

19 October 2017

Dear Shareholder

Speirs Group Limited – Delayed Financial Reporting Year Ended 30 June 2017

- 1 Speirs Group Limited (*Speirs*) is an “FMC Reporting Entity” and, as such, is required to prepare and lodge audited financial statements under section 461H of the Financial Markets Conduct Act 2013 (the *Act*).
- 2 Due to a delay in receiving necessary information about a company in which Speirs has a small but material shareholding (the Investment Company), the preparation, audit and lodgement of Speirs’ financial statements for the year ended 30 June 2017 is likely to be delayed beyond the statutory deadline of 31 October 2017.
- 3 We have brought this issue to the attention of the Financial Markets Authority (*FMA*). The purpose of the letter is to set out in more detail the reason for the likely delay, and to update shareholders on the process.

Background

- 4 Speirs is an “FMC Reporting Entity” under the *Act*, and is therefore required to prepare and lodge audited financial statements with the Registrar within 4 months of its balance date. As Speirs’ balance date is 30 June, Speirs is required to lodge its most recent financial statements by 31 October 2017.
- 5 However, due to the delay in receiving audited financial information regarding the Investment Company, Speirs’ directors and our auditors, KPMG, believe that they do not yet have the information required to enable it to satisfactorily finalise the audit of Speirs’ financial statements for the year ended 30 June 2017. This is because the Investment Company in which Speirs holds a shareholding undertook a major restructuring and refinancing exercise during the year including the introduction of additional shareholders and the acquisition of new entities. These transactions created a large and complex business.
- 6 We understand from discussions with Investment Company management that the Investment Company’s audit is currently being finalised for the year ended 30 June 2017. However, we have been advised that this audit is more complex, due to the consideration of acquisition accounting and purchase price allocation. The audit is ongoing but we have been advised that audited accounts are expected within the next few weeks.
- 7 The investment in the Investment Company is material to Speirs financial performance and position for the year ended 30 June 2017.

Delayed Reporting

- 8 Speirs directors have determined that an extension of time be allowed to the deadline for the preparation, audit and lodgement of Speirs’ financial statements for the year ended 30 June 2017. This will allow sufficient time for Speirs, as a shareholder of the Investment Company, to receive and consider the Investment Company’s audited financial statements, and subsequently, to allow Speirs to finalise the preparation of its annual report and to allow Speirs’ auditors to finalise the audit using relevant information from the Investment Company’s financial statements.
- 9 In terms of timing, we understand from the Investment Company that its audited financial statements would be available by 10 November 2017, meaning Speirs’ auditors should be in a position to complete the audit of Speirs’ financial statements, and Speirs should be in a position to lodge those financial

statements, with the Registrar, by 30 November 2017. We undertake to keep you updated if the above timetable changes substantially.

- 10 Once the annual report is finalised we will then be in a position to distribute this to shareholders and arrange the Annual General Meeting of shareholders.
- 11 Please do not hesitate to contact Speirs' Company Secretary Lee Simpson by telephone on 06 350 6004 or by email at lee@speirs.co.nz or at the postal address below.
- 12 We apologise for this delay, however, the events leading to the delay are essentially outside of the control of Speirs directors. The current delay in reporting should not be repeated in subsequent years.

Yours faithfully
Speirs Group Limited



Derek Walker
Chairman of Directors