Other Receivables	1,751	1,768
Loans and Advances	1,000	1,000

The following categories are not impaired, contain no past due balances, nor contain any impairment allowances: cash and cash equivalents. A summary of impaired assets, past due assets, and allowances for impairment with respect to loans and advances to customers and trade and other receivables is set out below:

Group	Loans and Advances		Trade and Other Receivables	
	<i>June 2016 \$'000</i>	<i>June 2015 \$'000</i>	<i>June 2016 \$'000</i>	<i>June 2015 \$'000</i>
Carrying Amount	1,000	1,000	1,751	1,768
Past Due but not Impaired	-	-	-	13
Neither Past Due nor Impaired	1,000	1,000	1,751	1,755
Impairment Provision	-	-	-	-
Total Carrying Amount	1,000	1,000	1,751	1,755

Trade and other receivables totalling \$Nil (2015: \$13,092) are greater than 90 days overdue but are considered collectable and are not impaired.

Concentrations of Credit Risk

Concentration of credit risks arises where monetary assets are invested with a particular individual customer or in a particular industrial or geographic sector.

The Group has a concentration of credit risk in relation to trade receivables as 83% of total sales are made to two customers.

The Group manages concentration of credit risk by placing restrictions on the maximum amounts which may be deposited with a Registered Bank and ensuring that payments received from trade customers are made within prearranged payment parameters.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

Management of Liquidity Risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group mitigates its liquidity risk through the holding of liquid cash reserves and by having supporting credit lines.

The Group has a first mortgage term finance facility of up to \$1,200,000 secured on Group owned real estate and a debtor financing facility. See Note 21.

Exposure to Liquidity Risk

The following tables set out the contractual cash flows for all financial assets and liabilities and derivatives that are settled on a gross cash flow basis:

Group 2016	Carrying Amount \$'000	Gross Nominal Cash Flow \$'000	On Demand \$'000	Less than 3 Months \$'000	3-6 Months \$'000	6-12 Months \$'000	1-2 Years \$'000	2-5 Years \$'000
<i>Non-Derivative Assets</i>								
Cash and Cash Equivalents	194	194	194	-	-	-	-	-
Loans and Advances	1,000	1,500	-	25	25	50	100	1,300
Trade and Other Receivables	1,751	1,751	-	1,751	-	-	-	-
Total	2,945	3,445	194	1,776	25	50	100	1,300

Group 2016	Carrying Amount \$'000	Gross Nominal Cash Flow \$'000	On Demand \$'000	Less than 3 Months \$'000	3-6 Months \$'000	6-12 Months \$'000	1-2 Years \$'000	2-5 Years \$'000
<i>Non-Derivative Liabilities</i>								
Trade and Other Payables	2,237	2,237	-	2,237	-	-	-	-
Borrowings	3,516	3,915	-	89	89	177	3,150	410
Total	5,753	6,152	-	2,326	89	177	3,150	410

Group 2015	Carrying Amount \$'000	Gross Nominal Cash Flow \$'000	On Demand \$'000	Less than 3 Months \$'000	3-6 Months \$'000	6-12 Months \$'000	1-2 Years \$'000	2-5 Years \$'000
<i>Non-Derivative Assets</i>								
Cash and Cash Equivalents	122	122	122	-	-	-	-	-
Loans and Advances	1,000	1,500	-	25	25	50	100	1,300
Trade and Other Receivables	1,768	1,768	-	1,768	-	-	-	-
Total	2,890	3,390	122	1,793	25	50	100	1,300

Group 2015

	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
<i>Non-Derivative Liabilities</i>								
Trade and Other Payables	2,140	2,140	-	2,102	-	-	38	-
Borrowings	3,727	4,389	-	82	82	165	1,064	2,996
Total	5,867	6,529	-	2,184	82	165	1,102	2,996

The Group had no contractual cash flows with respect to financial liabilities going out beyond 5 years.

The above tables show the undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity.

