Speirs GROUP LIMITED

Speirs Group Limited

ANNUAL REPORT

for the 15 months ending 30 June 2009

Contents

Speirs Group Limited

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Website www.speirs.co.nz

Reporting by Directors

GENERAL

Principal activities

During the period under review Speirs Group Limited sold its finance business (“Speirs Finance”) and commenced to reposition itself with involvement in:

- Fresh food production and distribution – Speirs Foods
- Functional food research, production and distribution – Speirs Nutritionals Limited (62.5% owned)
- Other investments

Directors

At 30 June 2009 the Board of Directors of the Company comprised five Non-Executive Directors and one Executive Director. Consequent upon the sale of Speirs Finance, in March 2009 Linda Robertson resigned as a director and Nelson Speirs retired from his position as Executive Chairman (but remains in the non-executive position of Chairman)

Non-Executive Directors

Nelson Speirs, F.C.A., *Chairman*

Donald Speirs, *Deputy Chairman*

Trevor Roberts, LL.B., A.A.MINZ.

Robert Speirs

Derek Walker, B.E. (Hons), B.B.S.

Executive Directors

David Speirs, *Executive Director*

DIRECTORS’ STATEMENT

Major Transaction – Sale of Speirs Finance business

Early in calendar 2006 the Directors considered the possibility of a sale of the company’s finance business. The directors were then of the view that significant change in the nature and structure of the non-bank finance industry in New Zealand was inevitable, and that Speirs Group may best be served by the company:

- inviting a partner to join with it in conducting its finance business; or
- selling the Speirs finance business in its entirety.

We approached a well regarded investment bank for advice, and scoped a programme to investigate both options.

The subsequent failure of a considerable number of New Zealand finance companies during calendar 2007 and into 2008, coupled with the on-set of the sub-prime mortgage failures in USA and Europe, caused disarray in the whole finance sector globally; the impact in New Zealand has been severe. The disarray is on-going. These events served to confirm your directors’ earlier assessment that the industry must change and that Speirs Group’s role within the industry was threatened. Accordingly, we escalated the search for a partner or purchaser for our finance business.

On 30 September 2008 a transaction was completed with NZX listed Allied Farmers Limited (AFL), amalgamating the Speirs Group finance business with a wholly owned subsidiary of AFL called Allied Nationwide Finance Limited (ANFL). From 1 October 2008 the amalgamated businesses trade under the ANFL brand.

The transaction resulted in Speirs Group Limited:

- being allocated 1,851,852 ordinary shares in AFL (8.65% of the AFL share register);
- being allocated 2,000,000 interest bearing perpetual bonds in ANFL. (AFL has contracted to buy the bonds for $2 million from Speirs Group on 30 September 2013 should Speirs Group so demand; your directors expect to make that demand).
- receiving $1,100,000 in cash from AFL;
- transferring all its finance business assets and liabilities to ANFL, including all public borrowings and perpetual bonds.
- recording a net gain on sale of $5,094,000

During May 2009 Speirs Group Limited sold its shares in AFL to Allied Capital Limited in exchange for $832,304 in cash and 500,000 convertible redeemable cumulative 10% preference shares in Allied Capital Limited.

These transactions mark the end of an era for Speirs Group Limited.

FINANCIAL REVIEW

Financial Performance

Speirs Group Limited recorded a profit after tax, attributable to shareholders, of $1.678 million for the fifteen months ended 30 June 2009, compared to the loss of $3.240 million reported in the previous year.

Three significant factors impacted upon the financial performance:

- Profit taken on the sale of Speirs Finance – positive $5,094,000. This profit is stated after the Directors' decision to write down the amount of Deferred Tax Asset available to the Company – negative $6,139,000. (This asset is not lost to the company and may be recouped in future years).
- Costs associated with the Speirs Nutritionals Limited omega-3 start-up project – negative $1,975,000.
- Continuing escalation of material and labour costs in the company's fresh food business coupled with static volumes caused by the current economic downturn.

Capital Structure

Significant balance sheet changes took place as a result of the sale of Speirs Finance. At 30 June 2009:

- The total assets of the Group were $11.805 million, compared with $262.676 million at 31 March 2008;
- Equity totals $5.790 million, compared with $18.983 million at 31 March 2008.

Dividend

The Directors have decided that no dividend be currently payable.

Speirs Foods

Speirs Foods manufactures and distributes fresh foods, mainly fresh salads, to supermarkets and the food service industry across New Zealand.

Salads are, primarily, a summer food. Volumes in the winter months of our financial year equate only about one third of the company's overall expected annualised volume, with significant escalation in volumes traditionally experienced during the summer months of November, December, January and February.

Profits escalate in the summer months not only from increased income from larger sales volumes, but also as a result of reduced costs per kilo of sales resulting from much larger production volumes through our food factory.

The fifteen months of this reporting period include two winter periods.

The weather throughout New Zealand in August and September 2008 was exceptionally wet – from Kaitaia to Bluff - resulting in extremely difficult growing conditions for vegetables generally, and cabbage in particular. Cabbage is the basic ingredient in cole slaw products, representing close to 50% of Speirs Foods product volumes. Regrettably, Speirs Foods regular contract suppliers were unable to supply during August, September and into October 2008, which led to the company buying on the 'spot market' at very high prices during that period. This exceptional and very high cost to the company had to be borne.

The cold winter of 2009 and the overall economic downturn depressed winter sales volumes.

As a result, the net operating contribution of Speirs Foods declined to a negative $590,000, compared to a positive $46,000 in the previous year.

Speirs Nutritionals

Research scientists at the Riddet Institute (a functional food research centre based at Massey University) have developed the capacity to micro-encapsulate omega-3 fish oils in a manner that enables omega-3 oil to be introduced into a wide range of basic food products without a trace of the 'fishy' after-taste normally associated with omega-3 oil.

Speirs Nutritionals Limited, a partly owned subsidiary of Speirs Group (62.5%), was set up by Speirs Group and Massey University interests to commercialise this scientific break through.

Omega-3 oil is recognised by health authorities around the world as an important contributor to a healthy daily diet for people everywhere.

During the fifteen months of this reporting period, Speirs Nutritionals:

- fully and successfully tested in our purpose built factory the necessary processes to produce the omega-3 emulsion to a standard that is even higher than that achieved in the Riddet Institute laboratories;
- successfully held extensive trials on omega-3 oils specifically provided for the purpose by major international food ingredient suppliers – including Croda Europe Limited.
- established an exclusive supply arrangement with Croda Europe Limited to market our omega-3 emulsions to manufacturers of food products worldwide.

Croda Europe is a subsidiary of Croda International Plc, a large and respected publicly listed United Kingdom company with extensive world-wide interests in consumer care ingredients and industrial oleochemicals and additives.

Croda Europe's Healthcare division is recognised globally as an industry leading manufacturer and supplier of innovative omega-3 products. Its Incromega product range is a cutting-edge generation of omega-3 marine oil concentrates that offer enhanced potency, purity and efficacy.

Dr David Cherry, vice president of Croda Healthcare explained why his company sought its exclusive supply arrangement with Speirs Nutritionals in the following words:

> "We chose Speirs as our exclusive supplier of omega-3 emulsions because we will gain competitive advantage by combining our high concentrated lipids with their New Zealand-developed micro-encapsulation technology.
>
> "We consider the Speirs technology is a significant step forward in this market, allowing versatile delivery of very high omega-3 levels without any impact on taste."

Croda Healthcare is marketing Speirs-made omega-3 emulsions aggressively. Croda has recruited special sales personnel, developed a new branded product range – Ωmelife™ – and is actively taking our products to selected food companies in Europe and North America. This is a major development. But it will take time for Croda to successfully penetrate the market. We expect further losses to be sustained by Speirs Nutritionals Limited in this coming financial year until worthwhile sales volumes are being achieved by our marketing partner. We must be patient.

Nevertheless, along with Massey University and their associates, who are our partners in Speirs Nutritionals, we are delighted to work as a team with Croda. The Croda agreement will accelerate our path to profitability.

OUTLOOK

It is the Directors view that the overall global economy and, more particularly, that of New Zealand will continue at a contracted level throughout the twelve months to end 30 June 2010. Difficult trading conditions will continue in our businesses' markets throughout this coming financial year.

The company has still to finally complete its re-positioning and the finalisation of the long term financing of its businesses following the sale of the Speirs Finance business.

The Group is in the process of undertaking several projects to provide sufficient cash to the Group so as to allow the Group to meet its forward cash requirements for the ensuing year and beyond as well as to meet banker agreed targets. These projects include:

- Monetising the investment in Allied Nationwide Finance Limited bonds. This will be done by transferring the bonds to a wholly owned subisidary, Speirs Investments Limited, for $2 million and subsequently issuing to public investors up to $1.7 million in Speirs Investments Limited secured stock for a term to coincide with the maturity of the bonds. Speirs Group Limited will unconditionally guarantee the responsibilities of Speirs Investments Limited to the investors in this issue. At 7 September 2009 this issue was subscribed to in excess of $1 million.
- An equity issue by partly owned subsidiary Speirs Nutritionals Limited of up to $3.5 million. This issue will either be placed directly to high net worth habitual investors or, alternatively, offered to the public for subscription. It is expected that this issue will be completed during 2009; and
- Raising first mortgage term finance of up to $1.5 million secured on company owned real estate. It is expected that this funding will be in place by the close of 2009.

The Directors expect these projects to be successful and to provide sufficient liquity to meet the Group's ongoing requirements.

DIRECTORS

At the Annual General Meeting of Shareholders, both Nelson Speirs (Chairman) and Robert Speirs retire by rotation from their respective positions of Directors of Speirs Group Limited. Both offer themselves for re-election as directors.

OUR PEOPLE

Speirs Group has traditionally operated on a basis that reflects the importance of developing long-term relationships with all its stakeholders. The tradition has always served us well. We wish to thank our customers, investors, bankers and staff for the strong support they have provided in a fifteen month period of considerable change. The loyalty and support of our many friends has been most welcome.

Nelson Speirs

Nelson Speirs
Chairman

Donald Speirs

Donald Speirs
Deputy Chairman

28 September 2009

Strategy

CORPORATE VISION

The Company will be recognised as a market-leading New Zealand investment company in its chosen fields of competence, maximising returns to its investors, and enhancing the well-being of all its stakeholders through its current and other potential future investments.

