

Speirs Group Limited

Annual Report

for the year ended 30 June 2017

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Speirs Group Limited

4 Lower High Street, Marton, New Zealand
P O Box 318, Palmerston North, New Zealand
Telephone 06 350 6004
Website www.speirs.co.nz

REPORTING BY DIRECTORS

Financial Performance

The Group reported a loss after tax of \$205,000 compared to the previous year profit of \$117,000. A significant uplift in the value of the Group's holding of the finance business, Equipment, Leasing and Finance Holdings Limited, was offset by a poor trading result from Speirs Foods Limited. The contributions to the overall loss after tax of \$205,000 can be summarised as:

| | 2017 \$000 | 2016 \$000 | Improvement/ (Deterioration) % |
|--|---------------|---------------|--------------------------------------|
| Speirs Foods trading profit before interest | (309) | 460 | (167.2) |
| Associates' and Available for Sale Financial Assets profit/(loss) and share of dividends | | | |
| - Rosa Foods Limited | 115 | 103 | 11.7 |
| - Advaro | (36) | (181) | 80.1 |
| - Equipment, Leasing and Finance Holdings Limited | 613 | - | N/A |
| - Speirs Nutritionals Partners LP | (3) | (4) | 25.0 |
| Realised and Unrealised Gains relating to the Settlement of the Debt Owing from Allied Farmers Limited | - | 32 | N/A |
| Partial Recognition of Deferred Income Tax Asset | - | 315 | N/A |
| Corporate governance costs | (273) | (299) | 8.7 |
| Net financing costs | (312) | (309) | (1.0) |
| Overall profit attributable to shareholders | (205) | 117 | (275.2) |

The information appearing in the above table contains non-GAAP (Generally Accepted Accounting Practice) financial information. Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The financial information in the reconciliation table above is extracted from the audited financial statements. The directors believe that this non-GAAP financial information is useful for readers of the financial statements as it provides a clear and concise comparative summary of the performance of each of our core activities and investments. Management use similar measures to monitor financial performance.

Details from each of our core activities and investments is outlined below.

Speirs Foods

Speirs Foods maintains its role in the processing, distribution and marketing of fresh salads and related products throughout New Zealand.

The result for the 2017 year was a disappointing loss before interest of \$309,000 compared to a profit before interest of \$460,000 for the previous year. The 2017 year was impacted by several adverse factors:

- A reduction in prices for our core product range forced by competitive and customer pressure;
- Substantially increased material costs over the last six months of the financial year due to the very wet climatic conditions throughout the country causing shortages of key materials such as cabbage, broccoli and kumara;
- Additional South Island freight costs resulting increased time and distance to get product to the South Island following the Kaikoura earthquake;
- Loss of some third party freight revenue;
- A number of one-off costs associated with the replacement of management personnel and restructuring of the administration and sales support functions.

Speirs Foods previous General Manager, Chris Newton, left the company in December 2016 and we also farewelled Brett Robertson, our long serving Financial Controller who retired in mid-December 2016. We thank both Chris and Brett for their contributions to Speirs Foods. Ross Kane has undertaken the role of Acting General Manager since that time and continues in that role. Ross is a very experienced Chief Executive with extensive experience in the fresh foods business and is leading a transformation of the business. Tracey Alston has been our new Financial Controller and has led the restructuring of the administration and finance functions of the business. Unfortunately, we are to lose Tracey later in the year as she has recently been recruited for another role.

Over the last 9 months of the 2017 financial year and the first few months of the 2018 year, the Foods business has undergone substantial review and change to better position the business for the future and improve its financial resilience.

Actions that have been taken by the previous and present management team include:

- A review and restructuring of the administration and sales support functions. Ordering from key supermarket clients has been progressively automated and we have been able to reduce support head count and costs, although this incurred some one-off restructuring costs in the 2017 year.
- A thorough review of our product recipes and material sources has been undertaken resulting in a number of cost reductions. This helps us remain competitive with our core product range.
- A revised New Product Development (NPD) process has resulted in a steady pipeline of new higher value salads bought to market which are proving popular with our customers.
- A review of our freight operation has resulted in the decision to exit our freight operation from August 2017. We have established a strategic outsourcing relationship with a specialised chilled freight business which will simplify the business and provide stable freight costs for the business;
- Recent acceptance from our key customers on price adjustments to reflect the difficult material cost position and changes to approach on specials and discounts.

We have started seeing the benefits of the changes implemented over the first two months of the new financial year and expect to return to profitability in the 2018 financial year, although we expect the impacts of higher material costs to continue for some time. The full benefits from the changes will fully be realised in the following financial year.

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 several other food retailers.

Rosa had another solid year providing a contribution of \$115,000 to Speirs Group an improvement of 11.7% over the previous year.

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 (“EL&F”);
- The introduction of new capital into EL&F diluting Speirs holding to 2.4% of equity plus 0.4% preference shares; and
- The acquisition of the business of NZ Trucks Limited and AB Equipment Limited from Hellaby Holdings.

As a result of these transactions, Speirs Group has a smaller share of a much larger entity. The acquisition of the established businesses of NZ Trucks Limited and AB Equipment Limited also means that the entity 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 at fair value. As at the end of the period the holding was carried at \$1.46m .

The impact of the transactions during the year have been very positive and the business is trading to expectations.

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.

Corporate

Corporate non-financial costs have reduced and are kept at a minimum.

The directors have taken the decision to reduce their fees for 1 July 2018 to recognise that the business has been simplified and financial performance has not been strong. Total fees for group and Foods are expected to fall from \$174,000 for the 2017 year to \$99,000 for the 2018 financial year.

Financing

The Group had \$2.93 million of 2017 redeemable preference shares due for repayment on 30 September 2017. These redeemable preference shares have been repaid and re-financed by way of:

- Cash of just over \$400,000 recently received from Equipment, Leasing and Finance Holdings Limited from the partial repayment of subordinated debt held by Speirs Group Limited in that entity;
- \$2.5m raised by way of an offer for redeemable preference shares that mature in September 2021. The offer was made to a group of investors who qualified under certain exclusions in the Financial Markets Conduct Act 2013, namely: the "wholesale investor" exclusions; the "small offers" exclusion; and the "offers to close business associates" exclusion. The terms of the issue of 2021 redeemable preference shares are substantially similar to the terms to the 2017 redeemable preference shares

In the current reporting period, Speirs Foods concluded the sale of the premises in Hair Street, Marton acquired for the Speirs Nutritionals business and subsequently leased to another technology business. The funds received from that sale have been used to offset financing from other sources for trading activities.

