

SPEIRS GROUP LIMITED 2016 AGM Chairman's Speech

I am pleased to report to you a summary of our results to 30 June 2016 and an update on Company affairs since that date.

Overall Results

The overall results compared to last year are as follows:

	2016 \$(000)	2015 \$(000)
Speirs Foods Profit before Interest	513	509
Profit / (Loss) Contribution from Others		
• Rosa Foods	103	141
• Advaro	(181)	(72)
• Speirs Nutritionals	(4)	10
• Allied Farmers	32	671
Corporate Expenses incl Refinancing and Delisting	(303)	(298)
Partial Recognition of Future Income Tax Benefit	315	0
Net Financing Costs	(309)	(417)
Net Profit After Tax	117	544
Operating Cash Flow Surplus	92	157
Equity/Total Assets ratio	31%	30%

Overall we achieved a profit of \$117,000 for the year ended 30 June 2016. This was well below last year's figure of \$544,000 which included significant gains from the write-back and sale of the Allied Farmers shares.

The overall contribution from the three operating businesses in which we have investments (Speirs Foods, Rosa Foods and Advaro (now Equipment, Leasing & Finance Holdings)) was \$435,000 compared with a combined contribution of

\$578,000 in the previous year. I will speak about each business in more detail shortly.

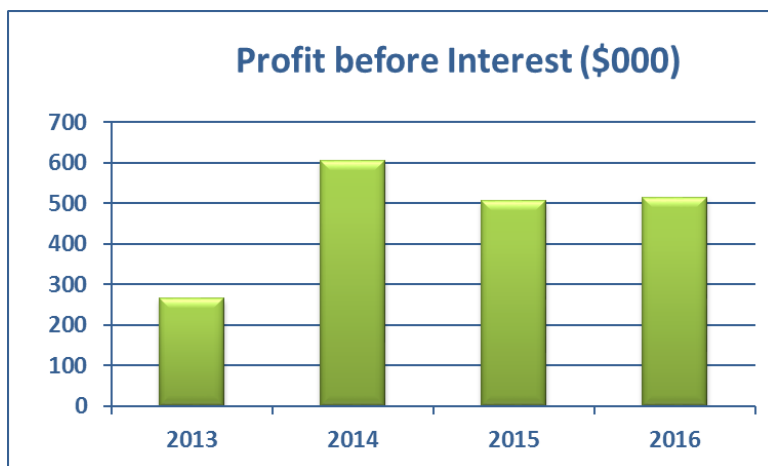
There was a small contribution from the final sale of shares in Allied Farmers Limited with that sale completed early in the 2016 financial year.

A gain was taken from the partial recognition of the future income tax benefit. This asset arose from historic tax losses from the finance business and had been previously been fully impaired due to the lack of profitability of the group. Improved profitability contributions from our activities means that these are now of value to the group and have been partially recognised in the balance sheet.

Net financing costs for the Group fell by 25% to \$303,000, from \$417,000 the previous year, a reflection of the debt that had been repaid from the proceeds of the sale of the Allied Farmers shares.

Looking to each of our activities in detail.

Speirs Foods



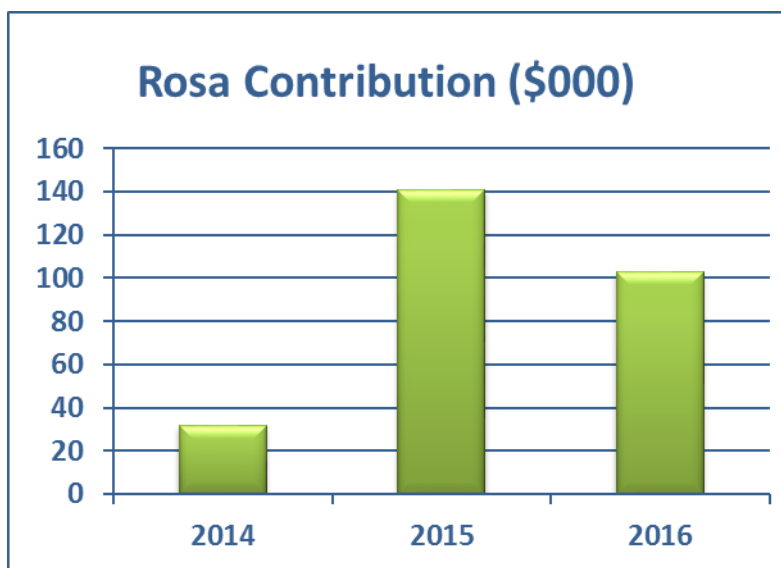
- A better second half of the year gave a result similar to the previous year
- Revenue up 5% on previous year
- Continue to add new products to the salad range – focus on healthy and colourful presentation

