SPEIRS GROUP LIMITED

REPORT TO SHAREHOLDERS

FOR THE 6 MONTHS ENDED 31 DECEMBER 2016

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Overview

The first six months of the 2016/17 year produced an overall group profit of $222,000 compared to a loss of $326,000 for the previous corresponding period. This result was driven by a substantial gain in the value of our investment in the finance business, Equipment, Leasing and Finance Holdings Holdings Limited but offset by a poor result from Speirs Foods.

Profitability

The contributions to the overall profit after tax of $222,000 can be summarised as:

	Six Months 31 December 2016 $000	***Six Months 31 December 2015 $000***	***Improvement/ (Deterioration) %***
Speirs Foods trading profit before interest	17	140	(87.9)
Associates' profit/(loss)			
- Rosa Foods Limited	61	48	27.1
- Equipment, Leasing & Finance Holdings Limited/Advaro Financial Services Limited	437	(245)	278.3
- Speirs Nutritionals Partners LP	(1)	(3)	66.7
Realised Gain on Sale of Allied Farmers shares	-	32	(100.0)
Corporate governance and refinancing costs	(141)	(138)	(2.2)
Net financing costs	(151)	(160)	5.6
Overall profit/(loss) attributable to shareholders	222	(326)	168.1

Speirs Foods Limited

Speirs Foods profitability was adversely impacted by reduced prices for its core product range resulting from strong competition and price pressure from the main supermarket chains, together with a number of one-off costs. Trading Income was $8.955 million, down 1.2% on last year's $9.065 million.

As previously signalled, Speirs Foods General Manager Chris Newton left the company at the end of the calendar year and we also farewelled Brett Robertson, our long serving Financial Controller who retired in mid-December. We thank both Chris and Brett for their contributions to Speirs Foods. As an interim measure, Ross Kane has been appointed Acting General Manager. Ross is a very experienced Chief Executive with experience in the fresh foods business. Ross will take general management responsibility until a permanent general manager is appointed. We also welcome Tracey Alston as our new Financial Controller. Tracey is a very experienced finance manager with extensive turnaround management experience in the United Kingdom.

The Board have asked the new management team to undertake a complete operational and strategic review of the Foods business building on cost savings initiatives previously identified. They have moved quickly on this task and have already put in place a cost savings programmed to be progressively implemented in coming months. There will be some initial costs associated with this programme that will be borne over the remainder of this 2017 financial year but the programme will put us in a stronger position for the future.

Poor weather conditions over the important December/January period have further impacted on sales and together with expected restructuring costs over the second half of the year we expect a year end trading result of break even at best. However, we expect the measures taken in this next period will improve our profitability for the next financial year as the benefits of the cost saving programme take effect.

Rosa Foods

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

Rosa provided a $61,000 contribution to the Speirs Group result for the period, up from the $48,000 provided in the previous period.

Equipment, Leasing and Finance Holdings Limited (EL&F) / Advaro

As at the end of the 2016 financial year, Speirs Group Limited) held a 9.17% interest in Advaro Financial Services Limited ("Advaro"), a finance and leasing business. On 30 September 2016, a series of transactions occurred which included:

- Advaro being transferred into a new holding company, Equipment, Leasing & Finance Holdings Limited ("EL&F");
- The introduction of new capital into EL&F diluting Speirs holding to 2.4% of equity plus 0.4% of equity in preference shares; and

- The acquisition by EL&F of the businesses of AB Equipment Limited and NZ Trucks Limited from Hellaby Holdings.

As a result of these transactions, Speirs Group now has a smaller share of a much larger entity. The acquisition of the established businesses of AB Equipment Limited and NZ Trucks Limited also means that EL&F will achieve profitability immediately. As a smaller shareholder Speirs Group has lost the right to appoint a director to EL&F and will have limited influence on its operation.

The value of our shareholding in EL&F is recorded as our share of the net assets of the Company, after deducting a contingency reserve of $150,000. The contingency reserve recognises that the valuation is based upon the first preliminary draft post acquisition balance sheet of EL&F: the formal balance sheet has yet to be finalised. As at the end of the period, after deducting the contingency reserve, there was a net increase in the value of our holding of $437,000.

Refinancing of RPS
The group has $2.9 million of Redeemable Preference Shares ("RPS") due for repayment on 30 September 2017.

We are advanced in our planning for this refinancing which will be provided from a mix of cash that has been received from various asset sales over the last three years, recourse to our existing operational funding facilities, internal operational cash flows and a planned limited issue of new redeemable preference shares in early/mid 2017.

In the current reporting period, we concluded the sale of the premises in Hair St, Marton originally acquired for the Speirs Nutritionals business and subsequently leased to another technology business. Speirs Foods continue to own the premises from which they manufacture and distribute their products.

Dividend
Due to the poor trading result from Speirs Foods for the first half of the financial year and the need to preserve cash for the repayment of Redeemable Preference Shares, the Board has resolved not to pay a dividend for the period.

Outlook
Our focus over the next period will be the improvement in Speirs Foods profitability and the refinancing of the Redeemable preference share due for repayment in September 2017.

As noted above we expect only a break even or a small loss from the operations of Speirs foods for the full year due to reduced prices and a number of one-off restructuring costs. Actions are being taken to improve the trading profitability of Speirs Foods with an expectation of a return to profit in the next financial year.

We expect positive value accretion from our investment in Equipment, Leasing and Finance Holdings Limited but this is unlikely to provide any cash flow to Speirs Group in the short term, apart from the interest received on the subordinated debt.

For and on behalf of the Directors,

Derek Walker
Chairman of Directors
Speirs Group Limited

10 February 2017

Financial Statements

Throughout this report, the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and all accompanying notes referring to:

- The six month period ended, and as at, 31 December 2016 are unaudited;
- The financial statements for the year ended, and as at, 30 June 2016 have been audited; and
- The six month period ended, and as at, 31 December 2015 are unaudited.