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 remains on the improvement in Speirs Foods profitability and maximising returns from our other investments.

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 remaining subordinated debt.

Directors

At 30 June 2017, the Board of Directors of the Company comprised four non-executive directors:

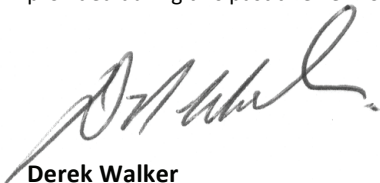
Derek Walker, B.E. (Hons), BBS., Chairman
Fred Hutchings BBS, FCA, Deputy Chairman
Nelson Speirs, FCA.
David Speirs

The Board of Speirs Foods consists of Derek Walker and Fred Hutchings from the Speirs Group board, together with Robert Speirs.

I thank the directors for their support in what has been a very challenging year.

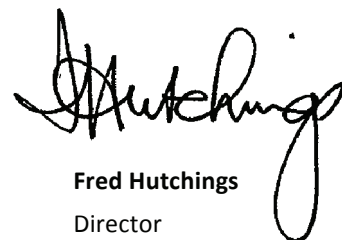
Our People

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

A handwritten signature in black ink, appearing to read "Derek Walker".

Derek Walker

Chairman

A handwritten signature in black ink, appearing to read "Fred Hutchings".

Fred Hutchings

Director

15 November 2017

Speirs Group Limited

Purpose, Goals and Strategy

Purpose

Speirs Group is an active investment company focused on the food 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 |
| EL&F Holdings Limited | 2% | Finance – Active | EL&F 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> |
| EL&F Holdings Limited | <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.</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.</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

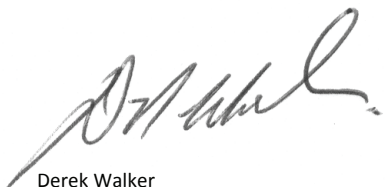
STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

| | Notes | Group | |
|---|-------|------------------------|------------------------|
| | | June 2017 \$'000 | June 2016 \$'000 |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 12 | 618 | 194 |
| Loans, Advances and Investments | 16 | 1,150 | - |
| Trade and Other Receivables | 13 | 1,697 | 1,751 |
| Prepayments | | 23 | 12 |
| Inventories | 14 | 491 | 469 |
| Total Current Assets | | 3,979 | 2,426 |
| Non Current Assets | | | |
| Investment in Associates | 15 | 729 | 1,485 |
| Loans, Advances and Investments | 16 | 2,052 | 1,000 |
| Deferred Income Tax Asset | 17 | 315 | 315 |
| Property, Plant & Equipment | 18 | 2,319 | 3,036 |
| Intangible Assets | | 26 | 17 |
| Total Non Current Assets | | 5,441 | 5,853 |
| Total Assets | | 9,420 | 8,279 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 19 | 1,695 | 2,237 |
| Borrowings | 20 | 2,153 | 124 |
| Total Current Liabilities | | 3,848 | 2,361 |
| Non Current Liabilities | | | |
| Borrowings | 20 | 3,240 | 3,392 |
| Total Liabilities | | 7,088 | 5,753 |
| Equity | | | |
| Contributed Capital | 21 | 12,925 | 12,925 |
| Revaluation Reserve for Available for Sale Financial Assets | | 72 | - |
| Accumulated Deficits | | (10,665) | (10,399) |
| Capital & Reserves | | 2,332 | 2,526 |
| Total Equity and Liabilities | | 9,420 | 8,279 |

The Board of Directors of Speirs Group Limited authorised these financial statements for issue on 15 November 2017.

Signed on behalf of the Board of Directors



Derek Walker
Chairman



Fred Hutchings
Director

15 November 2017

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

| | Notes | Group | |
|--|-------|----------------|----------------|
| | | 2017 \$'000 | 2016 \$'000 |
| Revenue | | 17,122 | 17,839 |
| Purchases of Raw Materials | | (6,620) | (6,305) |
| Employee Benefits Expense | 6 | (4,515) | (4,471) |
| Freight, Packaging & Other | | (5,172) | (5,393) |
| Net Trading Income | | 815 | 1,670 |
| Other Income | 7 | 191 | 251 |
| Total Net Income earned from Operating Activities | | 1,006 | 1,921 |
| Share of Gain/(Loss) of Associates | 15 | 56 | (82) |
| Gain on Recognition of Available for Sale Financial Asset | | 846 | - |
| Impairment of Available for Sale Financial Asset | | (233) | - |
| Other Expenses | 8 | (1,219) | (1,347) |
| Earnings Before Interest, Depreciation and Amortisation | | 456 | 492 |
| Interest Income | | 101 | 105 |
| Interest Expense | | (413) | (414) |
| Net Interest Expense | 9 | (312) | (309) |
| Depreciation and Amortisation | | (349) | (381) |
| Profit/(Loss) Before Income Tax | | (205) | (198) |
| Income Tax (Expense)/ Benefit | 10 | - | 315 |
| | | (205) | 117 |
| Other Comprehensive Income | | | |
| Fair Value Adjustment on Available for Sale Financial Assets | | 72 | - |
| Total Comprehensive Income/(Loss) | | (133) | 117 |

| | Note | Group | |
|--|------|---------------|---------------|
| | | 2017 Cents | 2016 Cents |
| Total Profit/(Loss) per Share Attributed to Equity Holders of the Company : | | | |
| Basic Profit/(Loss) per Share | 11 | (2.35) | 0.49 |
| Diluted Profit/(Loss) per Share | 11 | (2.35) | 0.49 |

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

Group

| | <i>Note</i> | <i>Contributed Capital \$'000</i> | <i>Accumulated Deficits \$'000</i> | <i>Revaluation Reserve for Available for Sale Financial Assets \$'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 | | | | | |
| Dividends Paid on Ordinary Shares | 21 | - | (57) | - | (57) |
| Dividends Paid On Perpetual Preference Shares | 21 | - | (61) | - | (61) |
| Total Transactions with Owners | | - | (118) | - | (118) |
| Balance at 30 June 2016 | | 12,925 | (10,399) | - | 2,526 |
| Comprehensive Income | | | | | |
| Profit/(Loss) for the Year | | - | (205) | - | (205) |
| Fair Value Adjustment on Available for Sale Financial Assets | | - | - | 72 | 72 |
| Total Comprehensive Income/(Loss) | | - | (205) | 72 | (133) |
| Transactions with Owners | | | | | |
| Dividends Paid On Perpetual Preference Shares | 21 | - | (61) | - | (61) |
| Total Transactions with Owners | | - | (61) | - | (61) |
| Balance at 30 June 2017 | | 12,925 | (10,665) | 72 | 2,332 |

