Speirs Group Limited

Annual Report

for the year ended 30 June 2019

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Speirs Group Limited

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Speirs GROUP

REPORTING BY DIRECTORS

The directors are pleased to report the result for the year ended 30 June 2019. Key points of the year included:

- The transfer of the Speirs Foods operating business to a new Limited Partner Structure (Speirs Foods (2018) LP) in conjunction with the sale of a 33% interest to an associated party of the Managing Director, Ross Kane. All of the land and buildings were retained within the Speirs group of companies and are leased to Speirs Foods (2018) LP.
- A slightly disappointing result for the Speirs Foods business due to pressure on margins and a slow start to the year. However, positioning for the future continued with further products released under THE WHOLE MIX brand;
- Continued growth in the Equipment, Leasing & Finance business and an uplift in the carrying value of our shareholding through recognition that the preference shares will be converted to ordinary shares;
- Termination of the Licence for the Omega 3 encapsulation technology licenced by Speirs Nutritionals with the subsequent decision to wind up Speirs Nutritionals;
- A reduction in the debt owed by the Group, resulting in an improvement in the ratio of equity to total assets from 42.2% to 47.6%.

Financial Performance

The Group reported a profit after tax of $141,000 compared to the previous year profit of $1,156,000. The reduced profit was driven primarily by a lower profit before interest from Speirs Foods of $494,000 compared to a profit of $829,000 in the previous year, a reduced uplift in the carrying value of Equipment Lease & Finance and one-off costs associated with the set up of the new Foods Limited Partnership. The contributions to the overall profit and comprehensive income are summarised below:

	2019 $000	***2018 $000***	***Improvement/ (Deterioration) %***
Speirs Foods/Speirs Foods (2018) LP trading profit/(loss) before interest	**494**	829	(40.4)
Corporate Income	**88**	-	N/A
Associates' and Fair Value Through Profit and Loss Financial Assets profit and share of dividends			
- Rosa Foods Limited	**-**	135	N/A
- Equipment, Leasing and Finance Holdings Limited	**344**	699	(50.8)
Formation Costs of Speirs Foods (2018) LP	**(109)**	-	N/A
Corporate governance costs	**(282)**	(227)	(24.2)
Net financing costs	**(323)**	(374)	13.6
Depreciation Expense of Speirs Foods Limited in relation to acting as landlord for Speirs Foods (2018) LP	**(71)**	-	N/A
Recognition of Future Income Tax Benefit	**-**	94	N/A
Total Profit	**141**	1,156	(87.8)
Profit attributable to non-controlling Interest	**(49)**	-	N/A
Overall profit attributable to ordinary shareholders of Speirs Group Limited	**92**	1,156	(92.0)

The information appearing in the above table contains non-GAAP (Generally Accepted Accounting Practice) financial information for the Group. 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 consolidated audited financial statements. The directors believe that this non-GAAP financial information is useful for readers of the consolidated 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 the Group's financial performance.

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

Speirs Foods

Speirs Foods maintains its role in the processing and sale of fresh salads and related products throughout New Zealand, primarily through the two major supermarket chains.

On 1 November 2018, 33% of the operating business of Speirs Foods Limited was sold to interests associated with Ross Kane, the General Manager of Speirs Foods. This transaction was completed by transferring the majority of the existing Speirs Foods Limited business excluding land and buildings, to a newly established Limited Partnership called Speirs Foods (2018) LP which became the operating entity. Speirs Group owns 67% of the new entity and Kane Investments Limited

33%. All of the land and buildings have been retained within the Speirs group of companies and are leased to the new Speirs Foods (2018) LP. Ross Kane was appointed the Managing Director of Speirs Foods (2018) LP on 1 November 2018.

The profit contribution by the Speirs Foods business declined compared to the previous year. Although total sales value increased, pressure on margins from increased costs impacted on the margin achieved. In particular, increases in the minimum wage level have had a significant impact on both Speirs internal labour costs and raw material costs in excess of the underlying inflation rate. The minimum wage increases not only impact those on the minimum wage but also across the spectrum of employees as wage relativities need to be maintained to reward skill and experience, and retain and recruit our staff. Recouping these costs is always a challenge as our customers seek justification for any price increase and we also need to balance price against maintaining our market share. We have been successful in recent requests for modest price increases that should assist in improving margin the 2020 year.

The range of products under THE WHOLE MIX brand with its tag line "Good Made Easy" continues to expand. Under this brand Speirs Foods is marketing an innovative mix of fresh, flavoursome salads and sides that are nutritious and tasty - for eating on the go or to share with family at home. During the year a range of specialist bagged coleslaw products were introduced which saw us increase our product volume going into the produce sections of supermarkets. A range of snack pots which include salads and protein was also introduced.

Rosa Foods

In April 2018, Speirs Group Limited agreed to sell its 40% minority shareholding in Rosa Foods Limited. Speirs Group received an upfront cash payment with the balance paid progressively over a three-year period. The deferred balance is subject to interest payments at market rates. Interest and principal payments were received during the year as scheduled.

Equipment Leasing and Finance Holdings Limited (EL&F)

The Group Limited holds 1.98% of the ordinary shares of EL&F. In addition, the Group holds a parcel of EL&F preference shares that, under certain circumstances, convert to a further 0.29% of the EL&F ordinary shares. As that conversion is dependent upon circumstances outside the control of the Group, the directors have previously taken the conservative view and assumed that the preference shares were of no value. Information from EL&F is that the conditions to convert the preference shares to ordinary shares will now be met, so the directors assessed that the fair value of the preference shares at 30 June 2019 should be $1.50 per share, which is the same value as the existing EL&F ordinary shares at 30 June 2019.

The directors' assessment of the value for this investment is based upon the most recent market transaction and an issue of additional equity during the years ended 30 June 2018 and 2019 as well as an assessment of actual and budgeted earnings multiples for EL&F. Further detail on the basis for the $1.50 carrying value for each EL&F share as well as the background to the reversal of the impairment provision on the preference shares is provided in Note 16 of the financial statements.

AB Equipment Limited (ABE), wholly owned by EL&F, supplies a wide range of heavy mobile equipment to the forestry, infrastructure, construction and manufacturing industries throughout New Zealand. Other subsidiaries of EL&F provide vehicle leasing (Yoogo Limited) and the funding of heavy and light commercial vehicles, cars and other mobile equipment (Speirs Finance Limited).

In mid-2016 these companies came together as a group and as subsidiaries of the newly formed holding company EL&F. This reconstruction has enabled the whole group to become a strong participant in all its chosen industries.

Fellow EL&F shareholders are three independent large private equity firms. Your directors have confidence that, although the Group's percentage shareholding in EL&F is small, its value to Speirs Group Limited is significant and will continue to be enhanced and realised over time.

Speirs Nutritionals Partners LP (SNP)

The licence owner has recently terminated their exclusive license to the omega-3 encapsulation technology sold to them in 2009. The Board of SN Management Limited as General Partner for Speirs Nutritionals Partners LP (SNP) have determined to formally close all business activities and wind the Limited Partnership up. The basis of this decision is due to the license partner terminating their agreement, and SNP concluding that any other customer leads that had been pursued are not certain enough to have any realistic expectation of future financial returns.

Corporate

Corporate costs continue to be kept as low as possible. There have been some legal costs incurred in completing the sale and set up of Speirs Foods (2018) LP.

Speirs GROUP

Financing

The principal borrowing of the group parent, Speirs Group Limited, is $2.5m of redeemable preference shares that mature in September 2021.

In the 2019 year the parent received funds from further payments from the sale of its interest in Rosa foods and funds from the sale of the 33% interest of the Foods business. These funds are presently being held for the redemption of the redeemable preference shares in September 2021.

The overall impact of the transactions and trading activity over the year has resulted in the reduction in the debt owed by the Group, with the ratio of equity to total assets further improving from 42.2% to 47.6%. .

Dividend

While the position of the Group has improved, the Board considers it prudent to preserve cash for further debt repayment, and has thus resolved not to pay a dividend for the period. If the cash position improves in the future and the debt to equity ratio reaches a sustainable level, future dividend payments will be considered.

Outlook

Our focus on the improvement in Speirs Foods profitability and maximising returns from our other investments continues. We remain firmly on this path with a focus on reducing debt. Once we have debt at a manageable level then, cash returns from trading activities or divestments may be applied to returning cash to shareholders.

We note that recent trading of Speirs Group shares, albeit at very low volumes, continues at a large discount to the net asset backing of those shares which was approximately 32 cents per share at year end.

Directors

At 30 June 2019, 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 General Partner consists of Derek Walker and Fred Hutchings from the Speirs Group board, together with Ross Kane from Kane Investments Limited.

I thank the directors for their continued support.

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.

I would especially like to thank the staff of Speirs Foods who continue to rise to the challenge of improving the efficiency of the business, developing new products and getting them to market.

Derek Walker
Chairman

Fred Hutchings
Director

4 October 2019

Speirs Group Limited

Purpose, Goals and Strategy

Purpose
Speirs Group Limited 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 the Group's Present Investments

Investment	Holding	Type	Description
Speirs Foods Limited	100%	Asset Owning	Owns land and buildings leased to Speirs Foods (2018) LP
Speirs Foods (2018) LP	67%	Food – Active	Fresh food production and distribution
EL&F Holdings Limited	2%	Finance – Active	EL&F is a supplier/servicer/funder/lessor of mobile equipment throughout New Zealand.

Investment Criteria

Criteria to be considered for any investment are:

1. The investment is aligned with the core competencies of the 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 the Group 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 for the Group to cover annual investment costs.
5. The amount of capital required is affordable for the Group and would not materially increase the financial risk to the business.