Market Risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

Management of Market Risk

Equity price risk and credit spread risk (not relating to the obligor / issuer's credit standing) are not monitored by management as they are not currently significant in relation to the overall results and financial position of the Group.

Exposure to Interest Rate Risk

Interest rate margin risk arises as a result of mismatches between the repricing dates of advances and debt securities.

The interest rate gap position is calculated based on the earlier of the underlying instruments' maturity date or repricing date. A summary of the interest rate gap positions is as follows:

Group 2016	Carrying Amount	Non-Interest Bearing	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	194	31	163	-	-	-	-
Loans and Advances	1,000	-	-	-	1,000	-	-
	1,194	31	163	-	1,000	-	-
Borrowings	3,516	115	-	-	2,930	71	400
	3,516	115	-	-	2,930	71	400
	(2,322)	(84)	163	-	(1,930)	(71)	(400)
Group 2015	Carrying Amount	Non-Interest Bearing	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	122	46	76	-	-	-	-
Loans and Advances	1,000	-	-	-	1,000	-	-
	1,122	46	76	-	1,000	-	-
Borrowings	3,727	-	-	-	2,930	797	-
	3,727	-	-	-	2,930	797	-
	(2,605)	46	76	-	(1,930)	(797)	-

Capital Management

The Group's capital includes share capital and accumulated deficits.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. To achieve this the Directors and management monitor such matters as profitability and capital held on a monthly basis.

The Group's equity at the reporting dates comprises:

	30 June 2016 \$'000	30 June 2015 \$'000
Contributed Equity	12,925	12,925
Accumulated Deficits	(10,399)	(10,398)
Total Equity Balance at Period End	2,526	2,527

There have been no material changes in the Group's management of capital during the period.

27 INVESTMENT IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy 2.2.

All subsidiaries are incorporated in New Zealand.

Name of Entity	Principal Activity	Equity Holding	
		2016	2015
Speirs Foods Limited	Food processing company	100%	100%
Speirs Securitisation Management Limited	General Partner for Speirs Investments LP	100%	100%
Speirs Investments LP	Limited Partnership holding an 9.17% investment in Advaro Financial Services Limited	100%	100%

28 DIVIDEND DISTRIBUTION REINVESTMENT PLANS

The Group has no such plans in place.

29 NET TANGIBLE ASSETS PER SECURITY

	30 June 2016	30 June 2015
Net Tangible Assets Per Security - \$ per security	0.22	0.22

30 ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING YEAR

There have been no entities over which control has been gained or lost during the year.

31 JOINT VENTURES

The Group has no joint ventures.

Independent auditor's report

To the shareholders of Speirs Group Limited

We have audited the accompanying consolidated financial statements of Speirs Group Limited and its subsidiaries ("the group") on pages 7 to 33. The financial statements comprise the consolidated statement of financial position as at 30 June 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, this report or any of the opinions we have formed.

Directors' responsibility for the consolidated financial statements

The directors are responsible on behalf of the company for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the group.



Opinion

In our opinion, the consolidated financial statements on pages 7 to 33 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of Speirs Group Limited as at 30 June 2016 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

KPMG

16 September 2016
Wellington

STATUTORY INFORMATION

Principal activities

Speirs Group Limited operates as a holding company. At 30 June 2016 its principal interests are in:

Entity	Interest	Principal Activity
Speirs Foods Limited	Wholly owned subsidiary	Fresh food production and distribution
Speirs Investments LP	Speirs Group Limited is the sole Limited Partner	Holding an 9.17% investment in Advaro Financial Services Limited
Rosa Foods Limited	40% owned associate	Prepared meal production and distribution
Speirs Nutritionals Partners LP	60.657% owned associate	Commercial development and marketing of Intellectual Property and Know How

Directors' shareholdings – ordinary shares

	Beneficial Holdings	Non-Beneficial Holdings
The number of shares held by Directors of Speirs Group Limited at 30 June 2016:		
Nelson Speirs	1,047,678	705,489
Derek Walker	-	-
Fred Hutchings	-	-
David Speirs	-	271,388
Nelson Speirs (as Co-Trustee)	-	1,383,145

A Beneficial Holding records that the Director holds the shares in his own name. A Non-Beneficial Holding records that the Director(s) hold the shares in their capacity as a Trustee.