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

| | | <i>Group</i> | |
|---|--------------|------------------------------|------------------------------|
| | <i>Notes</i> | 2017 <i>\$'000</i> | <i>2016</i> <i>\$'000</i> |
| Cash Flows from Operating Activities | | | |
| Interest Received | | 101 | 105 |
| Dividends Received | | 22 | 8 |
| Cash Receipts from Customers | | 17,160 | 17,508 |
| Other Income | | 136 | 211 |
| Dividends Paid on Redeemable Preference Shares | | (276) | (264) |
| Interest Expense | | (135) | (150) |
| Cash Paid to Suppliers and Employees | | (18,087) | (17,326) |
| Net Cash from Operating Activities | 22 | (1,079) | 92 |
| Cash Flows from Investing Activities | | | |
| Proceeds from Sale of Property, Plant & Equipment | | 737 | 2 |
| Proceeds from Redemption of Preference Shares in an Associate | 15 | 40 | 48 |
| Proceeds from Partial Redemption of EL&F Subordinated Debt | 23 | 405 | - |
| Proceeds from Sale of Allied Farmers Limited Shares | | - | 367 |
| Investment in Short Term Deposits | | (1,150) | - |
| Acquisition of Intangibles | | (30) | - |
| Acquisition of Property, Plant & Equipment | | (315) | (452) |
| Net Cash Flows from Investing Activities | | (313) | (35) |
| Cash Flows from Financing Activities | | | |
| Proceeds from Borrowings | | 1,019 | 530 |
| Issue of 2021 Redeemable Preference Shares | | 911 | - |
| Repayments of Borrowings | | (53) | (397) |
| Dividends Paid on Ordinary Shares | | - | (57) |
| Dividends Paid on Perpetual Preference Shares | | (61) | (61) |
| Net Cash Flows from Financing Activities | | 1,816 | 15 |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | 424 | 72 |
| Cash and Cash Equivalents at Beginning of Year | | 194 | 122 |
| Cash and Cash Equivalents at Year End | 12 | 618 | 194 |

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 2.36% investment in EL&F 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.

From 1 August 2016, Speirs Group Limited has equity securities trading on Unlisted.

These consolidated financial statements have been approved for issue by the Board of Directors on 15 November 2017.

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. 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 2017. 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 non-derivative financial assets into the following categories: 'loans and receivables' and 'available-for-sale financial assets'. 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. Non-derivative financial assets comprise trade and other receivables, cash and cash equivalents and loans, advances and investments.

i. Non-derivative financial assets – Recognition and derecognition

The Group initially recognises loans and receivables issued on the date when they are originates. All other financial assets are initially recognised on trade dates when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights it receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

ii. Non-derivative financial assets measurement

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and any changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit and loss

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 finite 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

Trade receivables 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 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. 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, if unpaid at year end, or in the Statement of Movements in Equity if paid within the period.

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 2016 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

The Group is assessing the potential impact on its consolidated financial statements as a result of adopting these accounting standards. So far, the Group does not expect any material impact.

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:

Partial Recognition of a Future Income Tax Benefit

The directors have partially recognised the portion of accumulated tax losses to the extent it is probable that a taxable profit will be available against which to utilise the tax losses. The remaining benefit of tax losses and temporary differences continue to be treated as an unrecognised asset.

Going Concern

Exercise of judgment is required when determining whether financial statements should be prepared on a going concern basis due to the trading loss incurred in the current financial year. Management have assessed the ability of the company to meet its ongoing financial obligations as they fall due and based on this assessment consider that the application of the going concern assumption to the financial statements is appropriate.

Measurement of Fair Value for EL&F

The Group's accounting policies and disclosures for the Investment in Equipment, Leasing & Finance Holdings Limited (EL&F) require the measurement of fair values. For further information about the assumptions made in measuring the fair value of EL&F refer to note 16.

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 2017 | Speirs Foods \$'000 | Other \$'000 | Reconciliation \$'000 | Consolidated \$'000 |
|---------------------------------------|--------------------------------|-------------------------|----------------------------------|--------------------------------|
| External Revenue | | | | |
| Interest Income | 1 | 100 | - | 101 |
| Revenue | 17,122 | - | - | 17,122 |
| Other Income | 167 | 24 | - | 191 |
| Intersegment Revenue / (Eliminations) | - | 316 | (316) | - |
| Total Segment Revenue | 17,290 | 440 | (316) | 17,414 |
| | | | | |
| Overall Segment Result | (440) | 551 | (316) | (205) |
| Income Tax Benefit/(Expense) | | | | - |
| Profit/(Loss) for the Year | | | | (205) |
| | | | | |
| Segment Assets | 5,161 | 8,436 | (4,177) | 9,420 |
| | | | | |
| Segment Liabilities | 3,202 | 4,063 | (177) | 7,088 |
| Depreciation and Amortisation | 349 | - | - | 349 |
| Capital Expenditure | 314 | - | - | 314 |

Two customers account for 85% of the total Revenue

| 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 Trading Revenue

5 FINANCIAL ASSETS AND LIABILITIES

Accounting Classifications and Fair Values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values (excluding accrued interest).

| Group 30 June 2017 | Available for Sale \$'000 | Loans and Receivables \$'000 | Financial Liabilities at Amortised Cost \$'000 | Total Carrying Value \$'000 |
|---------------------------------|--|---|---|--|
| Trade and Other Receivables | - | 1,697 | - | 1,697 |
| Loans, Advances and Investments | 1,457 | 1,745 | - | 3,202 |
| Cash and Cash Equivalents | - | 618 | - | 618 |
| | 1,457 | 4,060 | - | 5,517 |
| Trade and Other Payables | - | - | 1,695 | 1,695 |
| Borrowings | - | - | 5,393 | 5,393 |
| | - | - | 7,088 | 7,088 |
| | | | | |
| Group 30 June 2016 | Available for Sale \$'000 | Loans and Receivables \$'000 | Financial Liabilities at Amortised Cost \$'000 | Total Carrying Value \$'000 |
| Trade and Other Receivables | - | 1,751 | - | 1,751 |
| Loans, Advances and Investments | - | 1,000 | - | 1,000 |
| Cash and Cash Equivalents | - | 194 | - | 194 |
| | - | 2,945 | - | 2,945 |
| Trade and Other Payables | - | - | 2,237 | 2,237 |
| Borrowings | - | - | 3,516 | 3,516 |
| | - | - | 5,753 | 5,753 |

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 3)
- Non-Derivative Financial Liabilities – at net present value.(Level 3)

Notwithstanding this there is no variation.