Statement of Financial Position

As at 31 December 2016

	Notes	December 2016 $'000	June 2016 $'000	December 2015 $'000
Assets				
Current Assets				
Cash and Cash Equivalents	13	856	194	114
Prepayments		37	12	56
Trade and Other Receivables	14	2,570	1,751	2,644
Inventories	15	667	469	676
Total Current Assets		4,130	2,426	3,490
Non-Current Assets				
Investment in Associates	16	713	1,485	1,391
Loans, Advances and Investments	17	2,245	1,000	1,000
Deferred Income Tax Asset	18	315	315	-
Property, Plant & Equipment	19	2,367	3,036	3,146
Intangibles		14	17	30
Total Non-Current Assets		5,654	5,853	5,567
Total Assets		9,784	8,279	9,057
Liabilities				
Current Liabilities				
Borrowings	21	2,983	124	294
Trade and Other Payables	20	3,319	2,237	3,031
Total Current Liabilities		6,302	2,361	3,325
Non-Current Liabilities				
Borrowings	21	765	3,392	3,619
Total Non-Current Liabilities		765	3,392	3,619
Total Liabilities		7,067	5,753	6,944
Equity				
Contributed Capital	22	12,925	12,925	12,925
Accumulated Deficits		(10,208)	(10,399)	(10,812)
Capital & Reserves		2,717	2,526	2,113
Total Equity and Liabilities		9,784	8,279	9,057

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

Statement of Comprehensive Income

For the six months ended 31 December 2016

	Notes	*6 months 31 December 2016 $'000*	*12 months 30 June 2016 $'000*	*6 months 31 December 2015 $'000*
Revenue		8,955	17,839	9,065
Purchases of Raw Materials		(3,160)	(6,305)	(3,228)
Employee Benefits Expense	7	(2,257)	(4,471)	(2,288)
Freight, Packaging & Other		(2,919)	(5,393)	(2,762)
Net Trading Income		619	1,670	787
Other Income	8	128	251	141
Total Net Income Earned from Operating Activities		747	1,921	928
Share of Gain/(Loss) and Gain on Acquisition of Associates	16	497	(82)	(200)
Other Expenses	9	(688)	(1,348)	(705)
Earnings Before Interest, Depreciation and Amortisation		556	492	23
Interest Income		51	105	54
Interest Expense		(202)	(414)	(214)
Net Interest Expense	10	(151)	(309)	(160)
Depreciation and Amortisation		(183)	(381)	(189)
Profit/(Loss) Before Income Tax		222	(198)	(326)
Income Tax (Expense)/ Benefit	11	-	315	-
Other Comprehensive Income		-	-	-
Total Comprehensive Income/(Loss)		222	117	(326)
Total Earnings/(Loss) per Share Attributed to Equity Holders of the Company:				
Basic Profit/(Loss) per Share (c/share)	12	1.69	0.49	(3.15)
Diluted Profit/(Loss) per Share (c/share)	12	1.69	0.49	(3.15)

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

Statement of Changes in Equity

For the six months ended 31 December 2016	*Contributed Capital $'000*	*Accumulated Deficits $'000*	*Total Equity $'000*
Balance at 30 June 2016	12,925	(10,399)	2,526
Comprehensive Income			
Profit/(Loss) for the Period	-	222	222
Total Comprehensive Income	-	222	222
Transactions with Owners			
Dividends on Perpetual Preference Shares	-	(31)	(31)
Total Transactions with Owners	-	(31)	(31)
Balance at 31 December 2016	12,925	(10,208)	2,717

For the year ended 30 June 2016	*Contributed Capital $'000*	*Accumulated Deficits $'000*	*Total Equity $'000*
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			
Dividends Paid on Ordinary Shares	-	(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

For the six months ended 31 December 2015	*Contributed Capital $'000*	*Accumulated Deficits $'000*	*Total Equity $'000*
Balance at 30 June 2014	12,925	(10,398)	2,527
Comprehensive Income			
Profit/(Loss) for the Period	-	(326)	(326)
Total Comprehensive Income	-	(326)	(326)
Transactions with Owners			
Dividends on Ordinary Shares	-	(57)	(57)
Dividends on Perpetual Preference Shares	-	(31)	(31)
Total Transactions with Owners	-	(88)	(88)
Balance at 31 December 2015	12,925	(10,812)	2,113

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

Statement of Cash Flows

For the six months ended 31 December 2016

	Notes	6 months 31 December 2016 $'000	12 months 30 June 2016 $'000	6 months 31 December 2015 $'000
Cash Flows from Operating Activities				
Interest Received		51	105	54
Dividends Received		2	8	5
Cash Receipts from Customers		8,136	17,508	8,185
Other Income		93	211	103
Dividends Paid on Redeemable Preference Shares		(132)	(264)	(132)
Interest Expense		(70)	(150)	(82)
Cash Paid to Suppliers and Employees		(8,165)	(17,326)	(8,250)
Net Cash from Operating Activities	23	(85)	92	(117)
Cash Flows from Investing Activities				
Proceeds from Sale of Property, Plant and Equipment		738	2	3
Proceeds from Partial Redemption of Preference Shares in an Associate		24	48	24
Proceeds from Sale of Allied Farmers Limited Shares		-	367	367
Acquisition of Intangibles		(10)	-	-
Acquisition of Property, Plant & Equipment		(206)	(452)	(383)
Net Cash Flows from Investing Activities		546	(35)	11
Cash Flows from Financing Activities				
Proceeds from borrowings		330	530	383
Repayments of Borrowings		(98)	(397)	(197)
Dividends Paid on Ordinary Shares		-	(57)	(57)
Dividends Paid on Perpetual Preference Shares		(31)	(61)	(31)
Net Cash Flows from Financing Activities		201	15	98
Net Increase / (Decrease) in Cash and Cash Equivalents		662	72	(8)
Cash and Cash Equivalents at Beginning of Period		194	122	122
Cash and Cash Equivalents at Period End	13	856	194	114

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 a 2.38% investment in Equipment, Leasing & Finance Holdings 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.