Directors' shareholdings – perpetual preference shares

	Beneficial Holdings	Non-Beneficial Holdings
The number of shares held by Directors of Speirs Group Limited at 30 June 2016:		
Nelson Speirs	390,000	-
Nelson Speirs (as Co-Trustee)	-	289,000

A Beneficial Holding records that the Director holds the shares in his own name. A Non-Beneficial Holding records that the Director(s) hold the shares in their capacity as a Trustee.

Directors' shareholdings – redeemable preference shares

	Beneficial Holdings	Non-Beneficial Holdings
The number of shares held by Directors of Speirs Group Limited at 30 June 2016:		
Derek Walker	30,000	-

A Beneficial Holding records that the Director holds the shares in his own name. A Non-Beneficial Holding records that the Director(s) hold the shares in their capacity as a Trustee.

Disclosure of interests by directors

- On 31 August 2015 Fred Hutchings declared that he had ceased to be a director of TSC Papanui as this company has been struck off.
- On 12 October 2015 Fred Hutchings declared that he had retired as Chair of the Ministry of Foreign Affairs and Trade Audit and Risk Committee.
- On 18 January 2016 Fred Hutchings declared that he was now the Past President of Chartered Accountants Australia and New Zealand.
- On 29 February 2016 Nelson Speirs declared that he had resigned as an alternate director for John McCliskie and Robert Speirs on the Board of Speirs Foods Limited.
- On 29 February 2016, upon his appointment to the Board, David Speirs declared the following interests:
 - He holds 1 ordinary share of the 100 ordinary shares in SpeirSCO Limited and is the sole director of SpeirSCO Limited
 - He is a Settlor, Trustee for, and beneficially interested in the David and Rebecca Speirs Family Trust which holds 271,388 ordinary shares in Speirs Group Limited and the Trust also holds 98 of the 100 ordinary shares in SpeirSCO Limited
- On 29 February 2016 Derek Walker declared his retirement as a director of NZ Windfarms Limited
- On 15 March 2016 Fred Hutchings declared his appointment as a director of Tui Products Limited
- On 18 April 2016 David Speirs declared his appointment as a Business Development Manager at Employsure Limited

Governance positions held by directors at 30 June 2016

Director	Entity	Relationship
Derek Walker	Palmerston North Airport Limited	Director (Chair)
	BCC Limited & Associated Companies	Director (Chair)
	Speirs Foods Limited	Director
	Third Bearing Limited	Director
	TBL Investments Limited	Director
	Elmira Consulting Limited	Director
	Wilson Cook Limited	Director
	Wildbase Recovery Community Trust	Trustee
Nelson Speirs	S N Management Limited	Director
	MMM Holdings Limited	Director (Chair)
	Speirs Securitisation Management Limited	Director
	Advaro Financial Services Limited	Director
	Advaro Funding Limited	Director
	Advaro General Partner (NZ) Limited	Director
	Advaro Limited	Director
Fred Hutchings	Amwell Holdings Limited	Director
	Walker Nominees Limited	Director
	Seeka Kiwifruit Industries Limited & Associated Companies	Director
	Chartered Accountants Australia + New Zealand	Past President
	Office of the Auditor General Audit and Risk Committee	Member (Chair)
	Commerce Commission Audit Finance and Risk Management	Convenor
	NZICA Audit Regulation Advisory Group	Member (Chair)
	Tui Products Limited	Director (Chair)
David Speirs	SpeirSCO Limited	Director and shareholder

Transfers of interests in Speirs Group Limited shares by directors during the year