6 EMPLOYEE BENEFITS EXPENSE

| | <i>Group</i> | |
|--|---------------|---------------|
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Employee Benefits Expense | | |
| Wages and Salaries | 4,327 | 4,286 |
| Other Personnel Expenses | 188 | 185 |
| Total Employee Benefits Expense | 4,515 | 4,471 |

7 OTHER INCOME

| | <i>Group</i> | |
|--|---------------|---------------|
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Other Income | | |
| Rental Income | 41 | 97 |
| Dividend on Ordinary Shares – Rosa Foods Limited | 22 | - |
| Gain on Disposal of Property, Plant and Equipment | 33 | - |
| Realised Gain on the Sale of Allied Farmers Limited Shares | - | 32 |
| Other Income | 95 | 122 |
| Total Other Income | 191 | 251 |

8 OTHER EXPENSES

| | <i>Group</i> | |
|---|---------------|---------------|
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Other Expenses | | |
| Fees Paid to Auditors | | |
| Statutory Audit of Financial Statements | 42 | 41 |
| Other Services | - | - |
| Directors Fees – Parent | 114 | 107 |
| Directors Fees – Subsidiaries | 47 | 71 |
| Bad Debts Written Off | 16 | 4 |
| Costs and fees in Relation to Delisting from NZAX | - | 30 |
| Insurance | 187 | 178 |
| Loss on Disposal of Property, Plant and Equipment | - | - |
| Other Expenses | 818 | 916 |
| Total Other Expenses | 1,219 | 1,347 |

9 NET INTEREST INCOME/ (EXPENSE)

| | <i>Group</i> | |
|---|---------------|---------------|
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Interest Income | | |
| Cash and Cash Equivalents | 7 | 3 |
| Loans and Advances | 94 | 102 |
| Total Interest Income | 101 | 105 |
| Interest Expense | | |
| Borrowings | | |
| 2017 Redeemable Preference Shares Dividends | 264 | 264 |
| 2021 Redeemable Preference Shares Dividends | 12 | - |
| 2021 Redeemable Preference Shares Early Bird Interest | 5 | - |
| Debtor Financing | 79 | 94 |
| Mortgage | 45 | 48 |
| On all other borrowings | 8 | 8 |
| Total Interest Expense | 413 | 414 |
| Net Interest Income/(Expense) | (312) | (309) |

10 INCOME TAX EXPENSE

| | <i>Group</i> | |
|---|---------------|---------------|
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Tax Expense/(Benefit) | | |
| Current Tax Expense/(Benefit) | | |
| Current Period | - | (48) |
| Total Current Tax Expense/(Benefit) | - | (48) |
| Deferred Tax Expense/(Benefit) | | |
| Derecognition of Previously Recognised Tax Losses | 184 | (267) |
| Recognition of Previously Unrecognised Deductible Temporary Differences | (184) | - |
| Recognition of Previously Unrecognised Tax Losses | - | - |
| Total Deferred Tax Expense/(Benefit) | - | (267) |
| Total Income Tax Expense/(Benefit) | - | (315) |
| <i>Group</i> | | |
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Reconciliation of Effective Tax Rate | | |
| Profit/(Loss) Before Income Tax | (205) | (198) |
| Income Tax at 28% | (57) | (55) |
| Deferred Tax in Respect of Current Year | 167 | - |
| Derecognition of Previously Recognised Tax Losses | 184 | - |
| Recognition of Previously Unrecognised Deductible Temporary Differences | (184) | - |
| Loss/(Gain) on Associates | (16) | 21 |
| Gain on Recognition of Available for Sale Financial Asset | (237) | - |
| Impairment of Available for Sale Financial Asset | 65 | - |
| Non-deductible Expenses | 79 | 83 |
| Tax Exempt Income | (1) | (97) |
| Recognition of Previously Unrecognised Tax Losses | - | (267) |
| | - | (315) |

| | <i>Group</i> | |
|---|---------------|--------|
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Imputation Credits | | |
| Imputation Credits at Beginning of Year | 3,251 | 3,399 |
| Imputation Credits Attached to Dividends Received | 8 | - |
| Imputation Credits Attached to Redeemable Preference Share , Convertible Redeemable Preference Share, Ordinary Shares and Perpetual Preference Share Dividends Paid | (131) | (148) |
| Imputation Credits at End of Year | 3,128 | 3,251 |

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

11 EARNINGS/(LOSS) PER SHARE

Basic and Diluted Profit/(Loss) per Share

| | <i>Group</i> | |
|--|---------------|--------|
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Profit Attributable to Shareholders | | |
| Profit/(Loss) for the Year | (205) | 117 |
| Dividends Paid on Perpetual Preference Shares | (61) | (61) |
| Profit/(Loss) for the Year Attributable to Shareholders | (266) | 56 |

| | | <i>Group</i> | |
|---|-------------|---------------|--------|
| | <i>Note</i> | 2017 | 2016 |
| | | '000 | '000 |
| Weighted Average Number of Ordinary Shares – Basic and Diluted | | | |
| Issued Ordinary Shares at Beginning of the Year | 22 | 11,335 | 11,335 |
| Issued Ordinary Shares at End of the Year | | 11,335 | 11,335 |
| Weighted Average Number of Ordinary Shares at Period End – Basic and Diluted | | 11,335 | 11,335 |

| | 2017 | 2016 |
|---------------------------------|--------------|-------|
| | Cents | Cents |
| Basic Profit/(Loss) per Share | (2.35) | 0.49 |
| Diluted Profit/(Loss) per Share | (2.35) | 0.49 |

12 CASH AND CASH EQUIVALENTS

| | <i>Group</i> | |
|--|----------------|---------|
| | 30 June | 30 June |
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Cash and Cash Equivalents | | |
| Cash at Bank | 451 | 31 |
| Short Term Deposits – Call | 167 | 163 |
| Total Cash & Cash Equivalents | 618 | 194 |

All cash and cash equivalents are held in registered banks.

At 30 June 2017 and 30 June 2016 the Speirs Group Limited and Speirs Foods Limited had no overdraft facility.