Summary of Strategy for Each Investment

Investment	**Investment Strategy**
Speirs Foods Limited	The present intention is to hold this investment to operate as a landlord to Speirs Foods (2018) LP.
Speirs Foods (2018) LP	The present intention is to hold the majority partnership interest in this investment to provide profitability and cash flow to the wider group. Speirs Foods (2018) LP's strategy is to: • Maintain the strong national position the LP 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. A further partial or full divestment of this investment would be considered if a proposal provided a better outcome for shareholders.
EL&F Holdings Limited	The present intention is to hold this investment while the company builds its business and shareholder value. As a minority shareholder Speirs Group Limited is only able to exert modest influence in relation to this entity. 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.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Notes	June 2019 $'000	June 2018 $'000
Assets			
Current Assets			
Cash and Cash Equivalents	12	251	127
Loans, Advances and Investments	16	550	225
Trade and Other Receivables	13	1,595	1,454
Assets Held for Resale		50	-
Prepayments		18	30
Inventories	14	682	653
Total Current Assets		3,146	2,489
Non Current Assets			
Investment in Associates	15	8	8
Loans, Advances and Investments	16	3,094	2,778
Deferred Income Tax Asset	17	409	409
Property, Plant & Equipment	18	1,953	2,310
Intangible Assets		126	111
Total Non Current Assets		5,590	5,616
Total Assets		8,736	8,105
Liabilities			
Current Liabilities			
Trade and Other Payables	19	1,469	1,268
Borrowings	20	602	900
Total Current Liabilities		2,071	2,168
Non Current Liabilities			
Borrowings	20	2,505	2,510
Total Liabilities		4,576	4,678
Equity			
Contributed Capital	21	12,925	12,925
Accumulated Deficits		(9,185)	(9,498)
Equity Attributable to Owners of the Parent		3,740	3,427
Non-Controlling Interest	27	420	-
Total Equity		4,160	3,427
Total Equity and Liabilities		8,736	8,105

The Board of Directors of Speirs Group Limited authorised these consolidated financial statements for issue on 4 October 2019.

Signed on behalf of the Board of Directors

Derek Walker
Chairman

Fred Hutchings
Director

4 October 2019

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

Speirs GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Revenue	**31**	***16,081***	*15,399*
Purchases of Raw Materials		***(6,717)***	*(6,326)*
Employee Benefits Expense	**6**	***(4,610)***	*(4,338)*
Freight, Packaging & Other		***(3,025)***	*(2,974)*
Net Trading Income		**1,729**	1,761
Other Income	**7**	**112**	287
Total Net Income earned from Operating Activities		**1,841**	2,048
Share of Gain of Associates	**15**	**-**	134
Gain on Fair Value Through Profit and Loss Financial Asset	**16**	**344**	811
Impairment of Fair Value Through Profit and Loss Financial Asset		**-**	(112)
Other Expenses	**8**	**(1,429)**	(1,138)
Earnings Before Interest, Depreciation and Amortisation		**756**	1,743
Interest Income		***79***	*79*
Interest Expense		***(402)***	*(453)*
Net Interest Expense	**9**	**(323)**	(374)
Depreciation and Amortisation		**(292)**	(307)
Profit Before Income Tax		**141**	1,062
Income Tax (Expense)/ Benefit	**10**	**-**	94
Profit per Share Attributed to Equity Holders of the Company		**141**	1,156
Other Comprehensive Income		**-**	-
Total Comprehensive Income		**141**	1,156
Total Comprehensive Income for the Period Attributable to:			
Owners of Speirs Group Limited		**92**	1,156
Non-Controlling Interest		**49**	-
		141	1,156

Total Profit per Share Attributed to Equity Holders of the Company:	Note	2019 Cents	2018 Cents
Basic Profit per Share	**11**	**0.27**	9.66
Diluted Profit per Share	**11**	**0.27**	9.66

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

Speirs GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

	Note	*Contributed Capital $'000*	*Accumulated Deficits $'000*	*Revaluation Reserve for Available for Sale Financial Assets $'000*	*Total Attributable to Owners of the Parent $'000*	*Non – Controlling Interest $'000*	*Total Equity $'000*
Balance at 1 July 2017		12,925	(10,665)	72	2,332	-	2,332
Transfer from Revaluation Reserve for Available for Sale Financial Assets to Accumulated Deficits Upon the Adoption of NZ IFRS 9		-	72	(72)	-	-	-
Adjusted Balance at 1 July 2017		12,925	(10,593)	-	2,332	-	**2,332**
Comprehensive Income							
Profit for the Year		-	1,156	-	1,156	-	**1,156**
Other Comprehensive Income		-	-	-	-	-	-
Total Comprehensive Income/(Loss)		-	1,156	-	1,156	-	**1,156**
Transactions with Owners in Their Capacity as Owners							
Dividends Paid On Perpetual Preference Shares	**21**	-	(61)	-	(61)	-	**(61)**
Total Transactions with Owners		-	(61)	-	(61)	-	**(61)**
Balance at 30 June 2018		12,925	(9,498)	-	3,427	-	**3,427**
Comprehensive Income							
Profit for the Year		**-**	**92**	**-**	**92**	**49**	**141**
Other Comprehensive Income		-	-	-	-	-	-
Total Comprehensive Income		**-**	**92**	**-**	**92**	**49**	**141**
Transactions with Owners in Their Capacity as Owners							
Transactions with Non- Controlling Interests		**-**	**282**	**-**	**282**	**371**	**653**
Dividends Paid On Perpetual Preference Shares	**21**	**-**	**(61)**	**-**	**(61)**	**-**	**(61)**
Total Transactions with Owners		**-**	**221**	**-**	**221**	**371**	**592**
Balance at 30 June 2019		**12,925**	**(9,185)**	**-**	**3,740**	**420**	**4,160**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Interest Received		**79**	79
Dividends Received		**225**	174
Cash Receipts from Customers		**15,937**	15,573
Other Income		**112**	219
Dividends Paid on Redeemable Preference Shares		**(225)**	(255)
Interest Expense		**(177)**	(200)
Cash Paid to Suppliers and Employees		**(15,458)**	(15,260)
Net Cash from Operating Activities	**22**	**493**	330
Cash Flows from Investing Activities			
Proceeds from Maturing Short Term Bank Deposits		**-**	1,150
Proceeds from Sale of Property, Plant & Equipment		**-**	37
Limited Partnership Distributions Received		**-**	6
Proceeds from Redemption of EL&F Subordinated Debt		**-**	595
Proceeds from Non-Controlling Interest		**326**	-
Loans Repaid		**130**	-
Investment in Short Term Bank Deposits		**(325)**	-
Acquisition of Fair Value Through Profit or Loss Financial Assets		**-**	(172)
Acquisition of Intangibles		**(40)**	(100)
Acquisition of Property, Plant & Equipment		**(96)**	(293)
Net Cash Flows from Investing Activities		**(5)**	1,223
Cash Flows from Financing Activities			
Proceeds from Borrowings – Net	**29**	**-**	140
Repayments of Borrowings – Net	**29**	**(303)**	(782)
Repayment of 2017 Redeemable Preference Shares		**-**	(1,341)
Dividends Paid on Perpetual Preference Shares		**(61)**	(61)
Net Cash Flows from Financing Activities		**(364)**	(2,044)
Net Increase / (Decrease) in Cash and Cash Equivalents		**124**	(491)
Cash and Cash Equivalents at Beginning of Year		**127**	618
Cash and Cash Equivalents at Year End	**12**	**251**	127

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

Notes to the Financial Statements

1 GENERAL INFORMATION

Speirs Group Limited operates as a holding company.

- Speirs Foods Limited is a wholly owned subsidiary of Speirs Group Limited and was involved (until 1 November 2018) in the production and distribution of fresh food products. On 1 November 2018 it sold its operating activities and assets (with the principal exception of land and buildings) to Speirs Foods (2018) LP. From 1 November 2018 the company principally operates as a landlord to Speirs Foods (2018) LP.
- Speirs Foods (2018) LP is a 67% majority owned subsidiary of Speirs Group Limited and is involved (from 1 November 2018) in the production and distribution of fresh food products. On 1 November 2018 it acquired the operating activities and assets (with the principal exception of land and buildings) from Speirs Foods Limited.
- Speirs Investments LP is a wholly owned subsidiary of Speirs Group Limited which holds a 2.28% investment in Equipment, Leasing & Finance Holdings Limited.

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

From 1 August 2016, Speirs Group Limited has its ordinary shares trading on Unlisted.

These consolidated financial statements have been approved for issue by the Board of Directors on 4 October 2019.

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 consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand and on the basis that the Group continues to operate as a going concern. 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 issued by the New Zealand Accounting Standards Board..

The consolidated 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.

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, its majority owned subsidiary Speirs Foods (2018) LP and its associate entity 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 under the Financial Markets Conduct (FMC) Act 2013, Speirs Group Limited is an FMC entity for reporting purposes and reports under Tier 1 requirements approved by the New Zealand Accounting Standards Board.

The financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the Companies Act 1993.

Critical Accounting Estimates

The preparation of consolidated 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 that have a significant effect on the consolidated 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, its majority owned subsidiary Speirs Foods (2018) LP and its associate Speirs Nutritionals Partners LP as at 30 June 2019. Speirs Group Limited and its subsidiaries and associate 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 Instruments

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Initial Measurement of Financial Assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with NZ IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised Cost
- Fair Value Through Profit or Loss (FVTPL)
- Fair Value Through Other Comprehensive Income (FVOCI)

In the periods presented the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent Measurement of Financial Assets

i. Financial Assets at Amortised Cost

   Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

   - they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
   - the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

ii. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as FVTPL assets. Further, irrespective of the business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for as FVTPL assets.

This category also contains an equity instrument. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in Equipment, Leasing and Finance Holdings Limited at Fair Value Through Other Comprehensive Income (FVOCI).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

iii. Financial Assets Classified as Available for Sale (AFS) Under NZ IAS 39 (Comparative Periods)

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or Held to Maturity and Loans and Receivables). The Group's AFS financial assets only comprises the equity investment in Equipment, Leasing and Finance Holdings Limited.

All AFS financial assets were measured at fair value. Gains and losses were recognised in Other Comprehensive Income and reported within the Revaluation Reserve for Available for Sale Financial Assets in equity.

Impairment of Financial Assets

NZ IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces NZ IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost and trade receivables.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach a distinction is made between:

- Financial instruments that have not deteriorated in credit quality since initial recognition or that have low credit risk ('Stage 1") and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

It is presumed that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Any impairment in relation to trade receivables is based upon lifetime expected credit losses using the simplified approach.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and Measurement of Financial Liabilities
The Group's financial liabilities include Borrowings and Trade and Other Payables.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs.