Speirs Group Limited has equity securities listed the Unlisted trading platform.

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 company'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. 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. Speirs Group Limited is a FMC entity for reporting purposes under the Financial Markets Conduct Act 2013.
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 and 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 4.

Going Concern

The financial statements are prepared on a going concern basis, which assumes the Group will be able to meet its obligations as and when they fall due and realise assets and liabilities in the ordinary course of business.

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. 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.

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, Advaro Limited and Rosa Foods Limited (associates of Speirs Group Limited), and Speirs Foods Limited (a wholly owned subsidiary 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. Investment in Subsidiaries and Associates
The Parent Company records its investment in subsidiaries and associates at cost less any accumulated impairment losses.

2.24. Comparatives
Certain comparatives have changed to comply with current year presentation.

3. 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, as well as written policies covering specific areas, such as mitigating interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

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.

Each business unit is required to implement Group credit policies and procedures, with credit approval delegated from senior Management. Each business unit has a General Manager 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.

Credit risks in respect of bank balances and short term deposits are managed by limiting amounts invested in any particular institution or by depositing amounts with registered banks within New Zealand.

Exposure to Credit Risk

The Group and Company have 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:

	Group		
	December 2016 $'000	***June 2016 $'000***	***December 2015 $'000***
Cash and Cash Equivalents	856	194	114
Trade and Other Receivables	2,570	1,751	2,644
Loans, Advances and Investments	1,000	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 of loans and advances and trade and other receivables is set out below:

	Loans and Advances			**Trade and Other Receivables**		
	December 2016 $'000	***June 2016 $'000***	***December 2015 $'000***	***December 2016 $'000***	***June 2016 $'000***	***December 2015 $'000***
Carrying Amount	1,000	1,000	1,000	2,570	1,751	2,644
Past Due but not Impaired	-	-	-	2	-	17
Neither Past Due nor Impaired	1,000	1,000	1,000	2,568	1,751	2,627
Total Carrying Amount	1,000	1,000	1,000	2,570	1,751	2,644

- Trade and other receivables totalling $1,717 (30 June 2016: $Nil; 31 December 2015: $17,044) 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 manages concentration of credit risk by placing restrictions on the maximum amounts which may be deposited with a Registered Bank.

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. At 31 December 2016 the Group had an undrawn debtor financing facility of $1.945m. This facility is based upon the value of Speirs Foods debtors' balances which fluctuate during the year based on Speirs Foods seasonal sales pattern. Accordingly the available facility amount during the year generally ranges between $1.4m and $1.9m. The agreed facility limit is $2m.

Based on current cash flow projections the Directors expect that the Group will have sufficient liquidity to meet the Group's ongoing requirements. For this reason the Directors consider that the adoption of the going concern assumption is appropriate

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:

31 December 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***
Non-Derivative Assets								
Cash and Cash Equivalents	856	856	856	-	-	-	-	-
Loans and Advances	1,000	1,500	-	25	25	50	100	1,300
Trade and Other Receivables	2,570	2,570	-	2,570	-	-	-	-
Total	4,426	4,926	856	2,595	25	50	100	1,300

31 December 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***
Non-Derivative Liabilities								
Trade and Other Payables	3,319	3,319	-	3,319	-	-	-	-
Borrowings	3,748	4,004	-	93	93	3,051	767	-
Total	7,067	7,323	-	3,412	93	3,051	767	-

30 June 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***
Non-Derivative Assets								
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	-	1,768	-	-	-	-
Total	2,945	3,445	194	1,776	25	50	100	1,300

30 June 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
Non-Derivative Liabilities								
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**

31 December 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
Non-Derivative Assets								
Cash and Cash Equivalents	114	114	114	-	-	-	-	-
Loans and Advances	1,000	1,500	-	25	25	50	100	1,300
Trade and Other Receivables	2,644	2,644	-	2,644	-	-	-	-
Total	3,758	4,258	114	2,669	25	50	100	1,300

31 December 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
Non-Derivative Liabilities								
Trade and Other Payables	3,031	3,031	-	3,031	-	-	-	-
Borrowings	3,913	4,518	-	97	97	194	3,469	661
Total	6,944	7,549	-	3,128	97	194	3,469	661

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.

The gross nominal cash flow disclosed in the above tables is the contractual, undiscounted cash flow on the financial liability.

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

The Group undertakes minimal transactions denominated in foreign currencies. At 31 December 2016, 30 June 2016 and 31 December 2015 the Group had no foreign currency exposures.

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:

31 December 2016	***Carrying Amount $'000***	***Non-Interest Bearing $'000***	***Less than 3 Months $'000***	***3-6 Months $'000***	***6-12 Months $'000***	***1-2 Years $'000***	***2-5 Years $'000***
Cash and Cash Equivalents	856	725	131	-	-	-	-
Loans and Advances	1,000	-	-	-	1,000	-	-
	1,856	725	131	-	1,000	-	-
Borrowings	(3,748)	(88)	-	-	(2,930)	(730)	-
	(1,892)	637	131	-	(1,930)	(730)	-)

30 June 2016	***Carrying Amount $'000***	***Non-Interest Bearing $'000***	***Less than 3 Months $'000***	***3-6 Months $'000***	***6-12 Months $'000***	***1-2 Years $'000***	***2-5 Years $'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)
	(2,322)	(84)	163	-	(1,930)	(71)	(400)

31 December 2015	***Carrying Amount $'000***	***Non-Interest Bearing $'000***	***Less than 3 Months $'000***	***3-6 Months $'000***	***6-12 Months $'000***	***1-2 Years $'000***	***2-5 Years $'000***
Cash and Cash Equivalents	114	19	95	-	-	-	-
Loans and Advances	1,000	-	-	-	1,000	-	-
	1,114	19	95	-	1,000	-	-
Borrowings	(3,913)	(142)	-	-	(2,930)	(241)	(600)
	(2,799)	(123)	95	-	(1,930)	(241)	(600)

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

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:

	31 December 2016 $'000	30 June 2016 $'000	31 December 2015 $'000
Contributed Equity	12,925	12,925	12,925
Accumulated Deficits	(10,208)	(10,399)	(10,812)
Total Equity Balance at Period End	2,717	2,526	2,113

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

4. Estimates and Judgements

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.