13 TRADE AND OTHER RECEIVABLES

| Group | 30 June 2017 | | 30 June 2016 | |
|--|--------------|-----------------|--------------|-----------------|
| | Gross Amount | Carrying Amount | Gross Amount | Carrying Amount |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade and Other Receivables | | | | |
| Trade Receivables | 1,697 | 1,697 | 1,751 | 1,751 |
| Total Trade and Other Receivables | 1,697 | 1,697 | 1,751 | 1,751 |

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

14 INVENTORIES

| | Group | |
|------------------------------------|--------------|--------------|
| | 30 June 2017 | 30 June 2016 |
| | \$'000 | \$'000 |
| Inventories | | |
| Raw Materials and Consumables | 403 | 427 |
| Provision for Obsolete Consumables | - | (52) |
| Finished Goods | 88 | 94 |
| Total | 491 | 469 |

No inventory is subject to retention of title clauses.

15 ASSOCIATE ENTITIES

Overall Summary

| Investments Equity Accounted | Group | |
|--|---------------------|---------------------|
| | 30 June 2017 | 30 June 2016 |
| | \$'000 | \$'000 |
| Share of Rosa Foods Limited | 714 | 659 |
| Share of Speirs Nutritionals Partners LP | 15 | 18 |
| Share of Equipment, Leasing & Finance Holdings Limited/Advaro Financial Services Limited | - | 808 |
| | 729 | 1,485 |
| Share of Profit/(Loss) of Associates | | |
| | 30 June 2017 | 30 June 2016 |
| | \$'000 | \$'000 |
| Share of Profit of Rosa Foods Limited (net of dividends received) | 95 | 103 |
| Share of Profit/(Loss) of Speirs Nutritionals Partners LP | (3) | (4) |
| Share of Profit/(Loss) of Advaro Financial Services Limited | (36) | (181) |
| | 56 | (82) |

(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 2017. Speirs Group Limited received a \$20,000 dividend on ordinary shares from Rosa during the year ended 30 June 2017.

| | <i>Group</i> | |
|---|------------------------------------|------------------------------------|
| | 30 June 2017 \$'000 | 30 June 2016 \$'000 |
| Opening Balance | 659 | 604 |
| Less Redemption of Preference Shares | (40) | (48) |
| Less Dividends on Ordinary Shares | (20) | - |
| Share of surplus/(deficit) after tax of associate | 115 | 103 |
| Closing Balance | 714 | 659 |

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

| | 2017 \$'000 | 2016 \$'000 |
|--|------------------------|------------------------|
| Current Assets | 1,577 | 1,540 |
| Goodwill | 495 | 495 |
| Property Plant and Equipment and Investments | 861 | 970 |
| Total Assets | 2,933 | 3,005 |
| Current Liabilities | 948 | 1,162 |
| Non Current Liabilities | 201 | 296 |
| Total Liabilities | 1,149 | 1,458 |
| Net Assets | 1,784 | 1,547 |

(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 2017. 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> | |
|--|------------------------|------------------------|
| | 2017 \$'000 | 2016 \$'000 |
| Share of surplus/(deficit) after tax of associate | (3) | (4) |
| Less share of dividends received | - | - |
| Net addition/(deletion) to the investment carrying value | (3) | (4) |
| Prior Year Balance Brought Forward | 18 | 22 |
| | 15 | 18 |

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

| | 2017 \$'000 | 2016 \$'000 |
|------------------------------|------------------------|------------------------|
| Current Assets | 25 | 29 |
| Total Assets | 25 | 29 |
| Net Assets | 25 | 29 |
| Speirs Group Share (60.657%) | 15 | 18 |

(c) Equipment, Leasing and 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 2.77% shareholding (2.39% ordinary shares and 0.38% preference shares) 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 16 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 unaudited management accounts for the period ended 30 June 2017.

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.

| | 2017 | 2016 |
|---|----------------|--------|
| | \$'000 | \$'000 |
| Share of surplus/(deficit) after tax of associate | (36) | (345) |
| Effect of Change in Shareholding | - | 164 |
| Less share of dividends received | - | - |
| Net addition/(deletion) to the investment carrying value | (36) | (181) |
| Share of Associate’s equity at the beginning of the year | 808 | 989 |
| Gain on issue of shares in Equipment, Leasing & Finance Holdings Limited | 846 | - |
| Transfer from Associate status to Available for Sale Financial Asset status (see Note 16) | (1,618) | - |
| | - | 808 |

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

| | 2016 |
|---------------------------|---------|
| | \$'000 |
| Current Assets | 4,920 |
| Finance Receivables | 110,085 |
| Plant and Equipment | 909 |
| Future Income Tax Benefit | 2,309 |
| Intangible Assets | 5,402 |
| Total Assets | 123,625 |
| Current Liabilities | 2,967 |
| Funding Lines | 111,841 |
| Total Liabilities | 114,808 |
| Net Assets | 8,816 |
| Speirs Share (9.17%) | 808 |

16 LOANS, ADVANCES AND INVESTMENTS

| | Group | |
|---|---------------------------|---------------------------|
| | 30 June 2017 \$'000 | 30 June 2016 \$'000 |
| Short Term Deposits - BNZ | 1,150 | - |
| Investment in Equipment, Leasing & Finance Holdings Limited Ordinary Shares | 1,457 | - |
| Investment in Equipment, Leasing & Finance Holdings Limited Preference Shares | 233 | - |
| Subordinated Debt in Leasing & Finance LP | 595 | - |
| Subordinated Debt in Advaro Funding 2 LP | - | 1,000 |
| | 3,435 | 1,000 |
| Provision for Impairment | (233) | - |
| | 3,202 | 1,000 |
| Current | 1,150 | - |
| Non-Current | 2,052 | 1,000 |
| | 3,202 | 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 15) 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 unaudited management accounts for the period ended 30 June 2017. The directors consider this to be an appropriate proxy for the fair value of Speirs' 2.38% shareholding in EL&F, given the net assets were determined via a recent market transaction. 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 such that the recoverability of the carrying amount cannot be practicably assessed, the directors have decided to fully impair these preference shares as at 30 June 2017.

Reconciliation

| | <i>Ordinary Shares</i> | <i>Preference Shares</i> | <i>Total</i> |
|---|------------------------|--------------------------|---------------|
| | <i>\$'000</i> | <i>\$'000</i> | <i>\$'000</i> |
| Transfer from Associate Status to Available for Sale Financial Asset Status | 1,395 | 223 | 1,618 |
| Fair Value Gains | 62 | 10 | 72 |
| Impairment of Available for Sale Financial Asset | - | (233) | (233) |
| Investment in Equipment, Leasing & Finance Holdings Limited | 1,457 | - | 1,457 |

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. During the year ended 30 June 2017 \$405,000 of subordinated debt was repaid.