- Nil

Directors' remuneration

Directors' remuneration received, or due and receivable during the year ended 30 June 2016, is as follows:

Name	Parent Subsidiary/Associate			Total Remuneration	
	Consultants Fees	Company Directors Fees	Company Directors Fees		
Derek Walker	\$ Nil	\$38,542	\$19,791	\$58,333	Independent Director and Chair
Nelson Speirs	\$ Nil	\$29,917	\$16,000	\$45,917	Non Independent Director
Fred Hutchings	\$ Nil	\$29,917	\$3,333	\$33,250	Independent Director
David Speirs (appointed 1 February 2016)	\$ Nil	\$8,333	\$ Nil	\$8,333	Non Independent Director

Directors are reimbursed for travel and accommodation expenses and any other costs properly incurred by them in connection with the business of Speirs Group Limited.

Use of Company information by directors

There were no recorded notices from directors requesting to use Company information received in their capacity as directors that would not otherwise have been available to them.

Directors' Loans

For the year ended 30 June 2016 and as at 30 June 2015, there were no loans to directors

Indemnification and insurance of directors and officers

The Company has arranged policies of directors' and officers' liability insurance which together with an indemnity provided under the Company's constitution ensures that generally directors will incur no monetary loss as a result of actions taken by them as directors. Certain actions, such as penalties and fines which may be imposed in respect of breaches of the law, are excluded.

Employee Remuneration

Remuneration and other benefits exceeding \$100,000 paid to employees during the year ended 30 June 2016 were:

	Group
• \$160,000 - \$169,999	1
• \$200,000 - \$209,999	1

STATUTORY DISCLOSURE IN RELATION TO SHAREHOLDERS

Twenty largest shareholders at 30 June 2016

	<i>Fully Paid</i> <i>Ordinary Shares</i>	<i>Percentage of</i> <i>Issued Voting Capital</i>
Nelson Speirs	1,047,678	9.24%
Donald Speirs	900,523	7.94%
Active Equity Holdings Limited	717,068	6.33%
Nelson Speirs, Mary Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	705,489	6.22%
Donald Speirs, John Wilson	642,273	5.67%
Nelson Speirs, Mary Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	521,222	4.60%
Keith Taylor	500,000	4.41%
Donald Speirs, Nelson Speirs, John Wilson	421,790	3.72%
David Speirs, Rebecca Speirs	271,388	2.39%
Donald Speirs, Nelson Speirs, John Wilson	257,206	2.27%
K Mody	235,000	2.07%
M Le Moigne	109,385	0.97%
M W Speirs	102,994	0.91%
M B Beale	102,394	0.90%
Nelson Speirs, Mary Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	100,000	0.88%
W Carson	100,000	0.88%
Cervelo Investments Limited	95,302	0.84%
P O Belk, B Belk	91,614	0.81%
Nelson Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	82,927	0.73%
T A & S Morgan	82,760	0.73%
	7,087,013	62.51%

Shareholder Statistics at 30 June 2016

<i>Ordinary Shares</i>	<i>Holders</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
1 to 999	29	5.65	14,147	0.12
1,000 to 4,999	241	46.98	546,129	4.82
5,000 to 9,999	82	15.98	577,697	5.10
10,000 to 99,999	145	28.27	3,462,193	30.55
100,000 and over	16	3.12	6,734,410	59.41
	513	100.00	11,334,576	100.00

Board Charter

Part 1 - The Company Goal(s)

The purpose of Speirs Group Limited, and its goal, is to become recognised as a strong, capable investment company by investing in entities that operate in chosen fields in which the Company has competence, so as to maximise returns to its investors and enhance the well-being of all its stakeholders.

Speirs Group Limited funds its investments through its equity, and other capital raising from the public. Mortgage and other funding may be raised by subsidiaries from time to time.

The words “Company”, “Board” and “Management” have the same meaning for all entities that are subsidiaries or associates of Speirs Group Limited, or in which Speirs Group Limited owns a significant interest.