Subsequently, unless otherwise indicated, all financial liabilities are measured at amortised cost using the effective interest method.

2.5 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.

2.6 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).

2.7 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.

2.8 Trade Receivables

Trade receivables are initially recognised at fair value and subsequent to initial recognition are measured at amortised cost, less a valuation allowance for impairment. Creating a provision for impairment of trade receivables is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables.

2.9 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 that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within liabilities on the consolidated statement of financial position.

2.10 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.

2.11 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.

2.12 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 consolidated 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.

2.13 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.

2.14 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.

2.15 Income Tax

Income tax on the profit or loss for the reporting period 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.

2.16 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.

To determine whether to recognise revenue the Group follows a 5-step process:

i. Identifying the contract with a customer
ii. Identifying the performance obligations
iii. Determining the transaction price
iv. Allocating the transaction price to the performance obligations
v. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at a point in time when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

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 Group transfers the control of the goods to the customer. Control transfers to the customer at the point the customer takes undisputed delivery of the goods.

Provision of Services

Revenue from the provision of services is recognised in profit or loss within the consolidated statement of comprehensive income when the service has been performed.

Interest Income

Interest income and expense are recognised in the consolidated 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 systematically 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.

2.17 Other Income

Dividend Income

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

2.18 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 consolidated statement of movements in equity if paid within the period.

2.19 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.

2.20 Goods and Services Tax (GST)

The consolidated 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.

2.21 Foreign Currency Transactions

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 consolidated statements of comprehensive income, except when deferred in equity as qualifying cash flow hedges, in which case, they are recognised in other comprehensive income.

2.22 Financial Reporting Standards

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

- **NZ IFRS 15** ***Revenue from Contracts with Customer***
  On 1 July 2018 the Group has adopted new guidance for the recognition of revenue from contracts with customers (Please see Note 30 below). This guidance was applied using a modified retrospective ('cumulative catch-up') approach.
  NZ IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, timing and amount of revenue arising from an the Group's contracts with customers. It replaced the existing revenue recognition standards, including NZ IAS 11 *Construction Contracts*, NZ IAS 18 *Revenue*, and associated NZ IFRIC's. The adoption of NZ IFRS 15 did not impact on the Group's recognition of revenue and no adjustments were made to accumulated deficits at the date of initial application of this Standard.

- **NZ IFRS 9** ***Financial Instruments***
  On 1 July 2018 the Group has adopted new guidance for accounting for financial instruments (Please see Note 30 below). This guidance was applied using the transitional relief allowing the entity not to restate prior periods. NZ IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the International Accounting Standards Board's project. The standard replaces NZ IAS 39 *Financial Instruments: Recognition and Measurement* and the previous versions of NZ IFRS 9 that were introduced during its phased introduction of the various elements of the standard. It is effective for annual periods beginning on or after 1 January 2018. No adjustments were made to accumulated deficits at the date of initial application of this Standard, but changes to the classification and treatment of financial assets did arise (See Note 2.4).

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

- **NZ IFRS 16** ***Leases***
  NZ IFRS 16 will replace NZ IAS 17 'Leases" and three related interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the Statement of Financial Position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by NZ IFRS 16 for assets of low value and short-term leases of less than 12 months. NZ IFRS 16 is effective for periods beginning on or after 1 January 2019. Early adoption is permitted; however, the Group have decided not to early adopt.

  The Group is planning to adopt NZ IFRS 16 on 1 July 2019 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying NZ IFRS 16 is recognised as an adjustment to assets and liabilities at the date of initial application. Comparative information is not restated.

  Choosing this transition approach results in further policy decisions the Group need to make as there are several other transitional reliefs that can be applied. These relate to those leases previously held as operating leases and can be applied on a lease-by-lease basis. The Group are currently assessing the impact of applying these other transitional reliefs, however, based upon initial calculations, on 1 July 2019 the Group will recognise a right-of-use asset of $177,479 and a corresponding lease liability of $177,479.

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 Group has 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.

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 financial performance 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. This segment includes the trading operations of Speirs Foods Limited to 1 November 2018 and Speirs Foods (2018) LP from 1 November 2018. At 30 June 2019 the "Speirs Foods" segment assets and liabilities are those of Speirs Foods (2018) LP.

Corporate — The Group has some central operations and corporate costs which are not allocated to business segments. This includes the operations of Speirs Investments LP. From 1 November 2018 Speirs Foods Limited's rental income from Speirs Foods (2018) LP has been included in "Corporate" income and as at 30 June 2019 the assets and liabilities of Speirs Foods Limited are now classified as "Corporate" assets and liabilities given that Speirs Foods future role is effectively that of landlord to Speirs Foods (2018) LP.

The Group operates predominantly within New Zealand.

12 months June 2019	Speirs Foods	Corporate	Consolidation Adjustments	Consolidated
	$'000	$'000	$'000	$'000
External Revenue				
Interest Income	12	79	(12)	79
Revenue	16,081	-	-	16,081
Other Income	180	1,022	(746)	456
Intersegment Revenue / (Eliminations)	(154)	(604)	758	-
Total Segment Revenue	16,119	497	-	16,616
Interest Expense	(189)	(227)	12	(402)
Overall Segment Result	242	319	(420)	141
Income Tax Benefit/(Expense)				-
Profit for the Year				141
Segment Assets	4,884	7,310	(3,458)	8,736
Segment Liabilities	2,214	2,558	(196)	4,576
Depreciation and Amortisation	221	71	-	292
Capital Expenditure	289	-	-	289

Two customers account for 99% of the total Segment Revenue

12 months June 2018	Speirs Foods	Corporate	Consolidation Adjustments	Consolidated
	$'000	$'000	$'000	$'000
External Revenue				
Interest Income	-	79	-	79
Revenue	15,399	-	-	15,399
Other Income	193	94	-	287
Intersegment Revenue / (Eliminations)	-	316	(316)	-
Total Segment Revenue	15,592	489	(316)	15,765
Interest Expense	(198)	(255)	-	(453)
Overall Segment Result	631	747	(316)	1,062
Income Tax Benefit/(Expense)				94
Profit for the Year				1,156
Segment Assets	4,777	7,442	(4,114)	8,105
Segment Liabilities	2,264	2,528	(114)	4,678
Depreciation and Amortisation	307	-	-	307
Capital Expenditure	293	-	-	293

Two customers account for 95% of the total Segment Revenue

5 FINANCIAL ASSETS AND LIABILITIES

Accounting Classifications and Fair Values

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

Group 30 June 2019	Fair Value Through Profit and Loss	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total Carrying Value
	$'000	$'000	$'000	$'000
Trade and Other Receivables	-	1,595	-	1,595
Loans, Advances and Investments	2,672	972	-	3,644
Cash and Cash Equivalents	-	251	-	251
	2,672	2,818	-	5,490
Trade and Other Payables	-	-	1,379	1,379
Borrowings	-	-	3,107	3,107
	-	-	4,486	4,486

The financial instrument classifications in the prior period are in accordance with NZ IAS 39 as follows:

Group 30 June 2018	Available for Sale	Loans and Receivables	Financial Liabilities at Amortised Cost	Total Carrying Value
	$'000	$'000	$'000	$'000
Trade and Other Receivables	-	1,454	-	1,454
Loans, Advances and Investments	2,328	675	-	3,003
Cash and Cash Equivalents	-	127	-	127
	2,328	2,256	-	4,584
Trade and Other Payables	-	-	1,193	1,193
Borrowings	-	-	3,410	3,410
	-	-	4,603	4,603

Determination of Fair Values

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

All Group financial assets at fair value through profit or loss are Level 3 financial assets.

6 EMPLOYEE BENEFITS EXPENSE

	2019 $'000	*2018 $'000*
Employee Benefits Expense		
Wages and Salaries	**4,467**	4,202
Other Personnel Expenses	**143**	136
Total Employee Benefits Expense	**4,610**	4,338

7 OTHER INCOME

	2019 $'000	*2018 $'000*
Bad Debts Recovered	**4**	-
Dividend on Ordinary Shares – Rosa Foods Limited	**-**	415
Impact of Reclassification of Rosa from Associate Company Status	**-**	(314)
Gain on Disposal of Property, Plant and Equipment	**-**	27
Other Income	**108**	159
Total Other Income	**112**	287

8 OTHER EXPENSES

	2019 $'000	*2018 $'000*
Other Expenses		
Fees Paid to Auditors		
Statutory Audit of Financial Statements	**57**	43
Other Services	**4**	-
Directors Fees – Parent	**73**	73
Directors Fees – Subsidiaries	**26**	26
Bad Debts Written Off	**3**	69
Impairment of Assets Held for Resale	**165**	-
Insurance	**125**	140
Loss on Disposal of Property, Plant and Equipment	**20**	-
Set Up Costs of Speirs Foods (2018) LP - restructuring	**109**	-
Other Expenses	**847**	787
Total Other Expenses	**1,429**	1,138

9 NET INTEREST INCOME/ (EXPENSE)

	2019 **$'000**	2018 $'000
Interest Income		
Cash and Cash Equivalents	**5**	8
Loans and Advances	**74**	71
Total Interest Income	**79**	79
Interest Expense		
Borrowings		
2017 Redeemable Preference Shares Dividends	**-**	66
2021 Redeemable Preference Shares Dividends	**225**	189
Debtor Financing	**170**	133
Mortgage	**2**	56
On all other borrowings	**5**	9
Total Interest Expense	**(402)**	(453)
Net Interest Income/(Expense)	**(323)**	(374)

10 INCOME TAX EXPENSE

	2019 **$'000**	2018 $'000
Tax Expense/(Benefit)		
Current Tax Expense/(Benefit)		
Current Period	**-**	-
Total Current Tax Expense/(Benefit)	**-**	-
Deferred Tax Expense/(Benefit)		
Derecognition of Previously Recognised Tax Losses	**-**	-
Recognition of Previously Unrecognised Deductible Temporary Differences	**-**	-
Recognition of Previously Unrecognised Tax Losses	**-**	(94)
Total Deferred Tax Expense/(Benefit)	**-**	(94)
Total Income Tax Expense/(Benefit)	**-**	(94)