CORPORATE VALUES AND OBJECTIVES

Speirs Group and its businesses will be:

- Absolutely committed to meeting and exceeding our customers' needs and the market demands by providing innovative solutions
- Committed to delivering strong profit performance, and sustainable growth in Company value
- Maintaining a culture that develops and recognises knowledge and skills
- Partnering with suppliers and distributors for mutual benefit
- Continuing to be a good citizen, maintaining the highest possible moral and ethical standards in our business activities and decisions
- Proud of our Company's heritage.

Governance

BROAD FRAMEWORK

The directors are responsible for the governance of the company.

Speirs Group Limited is incorporated under the Companies Act 1993. Its registered number is 19312.

The prime document relating to governance policies and practices is the Constitution of the Company, which may be viewed on the website of the Company (www.speirs.co.nz) or the Companies Office (www.companies.govt.nz). The Company's governance principles comply with New Zealand Exchange Limited's corporate governance best practice code.

The directors delegate specific responsibilities to Board committees; other specific responsibilities are delegated to either executive directors or senior management.

The directors and management ensure that governance systems and processes meet the requirements of New Zealand Exchange Limited, the Securities Commission and any other relevant regulatory entity.

The directors have adopted a Code of Ethics setting out the principles by which the directors, management and staff will operate the company.

BOARD OF DIRECTORS

The Board is currently made up of six Directors, five of whom are considered non-executive.

The Directors meet regularly throughout the year and prior to each meeting receive detailed monthly reports from the Chairman and the Executive Director. As appropriate, the Board also receives detailed reports from the various Board Committees. From March 2009 all Directors sit on all Board Committees. The Board is kept informed of key risks on a continuing basis and, if required, can meet between scheduled meetings to deal with specific matters.

The primary responsibilities of the Directors include:

- Working with management to create shareholder value
- Setting the long-term goals of the company and the strategic plans to achieve those goals
- Approving budgets for the financial performance of the company, and monitoring results
- Managing risk by ensuring that the company has appropriate systems of internal control
- Ensuring preparation of the annual and half-yearly financial statements
- Reporting to various regulatory bodies in a timely and appropriate manner

BOARD COMMITTEES

Committees are used to enhance the Board's effectiveness, while preserving overall Board responsibility. Committees are assigned terms of reference by the Board for the roles they perform, and are required to report to the Board on their deliberations, together with any decisions requiring Board ratification.

From March 2009 all Directors sit on all Board Committees and all Board Committees are chaired by the Board Chairman.

The Board has the following committees: Audit, Remuneration and Nomination & Ethics.

Audit: The Audit Committee provides a forum for communication between the Board and the external auditor. The committee reviews:

- Annual and half-yearly financial statements prior to their approval by the Board
- Effectiveness of management information systems and systems of internal control
- Efficiency, effectiveness and independence of the external audit function
- Balance sheet risk and management

Remuneration: The Remuneration Committee annually reviews the remuneration packages of directors and the general manager of the Company's trading division.
Particulars of directors' remuneration are set out on page 59 of this report.

Nomination & Ethics: The Nomination & Ethics Committee provides advice to the directors on the appointment of personnel to the Board and monitors company-wide adherence to the company's Code of Ethics.

APPOINTMENT AND RETIREMENT OF DIRECTORS

Procedure

Certain directors retire (and are eligible for re-election should they so wish) at each annual meeting of shareholders. The retiring directors are:

- Any directors appointed by the Board since the previous annual meeting; and
- At least one third of the remaining directors (or the number nearest to one third).
- The Board has the power to exempt one executive director from this retirement rule.

The sequence of retirement is:

- Directors wishing to retire at the annual meeting;
- Those directors who have been longest in office since their last election. (Those who became directors on the same day shall draw lots, unless the Board decides otherwise).

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FINANCIAL STATEMENTS

BALANCE SHEET

as at 30 June 2009

	Notes	Group June 2009 $'000	Group March 2008 $'000	Company June 2009 $'000	Company March 2008 $'000
Assets					
Current Assets					
Cash and Cash Equivalents	15	-	8,126	-	2,794
Trade and Other Receivables	16	1,460	2,963	2,988	3,692
Taxation Refund Due		-	400	-	400
Inventories	17	503	616	473	557
Derivative Financial Instruments		-	295	-	-
Other Assets	25	15	1,510	12	1,469
Loans and Advances to Customers	18	-	*26,544*	-	*28,176*
Loans and Advances to Customers – Securitised	18	-	*50,319*	-	*50,319*
Liability Arising on Securitisation of Assets	18	(-)	-	(-)	(50,319)
Loans and Advances to Customers		-	76,863	-	28,176
Total Current Assets		1,978	90,773	3,473	37,088
Non Current Assets					
Available-for-Sale Investment Securities		150	170	150	170
Investment in Subsidiary	36	-	-	1,800	1,800
Investment in Associate	33	421	-	421	-
Loans and Advances to Customers	18	-	56,811	-	56,811
Loans and Advances to Customers – Securitised	18	-	93,301	-	93,301
Liability Arising on Securitisation of Assets	18	(-)	-	(-)	(93,301)
Loans and Advances to Customers		-	150,112	-	56,811
Investment Properties	19	-	2,100	-	2,100
Loans and Receivables	38	2,500	-	2,500	-
Deferred Income Tax Asset	20	-	4,609	-	4,729
Property, Plant & Equipment	23	5,497	6,735	4,121	5,168
Intangibles	24	1,259	3,578	23	2,122
Subordinated Debt - Securitised Assets	21	-	-	-	19,175
Assets Leased to Others	22	-	4,599	-	4,599
Total Non Current Assets		9,827	171,903	9,015	96,674
Total Assets		11,805	262,676	12,488	133,762
Liabilities					
Current Liabilities					
Bank Overdraft	15	2,070	-	2,071	-
Trade and Other Payables	26	2,507	3,890	2,314	3,866
Provisions	27	5	10	5	10
Borrowing – Current Portion	29	191	209,936	-	80,886
Total Current Liabilities		4,773	213,836	4,390	84,762
Non Current Liabilities					
Borrowing - Non Current Portion	29	1,242	29,857	-	29,857
Total Liabilities		6,015	243,693	4,390	114,619
Equity					
Share Capital	30	12,168	12,168	12,168	12,168
Perpetual Speirs Bonds	31	-	13,525	-	13,525
Retained Earnings/(Accumulated Deficits)		(6,192)	(7,247)	(4,070)	(6,550)
Capital & Reserves attributable to Equity Holders in the Company		5,976	18,446	8,098	19,143
Minority Interests		(186)	537	-	-
Total Equity and Liabilities		11,805	262,676	12,488	133,762

The Board of Directors of Speirs Group Limited authorised these financial statements for issue on 28 September 2009.

Signed on behalf of the Board of Directors

Nelson Speirs
Chairman

Donald Speirs
Deputy Chairman

28 September 2009

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

INCOME STATEMENT

for the fifteen months ended 30 June 2009

		Group		Company	
	Notes	**15 months 2009 $'000**	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
CONTINUING ACTIVITIES					
Revenue		**14,748**	*12,424*	**14,748**	*12,424*
Movement in Inventory Levels		**(113)**	(12)	***(84)***	47
Purchases of Raw Materials		**(6,610)**	(5,509)	**(6,596)**	(5,419)
Freight, Packaging & Other		(3,444)	(2,559)	(3,206)	(2,509)
Net Trading Income		4,581	4,344	**4,862**	4,543
Interest Income		**180**	-	**180**	-
Interest Expense		(220)	(110)	(63)	-
Net Interest Income/(Expense)	8	**(40)**	(110)	**117**	-
Other Income	10	**578**	311	**450**	426
Total Income earned from Financing and Trading Activities		**5,119**	**4,545**	**5,429**	**4,969**
Impairment Loss on Associate	33	**-**	-	**(79)**	-
Share of Loss of an Associate	33	**(79)**	-	**-**	-
Loss on Sale of Allied Farmers Shares		**(966)**	-	**(966)**	-
Employee Benefits Expense	11	**(4,296)**	(3,286)	**(4,188)**	(3,324)
Depreciation and Amortisation	22, 23,24	**(1,150)**	(663)	**(734)**	(582)
Other Expenses	12	**(2,807)**	(2,590)	**(1,980)**	(1,900)
Profit/(Loss) Before Income Tax from Continuing Activities		**(4,179)**	**(1,994)**	**(2,518)**	(837)
Income Tax (Expense)/ Benefit	13	**185**	183	**185**	183
Profit/(Loss) After Income Tax from Continuing Activities		**(3,994)**	**(1,811)**	**(2,333)**	(654)
DISCONTINUED ACTIVITIES					
Interest Income		**13,939**	31,863	**15,158**	*34,362*
Interest Expense		**(10,056)**	(20,907)	(12,446)	(27,054)
Net Interest Income	8	**3,883**	10,956	**2,712**	7,308
Fee and Commission Income		***844***	*2,983*	***1,834***	*6,126*
Fee and Commission Expense		(2,247)	(4,642)	(1,970)	*(4,275)*
Net Fee and Commission Income/(Expense)	9	**(1,403)**	(1,659)	**(136)**	1,851
Operating Lease Rentals		**665**	1,322	**665**	1,322
Net Gain on Disposal of Sale of Finance Business	37	**5,094**	-	**5,268**	-
Fair Value Gains / (Losses) on Derivatives		**-**	(761)	**-**	-
Other Income	10	**370**	163	**221**	163
Total Income earned from Financing and Trading Activities		**8,609**	**10,021**	**8,730**	**10,644**
Net Impairment Loss on Financial Assets	18	**(628)**	(2,050)	**(628)**	(2,050)
Employee Benefits Expense	11	**(1,390)**	(3,341)	**(1,390)**	(3,268)
Depreciation and Amortisation	22, 23,24	**(736)**	(1,723)	**(736)**	(1,723)
Other Expenses	12	**(1,984)**	(3,547)	**(1,618)**	(3,511)
Profit/(Loss) Before Income Tax from Discontinued Activities		**3,871**	**(640)**	**4,358**	**92**
Income Tax Benefit/(Expense)	13	**1,078**	(1,240)	1,078	(1,498)
Profit/(Loss) After Income Tax from Discontinued Activities		**4,949**	**(1,880)**	**5,436**	**(1,406)**

FINANCIAL STATEMENTS

INCOME STATEMENT CONTINUED

	Note	Group		Company	
		15 months 2009 $'000	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
OVERALL SUMMARY					
Profit/(Loss) After Income Tax from Continuing Activities		**(3,994)**	(1,811)	**(2,333)**	(654)
Profit/(Loss) After Income Tax from Discontinued Activities		**4,949**	(1,880)	**5,436**	(1,406)
Total Profit/(Loss) After Income Tax		**955**	(3,691)	**3,103**	(2,060)
Attributable to:					
Equity Holders of the Company		**1,678**	(3,240)	**3,103**	(2,060)
Minority Interest		**(723)**	(451)	**-**	-
		955	(3,691)	**3,103**	(2,060)
Total Earnings per Share Attributed to Equity Holders of the Company:					
Basic Earnings per Share	**14**	9.74	(40.45)	22.89	(29.56)
Diluted Earnings per Share	**14**	9.74	(40.45)	22.89	(29.56)
Earnings per Share Attributed to Equity Holders of the Company for discontinued activities:					
Basic Earnings per Share	**14**	39.93	(27.90)	44.42	(23.53)
Diluted Earnings per Share	**14**	39.93	(27.90)	44.42	(23.53)

On 30 September 2008 the company sold its finance business. Accordingly the finance business is a discontinued activity from that date.