For Speirs Group Limited, the Secretary to the Board also acts as CEO.

Part 2 - Board Governance Process

The role of the Board is to add long-term value to the Company’s shares as well as providing sustainable returns to all stakeholders.

Management will not be represented on the Board. Management control is exercised by the Board Secretary (Speirs Group Limited) and the appropriate CEO (entities that are subsidiaries or associates of Speirs Group Limited, or in which Speirs Group Limited owns a significant interest).

The Board will:

- ensure that the Company’s Goals are clearly established, and that strategies, originated by Management, are in place for achieving them;
- ensure that Management is pro-active in building the businesses within established parameters, through innovation, initiative, technology, new products and the development of business knowhow;
- monitor the performance of Management;
- appoint the CEO, set the terms of the CEO’s employment contract and, if necessary, terminate the CEO’s employment with the Company;
- protect the Company’s financial position and its ability to meet its debts and other obligations when they fall due;
- ensure that the Company’s financial statements are informative and comply with all legal and accounting standards;
- ensure that the Company adheres to high standards of ethical and corporate behaviour;
- ensure that the Company has appropriate risk management/regulatory compliance policies in place.
- Where possible, mitigate key risks facing the Company.

Day to day management of the Company will be in the hands of the Company Secretary.

The Board will satisfy itself that the Company is achieving the Company Goals.

The Board’s Relationship with Shareholders and with other Stakeholders

The Board will use its best endeavours to familiarise itself with issues of concern to Shareholders and other relevant stakeholders

In so doing, the Board will regularly consider economic, political, social and legal issues and other relevant matters that could affect the development of the businesses or the interests of Shareholders and other relevant stakeholders.

The Board acknowledges the cornerstone shareholding of the Speirs family in Speirs Group Limited.

Board Procedures

Directors will:

- At all reasonable times, have access to all relevant Company information and to Management:

- Meet formally at least quarterly, and additionally as the occasion requires. The board may meet by audio or audio/visual means;
- set its own agenda, through the Chair;
- place emphasis on strategic issues and policy;
- attend board meetings, prepare fully, and participate fully, frankly and constructively in board discussions;
- bring the benefit of individual knowledge, skills and abilities to the Board table;
- recognise that constructive debate will lead to better decisions, and seek consensus if possible;
- when making decisions, consider the general principles on which they are founded and any Company policies that may impact upon the decision;
- other than as required by law, regulation or agreement of the Board itself, regard all matters discussed at Board meetings as being confidential.

At the regular formal meetings the Board will consider:

- an update of its 'interests register';
- an operational report from the CEO (and CFO if applicable), which shall include reporting of financial and operational performance with comparison of actual and budgeted performance, explanation of variances from budget, and forecasts of future performance;
- specific proposals for capital expenditure;
- major issues and opportunities for the Company;
- any changes to strategic risks and opportunities for the Company;
- approving the quarterly payment of dividends in relation to Preference Shares and associated solvency declarations.

At least annually, the Board will:

- undertake a planning process which reviews the company's short, medium and long term goals and strategic direction in the context of the environment and markets it is operating in, its internal strengths and weaknesses and the key internal and external risks and opportunities for the company.
- approve the annual operating and capital plan and expenditure budgets;
- approve the annual and half-yearly financial statements, report to Shareholders and public announcements;
- approve the annual report;
- consider and, if appropriate, declare or recommend the payment of dividends on ordinary shares;
- review the Board composition, structure and succession;
- review the Company's audit requirements;
- review the performance of, necessity for and composition of Board committees;
- undertake Board and individual director evaluations;
- review directors' remuneration;
- review the CEO's performance and remuneration;
- review any donations and sponsorships;
- review remuneration policies and practices in general;
- review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements;
- review the Company's code of conduct and ethical standards;
- review Shareholder, customer and supplier relations;
- agree the following year's Board work plan.