	2019 **$'000**	2018 $'000
Reconciliation of Effective Tax Rate		
Profit Before Income Tax	**141**	1,062
Income Tax at 28%	**39**	297
Deferred Tax in Respect of Current Year	**(205)**	(293)
Loss/(Gain) on Associates	**-**	78
Gain on Fair Value Through Profit and Loss Financial Asset	**(96)**	(226)
Impairment of Fair Value Through Profit and Loss Financial Asset	**-**	31
Non-deductible Expenses	**101**	122
Tax Exempt Income	**-**	-
Prior Year Adjustment	**161**	(9)
Recognition of Previously Unrecognised Tax Losses	**-**	(94)
	-	(94)

	2019 $'000	2018 $'000
Imputation Credits		
Imputation Credits at Beginning of Year	**3,166**	3,128
Imputation Credits Attached to Dividends Received	**-**	161
Imputation Credits Attached to Redeemable Preference Share and Perpetual Preference Share Dividends Paid	**(111)**	(123)
Imputation Credits at End of Year	**3,055**	3,166

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

11 EARNINGS PER SHARE

Basic and Diluted Profit per Share

	2019 $'000	2018 $'000
Profit Attributable to Shareholders		
Profit for the Year	**92**	1,156
Dividends Paid on Perpetual Preference Shares	**(61)**	(61)
Profit for the Year Attributable to Shareholders	**31**	1,095

	Note	2019 '000	2018 '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**

	2019 Cents	2018 Cents
Basic Profit per Share	**0.27**	9.66
Diluted Profit per Share	**0.27**	9.66

12 CASH AND CASH EQUIVALENTS

	30 June 2019 $'000	30 June 2018 $'000
Cash and Cash Equivalents		
Cash at Bank	**71**	72
Short Term Deposits – Call Accounts	**35**	55
90 Day Short Term Deposits – Used as Part of Cash Management	**145**	-
Total Cash & Cash Equivalents	**251**	127

All cash and cash equivalents are held in registered banks.

At 30 June 2019 and 30 June 2018 no Group entities had overdraft facilities.

13 TRADE AND OTHER RECEIVABLES

	30 June 2019			30 June 2018		
	Gross Amount $'000	***Allowance for Expected Credit Losses $'000***	***Carrying Amount $'000***	*Gross Amount $'000*	*Allowance for Impairment $'000*	*Carrying Amount $'000*
Trade and Other Receivables						
Trade Receivables	**1,595**	**-**	**1,595**	1,523	(69)	1,454
Total Trade and Other Receivables	**1,595**	**-**	**1,595**	1,523	(69)	1,454

14 INVENTORIES

	30 June 2019 $'000	*30 June 2018 $'000*
Inventories		
Raw Materials and Consumables	**623**	564
Finished Goods	**59**	89
Total	**682**	653

No inventory is subject to retention of title clauses.

15 ASSOCIATE ENTITIES

Overall Summary

Investments Equity Accounted

	30 June 2019 $'000	*30 June 2018 $'000*
Share of Speirs Nutritionals Partners LP	**8**	8
	8	8

Share of Profit/(Loss) of Associates	***30 June 2019 $'000***	*30 June 2018 $'000*
Share of Profit of Rosa Foods Limited (net of dividends received)	**-**	135
Share of Profit/(Loss) of Speirs Nutritionals Partners LP	-	(1)
	-	134

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. Speirs Group Limited received a $415,000 dividend on ordinary shares from Rosa during the year ended 30 June 2018. On 6 April 2018 Speirs Group Limited sold its shares in Rosa and, as a result, Rosa ceased to be an associate entity from 6 April 2018.

	30 June 2019 $'000	*30 June 2018 $'000*
Opening Balance	**-**	714
Less Dividends on Ordinary Shares	**-**	(415)
Share of surplus/(deficit) after tax of associate until disposal	**-**	68
Gain on Disposal of Ordinary Shares	**-**	67
Transfer from Associate status to Amortised Cost Financial Asset status	**-**	(434)
Closing Balance	**-**	-

16 LOANS, ADVANCES AND INVESTMENTS

	30 June 2019 $'000	*30 June 2018 $'000*
Short Term Deposits - BNZ	**325**	-
Debt Owing – Rosa Foods Limited	**434**	434
Dividend Owing – Rosa Foods Limited	**16**	241
Debt Owing – Kane Investments Limited	**197**	-
Investment in Equipment, Leasing & Finance Holdings Limited Ordinary Shares	**2,328**	2,328
Investment in Equipment, Leasing & Finance Holdings Limited Preference Shares	**344**	344
	3,644	3,347
Impairment Allowance	**-**	(344)
	3,644	3,003
Current	**550**	225
Non-Current	**3,094**	2,778
	3,644	3,003

Debt Owing and Dividend Owing – Rosa Foods Limited

As a result of a transaction during the year ended 30 June 2018 Speirs Group Limited received $434,000 of interest bearing debt and $241,000 of unpaid ordinary dividends (totalling $675,000). This debt and unpaid dividends carry a fixed interest rate of 10.00% per annum with the interest payable in arrears on the last business day of each quarter. A scheduled principal repayment of $225,000 was received on 29 March 2019. At 30 June 2019 the debt and unpaid dividends have scheduled principal repayments of $225,000 per annum (payable in March 2020 and 2021) although the borrower can partially or fully repay the amounts due early with no penalty being incurred. Both the debt and unpaid dividends are secured by a first ranking charge over all of the ordinary shares on issue in Rosa Foods Limited as well as personal guarantees from the ultimate owners of Rosa Foods Limited.

Debt Owing – Kane Investments Limited

As a result of a transaction during the year ended 30 June 2019 Speirs Foods (2018) LP received $326,500 of interest bearing debt. This debt carries a fixed interest rate of 8.50% per annum with the interest payable in arrears on the last business day of each quarter. On 21 December 2018 Kane Investments Limited made a voluntary early repayment of $130,000 leaving a balance owing of $196,500. After this repayment the debt has scheduled principal repayments of $87,667 payable in October 2020 and $108,333 payable in October 2021. The borrower can partially or fully repay the amounts due early with no penalty being incurred. The debt is secured by a first ranking charge over all of the assets of Speirs Foods (2018) LP.

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 from 30 September 2016. After that date it is held as a "Fair Value Through Profit or Loss Financial Asset". Subsequent minor share issues by EL&F have seen the investment reduce to 1.98% ordinary shareholder of EL&F. The directors' assessment of the value for this investment is based upon the most recent market transaction and an issue of additional equity during the years ended 30 June 2018 and 2019 as well as an assessment of actual and budgeted earnings multiples for EL&F. The directors consider this valuation approach to represent the fair value of Speirs' 1.99% shareholding in EL&F. Speirs Investments LP holds 1,551,872 (30 June 2018: 1,551,872) ordinary shares in EL&F. The total number of shares on issue in EL&F are 78,264,666 (30 June 2018: 77,739,666).

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. If there is no clawback required the preference shares will be issued to the preference shareholders as ordinary shares in EL&F on a one for one basis. At 30 June 2018 as these shares were at risk for such a period of time such that the recoverability of the carrying amount could not be practicably assessed, the directors decided to fully impair these preference shares as at 30 June 2018.

During the current financial year the cumulative cash collections since 30 September 2016 have allowed Advaro to assess that the current provision for doubtful debts is sufficient to meet future likely write offs and that no clawback would be necessary. As there is now only minimal risk of future clawback the directors assessed that the fair value of the preference shares at 30 June 2019 should be $1.50 per share, which is the same value as the existing EL&F ordinary shares at 30 June 2019.

Speirs Investments LP holds 229,358 (30 June 2018: 229,358) preference shares in EL&F. The total number of shares on issue in EL&F are 78,264,666 (30 June 2018: 77,739,666).

Reconciliation

	Ordinary Shares	*Preference Shares*	*Total*
	$'000	*$'000*	*$'000*
Investment in Equipment, Leasing & Finance Holdings Limited at 30 June 2017	1,457	-	1,457
Fair Value Gains on Through Profit and Loss Financial Asset – Year Ended 30 June 2018	699	112	811
Acquisition of Additional Ordinary Shares	172	-	172
Impairment of Fair Value Through Profit or Loss Financial Asset – Year Ended 30 June 2018	-	(112)	(112)
Investment in Equipment, Leasing & Finance Holdings Limited at 30 June 2018	2,328	-	2,328
Fair Value Gains on Through Profit or Loss Financial Asset – Year Ended 30 June 2019	**-**	**344**	**344**
Investment in Equipment, Leasing & Finance Holdings Limited at 30 June 2019	**2,328**	**344**	**2,672**

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 2019 the Group has recognised a deferred tax asset of $408,776 (2018: $408,776) which is principally comprised of previously unrecognised tax losses.