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the fifteen months ended 30 June 2009

Group

	Notes	Attributable to Equity Holders of the Company Share Capital $'000	Perpetual Speirs Bonds $'000	Available for Sale Reserve $'000	Retained Earnings $'000	Minority Interest $'000	Total Equity $'000
Balance at 1 April 2008		12,168	13,525	-	(7,247)	537	**18,983**
Distributions to Bond Holders During the Period		-	-	-	(890)	-	**(890)**
Income Tax benefit arising from distribution to Bond Holders		-	-	-	267	-	**267**
Movement in Available for Sale Investment Reserve		-	-	(966)	-	-	**(966)**
Actual Loss on Sale on Allied Farmers Shares		-	-	966	-	-	**966**
Net Expense Recognised Directly in Equity		-	-	-	(623)	-	**(623)**
Profit for the Period		-	-	-	1,678	**(723)**	**955**
Total Recognised Income and Expenses for 2009		**-**	**-**	**-**	**1,055**	**(723)**	**332**
Issue of Perpetual Speirs Bonds (Equity)	**31**	-	14	-	-	-	**14**
Transfer of Perpetual Speirs Bonds upon the sale of the Finance business of Speirs Group Limited		-	(13,539)	-	-	-	**(13,539)**
		-	(13,525)	-	-	-	**(13,525)**
Balance at 30 June 2009		12,168	-	-	(6,192)	**(186)**	**5,790**
Balance at 1 April 2007		12,168	13,511	-	(2,818)	702	**23,563**
				-			
Distributions to Bond Holders During the Period		-	-	-	(1,706)	-	**(1,706)**
Income Tax benefit arising from distribution to Bond Holders		-	-	-	563	-	**563**
Net Expense Recognised Directly in Equity		-	-	-	(1,143)	-	**(1,143)**
Loss for the Year		-	-	-	(3,240)	(451)	**(3,691)**
Total Recognised Income and Expenses for 2008		**-**	**-**	**-**	**(4,383)**	**(451)**	**(4,834)**
Movement in Shareholding		-	-	-	(46)	46	**-**
Proceeds From Shares Issued		-	-	-	-	240	**240**
Issue of Perpetual Speirs Bonds (Equity)	**31**	-	14	-	-	-	14
		-	14	-	(46)	286	**254**
Balance at 31 March 2008		12,168	13,525	-	(7,247)	537	**18,983**

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the fifteen months ended 30 June 2009

Company

	Notes	Share Capital $'000	Perpetual Speirs Bonds $'000	Available for Sale Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 April 2008		12,168	13,525	-	(6,550)	**19,143**
Distributions to Bond Holders During the Period		-	-	-	(890)	**(890)**
Income Tax benefit arising from distribution to Bond Holders		-	-	-	267	**267**
Movement in Available for Sale Investment Reserve		-	-	(966)	-	**(966)**
Actual Loss on Sale on Allied Farmers Shares		-	-	966	-	**966**
Net Expense Recognised Directly in Equity		-	-	-	(623)	**(623)**
Profit for the Period		-	-	-	3,103	**3,103**
Total Recognised Income and Expenses for 2009		-	-	-	2,480	**2,480**
Issue of Perpetual Speirs Bonds (Equity)	**31**	-	14	-	-	**14**
Transfer of Perpetual Speirs Bonds upon the sale of the Finance business of Speirs Group Limited		-	(13,539)	-	-	**(13,539)**
		-	(13,525)	-	-	**(13,525)**
Balance at 30 June 2009		12,168	-	-	(4,070)	**8,098**
Balance at 1 April 2007		12,168	13,511	-	(3,347)	**22,232**
Distributions to Bond Holders During the Period		-	-	-	(1,706)	**(1,706)**
Income Tax benefit arising from distribution to Bond Holders		-	-	-	563	**563**
Net Expense Recognised Directly in Equity		-	-	-	(1,143)	**(1,143)**
Loss for the Year		-	-	-	(2,060)	**(2,060)**
Total Recognised Income and Expenses for 2008		-	-	-	(3,203)	**(3,203)**
Issue of Perpetual Speirs Bonds (Equity)	**31**	-	14	-	-	**14**
		-	14	-	-	**14**
Balance at 31 March 2008		12,168	13,525	-	(6,550)	**19,143**

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

for the fifteen months ended 30 June 2009

	Notes	Group		Company	
		15 months June 2009 $'000	12 months March 2008 $'000	**15 months June 2009 $'000**	12 months March 2008 $'000
Cash Flows from Operating Activities					
Interest Received		**14,119**	31,863	**7,531**	18,853
Rentals from Assets Leased to Others		**655**	1,322	**655**	1,322
Dividends Received		**30**	24	**30**	24
Cash Receipts from Customers		**15,245**	12,522	**15,245**	12,223
Other Income		**1,949**	3,447	**2,940**	6,893
Income Tax Refunds Received		**400**	-	**400**	-
Interest Expense		**(10,276)**	(21,017)	**(4,702)**	(11,545)
Cash Paid to Suppliers and Employees		**(21,383)**	(25,543)	**(21,218)**	(23,538)
Cash costs of sale of the finance business		**(1,152)**	-	**(1,152)**	-
Proceeds from Repayment of Finance Receivables		**60,002**	137,812	**60,165**	136,180
Proceeds from Sale of Assets Leased to Others		**1,755**	1,909	**1,755**	1,909
Investment in Finance Receivables		**(36,826)**	(117,424)	**(36,826)**	(117,424)
Investment in Assets for Leasing to Others		**(259)**	(2,421)	**(259)**	(2,421)
Sale of Rights to Future Cash Flows from Speirs Group Limited to Speirs Securities Limited		**-**	-	**38,270**	100,644
Payments of Instalments collected by Speirs Group Limited to Speirs Securities Limited		**-**	-	**(38,270)**	(80,693)
Net Cash from Operating Activities	**32**	**24,259**	22,494	**24,564**	42,247
Cash Flows from Investing Activities					
Investment in Cash at Bank Pledged to Others		**-**	(20)	**-**	(20)
Proceeds from Assets Held for Re-Lease		**541**	487	**541**	488
Proceeds from Sale of Property, Plant & Equipment		**367**	393	**153**	393
Proceeds from Sale of Investments		**756**	-	**756**	-
Investment in Subordinated Debt – Speirs Securities Limited		-	-	-	(3,776)
Acquisition of Shares in Speirs Nutritionals Limited		**-**	-	-	(1,800)
Advance to Speirs Nutritionals		**-**	-	**(1,218)**	887
Movement in Balance Owing to Speirs Securities Limited		**-**	-	-	(300)
Disposal of Finance business – transfer of finance business related bank balances and associated payments to purchaser		**(11,241)**	-	**(3,053)**	-
Investment in Associate		**(500)**	-	**(500)**	-
Acquisition of Available-for-Sale Assets		**-**	(20)	**-**	(20)
Acquisition of Investment Property		**-**	(446)	**-**	(446)
Acquisition of Intangible Assets		**(20)**	(478)	**(20)**	(56)
Acquisition of Property, Plant & Equipment		**(656)**	(2,084)	**(515)**	(1,153)
Net Cash Flows from Investing Activities		**(10,753)**	(2,168)	**(3,856)**	(5,803)
Cash Flows from Financing Activities					
Proceeds from the Issue of Perpetual Bonds		**14**	14	**14**	14
Proceeds from Minority Interests		**-**	240	**-**	-
Proceeds from borrowings		**285,322**	579,366	**21,797**	66,554
Committed Cash Line Drawings		**-**	6,000	**-**	6,000
Committed Cash Line Repayment		**(3,000)**	-	**(3,000)**	-
Distribution in relation to Perpetual Bonds		**(890)**	(1,706)	**(890)**	(1,706)
Repayments of Borrowings		**(304,746)**	(615,259)	**(43,092)**	(115,615)
Net Cash Flows from Financing Activities		**(23,300)**	(31,345)	**(25,171)**	(44,753)
Net Increase / (Decrease) in Cash and Cash Equivalents		**(9,794)**	(11,019)	**(4,463)**	(8,129)
Cash and Cash Equivalents at 1 April		**7,724**	18,743	**2,392**	10,521
Cash and Cash Equivalents at Period End	**15**	**(2,070)**	7,724	**(2,071)**	2,392

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

1 GENERAL INFORMATION

Speirs Group Limited is involved in the production and distribution of fresh food products. Until 30 September 2008, when the finance division of Speirs Group Limited was sold, Speirs Group also operated a finance company providing funding to borrowers throughout New Zealand. Speirs Nutritionals Limited is a majority owned (62.5%) subsidiary of Speirs Group Limited whose principal activity is the processing and marketing of omega-3 oil.

Speirs Group Limited is a limited liability company incorporated and domiciled in New Zealand. The address of the head office of Speirs Group Limited is PO Box 400, Palmerston North, New Zealand.

Speirs Group Limited has equity securities listed on the alternative list (NZAX) of New Zealand Exchange Limited.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The financial statements are presented in New Zealand dollars, and are rounded to the nearest thousand. They are prepared using the historical cost basis, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through the profit or loss and investment property.

Compliance with International Financial Reporting Standards

The financial statements of Speirs Group Limited comply with International Financial Reporting Standards ("IFRS").

Entities Reporting

The financial statements of the 'Parent Company' are for Speirs Group Limited as a separate legal entity.

The consolidated financial statements of the 'Group' are for the economic entity comprising Speirs Group Limited, its majority owned subsidiary Speirs Nutritionals Limited , its investment in associate Rosa Foods Limited, and (until 30 September 2008) its "in-substance" subsidiary Speirs Securities Limited. Both subsidiaries are registered in New Zealand.

The Parent Company and the Group are designated as profit-oriented entities for financial reporting purposes.