2016/17 Year Outlook

- Steady start to the year
- Strong pressure from customers and competitors on price
- Means we need to keep pressure on input prices and business efficiency. We have made some gains but need for continual improvement.
- Continued focus on new products but core coleslaw and potato salad ranges still provide majority of turnover
- Some vegetable supply challenges but not as expensive as last year so far
- There will be an impact on sales and distribution from the recent earthquake – outcomes still evolving
- Management transition underway

Rosa Foods Limited

Alongside the Speirs Food business we have a 40% interest in Rosa Foods which manufactures and supplies ready-made meals to supermarkets and other distributors and does contract food manufacturing out of a plant in Porirua.



- Another good result from Rosa, \$103,000 contribution to SGL result
- Investment made in factory expansion to cope with increased volume

- Disruption from expansion had a short-term impact on trading

Advaro Financial Services Limited

- Speirs had 9.2% Equity Interest and \$1m Subordinated Debt yielding 10% at 2016 year end
- Involvement with Intagr8 impacted on 2016 performance
- Subsequent to year end:
 - Advaro transferred into a new holding company, Equipment, Leasing & Finance Holdings (“ELF”)
 - New capital introduced into ELF diluting Speirs holding to 2.4% of equity plus 0.4% preference shares
 - ELF acquired AB Equipment and NZ Trucks from Hellaby Holdings
- Speirs now has a small holding in a much bigger entity
- We expect that the new entity will achieve profitability sooner as acquired businesses are established and there will be synergy gains

Nelson Speirs has been appointed as an independent director of ELF Holdings.

Speirs Nutritionals Limited Partnership

Speirs Nutritionals is now essentially a dormant business with the only remaining asset being the potential to receive payments when sales of product are made using the technical know-how that was sold in 2011. No such payments have been received yet or are expected in the immediate future.

De-Listing

Following the special meeting in June this year, Speirs Group delisted from the NZAX market and transferred its share trading platform to the Unlisted market.

Board and Management

The Board of Speirs Group presently comprises four non-executive directors—Fred Hutchings, Nelson Speirs, David Speirs and myself.

I retire by rotation this year and offer myself for re-election. David Speirs was appointed to the Board on 1 February and under our constitution, he must retire and be appointed by the shareholders at this meeting.

We presently maintain a separate Speirs Foods board. John McCliskie resigned from the Foods Board on 30 June and has been replaced by Fred Hutchings. Robert Speirs remains a director of Speirs Foods. I would like to record our appreciation for John McCliskie's contribution to the Foods business.

Both boards continue to work effectively and I thank my colleagues for their work on behalf of the Company.

Our company secretary Lee Simpson continues to provide excellent support to the Group. He carries out his secretarial and finance responsibilities with a high degree of efficiency and professionalism.

I would also like to thank the team at Speirs Foods for their continued hard work in a challenging market environment. We are shortly to have two key management staff at Speirs Foods finish with the business. General Manager, Chris Newton has resigned and the Financial Controller, Brett Robertson is shortly to retire. I thank Both Chris and Brett for their contribution to Speirs Foods and wish them both well for the future. We have recently appointed Tracey Alston as the new Finance Manager, and a recruitment process is underway for a replacement General Manager.

Auditors

The auditors KPMG were appointed as auditors in 2011 following a tender process. They have carried out their responsibilities diligently and the directors have confirmed their appointment for the 2016/17 year.

Outlook

Our focus is on the profitable growth of the three operating businesses we have investments in, particularly Speirs Foods, which is fully owned. Our shareholding in the finance business, ELF Holdings is now quite small and we will have very limited influence going forward.

Within the next 12 months we need to re-pay or re-finance the \$2.9 million of Redeemable Preference shares that expire on 30 September. We expect to do this with a mix of repayment and re-financing. A first step in this process has been the impending sale of the property that previously the Speirs Nutritionals business which has been leased to another technology business. We will keep shareholders informed as we progress our re-financing plans.

We have not paid a dividend to date this year. Dividends remain under review and will only be paid if the directors believe it is prudent to do so based on trading results and the need to retain cash for debt repayment.

Overall, our focus remains on strengthening our balance sheet and re-building shareholder value.