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.

Recognised Deferred Tax Assets

As at 30 June 2017 the Group has recognised a deferred tax asset of \$315,034 (2016: \$315,034) which is comprised of previously unrecognised tax losses.

| | Deferred Tax Asset 1 July 2016 \$'000 | Recognised in P&L 2016 \$'000 | Deferred Tax Asset 30 June 2016 \$'000 | Recognised in P&L 2017 \$'000 | Deferred Tax Asset 30 June 2017 \$'000 |
|-------------------------------|---|--|---|--|---|
| Property, Plant and Equipment | - | - | - | 108 | 108 |
| Intangibles | - | - | - | 3 | 3 |
| Employee Entitlements | - | - | - | 60 | 60 |
| Provisions | - | - | - | 13 | 13 |
| Tax Losses | - | 315 | 315 | (184) | 131 |
| Total Deferred Tax | - | 315 | 315 | - | 315 |

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> | |
|---|------------------------------------|------------------------------------|
| | 30 June 2017 \$'000 | 30 June 2016 \$'000 |
| Temporary Differences Relating To: | | |
| - Property Plant and Equipment | - | 102 |
| - Intangible Assets | - | 1 |
| - Provisions and Other | - | 119 |
| Tax Losses | 7,593 | 7,204 |
| Total | 7,593 | 7,426 |

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 2015 | 80 | 2,928 | 557 | 273 | 4,187 | 115 | 8,140 |
| Additions | - | 43 | 53 | - | 441 | - | 537 |
| Disposals / Transfers | - | - | - | (36) | - | (85) | (121) |
| Balance at 30 June 2016 | 80 | 2,971 | 610 | 237 | 4,628 | 30 | 8,556 |
| Additions | - | 71 | 84 | - | 159 | - | 314 |
| Disposals | (20) | (990) | - | - | - | - | (1,010) |
| Transfer into WIP | - | - | - | - | - | 315 | 315 |
| Transfer from WIP | - | - | - | - | - | (314) | (314) |
| Balance at 30 June 2017 | 60 | 2,052 | 694 | 237 | 4,787 | 31 | 7,861 |
| Depreciation | | | | | | | |
| 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 |
| Depreciation for the Year | - | 110 | 71 | 7 | 138 | - | 326 |
| Disposals | - | (304) | - | - | - | - | (304) |
| Balance at 30 June 2017 | - | 892 | 565 | 225 | 3,860 | - | 5,542 |
| Carrying Amounts | | | | | | | |
| At 30 June 2016 | 80 | 1,885 | 116 | 19 | 906 | 30 | 3,036 |
| At 30 June 2017 | 60 | 1,160 | 129 | 12 | 927 | 31 | 2,319 |

All assets are used for food processing purposes.

19 TRADE AND OTHER PAYABLES

| | Group | |
|-------------------------------------|---------------------------|---------------------------|
| | 30 June 2017 \$'000 | 30 June 2016 \$'000 |
| Trade and Other Payables | | |
| Trade Payables | 1,128 | 1,493 |
| Provisions | - | 5 |
| Other Payables and Accrued Expenses | 567 | 739 |
| | 1,695 | 2,237 |

20 BORROWINGS

| | Group | |
|-----------------------------------|---------------------------|---------------------------|
| | 30 June 2017 \$'000 | 30 June 2016 \$'000 |
| Debtor Financing Facility | 760 | 71 |
| Mortgage Facility | 730 | 400 |
| Plant Financing | 62 | 115 |
| 2021 Redeemable Preference Shares | 911 | - |
| 2017 Redeemable Preference Shares | 2,930 | 2,930 |
| | 5,393 | 3,516 |

| | | |
|-------------|--------------|-------|
| Current | 2,153 | 124 |
| Non-Current | 3,240 | 3,392 |
| | 5,393 | 3,516 |

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

| | <i>Group</i> | |
|-----------------------------------|-------------------------|-------------------------|
| | 30 June 2017 | <i>30 June 2016</i> |
| | % | % |
| Debtor Financing Facility | 9.75% | 9.75% |
| Mortgage Facility | 7.75% | 7.75% |
| Plant Financing | 0.00% | 0.00% |
| 2017 Redeemable Preference Shares | 9.00% | 9.00% |
| 2021 Redeemable Preference Shares | 9.00% | N/A |

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 \$730,000 (2016: \$1,120,000). 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.

2021 Redeemable Preference Shares

During the year ended 30 June 2017 910,685 redeemable preference shares were issued at \$1 each. The redeemable preference shares have a scheduled redemption date of 30 September 2021, although Speirs Group Limited has the right to redeem at any time before the scheduled redemption date. The 2021 redeemable preference shares rank equally with the existing redeemable preference shares, behind all other liabilities of Speirs Group Limited but ahead of ordinary and perpetual preference shareholders. The dividend rate on the 2021 Redeemable Preference Shares is 9.00% per annum.

2017 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 equally with the 2021 Redeemable Preference Shares, behind all other liabilities of Speirs Group Limited but ahead of ordinary and perpetual preference shareholders. Until 30 June 2015 the dividend rate was 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 2016 and 2017 the dividend rate was reset to 9.00%. Of the 2,929,632 redeemable preference shares, holders of 1,589,315 have irrevocably committed to converting their maturing redeemable preference shares into 2021 redeemable preference shares. Accordingly the 1,589,315 redeemable preference shares are treated as a non current liability with the remaining maturing shares being treated as a current liability.