Statutory Base

Speirs Group Limited is a company registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Critical Accounting Estimates

The preparation of financial statements in conformity with NZ IFRS and IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of NZ IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

Application of Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

During the period ended 30 June 2009 the company changed its balance date from 31 March to 30 June. This change was made to align the balance date with the natural cycle of the remaining Group businesses subsequent to the disposal of the finance business. For this reason the comparative numbers appearing in the financial statements are for a twelve month period and the current reporting period is for a fifteen month period.

2.2 Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of Speirs Group Limited ('company' or 'parent entity'), its majority owned subsidiary Speirs Nutritionals Limited, its associate Rosa Foods Limited and (until 30 September 2008) its "in-substance" subsidiary Speirs Securities Limited as at 30 June 2009. Speirs Group Limited, its partly owned subsidiary, its associate and its "in-substance" subsidiary together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are those entities (including special purpose 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

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 income statement, 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.

With respect to Speirs Securities Limited, the results until 30 September 2008 were consolidated with the parent entity as an "in-substance" subsidiary. While the parent entity did not hold any shares in Speirs Securities Limited, the two companies had entered into a securitisation arrangement which attributed significant risks and rewards within Speirs Securities Limited to the parent 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.

Minority interests are presented as a separate component of equity and measured at the minority holders' share of net assets.

2.3 Derivative Financial Instruments

The Group uses derivative financial instruments to manage its exposure to interest rate risks arising from its activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Group has not adopted hedge accounting, and derivative financial instruments are initially recorded at fair value. Subsequent to initial recognition, changes in the fair value of derivative financial instruments are recognised immediately within the income statement.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current credit worthiness of the swap counterparties.

2.4 Financial Assets

The Group classifies its financial assets in the following categories: 'at fair value through the profit or loss',' loans and receivables', and 'available-for-sale'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition (as determined by their settlement date) and re-evaluates this designation at every reporting date.

Financial Assets at Fair Value Through the Profit or Loss

This category has two sub-categories: 'financial assets held for trading', and those designated 'at fair value through the profit or loss at initial recognition'. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if designated so by management. All derivatives are also classified as 'held for trading'.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets at fair value through profit or loss are subsequently carried at fair value.

Where fair value changes include the accrual of interest, the accrued interest is included in the net interest result.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, are presented in the income statement within 'Fair Value Gains / (Losses)', in the period in which they arise.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are accounted for at amortised cost using the effective interest method. Loans and receivables are initially recognised at fair value inclusive of transaction costs. Loans and receivables are derecognised when the rights to receive cash flows from them have expired or where the Group has transferred substantially all risks and rewards of ownership.

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated within this category or not classified in any of the other categories.

Purchases and sales of available-for-sale financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of available for sale financial assets are recognised in equity.

When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from available-for-sale assets' or loss on sale of Allied Farmers shares. Interest on available-for-sale assets calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. If the fair value of an unlisted equity instrument can not be reliably determined the investment is held at cost.

Derecognition

Financial assets are derecognised when the rights to the cash flows of the assets have expired or the Group has transferred its rights to receive the cash flows of the assets and substantially all the risk and rewards of the assets. Where the Company has sold the rights to receive the cash flows of the assets but has not transferred substantially all the risk and rewards of the assets the Company has linked the presentation of the asset and liability on the face of the balance sheet.

2.5 Leases

As lessee

The leases entered into by the Group are primarily operating leases. Operating lease rentals are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the end of the lease period, any payment made to the lessor by way of penalty is recognised as an expense in the period of termination.

As lessor

Assets leased to customers are classified as finance leases if the lease agreements transfer substantially all the risks and rewards of ownership to the lessee; all other leases are classified as operating leases. When assets are subject to finance leases, the present value of the lease payments is recognised as a receivable within loans and advances. Finance lease income is recognised over the term of the lease using the net investment method (before tax) reflecting a constant periodic rate of return.

Finance leases are classified as loans and advances to customers within the financial statements.

Operating lease assets are included within fixed assets at cost and depreciated over the life of the lease after taking into account anticipated residual values. Operating lease rental income is recognised on a straight line basis over the life of the lease.

2.6 Impairment

Loans and Advances to Customers

At each balance sheet date the Group assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired. Evidence of impairment may include indications that the borrower or group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the fact that the debt is being restructured to reduce the burden on the borrower.

If there is objective evidence that an impairment loss has been incurred, a provision is established which is calculated as the difference between the balance sheet carrying value of the asset and the present value of estimated future cash flows (including the net proceeds of any sales of collateral) discounted at that asset's original effective interest rate.

If there is no objective evidence of individual impairment the asset is included in a group of financial assets and collectively assessed for impairment. Future cash flows are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan or advance is uncollectable, it is written off against the related provision once all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the income statement.

Available-for-sale assets

The Group assesses at each balance sheet date whether there is objective evidence that an available-for-sale asset is impaired. In addition to the factors set out above, a significant or prolonged decline in the fair value of the asset below its cost is considered in determining whether an impairment loss has been incurred. If an impairment loss has been incurred, the cumulative loss measured as the difference between the original cost and the current fair value, less any impairment loss on that asset previously recognised, is removed from equity and recognised in the income statement.

Reversals of impairment

With respect to receivables carried at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as an improvement in the borrower's credit history, the provision is adjusted and the amount of the reversal is recognised in the income statement.

With respect to an available for sale instrument, if, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss with respect to goodwill is not reversed.

Assets Acquired Under Enforcement

Non-financial assets acquired under enforcement in order to achieve an orderly realisation are recorded as assets held for sale and reported in 'Other assets'. The asset acquired is recorded at the lower of its fair value (less costs to sell) or the amount of the loan. No depreciation is provided in respect of assets held for sale. Any subsequent write-down of the acquired asset to fair value less costs to sell is recorded as an impairment loss and included in the income statement. Any subsequent increase in the fair value less costs to sell, to the extent this does not exceed the amount of the impaired loan, is recognised in the income statement.

Renegotiated loans

Loans and advances to customers which are subject to collective impairment assessment, and whose terms have been renegotiated, are no longer considered to be past due or impaired but are treated as new loans.

Loans and advances to customers which are still subject to individual impairment assessment, and whose terms have been renegotiated, are subject to ongoing review to determine whether they remain impaired or are considered to be past due.

Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventory and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available to use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit, or group of units, on a pro-rata basis. The cash generating units are Speirs Nutritionals (a subsidiary of Speirs Group Limited) and Speirs Foods (a division of Speirs Group Limited).

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.7 Property, Plant and Equipment

Owned Assets

Land and buildings are recorded at the aggregate total of a valuation by an independent registered professional valuer as at 8 March 2004 and the historical costs of additions since that date less subsequent depreciation for buildings. Historical cost includes expenditure that is directly attributable to the acquisition or the construction of the land and buildings.

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the 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 income statement 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 or revalued amounts less their residual values to their estimated lives, as follows:

• Buildings	2.50 – 2.96%
• 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 balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Assets Leased to Others

Assets leased to others by way of an operating lease are valued at cost less accumulated depreciation using the same (as above) straight-line rates that are expected to reduce the value of the asset to its resale value over the life of the lease.

2.8 Investment Property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. An external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the property annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuation is prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee;

and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognised in the income statement as part of other income. Rental income from investment property is accounted for as described in accounting policy 2.20.

2.9 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.

Software

Costs that are directly associated with the production of identifiable and unique software products or intangible assets that are controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include, where appropriate, employee costs and an appropriate portion of relevant overheads. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including those costs associated with the maintenance of computer software programs are expensed as they are incurred.

Computer software costs and other intangible assets are considered to have a definite life and are amortised over the best estimate of their useful lives (4 – 12 years).

Research and Development

Costs related to the development phase of research and development expenditure are recognised as an asset and are carried cost. The resulting asset us subject to an annual review for indicators of impairment and will be amortised over ten years commencing in the year that the asset developed is brought into use. Assets not yet brought into use are subject to an annual impairment test.

2.10 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.

2.11 Trade Receivables

Trade receivables are initially recognised at fair value and subsequent to initial recognition are measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the market interest rate at the date the receivables were issued.

2.12 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within liabilities on the balance sheet.

2.13 Share Capital

Ordinary 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.

2.14 Perpetual Speirs Bonds

Perpetual Speirs Bonds are issued in perpetuity and redeemable by the Group at a future date. Interest is payable at the discretion of the Directors. Accordingly, the bonds are classified as equity, with interest recognised as a distribution within the statement of changes in equity. These were disposed of in September 2008 as part of the sale of the finance business.

2.15 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 income statement over the period of the borrowings using the effective interest method. Interest expense is recognised using the effective interest method.

2.16 Employee Benefits

Defined Contribution Plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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.

2.17 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 has been 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.

2.18 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing 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 accounted for if it arises from initial recognition of an asset or liability in a transaction 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 balance sheet date.

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.

2.19 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of goods and services tax, and is recognised as follows:

Interest Income

Interest income and expense are recognised in the income statement for all interest-bearing financial instruments, including loans and advances, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The effective interest rate is calculated on initial recognition of the financial asset or liability, estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts paid or received by the Group that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fees and Commissions

Fee and Commission Income and Expense includes documentation fees charged to clients, commission expense paid to marketing agents, and incidental fee and commission income and expense. Where these fees are an integral part of the total return on loans and advances to customers they are recognised in net fee and commission income in the same manner as the effective interest earned on the instrument.

Other fees are recognised as earned.

Sales of Goods

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs, the possible return of goods, or continuing management involvement with the goods.

2.20 Other Income

Dividend Income

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

Rental Income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

2.21 Dividend Distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

2.22 Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other environments.

2.23 Other Approved Financial Reporting Standards

Other approved financial reporting standards endorsed by the International Accounting Standards Board but not yet effective in New Zealand are:

- NZ IAS1 (Revised) – Presentation of Financial Statements (effective from 1 January 2009)
- NZ IAS 23 – Borrowing Costs (effective from 1 January 2009)
- NZ IFRS 8 – Operating Segments (effective from 1 January 2009).

While the Group has not early adopted these standards, it is not expected that their adoption will have any material effect on the Group's financial statements, although it will result in certain presentational changes in the accounts.

The Group has early adopted NZ IFRS 3 Business Combinations and NZ IAS 27 Consolidated and Separate Financial Statements. The effect is to allow the Group to recognise a negative minority interest balance as a component of Group equity.

2.24 Goods and Services Tax (GST)

The Income Statement 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.

2.25 Functional and Presentational Currency
Items included in the financial statements of each of the subsidiary's operations are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The financial statements are presented in New Zealand dollars, which is the Company and all members of the Group's functional currency.