Investment in Equipment, Leasing and Finance Holdings Limited

The value of our shareholding in EL&F is recorded as our share of the net assets of the Company, after deducting a contingency reserve of $150,000. The contingency reserve recognises that the valuation is based upon the first preliminary draft post acquisition balance sheet of EL&F: the formal balance sheet has yet to be finalised. As at the end of the period, after deducting the contingency reserve, there was a net increase in the value of our holding of $437,000.

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

5. 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.
Corporate	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 6 months 31 December 2016	*Speirs Foods $'000*	*Corporate $'000*	*Reconciliation $'000*	*Consolidated $'000*
External Revenue				
Interest Income	-	51	-	51
Revenue	8,955	-	-	8,955
Other Income	124	4		128
Share of Gain and Gain on Acquisition of Associates	-	497	-	497
Intersegment Revenue/(Eliminations)	-	258	(258)	-
Total Segment Revenue/(Eliminations)	9,079	810	(258)	9,631
Overall Segment Result	(52)	532	(258)	222
Income Tax Expense				-
Profit for the 6 Month Period				222
Segment Assets	6,721	7,063	(4,000)	9,934
Segment Liabilities	4,349	2,718	-	7,067
Depreciation and Amortisation	183	-	-	183
Capital Expenditure	206	-	-	206

The Group receives Trading Income from two customers who account for 84% of total Trading Income

Group 12 months June 2016	*Speirs Foods $'000*	*Corporate $'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

The Group receives Trading Income from two customers who account for 83% of total Trading Income

Group 6 months 31 December 2015	*Speirs Foods $'000*	*Corporate $'000*	*Reconciliation $'000*	*Consolidated $'000*
External Revenue				
Interest Income	1	53	-	54
Revenue	9,065	-	-	9,065
Other Income	104	37		141
Intersegment Revenue/(Eliminations)	-	233	(233)	-
Total Segment Revenue/(Eliminations)	9,170	323	(233)	9,260
Overall Segment Result	58	(151)	(233)	(326)
Income Tax Expense				-
Profit/(Loss) for the 6 Month Period				(326)
Segment Assets	6,765	6,292	(4,000)	9,057
Segment Liabilities	4,170	2,774	-	6,944
Depreciation and Amortisation	189	-	-	189
Capital Expenditure	383	-	-	383

The Group receives Trading Income from two customers who account for 84% of total Trading Income

6. 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

7. Employee Benefits Expense

	6 months 31 December 2016 $'000	*12 months 30 June 2016 $'000*	*6 months 31 December 2015 $'000*
Wages and Salaries	2,149	4,286	2,194
Other Personnel Expenses	108	185	94
Total Personnel Expenses	2,257	4,471	2,288

8. Other Income

	6 months 31 December 2015 $'000	*12 months 30 June 2016 $'000*	*6 months 31 December 2015 $'000*
Rental Income	41	97	49
Gain on Sale of Property, Plant and Equipment	33	-	1
Realised Gain on Sale of Allied Farmers Limited Shares	-	32	32
Other Income	54	122	59
Total Other Income	128	251	141

9. Other Expenses

	6 months 31 December 2016 $'000	*12 months 30 June 2016 $'000*	*6 months 31 December 2015 $'000*
Fees Paid to Auditors			
Statutory Audit of Financial Statements	22	41	17
Other Assurance Services	-	-	-
Directors Fees - Parent	57	107	59
Directors Fees - Subsidiaries	28	71	27
Bad Debts Written Off	-	4	4
Costs and Fees in Relation to Delisting from NZAX	-	30	-
Insurance	92	178	87
Other Expenses	489	916	511
Total Other Expenses	688	1,347	705

10. Net Interest Expense

	6 months 31 December 2016 $'000	12 months 30 June 2016 $'000	6 months 31 December 2015 $'000
Interest Income			
Cash and Cash Equivalents	1	4	4
Loans and Advances	50	101	50
Total Interest Income	51	105	54
Interest Expense			
Borrowings			
Redeemable Preference Shares - Dividend	132	264	132
Mortgage	18	48	26
Debtor Financing	46	94	50
On all other borrowings	6	8	6
Total Interest Expense	202	414	214
Net Interest Expense	(151)	(309)	(160)

11. Income Tax Expense

	6 months 31 December 2016 $'000	12 months 30 June 2016 $'000	6 months 31 December 2015 $'000
Tax Expense			
Current Tax	-	40	-
Deferred Tax	-	(355)	-
Income Tax Expense/(Benefit)	-	(315)	-

	6 months 31 December 2016 $'000	12 months 30 June 2016 $'000	6 months 31 December 2015 $'000
Reconciliation of Effective Tax Rate			
Profit/(Loss) Before Income Tax	222	117	(326)
Income Tax at 28 %	62	33	(91)
Loss/(Gain) on Associates	(140)	21	55
Non-assessable Income	(1)	(97)	(9)
Non-deductible Expenses	38	83	41
Unrecognised Future Income Tax Benefit	41	(355)	4
	-	(315)	-

	6 months 31 December 2016 $'000	12 months 30 June 2016 $'000	6 months 31 December 2015 $'000
Imputation Credits			
Imputation Credits at Start of Period	3,251	3,399	3,399
Imputation Credits Attached to Redeemable Preference Share, Perpetual Reference Share and Ordinary Share Dividends Paid	(63)	(148)	(85)
Imputation Credits at Period End	3,188	3,251	3,314

The imputation credits are available to shareholders of the Company through their shareholdings in the Company.