21 CONTRIBUTED CAPITAL

Group

| | 30 June 2017 | <i>30 June 2016</i> |
|----------------------------|-------------------------|-------------------------|
| | \$'000 | <i>\$'000</i> |
| Balance at 1 July | 12,925 | 12,925 |
| Balance at Year End | 12,925 | 12,925 |

Group

| | Ordinary Shares | |
|--|-----------------|----------------|
| | <i>30 June</i> | <i>30 June</i> |
| | 2017 | 2016 |
| | '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 2016: 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 | |
|--|-----------------------------|----------------|
| | <i>30 June</i> | <i>30 June</i> |
| | 2017 | 2016 |
| | '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" 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. |

Dividends

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

| | <i>30 June</i> | <i>30 June</i> |
|--|----------------|----------------|
| | 2017 | 2016 |
| | '000 | '000 |
| 0.0c per Qualifying Ordinary Share (30 June 2016: 0.5) | - | 57 |
| 9.0c per Qualifying Perpetual Preference Share (30 June 2016: 9.00c) | 61 | 61 |

22 RECONCILIATION OF PROFIT/(LOSS) AFTER TAX FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

| | <i>Group</i> | |
|---|------------------------------------|------------------------------------|
| | 30 June 2017 \$'000 | <i>30 June 2016 \$'000</i> |
| Reconciliation of Profit/(Loss) After Tax for the Year to Net Cash from Operating Activities | | |
| Profit/(Loss) for the Year | (205) | 117 |
| Adjustments for Non-Cash Items: | | |
| Depreciation of Property, Plant and Equipment | 326 | 355 |
| Amortisation of Intangible Assets | 23 | 26 |
| Realised Gain on Disposal of Allied Farmers Limited Shares | - | (32) |
| Bad Debts Written-off | 16 | 4 |
| Partial Recognition of Deferred Income Tax Asset | - | (315) |
| Share of Associates (Gains)/ Losses | (56) | 82 |
| Loss/(Gain) on Associates | (846) | - |
| Gain on Recognition of Available for Sale Financial Asset | 233 | - |
| Impairment of Available for Sale Financial Asset | (33) | - |
| | (542) | 237 |
| Movement in Other Working Capital Items: | | |
| Change in Inventories | (22) | - |
| Change in Trade and Other Receivables and Prepayments | 27 | (242) |
| Change in Trade and Other Payables | (542) | 97 |
| Net Cash From Operating Activities | (1,079) | 92 |

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 2017 \$'000 | <i>30 June 2016 \$'000</i> |
| Short-Term Employee Benefits | 519 | 449 |
| Termination Benefits | - | - |
| | 519 | 449 |

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.

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 60.657% interest), Speirs Investments LP (a Limited Partnership in which Speirs Group Limited is the sole Limited Partner), EL&F Holdings Limited and its subsidiaries (a company in which Speirs Group Limited holds 2.04% of the ordinary shares on issue) and Rosa Foods Limited (a company in which Speirs Group Limited has a 40% interest) and with a company in which Derek Walker (a director of both Speirs Group Limited and Speirs Foods Limited) is a shareholder and director (Third Bearing Limited).

Transactions for the year ended 30 June 2017 with related parties are summarised below:

- **Speirs Foods Limited**
 - Speirs Group Limited received a dividend of \$250,000 (30 June 2016: \$400,000) from Speirs Foods Limited.
 - Speirs Group Limited charged Speirs Foods Limited \$66,000 (30 June 2016: \$66,000) in respect of corporate services provided by Speirs Group Limited.
 - At 30 June 2017 Speirs Group Limited owed \$177,897 (30 June 2016: \$7,443) to Speirs Foods Limited.
- **Rosa Foods Limited**
 - Speirs Group Limited received a dividend on preference shares of \$1,950 (30 June 2016: \$8,060) from Rosa Foods Limited. At 30 June 2017 the balance of the preference shares was \$Nil (30 June 2016: \$40,000).
 - Speirs Group Limited received a dividend on ordinary shares of \$20,000 (30 June 2016: \$nil) from Rosa Foods Limited.
 - Speirs Foods charged Rosa Foods Limited \$615,529 (30 June 2016: \$578,789) for freight and marketing services provided. At 30 June 2017 Rosa Foods Limited owed Speirs Foods Limited \$62,589 (30 June 2016: \$116,455).
- **Equipment, Leasing and Finance Holdings Limited and its subsidiaries**
 - Speirs Group Limited has invested \$1,000,000 (30 June 2016: \$Nil) by way of subordinated debt into a wholly owned subsidiary of Equipment, Leasing and Finance Holdings Limited. \$405,000 of the subordinated debt was repaid during the year.
 - Speirs Group Limited received \$60,386 (30 June 2016: \$Nil) of interest on the subordinated debt. At 30 June 2017 the amount of accrued interest owing was \$4,889 (30 June 2016: \$Nil).
- **Advaro Financial Services Limited and its subsidiaries**
 - Speirs Group Limited has invested \$Nil (30 June 2016: \$1,000,000) by way of subordinated debt into a wholly owned subsidiary of Advaro Financial Services Limited
 - Speirs Group Limited received \$33,333 (30 June 2016: \$100,000) of interest on the subordinated debt. At 30 June 2017 the amount of accrued interest owing was \$Nil (30 June 2016: \$8,333).
- **Third Bearing Limited:**
 - Speirs Foods Limited paid Third Bearing Limited \$21,555 (2016: \$Nil) for consulting and transition management services. At 30 June 2017 the balance owed to Third Bearing Limited was \$Nil (2016: \$Nil).

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 \$3,686 for the year ended 30 June 2017 (30 June 2016: \$64,855)

Contingent Liabilities

At 30 June 2017 the Group had no contingent liabilities (2016: Same)

25 EVENTS AFTER THE REPORTING PERIOD

On 31 October 2017, the mortgage facility lender agreed to extend the maturity period of the facility from 10 July 2018 to 10 July 2021 with the same facility limit as was in place at 30 June 2017 (\$730,000).

There have been no other 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 2017 \$'000</i> | <i>June 2016 \$'000</i> |
| Cash and Cash Equivalents | 618 | 194 |
| Trade and Other Receivables | 1,697 | 1,751 |
| Loans, Advances and Investments | 1,745 | 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 | |
|-------------------------------|--------------------|--------------|-----------------------------|--------------|
| | June 2017 | June 2016 | June 2017 | June 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying Amount | 1,745 | 1,000 | 1,697 | 1,751 |
| Past Due but not Impaired | - | - | 2 | - |
| Neither Past Due nor Impaired | 1,745 | 1,000 | 1,695 | 1,751 |
| Impairment Provision | - | - | - | - |
| Total Carrying Amount | 1,745 | 1,000 | 1,697 | 1,751 |

Trade and other receivables totalling \$2,016 (2016: \$Nil) 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 85% 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 \$730,000 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 2017 | 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 | 618 | 618 | 618 | - | - | - | - | - |
| Loans, Advances and Investments | 1,745 | 2,049 | - | 1,171 | 15 | 30 | 59 | 774 | | | | | | | | | |
| Trade and Other Receivables | 1,697 | 1,697 | - | 1,697 | - | - | - | - | | | | | | | | | |
| Total | 4,060 | 4,364 | 618 | 2,868 | 15 | 30 | 59 | 774 | | | | | | | | | |

| Group 2017 | 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 | 1,695 | 1,695 | - | 1,695 | - | - | - | - |
| Borrowings | 5,393 | 6,510 | - | 1,473 | 102 | 964 | 965 | 3,006 | | | | | | | | | |
| Total | 7,088 | 8,205 | - | 3,168 | 102 | 964 | 965 | 3,006 | | | | | | | | | |

| 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, Advances and Investments | 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 |