2.26 Government Grants
The Government's Foundation for Research, Science and Technology assists the Company in commercialising new technology by way of direct grant. The grants are credited to the income statement when the terms of the grant have been fulfilled and the grant has been received.

2.27 Investment in Subsidiary and Associate
The Parent Company records its investment in subsidiaries and associates at cost less any accumulated impairment losses.

3 FINANCIAL RISK MANAGEMENT

Introduction and Overview
Prior to the sale of the Finance business the Group had exposure to the following risks arising from its use of financial instruments:

- Credit risks
- Liquidity risks
- Market risks

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

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

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to manage certain risk exposures.

Risk management is carried out and monitored by the senior management team under policies approved by the Board of Directors. Management identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

Management of Credit Risk
The Board of Directors are responsible for the approval of credit risk policy. Senior management is responsible for the management and oversight of the credit risk policy established by the Board of Directors, including:

- Formulating credit policies covering collateral requirements, credit assessment, risk and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to credit officers. Larger facilities require the approval of senior management or the Board of Directors as appropriate.
- Reviewing and assessing credit risk. Management assesses all credit exposures in excess of designated limits.
- Limiting concentrations of exposure to counterparties and industries.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

Each business unit is required to implement Group credit policies and procedures, with credit approval delegated from senior Management. Each business unit has a General Manager who reports on all credit related matters to the Board of Directors. Each business unit is responsible for the quality and performance of its credit portfolio and for the monitoring and controlling of all credit risks in its portfolios.

The Group managed credit risks with respect to loans and advances to customers primarily by restricting advances to:

- Finance Leases and other appropriate security agreements over motor cars, commercial vehicles and other fixed assets owned or funded by the Group and financed for a maximum of five years to customers throughout New Zealand, with the Group's interests in the assets registered with the Personal Property Securities Register;
- Fixed Term Advances secured by general security agreement, mortgage or other appropriate security agreement.

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

Exposure to Credit Risk
The Group and Company have no 'off-balance sheet' liabilities. The maximum credit risk is the amount represented on the balance sheet. Financial Assets which subject the Group and Company to credit risks consist of:'

	Note	Group June 2009 $'000	Group March 2008 $'000	Company June 2009 $'000	Company March 2008 $'000
Cash and Cash Equivalents	15	-	8,126	-	2,794
Trade and Other Receivables	16	1,460	2,963	2,988	3,692
Derivative Financial Instruments		-	295	-	-
Loans and Advances to Customers	18	-	83,355	-	84,987
Loans and Advances to Customers - Securitised	18	-	143,620	-	143,620
Loans and Receivables	38	2,500	-	2,500	-
Subordinated Debt – Securitised Assets	21	-	-	-	19,175

The following categories are not impaired, contain no past due balances, or contain any impairment allowances: cash and cash equivalents, derivative financial instruments, available-for-sale financial assets, and subordinated debt – securitised assets with respect to the Company. A summary of impaired assets, past due assets, and allowances for impairment with respect to loans and advances to customers and trade and other receivables is set out below:

Group	Note	Loans and Advances to Customers June 2009 $'000	Loans and Advances to Customers March 2008 $'000	Trade and Other Receivables June 2009 $'000	Trade and Other Receivables March 2008 $'000
Carrying Amount	16, 18	-	226,975	1,460	2,963
Individually Impaired		-	2,753	-	-
Allowance for Impairment	18	-	(1,468)	-	-
Carrying Amount		-	1,285	-	-
Collectively Impaired		-	7,128	-	-
Allowance for Collective Impairment	18	-	(169)	-	-
Carrying Amount		-	6,959	-	-
Past Due but not Impaired		-	6,789	147	257
Neither Past Due nor Impaired		-	211,785	1,313	2,706
Renegotiated Terms		-	157	-	-
Total Carrying Amount		-	226,975	1,460	2,963

All Loans and Advances to Customers that are past due more than 30 days were considered to be impaired and are included under the headings of 'Individually Impaired' or 'Collectively Impaired'. Accordingly, all receivables which are "Past Due but not Impaired" are overdue between 1 and 30 days. Trade and other receivables totalling $146,759 (2008: $100,068) are greater than 90 days overdue but are considered collectable and are not impaired.

The headings 'Individually Impaired' or ''Collectively Impaired' include Loans and Advances that are past due by 90 days or more and have an aggregate carrying value of $**Nil** (31 March 2008 $2,982,235).

Company

	Note	Loans and Advances to Customers June 2009 $'000	Loans and Advances to Customers March 2008 $'000	Trade and Other Receivables June 2009 $'000	Trade and Other Receivables March 2008 $'000
Carrying Amount	**16, 18**	**-**	228,607	**2,988**	3,692
Individually Impaired		**-**	2,753	**-**	-
Allowance for Impairment	**18**	**-**	(1,468)	**(-)**	(-)
Carrying Amount		**-**	1,285	**-**	-
Collectively Impaired		**-**	**7,128**	**-**	-
Allowance for Collective Impairment	**18**	**-**	(169)	**(-)**	(-)
Carrying Amount		**-**	6,959	**-**	-
Past Due but not Impaired		**-**	6,789	**147**	257
Neither Past Due nor Impaired		**-**	213,417	**2,841**	3,435
Renegotiated Terms		**-**	157	**-**	-
Total Carrying Amount		**-**	**228,607**	**2,988**	3,692

The Group held collateral against loans and advances to customers in the form of registered securities over assets, guarantees and mortgage interests over property. Estimates of fair value were based on the value of the collateral assessed at the time of borrowing, and are generally not updated except when a loan is individually assessed as impaired. Collateral is usually not held against trade and other receivables, and no such collateral was held as at 30 June 2009 or 31 March 2008.

An estimate of the fair value of collateral and other security enhancements held against individually impaired loans and advances to customers is shown below:

Group and Company

	Group & Company June 2009 $'000	*Group & Company* March 2008 $'000
Against Individually Impaired Assets		
Vehicles	-	2,389
Other Assets	-	380
Other	-	9
	-	2,778

All Loans & Advances to Customers that are more than 30 days past due were considered to be impaired and were included under the headings of 'Individually Impaired' or 'Collectively Impaired'. The nature of collateral on loans less than 30 days overdue is consistent with the description for the general portfolio. It is not practical to obtain a reliable fair value of collateral on loans less than 30 days overdue.

Collateral and Other Credit Enhancements Obtained

No Loans & Advances are, or have been, assets acquired through security enforcement. In relation to Non-Accrual Loans, Restructured Loans and Past Due Assets there are no unrecognised assets included in the calculation of the relevant balances.

Concentrations of Credit Risk

Concentration of credit risks arises where monetary assets are invested with a particular individual customer or in a particular industrial or geographic sector.

The Group manages concentration of credit risk by placing restrictions on the maximum amounts which may be advanced to any one individual customer or deposited with a Registered Bank.

The Group monitors concentrations of credit risk by customer as a percentage of the Groups and Company's equity. A summary of the number of significant concentrations as a percentage of equity is set out below:

Percentage of Equity	*Group* **2009**	*Group* 2008	*Company* **2009**	*Company* 2008
10% – 20%	**-**	6	**1**	6
20% - 30%	1	-	1	-
30% - 40%	-	-	-	-
60% - 70%	-	-	-	-
70%-80%	-	-	-	-
90%-100%	-	-	-	-
100%-110%	-	-	**-**	1
	1	**6**	**2**	**7**

Other than as disclosed above, there are no concentrations of exposure to any particular industry. The Company and Group are not exposed to any geographic concentration of credit risks. All credit risks are in New Zealand.

Impaired Loans and Advances

Impaired loans and advances are loans and advances for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / advance.

Past Due but not Impaired Loans and Advances
Past due but not impaired loans and advances are loans and advances where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Group.

Loans and Advances with Renegotiated Terms
Loans and advances with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not have otherwise considered. Once a loan and advance is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for Impairment
The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its lending portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off Policy
The Group writes off loans / advances (and any allowances for impairment losses) when management determines that the loans / advances are uncollectible. This is either done in entirety of the loan/advance or for a part of the loan advance, depending upon management's determination of the collectability of the amount owing. This determination is reached after considering information regarding significant changes in the borrower's financial position such as the borrower being unable to pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For small balances, write off decisions are generally based on a specific past due status.

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 supporting bank credit lines.

The Company's Bank Overdraft facility from the Bank of New Zealand is secured by way of a floating charge over all of the Company's assets and undertakings. This floating charge takes priority over all other borrowings of the Company.

The Group closely monitors its liquidity position and maintains strategies to address the impact of external events as they occur.

The Group is in the process of undertaking several projects to provide sufficient cash to the Group so as to allow the Group to meet its forward cash requirements for the ensuing year and beyond as well as to meet banker agreed targets. These projects include:

- Monetising the investment in Allied Nationwide Finance Limited bonds. This will be done by transferring the bonds to a wholly owned subsidiary, Speirs Investments Limited, for $2 million and subsequently issuing to public investors up to $1.7 million in Speirs Investments Limited secured stock for a term to coincide with the maturity of the bonds. Speirs Group Limited will unconditionally guarantee the responsibilities of Speirs Investments Limited to the investors in this issue. At 7 September 2009 this issue was subscribed to in excess of $1 million.
- An equity issue by partly owned subsidiary Speirs Nutritionals Limited of up to $3.5 million. This issue will either be placed directly to high net worth habitual investors or, alternatively, offered to the public for subscription. It is expected that this issue will be completed during 2009; and
- Raising first mortgage term finance of up to $1.5 million secured on company owned real estate. It is expected that this funding will be in place by the close of 2009.

The Directors expect these projects to be successful and to provide sufficient liquidity to meet the Group's ongoing requirements. For this reason the Directors consider that the adoption of the going concern assumption is appropriate. The validity of the going concern assumption on which the financial statements are prepared depends on the successful conclusion of these projects or the arrangement of alternative sources of funding.