	Deferred Tax Asset 1 July 2017	Recognised in Profit or Loss 2018	Deferred Tax Asset 30 June 2018	Recognised in Profit or Loss 2019	Deferred Tax Asset 30 June 2019
	$'000	$'000	$'000	$'000	$'000
Property, Plant and Equipment	108	2	110	(67)	43
Intangibles	3	(2)	1	(2)	(1)
Employee Entitlements	60	(2)	58	(4)	54
Provisions	13	14	27	37	64
Tax Losses	131	82	213	36	249
Total Deferred Tax	315	94	409	-	409

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:

	Group	
	30 June 2019 $'000	*30 June 2018 $'000*
Temporary Differences Relating To:		
- Property Plant and Equipment	**-**	-
- Intangible Assets	**-**	-
- Employee Entitlements	**-**	-
- Provisions and Other	**-**	-
Tax Losses	**7,002**	7,207
Total	**7,002**	7,207

18 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Vehicles	Other Plant & Equipment	Capital Work in Progress	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost							
Balance at 30 June 2017	60	2,372	587	55	4,095	31	7,200
Additions	-	28	-	-	103	-	131
Disposals	-	-	(9)	(31)	(64)	-	(104)
Transfer into WIP	-	-	-	-	-	293	293
Transfer from WIP	-	-	-	-	-	(131)	(131)
Balance at 30 June 2018	60	2,400	578	24	4,134	193	7,389
Additions	**-**	**156**	**43**	**-**	**90**	**-**	**289**
Disposals	**-**	**-**	**(52)**	**-**	**(1,601)**	**-**	**(1,653)**
Transfer into WIP	**-**	**-**	**-**	**-**	**-**	**96**	**96**
Transfer from WIP	**-**	**-**	**-**	**-**	**-**	**(289)**	**(289)**
Balance at 30 June 2019	**60**	**2,556**	**569**	**24**	**2,623**	**-**	**5,832**
Depreciation							
Balance at 30 June 2017	**-**	**1,212**	**469**	**49**	**3,151**	**-**	**4,881**
Depreciation for the Year	**-**	**98**	**59**	**2**	**133**	**-**	**292**
Disposals	**-**	**-**	**(5)**	**(28)**	**(61)**	**-**	**(94)**
Balance at 30 June 2018	**-**	**1,310**	**523**	**23**	**3,223**	**-**	**5,079**
Depreciation for the Year	**-**	**107**	**37**	**1**	**121**	**-**	**266**
Disposals	**-**	**-**	**(52)**	**-**	**(1,414)**	**-**	**(1,466)**
Balance at 30 June 2019	**-**	**1,417**	**508**	**24**	**1,930**	**-**	**3,879**
Carrying Amounts							
At 30 June 2018	60	1,090	66	7	894	193	2,310
At 30 June 2019	**60**	**1,139**	**61**	**-**	**693**	**-**	**1,953**

Some reallocations have been made to the balances of prior year cost and accumulated depreciation. These reallocations have no overall impact on the carrying amounts.

All assets are used for food processing purposes.

19 TRADE AND OTHER PAYABLES

	30 June 2019 $'000	30 June 2018 $'000
Trade and Other Payables		
Trade Payables	**857**	788
Other Payables and Accrued Expenses	**612**	480
	1,469	1,268

20 BORROWINGS

	30 June 2019 $'000	30 June 2018 $'000
Debtor Financing Facility	**602**	900
Mortgage Facility	**5**	10
2021 Redeemable Preference Shares	**2,500**	2,500
	3,107	3,410
Current	**602**	900
Non-Current	**2,505**	2,510
	3,107	3,410

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

	30 June 2019 %	30 June 2018 %
Debtor Financing Facility	**9.75%**	9.75%
Mortgage Facility	**8.00%**	8.00%
2021 Redeemable Preference Shares	**9.00%**	9.00%

Debtor Financing – After 1 November 2018

The financing is secured by a first ranking charge over the assets and undertakings of Speirs Foods (2018) LP and an unsecured guarantee from Speirs Group Limited. The facility was entered into on 1 November 2018 and has a minimum non-cancellable period of 270 days. After 270 days has elapsed: (i) Speirs Foods (2018) LP 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 (2018) LP) to terminate the facility. The interest rate on this facility is reset at the discretion of the lender from time to time.

Debtor Financing – Prior to 1 November 2018

The financing was 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 had the right (after giving 90 days' notice to the financier) to terminate the facility; (ii) the financier had the right (after giving 90 days' notice to Speirs Foods Limited) to terminate the facility. This facility was terminated when the trading business of Speirs Foods Limited was sold to Speirs Foods (2018) LP on 1 November 2018.

2021 Redeemable Preference Shares

At 30 June 2019 there are 2,500,000 (30 June 2018: 2,500,000) fully paid 2021 Redeemable Preference Shares on issue at $1 each. The 2021 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 behind all other liabilities of Speirs Group Limited but ahead of ordinary and perpetual preference shareholders. The fixed dividend rate on the 2021 Redeemable Preference Shares is 9.00% per annum.

Mortgage Facility

Speirs Foods Limited has a mortgage funding facility for up to $500,000 (30 June 2018: $730,000). The facility has a maturity date of 10 July 2021. 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. The Company is required to respect a Loan to security ratio for which the principal sum should not exceed 49.66% of the value of the security at any time or it could be required to repay such an amount of the principal sum or provide an acceptable additional security to ensure the security margin is not exceeded. As at 30 June 2019 and 30 June 2018 the covenant was respected. The interest rate on this facility is reset at the discretion of the lender from time to time.

21 CONTRIBUTED CAPITAL

Group

	30 June 2019 $'000	*30 June 2018 $'000*
Balance at 1 July	**12,925**	12,925
Balance at Year End	**12,925**	12,925

Group	Ordinary Shares	
	30 June 2019 '000	*30 June 2018 '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 2018: 11,334,576). All issued shares were fully paid and entitled to one vote. There are no preferences or restrictions attached to this class of share. Ordinary shares have no par value.

Perpetual Preference Shares

Group	Perpetual Preference Shares	
	30 June 2019 '000	*30 June 2018 '000*
Number of Shares authorised and on issue at 1 July	**679**	679
Number of Shares authorised and 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: (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. Where a dividend is not authorised in a given period in accordance with the principles set out above, rights to those dividends do not accrue.
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 May 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:

	30 June 2019 '000	*30 June 2018 '000*
0.0c per Qualifying Ordinary Share (30 June 2018: 0.0)	**-**	-
9.0c per Qualifying Perpetual Preference Share (30 June 2018: 9.00c)	**61**	61

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

	30 June 2019 $'000	*30 June 2018 $'000*
Reconciliation of Profit/(Loss) After Tax for the Year to Net Cash from Operating Activities		
Profit/(Loss) for the Year	**92**	1,156
Adjustments for Non-Cash Items:		
Depreciation of Property, Plant and Equipment	**267**	292
Amortisation of Intangible Assets	**25**	15
Bad Debts Written-off	**3**	69
Impact of Transfer of Rosa Foods from Associate Company Status	**-**	415
Impairment of Assets Held for Resale	**165**	-
Profit Share Attributable to Non-Controlling Interest	**49**	-
Share of Associates (Gains)/ Losses	**-**	(134)
Recognition of Future Income Tax Benefit	**-**	(94)
Gain on Fair Value Through Profit or Loss Financial Asset	**(344)**	(811)
Impairment of Fair Value Through Profit or Loss Financial Asset	**-**	112
Loss/(Gain) on Disposal of Property, Plant and Equipment	**20**	(27)
	277	993
Movement in Other Working Capital Items:		
Change in Inventories	**(78)**	(162)
Change in Dividend Owing – Rosa Foods Limited	**225**	(241)
Change in Trade and Other Receivables and Prepayments	**(132)**	167
Change in Trade and Other Payables	**201**	(427)
Net Cash From Operating Activities	**493**	330

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:

	30 June 2019 $'000	*30 June 2018 $'000*
Directors' Fees	**99**	99
Consulting Fees Paid to Key Management Personnel	**314**	304
	413	403

At 30 June 2019 the amount of unpaid consulting fees payable to key management personnel was $16,000 (30 June 2018: $25,970)

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.

Entities with which Speirs Group Limited is deemed to be related are:

- Speirs Foods Limited (a wholly owned subsidiary);
- Speirs Foods (2018) LP (a Limited Partnership in which Speirs Group has a 67% interest and is therefore a majority owned subsidiary. This Limited Partnership began operating on 1 November 2018);
- Speirs Nutritionals Partners LP (a Limited Partnership in which Speirs Group has a 60.657% interest, and is an associate of the Group);
- Speirs Investments LP (a wholly owned subsidiary);
- Equipment Leasing and Finance Holdings Limited and its subsidiaries (a company in which Speirs Investments LP holds 2.30% of the ordinary shares on issue as well as Speirs Group Limited and Equipment Leasing and Finance Holdings having a common director);
- Kane Investments Limited (a company which holds a 33% partnership interest in Speirs Foods (2018) LP); and
- Rosa Foods Limited (a company in which Speirs Group Limited held a 40% interest and was an associate of the Group until the shares were sold on 6 April 2018).

- **Speirs Foods Limited**
  - Speirs Group Limited received a dividend of $400,000 (30 June 2018: $250,000) from Speirs Foods Limited.
  - Speirs Group Limited charged Speirs Foods Limited $22,000 (30 June 2018: $66,000 in respect of corporate services provided by Speirs Group Limited.
  - At 30 June 2019 Speirs Group Limited owed $6,773 (30 June 2018: $Nil) to Speirs Foods Limited.
  - At 30 June 2019 Speirs Foods Limited owed $Nil (30 June 2018: $113,778) to Speirs Group Limited.
  - On 1 November 2018 Speirs Foods Limited sold its trading business to Speirs Foods (2018) LP and the majority of Speirs Foods Limited's assets and liabilities (with the principal exception of land and buildings, and the associated mortgage facility which were retained by Speirs Foods Limited). As part of this transaction:
    - Speirs Foods Limited recorded a gain on disposal of plant and equipment of $1,551,262
    - Received a promissory note for $1,868,000 issued by Speirs Group Limited from Speirs Foods (2018) LP in part payment for the value of the business and net assets sold to Speirs Foods (2018) LP;
    - Speirs Foods Limited forgave the requirement to repay the promissory note of $1,868,000 issued by Speirs Group Limited;
    - A one-off loss on disposal of $153,535 was recognised by Speirs Foods Limited.

- **Speirs Foods (2018) LP (from 1 November 2018)**
  - On 1 November 2018 Speirs Foods 2018(LP)acquired the business of Speirs Foods Limited and the majority of Speirs Foods Limited's assets and liabilities (with the principal exception of land and buildings, and the associated mortgage facility which were retained by Speirs Foods Limited). Immediately after this acquisition a 33% partnership interest in Speirs Foods (2018) LP was sold for $653,000. As part of this transaction:

  - Speirs Group issued a promissory note in favour of Speirs Foods (2018) LP in the amount of $1,868,000;
  - The $1,868,000 promissory note was then transferred to Speirs Foods Limited in part payment for the value of the business and net assets acquired from Speirs Foods Limited;
  - A one-off bargain gain on acquisition of $153,535 was recognised by Speirs Foods (2018) LP.
- Speirs Group Limited received a distribution of $Nil (30 June 2018: $Nil) from Speirs Foods (2018) LP
- Speirs Foods Limited charged rent on land and buildings leased by Speirs Foods (2018) LP of $110,000 (30 June 2018: $Nil)
- Speirs Group Limited charged Speirs Foods (2018) LP $44,000 (30 June 2018: $Nil) in respect of corporate services provided by Speirs Group Limited.
- At 30 June 2019 Speirs Foods (2018) LP owed $196,500 (30 June 2018: $Nil) to Speirs Foods Limited. During the year ended 30 June 2019 Speirs Foods Limited charged interest on this loan in the amount of $12,496 (30 June 2018: $Nil).