Board Chair and Deputy Chair

At its first formal meeting following the annual general meeting of Shareholders, the Board will appoint a Chair from amongst its members. The Board may, if it wishes, appoint a Deputy Chair.

The Chair is responsible for:

- representing the Board to Shareholders and the Public;
- ensuring the integrity and effectiveness of the Governance Process;
- maintaining regular dialogue with the CEO over significant operational matters;

- consultation with the other directors on any matter that might give concern;
- facilitating Board meetings to ensure that no director dominates discussion, that relevant opinion among directors is forthcoming and that discussions result in logical and sensible outcomes.

Board Committees

The Board will form committees only when it is efficient or necessary to facilitate efficient decision-making. Unless otherwise directed by the Board, all directors will be members of each committee. The committees will observe the Board rules of conduct and procedure, and will speak and act only on matters authorised by the Board. That authority will not derogate from the authority delegated to the CEO.

The Board has three standing committees – Audit, Remuneration and Nomination.

The **Audit Committee** is the conduit to the external auditors. The Board Chair will not be the Audit Committee Chair. The Audit Committee reviews the annual and half-yearly financial statements prior to approval by the Board, the effectiveness of management information systems and systems of internal control and the effectiveness of the external audit function.

The **Remuneration Committee** annually reviews the remuneration packages of all directors and the CEO and makes recommendations to the Board. The packages are reviewed with due regard to performance and other relevant factors including market relativity.

The **Nomination Committee** will be chaired by the Board Chair. The Nomination committee reviews the composition of the Board annually and makes recommendations to the Board to ensure the Board comprises members with an appropriate mix of skills and experience. Appropriate assistance from external advisors may be sought.

Board Composition and Mix

The composition of the Board, with a membership of no less than three, will reflect the duties and responsibilities it is required to discharge as representative of the Shareholders, including setting the Company's goal(s) and strategy for achieving those goals, and overseeing the implementation of that strategy.

The qualification for Board membership is the ability and intelligence to make sensible business decisions and recommendations, such as:

- an entrepreneurial talent for contributing to the creation of Shareholder value;
- the ability to see the wider picture;
- the ability to ask the hard questions;
- experience in the industry sector;
- high ethical standards;
- sound practical and common sense;
- total commitment to furthering the interests of Shareholders and the achievement of the Company Goals.

Directors hold office for three years following their first appointment by Shareholders, and retire by rotation. Directors retiring by rotation may offer themselves for re-election for a further three year term.

Induction of new Directors

Potential new directors are encouraged to carry out "due diligence" on the Company before accepting an appointment to the Board.

Prior to their first appointment, an induction programme will be provided to fully acquaint the new director with the business and affairs of the Company and the business environment and markets in which it operates. This will include appropriate meetings with other directors and with senior Management.

Directors' Remuneration

The Remuneration Committee will recommend to the Board the level of remuneration paid to directors, always within the overall limitations imposed by Shareholders. Consideration will be taken of extra responsibilities such as chairing a Board committee.

The Chair and Deputy Chair (if any) will be paid a level of fees appropriate to their office. For the Chair, this will usually be in the order of 200% of the basic fees paid to the other directors.

Remuneration will be reviewed annually, which may include taking independent professional advice.

Speirs Group Limited Shareholding by Directors

Speirs Group Limited shares are listed on Unlisted. Directors are encouraged, but not obliged, to hold shares in Speirs Group Limited.

Should directors buy or sell shares in Speirs Group Limited, they must strictly observe the provisions of Speirs Group Limited's own internal rules as well as all relevant legislative and regulatory procedures.

Provision of Business or Professional Services by Directors

Because a conflict of interest (actual or perceived) may be created, directors should not, generally, provide business or professional services of an ongoing nature to the Company, other than where:

- the service is a special assignment, where the director has special expertise in the particular field; and
- the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

Other Board Appointments

Any director, while holding office, is at liberty to accept other Board appointments so long as the appointment is not in conflict with the Company's business and does not detrimentally affect the director's performance as a Company director. All other appointments must first be discussed with the Chair before being accepted.