Exposure to Liquidity Risk
The following tables set out the contractual cash flows for all financial assets and liabilities and derivatives that are settled on a gross cash flow basis:

Group 2009	Note	Carrying Amount $'000	Gross Nominal Cash Flow $'000	On Demand $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Non-Derivative Assets									
Trade and Other Receivables	16	1,460	1,460	-	1,460	-	-	-	-
Loans and Receivables	38	2,500	3,446	-	62	63	125	746	2,450
Total		**3,960**	**4,906**	**-**	**1,522**	**63**	**125**	**746**	**2,450**

Group 2009	Note	Carrying Amount $'000	Gross Nominal Cash Flow $'000	On Demand $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Non-Derivative Liabilities									
Trade and Other Payables	26	2,462	2,462	-	2,462	-	-	-	-
Bank Overdraft	15	2,070	2,070	2,070	-	-	-	-	-
Borrowing	29	1,433	1,949	-	95	95	190	380	1,189
Total		**5,965**	**6,481**	**2,070**	**2,557**	**95**	**190**	**380**	**1,189**

Group 2008	Note	Carrying Amount $'000	Gross Nominal Cash Flow $'000	On Demand $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Non-Derivative Assets									
Cash and Cash Equivalents	15	8,126	8,268	4,699	3,167	-	-	-	402
Trade and Other Receivables	16	2,963	2,963	-	2,963	-	-	-	-
Loans & Advances	18	226,975	277,384	-	20,926	27,288	52,507	87,271	89,393
		238,064	288,615	4,699	27,056	27,288	52,507	87,271	89,795
Derivative Assets									
Gross Inflow		295	144,327	-	13,734	13,515	26,060	45,908	45,110
Gross Outflow		-	(145,658)	-	(7,885)	(13,838)	(27,205)	(47,373)	(49,357)
		295	(1,331)	-	5,849	(323)	(1,145)	(1,465)	(4,247)
Total		**238,359**	**287,284**	**4,669**	**32,095**	**26,965**	**51,362**	**85,806**	**85,548**

Group 2008	Note	Carrying Amount $'000	Gross Nominal Cash Flow $'000	On Demand $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Non-Derivative Liabilities									
Trade and Other Payables	26	3,890	3,890	-	3,890	-	-	-	-
Borrowing	29	239,793	261,962	8,072	41,911	32,517	58,075	75,632	45,755
		243,683	**265,852**	**8,072**	**45,801**	**32,517**	**58,075**	**75,632**	**45,755**

Company 2009	Note	Carrying Amount $'000	Gross Nominal Cash Flow $'000	On Demand $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Non-Derivative Assets									
Trade and Other Receivables	16	2,988	2,988	-	2,988	-	-	-	-
Loans and Receivables	38	2,500	3,446	-	62	63	125	746	2,450
Total		**5,488**	**6,434**	**-**	**3,050**	**63**	**125**	**746**	**2,450**

Company 2009	Note	Carrying Amount $'000	Gross Nominal Cash Flow $'000	On Demand $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Non-Derivative Liabilities									
Trade and Other Payables	26	2,269	2,269	-	2,269	-	-	-	-
Bank Overdraft	15	2,071	2,071	2,071	-	-	-	-	-
		4,340	4,340	2,071	2,269	-	-	-	-

Company 2008	Note	Carrying Amount $'000	Gross Nominal Cash Flow $'000	On Demand $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Non-Derivative Assets									
Cash and Cash Equivalents	15	2,794	2,843	2,392	49	-	-	-	402
Trade and Other Receivables	16	3,692	3,692	-	3,692	-	-	-	-
Subordinated Debt – Securitised Assets	21	19,175	21,445	-	2,041	2,008	3,872	6,821	6,703
Loans & Advances	18	84,987	98,794	-	9,757	9,904	19,303	29,234	30,596
		110,648	126,774	2,392	15,539	11,912	23,175	36,055	37,701
Non-Derivative Liabilities									
Trade and Other Payables	26	3,866	3,866	-	3,866	-	-	-	-
Borrowing	29	110,743	117,635	8,072	28,177	19,002	32,015	29,724	645
		114,609	121,501	8,072	32,043	19,002	32,015	29,724	645

The Group and Company had no contractual cash flows with respect to financial liabilities and derivatives going out beyond 5 years.

The above tables show the undiscounted cash flows of the Group and Company's financial liabilities on the basis of their earliest possible contractual maturity.

The gross nominal cash flow disclosed in the above tables is the contractual, undiscounted cash flow on the financial liability. The disclosure for derivatives shows a gross inflow and outflow amount for derivatives that have a simultaneous gross settlement.

Market Risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

Management of Market Risk

The Group undertakes minimal transactions denominated in foreign currencies. At 30 June 2009 and 31 March 2008 the Group had no foreign currency exposures.

Equity price risk and credit spread risk (not relating to the obligor / issuer's credit standing) are not monitored by management as they are not currently significant in relation to the overall results and financial position of the Group.

The principal risk to which the interest bearing portfolios were exposed was the risk of loss arising from fluctuations in the future cash flows or fair values of a financial instrument because of a change in market interest rates, i.e. from lending at fixed interest rates for different terms than the corresponding borrowings. Interest rate risk was managed principally by matching as far as possible, interest rate fixed periods on funding facilities with maturities on Finance Receivables. The Company did not make use of interest rate hedge contracts.

Prior to the sale of the finance business on 30 September 2008, interest rate risk in respect of Speirs Securities Limited was managed by entering into interest rate swap contracts in respect of all Commercial Paper borrowings for the term of the appropriately matching lending (See Note 5). For accounting purposes, Speirs Securities Limited classified its interest rate swap contracts as financial assets or liabilities at fair value through the profit or loss.

Exposure to Interest Rate Risk

Interest rate margin risk arises as a result of mismatches between the repricing dates of advances and debt securities.

A summary of the interest rate gap positions is as follows:

Group 2009	Note	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	15	-	-	-	-	-	-	-
Loans and Receivables	38	2,500	-	-	-	-	500	2,000
		2,500	**-**	**-**	**-**	**-**	**500**	**2,000**
Borrowing	29	1,433	-	45	47	99	220	1,022
Bank Overdraft	15	2,070	-	2,070	-	-	-	-
		3,503	**-**	**2,115**	**47**	**99**	**220**	**1,022**
		(1,003)	**-**	**(2,115)**	**(47)**	**(99)**	**280**	**978**

Group 2008	Note	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	15	8,126	1	7,723	-	-	-	402
Loans and Advances to Customers	18	226,975	-	16,095	20,734	41,106	71,180	77,860
		235,101	1	23,818	20,734	41,106	71,180	78,262
Borrowing	29	239,793	-	158,706	17,748	33,482	29,233	624
Net Effect of Derivatives		(295)	-	(117,563)	11,459	22,567	41,071	42,465
		239,498	**-**	**41,143**	**29,207**	**56,049**	**70,304**	**43,089**
		(4,397)	**1**	**(17,325)**	**(8,473)**	**(14,943)**	**876**	**35,173**

Company 2009	Note	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	15	-	-	-	-	-	-	-
Loans and Receivables	38	2,500	-	-	-	-	500	2,000
		2,500	**-**	**-**	**-**	**-**	**500**	**2,000**
Bank Overdraft	15	2,071	-	2,071	-	-	-	-
		429	**-**	**(2,071)**	**-**	**-**	**500**	**2,000**

Company 2008	Note	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	15	2,794	1	2,391	-	-	-	402
Subordinated Debt – Securitised Assets	21	19,175	-	1,706	1,703	3,353	6,103	6,310
Loans and Advances to Customers		84,987	-	3,814	8,028	16,334	25,771	31,040
Loans and Advances to Customers – Securitised		143,620	-	12,396	12,855	25,068	45,921	47,380
Liability Arising on Securitisation of Assets		(143,620)		(12,396)	(12,855)	(25,068)	(45,921)	(47,380)
Loans and Advances to Customers	18	84,987	-	3,814	8,028	16,334	25,771	31,040
		106,956	1	7,912	9,731	19,687	31,874	37,752
Borrowing	29	110,743	-	29,656	17,748	33,482	29,233	624
		(3,787)	1	(21,744)	(8,017)	(13,795)	2,641	37,128

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

Capital Management

The Group's capital includes share capital, reserves and retained earnings. In the year ended 31 March 2008 capital also included Perpetual Speirs Bonds. These Bonds were disposed of as part of the sale of the finance division of Speirs Group Limited on 30 September 2008.

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. The Group is subject to, and has complied at all times with, the following externally imposed continuing capital requirements:

- A covenant to the Group's bankers restricting the maximum dividends payable to shareholders in any one year to an agreed percentage of qualifying tax paid profits earned. No dividend was paid during the period ended 30 June 2009 (2008 Nil).

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

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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. The accounting policies deemed critical to the Group's results and financial position, based upon materiality and significant judgements and estimates, are discussed below:

Key Sources of Estimation Uncertainty

Recoverability of Intangible Assets

The recoverability of intangible assets associated with Speirs Nutritionals Limited is a key source of estimation uncertainty.

The recoverable amount of these intangible assets is assessed at least annually for indicators of impairment. Where such indicators are detected the recoverability of these balances is subject to an impairment test.

An impairment loss is recognised if the carrying amount of the intangible assets, or their cash-generating unit, exceeds its recoverable amount.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The recoverability of these assets is conditional on Speirs Nutritionals Limited successfully establishing a market for the Omega-3 emulsion.

Prior Year Estimation Uncertainty

Impairment of Loans and Advances

Loans and advances are evaluated on the basis set out in the accounting policies.

The specific provision component of the total allowance for impairment applies to lending evaluated individually for impairment and is based on management's best estimate of the present value of the future cash flows that are expected to be received discounted using the original effective interest rate of the loan. In estimating these cash flows, management makes judgements about a customer's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by management.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of lending with similar economic characteristics when there is objective evidence to suggest they contain impaired lending, but the individual impaired items cannot yet be identified. In assessing the need for collective impairment allowances, management considers such factors as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these approximate future cash flows.

Determining Fair Values

The determination of fair value for financial assets and liabilities, such as derivatives, for which there is no observable market price requires the use of valuation techniques as described within the accounting policies. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical Accounting Judgements Made in Applying the Group's Accounting Policies

Financial Asset and Liability Classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into differing accounting categories. In classifying assets and liabilities the Group has determined that the financial assets or liabilities meet the description of the classification as set out in the accounting policies.

Securitisation

In applying its policies on securitised financial assets, the Company has considered both the degree of transfer of risks and rewards on assets transferred to another entity and the degree of control exercised by the Company over the other entity.

When the Company, in substance, controls the entity to which financial assets have been transferred, the entity is included in these consolidated financial statements and the transferred financial assets are recognised in the Company's balance sheet.

When the Company has transferred financial assets to another entity, but has not transferred substantially all the risks and rewards relating to the transferred financial assets, the financial assets are not derecognised in the Company's balance sheet.

As the Company maintains both a measure of control of, and shares risks and rewards associated with, Speirs Securities Limited under the securitisation arrangement described in Note 5, the financial assets of Speirs Securities Limited have not been derecognised in the Company's balance sheet.