12. Earnings/ (Loss) per Share

Basic and Diluted Profit/(Loss) per Share	*6 months 31 December 2016 $'000*	*12 months 30 June 2016 $'000*	*6 months 31 December 2015 $'000*
Profit/(Loss) Attributable to Ordinary Shareholders			
Profit/(Loss) for the Period	222	117	(326)
Dividends Paid on Perpetual Preference Shares	(31)	(61)	(31)
Profit/(Loss) for the Period Attributable to Ordinary Shareholders	191	56	(357)

	6 months 31 December 2016 $ '000	*12 months 30 June 2016 $ '000*	*6 months 31 December 2015 $ '000*
Weighted Average Number of Ordinary Shares			
Issued Ordinary Shares at beginning of period	11,335	11,335	11,335
Issued Ordinary Shares at end of period	11,335	11,335	11,335
Weighted Average Number of Ordinary Shares at Period End	11,335	11,335	11,335

Total Earnings/(Loss) per Share Attributed to Equity Holders of the Company:			
Basic Profit/(Loss) per Share (c/share)	1.69	0.49	(3.15)
Diluted Profit/(Loss) per Share (c/share)	1.69	0.49	(3.15)

13. Cash and Cash Equivalents

	31 December 2016 $'000	*30 June 2016 $'000*	*31 December 2014 $'000*
Cash at Bank	725	31	19
Short Term Deposits – Call	131	163	95
Total Cash & Cash Equivalents	856	194	114

All cash and cash equivalents are held in registered banks. The Group has no overdraft facilities.

14. Trade and Other Receivables

31 December 2016

	Gross Amount $'000	*Impairment Allowance $'000*	*Carrying Amount $'000*
Trade and Other Receivables			
Trade Receivables	2,570	-	2,570
Total Trade and Other Receivables	2,570	-	2,570

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

The Trade Receivables are charged under the debtor financing arrangement referred to in Note 22.

30 June 2016

	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000
Trade and Other Receivables			
Trade Receivables	1,751	-	1,751
Total Trade and Other Receivables	1,751	-	1,751

Trade and Other Receivables are considered to be collectable in full. Accordingly, no allowance for impairment has been made.
The Trade Receivables are charged under the debtor financing arrangement referred to in Note 22.

31 December 2015

	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000
Trade and Other Receivables			
Trade Receivables	2,644	-	2,644
Total Trade and Other Receivables	2,644	-	2,644

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

The Trade Receivables are charged under the debtor financing arrangement referred to in Note 22.

15. Inventories

	31 December 2016 $'000	30 June 2016 $'000	31 December 2015 $'000
Inventories			
Raw Materials and Consumables	538	427	542
Provision for Obsolete Consumables	-	(52)	-
Finished Goods	129	94	134
Total	667	469	676

No inventory is subject to retention of title clauses.

16. Investment in Associates

Overall Summary

Investments Equity Accounted	31 December 2016 $'000	30 June 2016 $'000	31 December 2015 $'000
Share of Rosa Foods Limited	696	659	628
Share of Equipment, Leasing & Finance Holdings Limited/Advaro Financial Services Limited	-	808	744
Share of Speirs Nutritionals Partners LP	17	18	19
	713	1,615	1,391

Share of Profit/(Loss)	6 months 31 December 2016 $'000	12 months 30 June 2016 $'000	6 months 31 December 2015 $'000
Share of Profit of Rosa Foods Limited	61	103	48
Share of Profit/Loss) and Gain on Acquisition of Equipment, Leasing & Finance Holdings Limited/Advaro Financial Services Limited	437	(181)	(245)
Share of Profit/(Loss) of Speirs Nutritionals Partners LP	(1)	(4)	(3)
	497	(82)	(200)

(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 management accounts for the period ended 31 December 2016. The Company did not receive a dividend from Rosa during the period ended 31 December 2016.

	6 months 31 December 2016 $'000	*12 months 30 June 2016 $'000*	*6 months 31 December 2015 $'000*
Opening Balance	659	604	604
Partial Redemption of Preference Shares	(24)	(48)	(24)
Share of profit after tax of associate	61	103	48
Closing Balance	696	659	628

At period end the statement of financial position of Rosa was as follows:

	31 December 2016 $'000	*30 June 2016 $'000*	*31 December 2015 $'000*
Current Assets	1,510	1,540	1,448
Goodwill	495	495	495
Property Plant and Equipment	907	970	926
Total Assets	2,912	3,005	2,869
Current Liabilities	971	1,162	1,161
Non-Current Liabilities	239	296	299
Total Liabilities	1,210	1,458	1,460
Net Assets	1,702	1,547	1,409

(b)Equipment, Leasing & Finance Holdings Limited/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"). During the year ended 30 June 2016 Advaro issued additional equity. As Speirs Investments LP did not participate in the equity raising, its shareholding reduced from 11.76% to 9.17%. On 30 September 2016, resultant upon a further series of transactions, Speirs Investments Limited Partnership's investment in Advaro converted to a 2.38% shareholding in a new entity named Equipment, Leasing & Finance Holdings Limited ("EL&F").

As Speirs Investments LP does not have the right to appoint a director to the Board of any entities in the EL&F group, in accordance with NZ IFRS this investment will, from 30 September 2016, be recorded as an "Available for Sale Financial Asset" (See Note 17 for further details). Financial information for Advaro has been extracted from Advaro's unaudited management accounts. Financial information for EL&F has been extracted from EL&F's preliminary draft unaudited management accounts.