- **Rosa Foods Limited (the disclosures below represent the period until 6 April 2018 when Speirs Group Limited sold its non-controlling shareholding in the company)**
  - Speirs Foods charged Rosa Foods Limited $Nil (30 June 2018: $191,958) for freight and marketing services provided. At 30 June 2019 Rosa Foods Limited owed Speirs Foods Limited $Nil (30 June 2018: $Nil).
  - Speirs Group Limited received a dividend on ordinary shares of $Nil (30 June 2018: $415,000).

- **Equipment, Leasing & Finance Holdings Limited and its subsidiaries**
  - Speirs Group Limited received $Nil (30 June 2018: $54,548) of interest on a subordinated debt investment which was fully repaid during the year ended 30 June 2018.
  - Speirs Investments LP acquired an additional Nil ordinary shares (30 June 2018: 114,564 ordinary shares) in Equipment, Leasing and Finance Holdings Limited at $1.50 per share (30 June 2019: $ Nil; 30 June 2018: $171,846).

- **Speirs Investments LP**
  - Speirs Group Limited provided an interest free loan to Speirs Investments LP in the amount of $171,846. At 30 June 2019 the balance owed by Speirs Investments LP to Speirs Group Limited was $171,846 (30 June 2018: $171,846).

- **Kane Investments Limited**
  - On 1 November 2018 this company acquired a 33% shareholding in Speirs Foods (2018) LP for $653,000. Of this balance $326,500 was paid in cash on 1 November 2018 with the balance ($326,500) being financed by way of a loan from Speirs Foods (2018) LP. This debt carries an interest rate of 8.50% per annum with the interest payable in arrears on the last business day of each quarter. On 21 December 2018 Kane Investments Limited made a voluntary early repayment of $130,000 leaving a balance owing of $196,500. After this repayment the debt has scheduled principal repayments of $87,667 payable in October 2020 and $108,333 payable in October 2021). The borrower can partially or fully repay the amounts due early with no penalty being incurred. The debt is secured by a first ranking charge over all of the assets of Speirs Foods (2018) LP.
  - At 30 June 2019 Kane Investments Limited owed $196,500 (30 June 2018: $Nil) to Speirs Foods (2018) LP. During the year ended 30 June 2019 Speirs Foods (2018) LP charged interest on this loan in the amount of $12,496 (30 June 2018: $Nil).

24 COMMITMENTS AND CONTINGENCIES

Commitments

The Group was committed to the following at period end:

30 June 2019	Operating Leases $'000	Capital Expenditure $'000	Total $'000
Less than One Year	**68**	-	**68**
Between One and Five Years	**138**	-	**138**
More than Five Years	-	-	-
	206	-	**206**

30 June 2018	Operating Leases $'000	Capital Expenditure $'000	Total $'000
Less than One Year	70	-	70
Between One and Five Years	204	-	204
More than Five Years	2	-	2
	276	-	276

Contingent Liabilities and Contingent Assets

At 30 June 2019 the Group had no contingent liabilities or contingent assets (30 June 2018: Same)

25 EVENTS AFTER THE REPORTING PERIOD

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

26 FINANCIAL RISK MANAGEMENT

Introduction and Overview

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

- Credit risks
- Liquidity risks
- Market risks

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

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

Assets subject to credit risk are monitored by Directors and management on a monthly basis as part of the monthly reporting cycle.

- The ageing of accounts receivable is monitored to ensure that receivables are being collected in a timely manner. Should any issues be identified management will be asked to actively engage with the customer to either collect the debt or impair the receivable should this become necessary. The Board of Directors must approve any significant bad debt write-offs. On a six-monthly basis management and the Board of Directors review actual bad debts written off and reviews the current ageing profile of the accounts receivable to determine future estimated credit losses.
- Loans and Advances owing to the Group from Kane Investments Limited and Rosa Foods Limited have scheduled interest payments due at the end of each calendar quarter as well as an annual requirement to make an agreed repayment of principal. In order to ascertain credit risk and determine any estimated credit losses the Board of Directors monitors the following: individually for both exposures:
    - Whether the quarterly interest payments have been received on time;
    - Whether the annual principal repayments have been received on time;
    - Regular assessments as to the value of collateral securities and guarantees held by the Group;
    - In the case of Rosa Foods Limited, regular reviews of actual financial performance and forecast future cash flows and profitability.

Exposure to Credit Risk

The maximum credit risk is the amount represented on the consolidated statement of financial position. Financial Assets which subject the Group to credit risks consist of:

	Group	
	30 June 2019	*30 June 2018*
	$'000	*$'000*
Cash and Cash Equivalents	**251**	127
Trade and Other Receivables	**1,595**	1,454
Loans, Advances and Investments	**972**	675

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 and trade and other receivables is set out below:

Group	**Loans and Advances**		**Trade and Other Receivables**	
	30 June 2019	*30 June 2018*	***30 June 2019***	*30 June 2018*
	$'000	*$'000*	***$'000***	*$'000*
Carrying Amount – Trade and Other Receivables	**-**	-	**1,595**	1,523
Carrying Amount – Rosa Foods Limited	**450**	675	**-**	-
Carrying Amount – Kane Investments Limited	**197**	-	**-**	-
Carrying Amount – BNZ Short Term Deposits	**325**	-	**-**	-
Total Carrying Amounts	972	675	**1,595**	1,523
Past Due by 90 days but not Impaired	**-**	-	**-**	140
Neither Past Due nor Impaired	**972**	675	**1,595**	1,383
Impairment Allowance	**-**	-	**-**	(69)
Total Carrying Amount	**972**	675	**1,595**	1,454

Trade and other receivables totalling $Nil (2018: $140,199) are greater than 90 days overdue. In 2018 an impairment allowance of $69,000 was created for those overdue receivables that weren't subsequently collected by the Group. The Group has assessed the expected credit losses that should be recognised on the loans and advances as required by NZ IFRS9. The loans and advances did not deteriorate in credit quality and the amount of the probability-weighed expected credit losses is immaterial and therefore not disclosed separately.

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 99% (2018: 95%) 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. Approved Registered Bank maximum credit exposure limits are $750,000 at any of BNZ, Westpac, ANZ , ASB, Rabobank and Kiwibank. At 30 June 2019 and 2018 the Group only had surplus funds deposited with the BNZ. At 30 June 2019 the amount invested with BNZ was $576,000 (30 June 2018: $127,000).

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 $500,000 (2018: $730,000) secured on Group owned real estate and a debtor financing facility. See Note 21. At 30 June 2019 the undrawn facility on the mortgage was $495,000 (30 June 2018: $720,000).

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:

30 June 2019	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Assets								
Cash and Cash Equivalents	**251**	**252**	**106**	**146**	**-**	**-**	**-**	**-**
Loans, Advances and Investments	**972**	**1,065**	**-**	**18**	**192**	**402**	**342**	**111**
Trade and Other Receivables	**1,595**	**1,595**	**-**	**1,595**	**-**	**-**	**-**	**-**
Total	**2,828**	**2,912**	**106**	**1,759**	**192**	**402**	**342**	**111**

30 June 2019	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Liabilities								
Trade and Other Payables	**1,469**	**1,469**	**-**	**1,469**	**-**	**-**	**-**	**-**
Borrowings	**3,107**	**3,673**	**-**	**71**	**71**	**745**	**225**	**2,561**
Total	**4,576**	**5,142**	**-**	**1,540**	**71**	**745**	**225**	**2,561**

30 June 2018	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Assets								
Cash and Cash Equivalents	**127**	**127**	**127**	**-**	**-**	**-**	**-**	**-**
Loans, Advances and Investments	**675**	**793**	**-**	**17**	**17**	**253**	**264**	**242**
Trade and Other Receivables	**1,454**	**1,454**	**-**	**1,454**	**-**	**-**	**-**	**-**
Total	**2,256**	**2,374**	**127**	**1,471**	**17**	**253**	**264**	**242**

30 June 2018	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Liabilities								
Trade and Other Payables	**1,268**	**1,268**	**-**	**1,268**	**-**	**-**	**-**	**-**
Borrowings	**3,410**	**4,232**	**-**	**78**	**78**	**1,057**	**226**	**2,793**
Total	**4,678**	**5,500**	**-**	**1,346**	**78**	**1,057**	**226**	**2,793**

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

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 in relation to all investments other than the Group's investment in Equipment Leasing and Finance Holdings Limited as they are not currently significant in relation to the overall results and the consolidated financial position of the Group. With regard to equity price risk for Equipment Leasing and Finance Holdings Limited, this is monitored via the review of regular management reporting information received from Equipment Leasing and Finance Holdings Limited.

Equity Price Risk Sensitivity

At 30 June 2019 the Group is exposed to changes in the value of its investment in Equipment Leasing and Finance Holdings Limited.

The following table illustrates the sensitivity of profit and equity to a reasonable possible change in the share price of Equipment Leasing and Finance Holdings Limited of +/- 20 cents per share (2018: +/- 20 cents per share) (The carrying value at both 30 June 2019 and 2018 was $1.50 per share). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the share price for each period, and the shares held at each reporting date that are sensitive to changes in the share price. All other variables are held constant.