Recovery of Goodwill in Rosa Foods Limited
The recoverability of the goodwill purchased as part of the acquisition of shares in Rosa Foods Limited (an associate company) is dependent upon the future trading profitability of Rosa Foods Limited. The Group has conducted impairment tests over this cash generating unit using cash flow projections based on financial forecasts approved by senior management covering a five year period and an assumed terminal real growth rate of 0%. The Group has applied a discount rate of 18.80% to pre tax cash flows. Management believe no reasonably possible changes in the key assumptions would cause the carrying value of the unit to materially exceed the carrying amount.

5 SECURITISATION ARRANGEMENT

Prior to the sale of the finance business on 30 September 2008, the Company was party to a securitisation arrangement with the Bank of New Zealand and Speirs Securities Limited. Under the terms of this arrangement, Speirs Securities Limited purchased the rights to future cash flows from eligible finance receivables from the Company. The purchase of these rights by Speirs Securities Limited was funded by the issue of ninety-day commercial paper in the wholesale money market. The interest rate risk within Speirs Securities Limited arising from the funding of fixed rate receivables with ninety-day commercial paper was managed through the use of interest rate swaps.

This arrangement had the effect of providing the Group with access to competitively priced and limited but certain funding from money markets within New Zealand. The future repayment commitments associated with this funding were precisely matched with the forward receipts due to the Group from client counter-parties. The Company charged fees to Speirs Securities Limited for the administration of the general affairs of Speirs Securities Limited, including the collection and payment of the acquired cash flows.

The principal components of the arrangement were:

(i) Speirs Securities Limited was constituted for the purpose of purchasing the rights to future cash flows of eligible finance receivable agreements held by the Company in the form of tranches of "Eligible Receivables" from time to time. Speirs Securities Limited purchased the rights to receive the future cash flows at the present value of the future cash flows discounted using the interest rate of the underlying finance receivables.

(ii) To be eligible for securitisation, the Eligible Receivables had to arise from agreements that, amongst other things:

   a. were either Finance Leases or Security Agreements;

   b. provided funding to a client counter-party that was secured by a charge over a registered motor vehicle or other approved asset used by and in the possession of the client counter-party;

   c. be for a maximum term of sixty months; and

   d. required repayment by a regular and even (usually monthly) cash flow payable from the client counter-party to the Company over the life of the agreement. The final payment may have included a Residual Value or Balloon payment defined in (xiv) below.

(iii) The Shareholders of Speirs Securities Limited were unrelated to the Company.

(iv) As the Company retained significant risks and rewards of ownership associated with the Eligible Receivables it continued to recognise the assets and associated interest income in its financial statements. Speirs Securities Limited recognised an asset on securitisation equivalent to the present value of the future cash flows or each tranche of eligible receivables, representing its right to receive the future cash flows. The Company simultaneously recognised a liability to deliver those future cash flows to Speirs Securities Limited.

(v) Income was generated in Speirs Securities Limited and an expense arose in the Company, through the unwinding of the discount on the respective assets and liabilities. The expense recognised by the Company in respect of the obligation to pay the future cash flows to Speirs Securities Limited exactly matched the interest income generated by the underlying securitised assets.

(vi) The Company administered the securitisation program on behalf of Speirs Securities Limited in exchange for various fees. The fees earned for that administration in the fifteen months ended 30 June 2009 amounted to $1,148,411 (12 months 31 March 2008 $3,542,397).

(vii) Speirs Securities Limited primarily funded the purchase of each tranche of rights to future cash flows of Eligible Receivables by issuing ninety-day commercial paper to the wholesale money market.

(viii) Speirs Securities Limited entered into interest rate swap agreements with the Bank of New Zealand concurrently with the issuing of commercial paper required to fund the acquisition of rights to future cash flows of each tranche of eligible receivables. These were supported by standby facilities provided by the Bank of New Zealand (see (ix) below) which guaranteed funding should it not be possible to roll over ninety-day bills on their maturity. Under these agreements, and subject to subordinated debt arrangements referred to in (xi) below:

   a. the quantum and tenor of the money borrowed from the wholesale money market was exactly matched in both value and timing to the aggregate outward cash flows due to Speirs Securities Limited from the acquired rights to future cash flows of Eligible Receivables agreements. Accordingly, liquidity risk associated with funding by way of ninety-day commercial paper were eliminated; and

   b. the interest rate cost of borrowing was fixed for the effective life of each tranche and, therefore, was fixed for the acquired cash flows that constituted the tranche. At balance date Speirs Securities Limited had entered into interest rate swaps with a face value of $Nil (31 March 2008 $130,242,536). The carrying value of the interest rate swaps in Speirs Securities Limited's financial statements was the fair value of the swaps, $Nil (receivable) (31 March 2008 $295,000 (receivable)). While Speirs Securities Limited intended to hold the swaps through to their respective maturities, they were classified as at fair value through the profit or loss for accounting purposes.

(ix) The arrangement provided facilities for Speirs Securities Limited to borrow an agreed limit, currently set at $Nil (31 March 2008 $150,000,000), on the wholesale money market. The Bank of New Zealand provided standby facilities to meet any shortfalls, up to a maximum of the $150,000,000 limit, from the wholesale money market should they ever have arisen.

(x) During the fifteen months ended 30 June 2009, the Company sold $38,271,497 (12 months 31 March 2008 $100,644,416) of rights to future cash flows of Eligible Receivables to Speirs Securities Limited. As the Company retained risks and rewards associated with ownership of the Eligible Receivables it did not derecognise the finance receivables from the financial statements on securitisation. No surplus or deficit was recognised as a result of these sales. At 30 June 2009 the net value of rights to future cash flows of Eligible Receivables sold to and owned by Speirs Securities Limited was $Nil (31 March 2008 $143,620,425).

(xi) The Company was required to arrange for the provision of funds on a continuing basis to Speirs Securities Limited by way of subordinated debt. The minimum quantum of that funding was calculated monthly on an agreed formula that discounted the aggregate future cash flows of the Speirs Securities Limited portfolio of Eligible Receivables by the aggregate of the weighted fixed swap interest borrowing rate that applies to them plus three percent. Different weightings were then applied according to the nature of the Eligible Receivables agreements and the underlying assets supporting them. The quantum of subordinated debt required varied marginally from month to month, but normally ranged between 11% and 13% of the accounting value of the Eligible Receivables at any time. The amount of the subordinated debt at 30 June 2009 was $Nil (31 March 2008 $19,174,751) (see Note 21).

(xii) The subordinated debt provided to Speirs Securities Limited was subordinated to all other borrowings of Speirs Securities Limited. The rate of interest payable by Speirs Securities Limited to the holder of the subordinated debt was governed by market rates and assessed risks and was set by the Company and agreed by Speirs Securities Limited from time to time.

(xiii) In the unlikely event that an Eligible Receivable should no longer meet the criteria for securitisation, the rights to future cash flows had to be repurchased by the Company. In practice, this occurred through reducing the liability arising on securitisation of assets and the subordinated debt invested in Speirs Securities Limited by the present value of the expected future cash flows that would have been payable to Speirs Securities Limited by the Company. No surplus or deficit was recognised as a result of these repurchases.

(xiv) Many rights to future cash flows of Eligible Receivables agreements sold to Speirs Securities Limited contained contractual undertakings by the client counter-party to make a final residual value or balloon payment on the termination of the finance receivable agreement. This final payment amount (if any) was set at the time of the origination of the finance receivable and did not exceed an amount established by the Company and agreed by the Bank of New Zealand as being a conservative estimate of the value of the underlying supporting asset that could be obtained by selling the asset into the open market place at the date the residual value or balloon payment is due.

(xv) The Company was required to place amounts related to interest rate swap responsibilities on deposit with a nominated Registered Bank. At 30 June 2009 the amount of Bank of New Zealand deposits pledged in this manner was $Nil (31 March 2008 $401,951).

6 SEGMENT REPORTING

Segment information is presented in respect of the Group's and Company's business segments. The primary format, business segments, is based on the Group's and Company's internal reporting structure.

The business segments have not undertaken any intersegment transactions with each other during the period other than the provision of certain management services to Speirs Nutritionals Limited by Speirs Foods.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets (other than goodwill).

The Group has some central operations and corporate costs which are not allocated to business segments.

Business Segments

Speirs Finance

Until the sale of the finance business on 30 September 2008 Speirs Finance was involved in the leasing of vehicles and advances on vehicles and other assets by way of mortgages and security agreements.

Speirs Foods

The supply of salad and fresh cut vegetables to retailers and caterers.

Speirs Nutritionals Limited

A partly owned (62.5%) subsidiary of the Company whose principal activity is the processing and marketing of omega-3 oil.

Geographical Segments

The Group and Company operates wholly within New Zealand. Accordingly, a summary of geographical operations is not presented.

Group 15 months June 2009	Note	Continuing Activity Speirs Nutritionals $'000	Discontinued Activity Speirs Finance $'000	Continuing Activity Speirs Foods $'000	Continuing Activity Unallocated $'000	Consolidated $'000
External Revenue						
Interest Income	8	-	13,939	-	180	14,119
Fee and Commission Income	9	-	844	-	-	844
Trading Income		-	-	14,748	-	14,748
Operating Lease Rentals		-	665	-	-	665
Sale of Finance Business		-	-	-	5,094	5,094
Other Income	10	430	370	32	116	948
Intersegment Revenue / (Eliminations)		203	(112)	(91)	-	-
Total Segment Revenue / (Eliminations)		633	15,706	14,689	5,390	36,418
Segment Result		(1,975)	(636)	(590)	2,893	(308)
Income Tax Expense	13					1,263
Profit for the Year						955
Segment Assets		2,732	-	6,924	2,149	11,805
Segment Liabilities		1,672	-	2,243	2,100	6,015
Net Impairment Loss on Financial Assets	18	-	628	-	-	628
Depreciation and Amortisation	22, 23, 24	416	736	718	16	1,886
Capital Expenditure		18	71	444	-	533

Group 12 months March 2008	Note	Speirs Nutritionals $'000	Speirs Finance $'000	Speirs Foods $'000	Unallocated $'000	Consolidated $'000
External Revenue						
Interest Income	8	-	31,863	-	-	31,863
Fee and Commission Income	9	-	2,983	-	-	2,983
Trading Income		-	-	12,424	-	12,424
Operating Lease Rentals		-	1,322	-	-	1,322
Fair Value Gains / (Losses) on Derivatives		-	(761)	-	-	(761)
Other Income	10	311	163	-	-	474
Intersegment Revenue / (Eliminations)		-	-	351	(351)	-
Total Segment Revenue/ (Eliminations)		311	35,570	12,775	(351)	48,305
Segment Result		(1,129)	1,299	46	(2,850)	(2,634)
Income Tax Expense	13					(1,057)
Profit for the Year						(3,691)
Segment Assets		3,717	246,962	6,937	5,060	262,676
Segment Liabilities		306	239,574	1,149	2,664	243,693
Net Impairment Loss on Financial Assets	18	-	2,050	-	-	2,050
Depreciation and Amortisation	22, 23, 24	81	1,723	563	19	2,386
Capital Expenditure		1,349	445	712	-	2,506