Prior to 30 September 2016 Speirs Group had the right to appoint a director to the Board of Advaro and, in accordance with NZ IFRS had significant influence in Advaro and treated Advaro as an associate entity.

	31 December 2016 $'000	*30 June 2016 $'000*	*31 December 2015 $'000*
Share of surplus/(deficit) of associate	(36)	(345)	(409)
Effect of Change in Shareholding	-	164	164
Less share of dividends received	-	-	-
Net addition/(deletion) to the investment carrying value	(36)	(181)	(245)
Share of associate's equity at the beginning of the period	808	989	989
Gain on Issue of Shares in Equipment, Leasing & Finance Holdings Limited	473	-	-
Transfer from Associate Status to Available for Sale Financial Asset Status (see Note 17)	(1,245)	-	-
Closing Balance	-	808	744

At period end the statement of financial position of Advaro/EL&F was as follows:

	30 June 2016 $'000	*31 December 2015 $'000*
Current Assets	4,920	6,697
Finance Receivables	110,085	93,681
Plant and Equipment	909	919
Future Income Tax Benefit	2,309	871
Intangible Assets	5,402	5,551
Total Assets	122,625	107,719
Current Liabilities	2,967	1,437
Funding Lines	111,841	98,169
Total Liabilities	114,808	99,606
Net Assets	8,816	8,113
Speirs Group Share (9.17%; 30 June 2016 and 31 December 2015)	808	744

<u>(c)Speirs Nutritionals Partners LP</u>

On 1 February 2010 Speirs Group Limited acquired a 59.61% interest in Speirs Nutritionals Partners LP ("SNPLP") in return for selling the Company's shares in Speirs Nutritionals Limited following a restructuring of the entities within the Group. Subsequently Speirs Group Limited increased its interest to 60.657%. 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. Financial information for SNPLP has been extracted from management accounts. Speirs Nutritionals is not accounted for as a subsidiary as Speirs Group (under the terms of the underlying Partnership Agreement) does not have control of Speirs Nutritionals. It does, however, have significant influence.

	31 December 2016 $'000	*30 June 2015 $'000*	*31 December 2015 $'000*
Share of surplus/(deficit) of associate	(1)	(4)	(3)
Less share of dividends received	-	-	-
Net addition/(deletion) to the investment carrying value	(1)	(4)	(3)
Share of associate's equity at the beginning of the period	18	22	22
Closing Balance	17	18	19

At period end the statement of financial position of SNPLP was as follows:

	31 December 2016 $'000	*30 June 2016 $'000*	*31 December 2015 $'000*
Current Assets	28	29	32
Net Assets	28	29	32
Speirs Group Share (60.657%)	17	18	19

17. Loans, Advances and Investments

	31 December 2016 $'000	*30 June 2016 $'000*	*31 December 2015 $'000*
Investment in Equipment, Leasing & Finance Holdings Limited Ordinary Shares	1,245	-	-
Investment in Equipment, Leasing & Finance Holdings Limited Preference Shares	223	-	-
Subordinated Debt in Leasing & Finance LP	1,000	-	-
Subordinated Debt in Advaro Funding 2 LP	-	1,000	1,000
	2.468	1,000	1,000
Provision for Impairment	(223)	-	-
Carrying Value	2,245	1,000	1,000
Current	-	-	-
Non Current	2,245	1,000	1,000
Total	2,245	1,000	1,000

Investment in Equipment, Leasing & Finance Holdings Limited Ordinary Shares

On 30 September 2016 a series of transactions saw Speirs Investments Limited Partnership's investment in Advaro convert to being a 2.38% ordinary shareholding in a new entity named Equipment, Leasing & Finance Holdings Limited ("EL&F"). As part of the 30 September 2016 transaction Speirs Investments LP lost the right to appoint a director to the Board of EL&F. For this reason, and given the minority shareholding held by Speirs Investments LP, the investment in EL&F ceased to be an associate entity (see Note 16) from 30 September 2016. After that date it is held as an "Available for Sale Financial Asset". The directors; assessment of the value for this investment is based upon Speirs Investments LP's share of EL&F's net equity per EL&F's preliminary draft unaudited management accounts as at 30 September 2016 after providing for a $150,000 contingency reserve (See Note 4 for further details). Speirs Investments LP holds 1,437,308 ordinary shares in EL&F.

Investment in Equipment, Leasing & Finance Holdings Limited Preference Shares

On 30 September 2016, in addition to being issued ordinary shares in EL&F, Speirs Investments LP was issued 229,358 preference shares in EL&F. These preference shares can be clawed back by EL&F to cover any additional bad and doubtful debts incurred by EL&F in relation to the receivables ledger that EL&F acquired from Advaro Financial Services Limited as at 30 September 2016 beyond the bad and doubtful debts provisioning held by Advaro as at 30 September 2016. These preference shares are at risk until 30 September 2021. As these shares are at risk for such a period of time, the directors have decided to fully impair these preference shares as at 31 December 2016.

Subordinated Debt in Leasing and Finance LP/Advaro Funding 2 LP

As part of the establishment of the business of Advaro Financial Services Limited, Speirs Group Limited invested 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. With the establishment of the investment into Equipment, Leasing & Finance Holdings Limited on 30 September 2016, the subordinated debt investment was transferred to Leasing & Finance LP. The investment is subordinated to all other liabilities of Leasing & Finance LP, so long as Leasing & Finance 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.

18. Deferred Income Tax Assets

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 30 June 2016 year.