	Profit for the Year		**Equity**	
	+20 cents	*-20 cents*	***+20 cents***	*-20 cents*
30 June 2019 ($'000)	**356**	(356)	**356**	(356)
30 June 2018 ($'000)	**310**	(310)	**310**	(310)

Interest Rate Sensitivity

At 30 June 2019 the Group is exposed to changes in market interest rates through debtor and mortgage financing at variable interest rates. Other borrowings are at fixed interest rates. The Group's investments in Loans and Advances all pay fixed interest rates. The exposure to interest rates for the Group's short-term deposits is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonable possible change in interest rates of +/- 1% (2018: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the Year		Equity	
	+1%	*-1%*	***+1%***	*-1%*
30 June 2019 ($’000)	**(6)**	6	**(6)**	6
30 June 2018 ($’000)	**(9)**	9	**(9)**	9

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:

30 June 2019	**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	**251**	**71**	**180**	**-**	**-**	**-**	**-**
Loans, Advances and Investments	**972**	**-**	**-**	**175**	**375**	**314**	**108**
	1,223	**71**	**180**	**175**	**375**	**314**	**108**
Borrowings	**3,107**	**-**	**-**	**-**	**602**	**-**	**2,505**
	3,107	**-**	**-**	**-**	**602**	**-**	**2,505**
	(1,884)	**71**	**180**	**175**	**(227)**	**314**	**(2,397)**

30 June 2018	**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	**127**	**72**	**55**	**-**	**-**	**-**	**-**
Loans, Advances and Investments	**675**	**-**	**-**	**-**	**225**	**225**	**225**
	802	**72**	**55**	**-**	**225**	**225**	**225**
Borrowings	**3,410**	**-**	**-**	**-**	**900**	**-**	**2,510**
	3,410	**-**	**-**	**-**	**900**	**-**	**2,510**
	(2,608)	**72**	**55**	**-**	**(675)**	**225**	**(2,285)**

Capital Management

The Group’s capital includes share capital, accumulated deficits and a non-controlling interest.

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 2019 $‘000	*30 June 2018 $‘000*
Contributed Equity	**12,925**	12,925
Accumulated Deficits	**(9,185)**	(9,498)
Equity Available to Ordinary Shareholders	**3,740**	3,427
Non-Controlling Interest	**420**	-
Total Equity Balance at Period End	**4,160**	3,427

With the exception of the addition of a non-controlling interest, there have been no material changes in the Group's management of capital during the period. There are no externally imposed capital requirements.

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.

On 15 August 2018 Speirs Foods (2018) LP was established with Speirs Group Limited as the sole Limited Partner. This entity undertook no material transactions until 1 November 2018 when the trading business and majority of Speirs Foods Limited 's assets (excluding land and buildings) and liabilities were sold to Speirs Foods (2018) LP. On the same day Speirs Group Limited sold a 33% Limited Partnership interest share to Kane Investments Limited. Please see Note 23 for further details.

All subsidiaries are incorporated in New Zealand.

Name of Entity	**Principal Activity**	**Equity Holding**	
		30 June 2019	**30 June 2018**
Speirs Foods Limited	Land and building owning company	100%	100%
Speirs Securitisation Management Limited	General Partner for Speirs Investments LP	100%	100%
Speirs Investments LP	Limited Partnership holding a 2.30% investment in EL&F Holdings Limited	100%	100%
Speirs Foods (2018) LP	Food processing entity	67%	-
Speirs Foods General Partner Limited	General Partner for Speirs Foods (2018) LP	67%	-

Subsidiary with Material Non-Controlling Interests
The Group includes one subsidiary, Speirs Foods (2018) LP with material non-controlling interests (NCI):

Name	Proportion of Ownership Interests and Voting Rights held by the NCI	Total Comprehensive Income Allocated to the NCI	Accumulated NCI
	%	$'000	$'000
Speirs Foods (2018) LP	33	49	420

No distributions were paid to the NCI during the year ended 30 June 2019.

Summarised financial information for Speirs Foods (2018) LP, before intragroup eliminations, is set out below:

	30 June 2019 $'000
Non Current Assets	**2,475**
Current Assets	**2,409**
Total Assets	**4,884**
Non Current Liabilities	**197**
Current Liabilities	**2,018**
Total Liabilities	**2,215**
Equity Attributable to Owners of the Parent	**2,249**
Non Controlling Interests	**420**

	Eight Months 30 June 2019 $'000
Revenue	**11,219**
Profit for the Year Attributable to Owners of the Parent	**99**
Profit for the Year Attributable to NCI	**49**
Profit for the Year	**148**
Other Comprehensive Income for the Year	**-**
Total Comprehensive Income for the Year Attributable to Owners of the Parent	**99**
Total Comprehensive Income for the Year Attributable to NCI	**49**
Total Comprehensive Income	**148**

	Eight Months 30 June 2019 $'000
Net Cash From Operating Activities	**356**
Net Cash From/(to) Investing Activities	**68**
Net Cash From/(to) Financing Activities	**(360)**
Net Cash Inflow/(Outflow)	**64**

28 NET TANGIBLE ASSETS PER SECURITY

	30 June 2019	*30 June 2018*
Net Tangible Assets Per Security - $ per security	**0.32**	0.29

29 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long Term Borrowings $'000	**Short Term Borrowings $'000**	**Total $'000**
Balance at 1 July 2018	2,510	900	3,410
Cash Flows			
- Repayments – Net	(5)	(298)	(303)
- Proceeds – Net	-	-	-
Balance at 30 June 2019	2,505	602	3,107

	Long Term Borrowings $'000	**Short Term Borrowings $'000**	**Total $'000**
Balance at 1 July 2017	3,240	2,153	5,393
Cash Flows			
- Repayments – Net	(730)	(1,253)	(1,983)
- Proceeds – Net	-	-	-
Balance at 30 June 2018	2,510	900	3,410

30 NEW OR REVISED STANDARDS OR INTERPRETAIONS ADOPTED AS AT 1 JULY 2018

I. *NZ IFRS 15 Revenue from Contracts with Customers*

NZ IFRS 15 'Revenue from Contracts with Customers' replaces NZ IAS 18 'Revenue', NZ IAS 11 'Construction Contracts", and several revenue-related Interpretations. The introduction of this new Standard did not impact upon the existing revenue recognition policies historically adopted by the Group and no retrospective adjustments were required.

II. *NZ IFRS 9 Financial Instruments*

NZ IFRS 9 replaces NZ IAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting NZ IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of NZ IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

The adoption of NZ IFRS 9 has impacted the following areas:

- The classification and measurement of the Group's financial assets. Management holds financial assets to hold and collect the associated cash flows. The balances in Loans and Advances, Trade and Other Receivables, and Cash and Cash Equivalents previously classified as 'Loans and Receivables" under NZ IAS 39 have been reclassified as assets at "Amortised Cost" under NZ IFRS 9.
- The equity investment in Equipment, Leasing and Finance Holding Limited shares previously classified as Available for Sale (AFS) under NZ IAS 39 are now measured at Fair Value Through Profit or Loss. The Group did not elect to irremovably designate this investment as Fair Value Through Other Comprehensive Income.

On the date of initial application, 1 July 2018, the financial instruments of the Group were reclassified as follows:

	Measurement Category		Carrying Amount		
	Original NZ IAS 39 Category	New NZ IFRS 9 Category	Closing Balance 30 June 2018 (NZ IAS 39) $'000	Impact of Adoption of NZ IFRS 9 $'000	Opening Balance 1 July 2018 (NZ IFRS 9) $'000
Non Current Financial Assets					
Dividend and Debt Owing – Rosa Foods Limited	Loans and Receivables	Amortised Cost	450	-	450
Investment in Equipment Leasing and Finance Holdings Limited Ordinary Shares	Available for Sale	Fair Value Through Profit or Loss	2,328	-	2,328
			2,778	**-**	**2,778**
Current Financial Assets					
Dividend Owing – Rosa Foods Limited	Loans and Receivables	Amortised Cost	225	-	225
Trade and Other Receivables	Loans and Receivables	Amortised Cost	1,454	-	1,454
Cash and Cash Equivalents	Loans and Receivables	Amortised Cost	127	-	127
			1,806		**1,806**
Total Financial Asset Balances			**4,584**	**-**	**4,587**

There have been no changes to the classification or measurement of financial liabilities as a result of the application of NZ IFRS 9.

Speirs GROUP

Reconciliation of Statement of Financial Position Balances from NZ IAS 39 to NZ IFRS 9 at 1 July 2018

	NZ IAS 39 Carrying Amount 30 June 2018 $'000	Reclassification $'000	Remeasurement $'000	NZ IFRS 9 Carrying Amount 1 July 2018 $'000	Retained Earnings Effect $'000
Available for Sale Financial Assets	2,328	(2,328)	-	-	
Loans and Receivables	2,256	(2,256)	-	-	
Fair Value Through Profit or Loss	-	2,328	-	2,328	771
Amortised Cost	-	2,256	-	2,256	
Total Financial Asset Balances, Reclassification and Remeasurement at 1 July 2018	4,584	-	-	4,584	771

Available for Sale Financial Assets represented the Group's equity investment in Equipment, Leasing and Finance Holdings Limited's shares. These are now classified at Fair Value Through Profit and Loss in NZ IFRS 9. The Group did not use the designation of Fair Value Through Other Comprehensive Income which is available for equity investments in NZ IFRS 9.

The adoption of NZ IFRS 9 resulted in a change in Group equity as summarised below:

	Contributed Capital $'000	Accumulated Deficits $'000	Revaluation Reserve for Available for Sale Financial Assets $'000	Total Equity $'000
Balance at 1 July 2018	12,925	(10,269)	771	3,427
Adjustment due to the Adoption of NZ IFRS 9 – Reclassification of Equity Investment in Equipment, Leasing and Finance Holdings from Available for Sale to Fair Value Through Profit or Loss	-	771	(771)	-
Restated Balance at 1 July 2018	12,925	(9,498)	-	3,427

31 REVENUE

The following table summarises some key characteristics of the Group's revenue streams.