Board and Director Evaluations

Each year:

- the Board will critically evaluate its own performance, processes and procedures to establish that they are not unduly complex and remain designed to assist the Board in effectively fulfilling its role;
- individual directors will be evaluated by the Board determining questions to be asked of each director about him/herself and about each other, including the Chair. Each director answers the questions in writing and the responses are collected and collated by the Chair who then discusses the results with each director. The Chair's own results are discussed with the remainder of the Board.

Indemnities and Insurance

The Company provides directors with, and pays premiums for, indemnity and professional insurance cover while acting in their capacities as directors. The Board may also provide an indemnity to directors.

The Secretary to the Board

The Secretary is appointed by the Board.

The Secretary is responsible for ensuring that:

- Board procedures are followed;
- the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.
- Take minutes of all Board and Board Committee meetings.

All directors, particularly the Board Chair and Committee Chairs, have access to the advice and services of the Secretary for the purposes of the Board's affairs and the Company's business.

Part 3 – Position of CEO (for Speirs Group Limited, read 'Secretary to the Board' for 'CEO')

Position of CEO

The Board will link the Company's governance and management functions through the CEO. All Board authority conferred on Management is delegated through the CEO so that the authority and accountability of Management is considered to be the authority and accountability of the CEO so far as the Board is concerned.

The Board will agree with the CEO to achieve specific results directed towards the Company Goal(s)

Between Board meetings the Chair maintains an informal link between the Board and the CEO, is kept informed by the CEO on all important matters and is available to the CEO to provide counsel and advice where appropriate.

The CEO will take the lead and, as appropriate, work with the Chair and the Board, to undertake the necessary administrative duties to float, manage, re-finance, and repay all mezzanine financing and public borrowing as required by the Board from time to time.

Only decisions of the Board acting as a body are binding on the CEO. Instructions by individual directors or by Board committees are not given directly to the CEO.

Accountability of CEO to Board

The CEO, in association with the Chair, is accountable to the Board for the achievement of the Company Goal(s).

The CEO is accountable for the observance of the Management Limitations (see below).

The CEO will provide monthly reports to the Board covering:

- all appropriate operational, financial and other relevant matters;
- assurances that the Board considers necessary to confirm that the Management Limitations are being observed.

Management Limitations

The CEO is expected to:

- act within all specific authorities delegated to him/her by the Board;
- not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics;
- allocate Company capital and resources in adherence with Company Goal(s) and annual operating and capital expenditure budgets;
- not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term Shareholder value;
- not cause or permit any action that is likely to result in the Company becoming financially embarrassed;
- adequately protect and maintain the assets of the Company.
- appropriately administer and service the liabilities of the Company;
- operate the Company with a comprehensive system of internal control;
- not permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.

DIRECTORY

Directors

At 30 June 2016 the Board of Directors of Speirs Group Limited is comprised of three Non-Executive Directors. All Directors have served for the whole year with the exception of David Speirs (who was appointed to the Board on 1 February 2016).

Non-Executive Directors

Derek Walker (Chairman) , BE (Hons), BBS

Fred Hutchings (Deputy Chairman) BBS, FCA

Nelson Speirs, FCA

David Speirs

Company Secretary

Lee Simpson BBS, CA, ACIS, AGNZ

Email: lees@speirs.co.nz

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4 Lower High Street, Marton
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Telephone: 06 350 6004
Facsimile: 06 350 6019

Securities Registrar

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
Telephone: 09 488 8700
Facsimile: 09 488 8787
Investor Enquiries: 09 488 8777

Production Facility Offices

Speirs Foods Limited
Hair Street
Marton
P O Box 108, Marton
Telephone: 0800 366 324
Facsimile: 06 327 5717
Email: sales@speirs.co.nz

Advisors/Service Suppliers

Auditors

KPMG

Bankers

Bank of New Zealand

Solicitors

Chapman Tripp