Recognised Deferred Tax Assets

As at 31 December 2016 the Group has recognised a deferred tax asset of $315,034 (30 June 2016: $315,034, 31 December 2015: $Nil) which is comprised of the partial recognition of 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:

	31 December 2016 $'000	***30 June 2016 $'000***	***31 December 2015 $'000***
Temporary Differences Relating to:			
- Property, Plant and Equipment	108	102	101
- Intangible Assets	3	1	-
- Provisions and Other	72	119	101
Tax Losses	7,284	7,204	7,583
Total	7,467	7,426	7,785

19. Property, Plant and Equipment

31 December 2016	*Land* *$'000*	*Buildings* *$'000*	*Computer Equipment* *$'000*	*Vehicles* *$'000*	*Other Plant & Equipment* *$'000*	*Capital Work in Progress* *$'000*	*Total* *$'000*
Cost or Valuation							
Balance at Start of Period	80	2,971	610	237	4,628	30	8,556
Additions	-	58	32	-	102	14	206
Disposals	(20)	(990)	-	-	-	-	(1,010)
Balance at Period End	60	2,039	642	237	4,730	44	7,752
Depreciation							
Balance at Start of Period	-	1,086	494	218	3,722	-	5,520
Depreciation for the Period	-	61	36	2	70	-	169
Disposals	-	(304)	-	-	-	-	(304)
Balance at Period End	-	843	530	220	3,792	-	5,385
Carrying Amounts							
At Start of Period	80	1,885	116	19	906	30	3,036
At Period End	60	1,196	112	17	938	44	2,367

30 June 2016	*Land* *$'000*	*Buildings* *$'000*	*Computer Equipment* *$'000*	*Vehicles* *$'000*	*Other Plant & Equipment* *$'000*	*Capital Work in Progress* *$'000*	*Total* *$'000*
Cost or Valuation							
Balance at Start of Period	80	2,928	557	273	4,187	115	8,140
Additions	-	43	53	-	441	-	537
Disposals / Transfers	-	-	-	(36)	-	(85)	(121)
Balance at Period End	80	2,971	610	237	4,628	30	8,556
Depreciation							
Balance at Start of Period	-	963	432	246	3,558	-	5,199
Depreciation for the Year	-	123	62	6	164	-	355
Disposals	-	-	-	(34)	-	-	(34)
Balance at Period End	-	1,086	494	218	3,722	-	5,520
Carrying Amounts							
At Start of Period	80	1,965	125	27	629	115	2,941
At Period End	80	1,885	116	19	906	30	3,036

31 December 2015	Land $'000	Buildings $'000	Computer Equipment $'000	Vehicles $'000	Other Plant & Equipment $'000	Capital Work in Progress $'000	Total $'000
Cost or Valuation							
Balance at Start of Period	80	2,928	557	273	4,187	115	8,140
Additions	-	22	46	-	411	-	479
Disposals	-	-	-	(15)	-	(95)	(110)
Balance at Period End	80	2,950	603	258	4,598	20	8,509
Depreciation							
Balance at Start of Period	-	963	432	246	3,558	-	5,199
Depreciation for the Period	-	61	29	4	82	-	176
Disposals	-	-	-	(12)	-	-	(12)
Balance at Period End	-	1,024	461	238	3,640	-	5,363
Carrying Amounts							
At Start of Period	80	1,965	125	27	629	115	2,941
At Period End	80	1,926	142	20	958	20	3,146

20. Trade and Other Payables

	31 December 2016 $'000	*30 June 2016 $'000*	*31 December 2015 $'000*
Trade and Other Payables			
Other Trade Payables	2,447	1,493	2,286
Provisions	5	5	5
Non-Trade Payables and Accrued Expenses	867	739	740
	3,319	2,237	3,031

21. Borrowings

	31 December 2016 $'000	*30 June 2016 $'000*	*31 December 2015 $'000*
Borrowings			
Debtor Financing	-	71	241
Plant Financing	88	115	142
Redeemable Preference Shares	2,930	2,930	2,930
Mortgage Facility	730	400	600
	3,748	3,516	3,913
Current	2,983	124	294
Non-Current	765	3,392	3,619
	3,748	3,516	3,913

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

	31 December 2015 %	*30 June 2016 %*	*31 December 2015 %*
Borrowings			
Debtor Financing	9.75%	9.75%	9.75%
Plant Financing	0.00%	0.00%	0.00%
Redeemable Preference Shares	9.00%	9.00%	9.00%
Mortgage Facility	7.75%	7.75%	8.00%

Debtor Financing
During the year ended 30 June 2014 Speirs Foods Limited entered into a debtor financing arrangement. 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 limit is $2m. 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) the Company 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 the Company) to terminate the facility.

Plant Financing
During the period ended 31 December 2015 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 the company has the right to redeem at any time before the scheduled redemption date. The redeemable preference shares rank behind all other liabilities of the company but ahead of ordinary and perpetual preference shareholders. Until 30 June 2017 the dividend rate will be 9.00% per annum. From 30 June 2017 the dividend rate will be reset and will be the greater of 9.00% or the then one year swap rate plus 4.50%. On 30 June 20164 and 2015 the dividend rate was reset to 9.00%

Mortgage Facility
Speirs Foods Limited has a mortgage funding facility for up to $730,000 (30 June 2016 and 31 December 2015: $1,120,000). The facility limit reduced as a result of the sale of some land and buildings by Speirs Foods Limited in the period ended 31 December 2016. 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.

22. Contributed Capital

	31 December 2016 $'000	*30 June 2016 $'000*	*31 December 2015 $'000*
Balance at Beginning of Period	12,925	12,925	12,925
Balance at Period End	12,925	12,925	12,925

Ordinary Shares

	Ordinary Shares		
	31 December 2016 $'000	*30 June 2016 $'000*	*31 December 2015 $'000*
Number of Shares on issue at Start of Period	11,335	11,335	11,335
Number of Shares on issue at Period End	11,335	11,335	11,335

The total authorised number of ordinary shares is 11,334,576 (30 June 2016: 11,334,576; 31 December 2015 11,334,576). All issued shares were fully paid. There are no preferences or restrictions attached to this class of share.