	2019	**2018**
Geographical Region	New Zealand - 100% of Revenue	New Zealand - 100% of Revenue
Type of Goods	Salads and fresh cut vegetables	Salads and fresh cut vegetables
Customers/Sales Channels	Supermarket Chains – 99% of Revenue	Supermarket Chains – 95% of Revenue
Timing of Transfer of Goods	Revenue from goods or services transferred to customers at a point in time – 100% of Revenue	Revenue from goods or services transferred to customers at a point in time – 100% of Revenue
Transaction Pricing	Each good sent to customers is individually priced on the associated invoice. Any payment discounts available to customers is netted off revenue in the month in which the sale took place.	Each good sent to customers is individually priced on the associated invoice. Any payment discounts available to customers is netted off revenue in the month in which the sale took place.
Timing of Revenue Recognition	When the customer takes undisputed control of the goods. This occurs when the goods are delivered to the customer.	When the customer takes undisputed control of the goods. This occurs when the goods are delivered to the customer.
Payment Terms	Generally 30 days after the goods have been supplied. There are no subsequent performance obligations.	Generally 30 days after the goods have been supplied. There are no subsequent performance obligations.
Key Assumptions and Judgements in Relation to Revenue Recognition	None	None
Credit Risk Associated with Revenue	Minimal	Minimal
Obligation to Provide a Credit Note for Returned Goods	Only in relation to goods which arrive in a damaged condition. These equate to approximately 1% of all sales made. At balance date the obligations to provide a credit note for returned goods was immaterial.	Only in relation to goods which arrive in a damaged condition. These equate to approximately 1% of all sales made. . At balance date the obligations to provide a credit note for returned goods was immaterial.

Independent auditor's report

To the shareholders of Speirs Group Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Speirs Group Limited (the Company) and its consolidated entities (the Group) on pages 7 to 39 which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Audit and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor and the provision of technical advice we have no relationship with, or interests in, the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. We summarise below a matter, and our key audit procedures, to address that matter in order that the Company's shareholders, as a body, may better understand the process by which we arrived at our audit opinion. The matters was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matters.

Why the matter is significant	How our audit addressed the key audit matter
Equipment, Leasing & Finance Holdings Limited (EL&F) Investment classified as at fair value through profit or loss The Group holds investments in EL&F ordinary shares and preference shares (see Note 16). The investments are a key audit matter due to their significance to the Group's consolidated statement of financial position and the level of judgement involved in determining the fair value. Inputs used to determine the fair value are unobservable.	Our work focused on understanding the overall valuation methodology for compliance with NZ IFRS 13 *Fair Value Measurement* and evaluating significant inputs. In obtaining sufficient appropriate audit evidence, we: • discussed the basis for the valuation assumptions with management and Directors; • assessed the assumptions applied; • obtained independent confirmation from the Directors of EL&F that shares issued during the period (and used as a basis for valuation in the current year) were issued at fair value; • obtained independent confirmation from the Directors of EL&F that redeemable shares are expected to convert to ordinary shares by 30 September 2021; and • considered the adequacy of the related financial statement disclosures including specific consideration of sensitivity analysis in respect to the impact of changes to key inputs into the valuation.

Other information

The Directors are responsible for the other information. The other information comprises the Reporting by Directors, Purpose, Goals and Strategy, Statutory Information and the Directory but does not include the consolidated financial statements on pages 7 to 39 and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or 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 financial statements or our knowledge obtained in the audit or otherwise appears to be 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.

Directors' responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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 objectives are 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 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 and 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 the auditor's responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body those matters which we are required to state to them in an 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 Group and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership

Grant Thornton

Wellington
4 October 2019

Speirs GROUP

STATUTORY INFORMATION

Principal activities

Speirs Group Limited (the Company) operates as a holding company. At 30 June 2019 its principal interests are in:

Entity	Interest	Principal Activity
Speirs Foods Limited	Wholly owned subsidiary	Property owner and landlord to Speirs Foods (2018) LP
Speirs Foods (2018) LP	Majority (67%) 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

Directors' shareholdings – ordinary shares

The number of shares held by Directors of Speirs Group Limited at 30 June 2019:	Beneficial Holdings	Non-Beneficial Holdings
Nelson Speirs	1,047,678	1,326,711
Derek Walker	-	-
Fred Hutchings	-	-
David Speirs	-	271,388
David Speirs (as Co-Trustee)	-	1,321,269

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

The number of shares held by Directors of Speirs Group Limited at 30 June 2019:	Beneficial Holdings	Non-Beneficial Holdings
Nelson Speirs	389,000	-
David Speirs (as Co-Trustee)	-	290,000

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

The number of shares held by Directors of Speirs Group Limited at 30 June 2019:	Beneficial Holdings	Non-Beneficial Holdings
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 2019:

- On 25 July 2018 Fred Hutchings declared:
  - His retirement from the FMA Audit Oversight Committee.
- On 25 July 2018 Derek Walker declared:
  - His appointment as a director of Speirs Foods General Partner Limited
- On 15 October 2018 Fred Hutchings declared:
  - His retirement as a director of Tui Products Limited
- On 1 November 2018 Fred Hutchings declared:
  - His appointment as a director of Speirs Foods General Partner Limited
- On 22 January 2019 Fred Hutchings declared:
  - His retirement as a Member of the Office of the Auditor General Audit and Risk Committee.
- On 26 March 2019 Derek Walker declared:
  - His retirement as a director of Wilson Cook Limited.
- On 17 June 2019 David Speirs declared:
  - On 7 December 2018 he became a trustee of:
    - the Donald Speirs Charitable Trust which holds 257,206 ordinary shares in Speirs Group Limited.
    - the DP Speirs Number 4 Trust which holds 642,273 ordinary shares in Speirs Group Limited.
    - the DP Speirs Number 3 Trust which holds 421,790 ordinary shares in Speirs Group Limited and 290,000 perpetual preference shares in Speirs Group Limited.
- On 17 June 2019 Nelson Speirs declared:
  - On 5 March 2019 he retired as a trustee of:
    - the DP Speirs Number 3 Trust which holds 421,790 ordinary shares in Speirs Group Limited and 290,000 perpetual preference shares in Speirs Group Limited.
    - the Donald Speirs Charitable Trust which holds 257,206 ordinary shares in Speirs Group Limited.
- On 20 June 2019 Derek Walker declared:
  - His retirement as a director of Third Bearing Limited.

Governance positions held by directors at 30 June 2019

Director	Entity	Relationship
Derek Walker	The Factory NZ Limited & Associated Companies	Director (Chair)
	Speirs Foods Limited	Director
	TBL Investments Limited	Director
	Elmira Consulting Limited	Director
	Wildbase Recovery Community Trust	Trustee
	Centralines Limited	Director
	Speirs Foods General Partner Limited	Director
Nelson Speirs	S N Management Limited	Director
	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
	Speirs Foods General Partner Limited	Director
	Seeka Limited & Associated Companies	Director
	Commerce Commission Audit Finance and Risk Management	Convenor
David Speirs	-	-

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 2019, is as follows:

Name	Consultants Fees	Parent Company Directors Fees	Subsidiary/Associate Company Directors Fees	Total Remuneration	
Derek Walker	$ Nil	$30,000	$10,000	$40,000	Independent Director and Chair
Nelson Speirs	$ Nil	$12,000	$Nil	$12,000	Non Independent Director
Fred Hutchings	$ Nil	$21,000	$6,000	$27,000	Independent Director
David Speirs	$ Nil	$10,000	$ Nil	$10,000	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 2019 and as at 30 June 2018, 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 2019 were:

- **Nil**

STATUTORY DISCLOSURE IN RELATION TO SHAREHOLDERS

Twenty-one largest shareholders at 30 June 2019

	Fully Paid Ordinary Shares	*Percentage of Issued Voting Capital*
Nelson Speirs	**1,047,678**	**9.24%**
Donald Speirs	**900,523**	**7.94%**
Nelson Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	**705,489**	**6.22%**
Ann Nicholas, Sandra Baldwin, David Speirs and Markhams Wanganui Trustees Limited	**642,273**	**5.67%**
Nelson Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	**521,222**	**4.60%**
Active Equity Holdings Limited	**500,772**	**4.42%**
Keith Taylor	**500,000**	**4.41%**
Ann Nicholas, Sandra Baldwin, David Speirs and Markhams Wanganui Trustees Limited	**421,790**	**3.72%**
David Speirs, Rebecca Speirs	**271,388**	**2.39%**
Ann Nicholas, Sandra Baldwin, David Speirs and Markhams Wanganui Trustees Limited	**257,206**	**2.27%**
K Mody	**235,000**	**2.07%**
B H Wallace	**220,910**	**1.95%**
C M Tyler	**200,000**	**1.76%**
P O Belk, B J Belk	**131,061**	**1.17%**
T A Morgan, S Morgan	**124,885**	**1.10%**
M Le Moigne	**109,385**	**0.97%**
M W Speirs	**102,994**	**0.91%**
M B Beale	**102,394**	**0.91%**
Morgan Wallace Limited	**100,000**	**0.88%**
Nelson Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	**100,000**	**0.88%**
W Carson	**100,000**	**0.88%**
	7,294,970	**64.36%**

Shareholder Statistics at 30 June 2019

Ordinary Shares	*Holders*	*%*	*Shares*	*%*
1 to 999	27	5.91	13,517	0.12
1,000 to 4,999	210	45.95	469,858	4.15
5,000 to 9,999	65	14.22	461,511	4.07
10,000 to 99,999	134	29.32	3,094,720	27.30
100,000 and over	21	4.60	7,294,970	64.36
	457	100.00	11,334,576	100.00

Speirs GROUP

DIRECTORY

Directors

At 30 June 2019 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, FGNZ

Email: lees@speirs.co.nz

Registered Office

19 Lower High Street, Marton
P O Box 318, Palmerston North
Telephone: 06 350 6004

Securities Registrar

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142

Telephone:	09 488 8700
Facsimile:	09 488 8787
Investor Enquiries:	09 488 8777
Website:	www.computershare.co.nz
Email:	enquiry@computershare.co.nz

Production Facility Offices

Speirs Foods (2018) LP
Hair Street
Marton
P O Box 108, Marton
Telephone: 0800 366 324
Facsimile: 06 327 5717
Email: sales@speirs.co.nz

Advisors/Service Suppliers

Independent Auditor

Grant Thornton

Solicitors

Chapman Tripp

Bankers

Bank of New Zealand