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 2017 | 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 | 618 | 451 | 167 | - | - | - | - |
| Loans, Advances and Investments | 1,745 | - | 1,150 | - | 595 | - | - |
| | 2,363 | 451 | 1,317 | - | 595 | - | - |
| Borrowings | 5,393 | 62 | 1,340 | - | 761 | 730 | 2,500 |
| | 5,393 | 62 | 1,340 | - | 761 | 730 | 2,500 |
| | (3,030) | 389 | (23) | - | (166) | (730) | (2,500) |

| Group 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, Advances and Investments | 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) |

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 2017 \$'000 | 30 June 2016 \$'000 |
|---|---------------------------|---------------------------|
| Contributed Equity | 12,925 | 12,925 |
| Revaluation Reserve for Available for Sale Financial Assets | 72 | - |
| Accumulated Deficits | (10,665) | (10,399) |
| Total Equity Balance at Period End | 2,332 | 2,526 |

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 | |
|--|---|----------------|------|
| | | 2017 | 2016 |
| 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 a 2.36% investment in EL&F Holdings Limited | 100% | 100% |

28 NET TANGIBLE ASSETS PER SECURITY

| | 30 June 2017 | 30 June 2016 |
|--|-----------------|-----------------|
| Net Tangible Assets Per Security - \$ per security | 0.20 | 0.22 |



Independent Auditor's Report

To the shareholders of Speirs Group Limited

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Speirs Group Limited (the company) and its subsidiaries (the group) on pages 7 to 34:

- i. present fairly in all material respects the Group's financial position as at 30 June 2017 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2017;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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



Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Use of this independent auditor's report

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent 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 shareholders as a body for our audit work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible 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);
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx.

This description forms part of our independent auditor's report.



KPMG
Wellington

15 November 2017

STATUTORY INFORMATION

Principal activities

Speirs Group Limited operates as a holding company. At 30 June 2017 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 investment in Equipment, Leasing and Finance Holdings 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 2017: | | |
| 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 2017: | | |
| 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 2017: | | |
| 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

The following entries were made in the Interests Register during the year ended 30 June 2017:

- On 22 August 2016 Derek Walker declared:
 - His appointment as a director of Centralines Limited
- On 16 September 2017 Nelson Speirs declared:
 - His appointment as a director of Equipment, Leasing & Finance Holdings Limited and its associated companies.
- On 21 November 2016 Derek Walker declared:
 - His retirement as a director of PN Airport Limited from 16 December 2016
- On 21 November 2016 Fred Hutchings declared:
 - His appointment as a member of the FMA Audit Oversight Committee; and
 - he was no longer a member of the NZICA Audit Regulation Advisory Group as this body has disbanded

Governance positions held by directors at 30 June 2017

| Director | Entity | Relationship |
|----------------------|--|--------------------------|
| Derek Walker | 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 |
| | Centralines Limited | Director |
| Nelson Speirs | S N Management Limited | Director |
| | MMM Holdings Limited | Director (Chair) |
| | Speirs Securitisation Management Limited | Director |
| | Equipment, Leasing & Finance Holdings Limited and Associated Companies | Director |
| Fred Hutchings | Amwell Holdings Limited | Director |
| | Walker Nominees Limited | Director |
| | Speirs Foods Limited | Director |
| | Seeka Limited & Associated Companies | Director |
| | Office of the Auditor General Audit and Risk Committee | Member (Chair) |
| | Commerce Commission Audit Finance and Risk Management | Convenor |
| | FMA Audit Oversight Committee | Member |
| 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 2017, is as follows:

| Name | Parent Subsidiary/Associate | | | Total Remuneration | |
|----------------|-----------------------------|---------------------------|---------------------------|-----------------------|--------------------------------|
| | Consultants Fees | Company Directors Fees | Company Directors Fees | | |
| Derek Walker | \$ 21,555 | \$40,000 | \$16,000 | \$77,555 | Independent Director and Chair |
| Nelson Speirs | \$ Nil | \$27,000 | \$6,667 | \$33,667 | Non Independent Director |
| Fred Hutchings | \$ Nil | \$27,000 | \$8,000 | \$35,000 | Independent Director |
| David Speirs | \$ Nil | \$20,000 | \$ Nil | \$20,000 | 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 2017 and as at 30 June 2016, 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 2017 were:

| | Group |
|-------------------------|--------------|
| • \$100,000 - \$109,999 | 1 |
| • \$110,000 - \$119,999 | 1 |

STATUTORY DISCLOSURE IN RELATION TO SHAREHOLDERS

Twenty largest shareholders at 30 June 2017

| | <i>Fully Paid</i> | <i>Percentage of</i> |
|---|------------------------|------------------------------|
| | <i>Ordinary Shares</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% |
| T A Morgan, S Morgan | 124,885 | 1.10% |
| P O Belk, B J Belk | 124,727 | 1.10% |
| 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% |
| C M Tyler | 100,000 | 0.88% |
| Cervelo Investments Limited | 95,302 | 0.84% |
| | 7,179,324 | 63.32% |

Shareholder Statistics at 30 June 2017

| <i>Ordinary Shares</i> | <i>Holders</i> | <i>%</i> | <i>Shares</i> | <i>%</i> |
|------------------------|----------------|----------|---------------|----------|
| 1 to 999 | 30 | 6.12 | 14,517 | 0.13 |
| 1,000 to 4,999 | 229 | 46.73 | 515,903 | 4.55 |
| 5,000 to 9,999 | 72 | 14.69 | 511,013 | 4.51 |
| 10,000 to 99,999 | 140 | 28.58 | 3,209,121 | 28.31 |
| 100,000 and over | 19 | 3.88 | 7,084,022 | 62.50 |
| | 490 | 100.00 | 11,334,576 | 100.00 |

DIRECTORY

Directors

At 30 June 2017 the Board of Directors of Speirs Group Limited is comprised of four Non-Executive Directors. All Directors have served for the whole year.

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, FCIS, FGZ

Email: lees@speirs.co.nz

Registered Office

4 Lower High Street, Marton
P O Box 318, Palmerston North
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