Perpetual Preference Shares

	Perpetual Preference Shares		
	31 December 2016 $'000	*30 June 2016 $'000*	*31 December 2015 $'000*
Number of Shares on issue at Start of Period	679	679	679
Number of Shares on issue at Period End	679	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 the Company	Dividends are only payable if authorised by the Board. If authorised, dividends are payable at the higher of: (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 the Company 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 the Company and any other shares in the Company that are expressed to rank behind the PPS.
When redeemable	May, at the sole option of the Company, be redeemed by the Company at any time after 10 years from the issue date (i.e. from 2022).
Redemption amount payable by the Company	$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 the Company.
Ranking in liquidation	Behind the creditors of the Company, behind the RPS holders, but ahead of ordinary shareholders and any other holders of shares that are expressed to rank behind the RPS.

Dividends

The following dividends were declared and paid by the Company:

	31 December 2016 $'000	***30 June 2016 $'000***	***31 December 2015 $'000***
0.0c per Ordinary Share (30 June 2016: $0.005; 31 December 2015: $0.005)	-	57	57
4.5c per Perpetual Preference Share (30 June 2016: 9.0c per share; 31 December 2015: 4.5c per share)	31	61	31

23. Reconciliation of Profit for the Period to Net Cash From Operating Activities

	6 months 31 December 2016 $'000	***12 months 30 June 2016 $'000***	***6 months 31 December 2015 $'000***
Reconciliation of Profit/(Loss) for the Period to Net Cash from Operating Activities			
Profit/(Loss) for the Period	222	117	(326)
Adjustments for Non-Cash Items:			
Depreciation on Property, Plant and Equipment	170	355	176
Amortisation of Intangible Assets	13	26	13
Bad Debts Written Off	-	4	4
Realised Gain on Sale of Allied Farmers Shares	-	(32)	(32)
Partial Recognition of Deferred Income Tax Asset	-	(315)	-
Loss/(Gain) on Disposal of Property, Plant and Equipment	(33)	-	(1)
Share of Associates (Gains)/ Losses	(497)	(82)	200
	(125)	237	34
Movement in Other Working Capital Items:			
Change in Inventories	(198)	-	(207)
Change in Trade and Other Receivables and Other Assets	(844)	(242)	(835)
Change in Trade and Other Payables	1,082	97	891
Net Cash From Operating Activities	(85)	92	(117)

24. Related Parties

Transactions with Key Management Personnel
Key management personnel are considered to be the Directors of the Company and executives with the greatest authority for the strategic direction and management of the company.

Key Management Personnel Compensation

	6 Months 31 December 2016 $'000	12 Months 30 June 2016 $'000	6 Months 31 December 2015 $'000
Short-Term Employee Benefits	244	449	216
	244	449	216

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.

Transactions with related parties are summarised below:

- **Speirs Foods Limited**
  - Speirs Group Limited received a dividend of $225,000 (30 June 2016: $400,000; 31 December 2015: $200,000) from Speirs Foods Limited.
  - Speirs Group Limited charged Speirs Foods Limited $33,000 (30 June 2016: $66,000; 31 December 2015: $33,000) in respect of corporate services provided by Speirs Group Limited.
  - At 31 December 2016 Speirs Group Limited owed $5,982 (30 June 2016: $7,443; 31 December 2014: $Nil) to Speirs Foods Limited.
  - At 31 December 2016 Speirs Foods Limited owed $Nil (30 June 2016: $Nil; 31 December 2015: $7,030) to Speirs Group Limited.

- **Rosa Foods Limited**
  - Speirs Group Limited received a dividend on preference shares for $1,690 (30 June 2016: $8,060; 31 December 2015; $4,810) from Rosa Foods Limited. At 31 December 2016 the balance of the preference shares was $16,000 (30 June 2016: $40,000; 31 December 2015 $64,000).
  - Speirs Foods charged Rosa Foods Limited $418,119 (30 June 2016: $578,789; 31 December 2015: $284,569) for freight and marketing services provided. At 31 December 2016 Rosa Foods Limited owed Speirs Foods Limited $117,079 (30 June 2016: $116,455; 31 December 2015: $145,499).

- **Equipment, Leasing & Finance Holdings Limited and its subsidiaries**
  - Speirs Group Limited has invested $1,000,000 (30 June 2016: $Nil; 31 December 2015: $Nil) by way of subordinated debt into a wholly owned subsidiary of Equipment, Leasing & Finance Limited
  - Speirs Group Limited received $25,000 (30 June 2016:$Nil; 31 December 20154: $Nil) of interest on the subordinated debt. At 31 December 2016 the amount of accrued interest owing was $8,333 (30 June 2016: $Nil; 31 December 2015: $Nil).

- **Advaro Financial Services Limited and its subsidiaries**
  - Speirs Group Limited has invested $Nil (30 June 2016: $1,000,000; 31 December 2015: $1,000,000) by way of subordinated debt into a wholly owned subsidiary of Advaro Financial Services Limited

- Speirs Group Limited received $25,000 (30 June 2016:$100,000; 31 December 2015: $50,000) of interest on the subordinated debt. At 31 December 2016 the amount of accrued interest owing was $Nil (30 June 2016: $8,333; 31 December 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.

25. Capital Commitments and Contingencies

The Group was committed to the following at year end:

31 December 2016	***Property Rentals $'000***	***Capital Expenditure $'000***	***Total $'000***
Less than One Year	-	-	-
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	-	-

30 June 2016	***Property Rentals $'000***	***Capital Expenditure $'000***	***Total $'000***
Less than One Year	-	65	65
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	65	65

31 December 2015	***Property Rentals $'000***	***Capital Expenditure $'000***	***Total $'000***
Less than One Year	-	278	278
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	278	278

Contingent Liabilities
The Group has no contingent liabilities.

26. Events After the Reporting Period

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

27. Net Tangible Assets per Security

	31 December 2016 $	***30 June 2016 $***	***31 December 2015 $***
Net Tangible Assets Per Security	0.24	0.22	0.18