7 FINANCIAL ASSETS AND LIABILITIES

Accounting Classifications and Fair Values

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

Group 30 June 2009	Note	Trading $'000	Designated at Fair Value $'000	Held-to-Maturity $'000	Loans and Receivables $'000	Available-For-Sale $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Trade and Other Receivables	16	-	-	-	1,460	-	-	1,460	1,460
Available-for-Sale Financial Assets *		-	-	-	-	150	-	150	150
Loans and Receivables	38	-	-	-	2,500	-	-	2,500	2,500
		-	-	-	3,960	150	-	4,110	4,110
Trade and Other Payables	26	-	-	-	-	-	2,462	2,462	2,462
Bank Overdraft	15	-	-	-	-	-	2,070	2,070	2,070
Borrowing	29	-	-	-	-	-	1,433	1,433	1,433
		-	-	-	-	-	5,965	5,965	5,965

Group 31 March 2008	Note	Trading $'000	Designated at Fair Value $'000	Held-to-Maturity $'000	Loans and Receivables $'000	Available-For-Sale $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Cash and Cash Equivalents	15	-	-	-	8,126	-	-	8,126	8,126
Trade and Other Receivables	16	-	-	-	2,963	-	-	2,963	2,963
Derivative Financial Instruments		295	-	-	-	-	-	295	295
Available-for-Sale Financial Assets *		-	-	-	-	170	-	170	170
Loans and Advances to Customers	18	-	-	-	226,975	-	-	226,975	225,205
		295	-	-	238,064	170	-	238,529	236,759
Trade and Other Payables	26	-	-	-	-	-	3,890	3,890	3,890
Borrowing	29	-	-	-	-	-	239,793	239,793	238,811
		-	-	-	-	-	243,683	243,683	242,701

* As Fair Value cannot be reliably determined, this investment is held at cost less any impairment.

Company 30 June 2009	Note	Trading $'000	Designated at Fair Value $'000	Held-to-Maturity $'000	Loans and Receivables $'000	Available-For-Sale $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Trade and Other Receivables	**16**	-	-	-	2,988	-	-	2,988	2,988
Available-for-Sale Financial Assets *		-	-	-	-	150	-	150	150
Loans and Receivables	**38**	-	-	-	2,500	-	-	2,500	2,500
		-	-	-	5,488	150	-	5,638	5,638
Trade and Other Payables	**26**	-	-	-	-	-	2,269	2,269	2,269
Bank Overdraft	15	-	-	-	-	-	2,071	2,071	2,071
		-	-	-	-	-	4,340	4,340	4,340

Company 31 March 2008	Note	Trading $'000	Designated at Fair Value $'000	Held-to-Maturity $'000	Loans and Receivables $'000	Available-For-Sale $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Cash and Cash Equivalents	15	-	-	-	2,794	-	-	2,794	2,794
Trade and Other Receivables	16	-	-	-	3,692	-	-	3,692	3,692
Available-for-Sale Financial Assets *		-	-	-	-	170	-	170	170
Gross Loans and Advances to Customers	18	-	-	-	228,607	-	-	228,607	227,047
Deduct Liability Arising on Securitisation of Assets		-	-	-	(143,620)	-	-	(143,620)	(142,640)
Net Loans and Advances to Customers		-	-	-	84,987	-	-	84,987	84,407
Subordinated Debt – Securitised Assets*	21	-	-	-	19,175	-	-	19,175	19,175
		-	-	-	110,648	170	-	110,818	110,238
Trade and Other Payables	26	-	-	-	-	-	3,866	3,866	3,866
Borrowing	29	-	-	-	-	-	110,743	110,743	110,129
		-	-	-	-	-	114,609	114,609	113,995

* As Fair Value cannot be reliably determined, these investments are held at cost less any impairment.
The liability arising on the securitisation of assets is categorised for measurement purposes, but not for presentation purposes, as a liability that is accounted for at other amortised cost.

Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability.

Cash and Cash Equivalents – at face value.

Trade and Other Receivables – at face value, after allowance for any assessed impairment.

Derivatives – at fair value derived using standard market methodologies and inputs.

Loans and Advances to Customers – at net present value after allowance for any assessed impairment.

Investments in Debt and Equity Securities – at market or, if no active market, at value assessed by management using a valuation technique and approved by directors.

Non-Derivative Financial Liabilities – at net present value.

8 NET INTEREST INCOME

	Group		*Company*	
	15 months 2009 $'000	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
Interest Income				
Cash and Cash Equivalents	**375**	811	**266**	357
Loans and Advances to Customers	**13,744**	31,052	**5,937**	15,543
Subordinated Debt – Securitised Assets	**-**	-	**1,328**	2,953
Interest Income on Securitised Assets	**-**	-	**7,807**	15,509
Total Interest Income	**14,119**	31,863	**15,338**	34,362
Interest Expense				
Bank Overdraft	**372**	551	**372**	551
Interest Expense on Securitised Assets	**-**	-	**7,807**	15,509
Borrowings				
Commercial Paper	**5,417**	9,472	**-**	-
Secured Stock	**4,217**	10,698	**4,217**	10,698
Subordinated Notes	**113**	296	**113**	296
On all other borrowings	**157**	-	**-**	-
Total Interest Expense	**10,276**	21,017	**12,509**	27,054
Net Interest Income	**3,843**	10,846	**2,829**	7,308
Allocated to Continuing Activities	**(40)**	(110)	**117**	-
Allocated to Discontinued Activities	**3,883**	10,956	**2,712**	7,308
Total Net Interest Income	**3,843**	10,846	**2,829**	7,308

Interest revenue from impaired or restructured financial assets has not been separately disclosed as it is not material

9 NET FEE AND COMMISSION INCOME

	Group		*Company*	
	15 months 2009 $'000	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
Fee and Commission Income				
Fees Earned as Administrator – Speirs Securities Limited	**-**	-	**1,148**	3,542
Fees Charged to Customers	**844**	2,983	**686**	2,584
Total Fee and Commission Income	**844**	2,983	**1,834**	6,126
Fee and Commission Expense				
Commission Paid or Payable to Marketing Agents	**1,888**	4,205	**1,888**	4,205
Other Fees Paid or Accrued	**359**	437	**82**	70
Total Fee and Commission Expense	**2,247**	4,642	**1,970**	4,275
Net Fee and Commission Income	**(1,403)**	(1,659)	**(136)**	1,851

10 OTHER INCOME

	Notes	Group		Company	
		15 months 2009 $'000	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
Other Income					
Government Grants		**377**	287	**-**	-
Dividends from Available-for-Sale Equity Securities		**30**	24	**30**	24
Change in Fair Value of Investment Property	**19**	**-**	(13)	**-**	(13)
Rental Income		**82**	155	**82**	155
Other Income		**459**	21	**559**	423
Total Other Income		**948**	474	**671**	589
Allocated to Continuing Activities		**578**	311	**450**	426
Allocated to Discontinued Activities		**370**	163	**221**	163
Total Other Income		**948**	474	**671**	589

11 EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	15 months 2009 $'000	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
Employee Benefits Expense				
Wages and Salaries	**5,516**	6,088	**5,408**	6,088
Other Personnel Expenses	**170**	539	**170**	504
Total Personnel Expenses	**5,686**	6,627	**5,578**	6,592
Allocated to Continuing Activities	**4,296**	3,286	**4,188**	3,324
Allocated to Discontinued Activities	**1,390**	3,341	**1,390**	3,268
Total Personnel Expenses	**5,686**	6,627	**5,578**	6,592

12 OTHER EXPENSES

	Group		Company	
	15 months 2009 $'000	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
Other Expenses				
Fees Paid to Auditors				
Statutory Audit of Financial Statements	**64**	130	**55**	123
Other Assurance Services	**10**	11	**10**	10
Taxation Compliance Services	**75**	52	**49**	52
Impairment of Operating Lease Assets held for re-lease	**-**	215	**-**	215
Directors Fees	**325**	266	**224**	185
Research	**100**	100	**-**	-
Rental Expenditure	**100**	182	**50**	182
Other Expenses	**4,117**	5,181	**3,210**	4,644
Total Other Expenses	**4,791**	6,137	**3,598**	5,411
Allocated to Continuing Activities	**2,807**	2,590	**1,980**	1,900
Allocated to Discontinued Activities	**1,984**	3,547	**1,618**	3,511
Total Other Expenses	**4,791**	6,137	**3,598**	5,411

13 INCOME TAX EXPENSE

	Group		Company	
	15 months 2009 $'000	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
Tax Expense				
Current Tax	**-**	-	**-**	-
Effect of Change on Future Income Tax Benefit due to change in Company Tax Rate	**-**	561	**-**	573
Deferred Tax Expense/(Benefit)	**(1,263)**	486	**(1,263)**	742
Income Tax Expense/(Benefit)	**(1,263)**	1,057	**(1,263)**	1,315
Allocated to Continuing Activities	**(185)**	(183)	**(185)**	(183)
Allocated to Discontinued Activities	**(1,078)**	1,240	**(1,078)**	1,498
Total Income Tax Expense/(Benefit)	**(1,263)**	1,057	**(1,263)**	1,315

	Group	
	15 months 2009 $'000	12 months 2008 $'000
Reconciliation of Effective Tax Rate		
Profit/(Loss) Before Income Tax	**(308)**	(2,634)
Income Tax at 30% (2008: 33%)	**(92)**	(869)
Unrecognised Tax Losses – Speirs Nutritionals Limited	**592**	373
Non-deductible Expenses	**3**	8
Tax Exempt Income	**(1,767)**	-
Effect of Change in Tax Rate from 33 cents in $ to 30 cents in $	**-**	561
Write Down of Deferred Tax Asset	**-**	1,000
Prior Period Adjustments	**1**	(16)
	(1,263)	1,057

	Company	
	15 months 2009 $'000	12 months 2008 $'000
Reconciliation of Effective Tax Rate		
Profit/(Loss) Before Income Tax	**1,840**	(745)
Income Tax at 30% (2008: 33%)	**552**	(246)
Non-deductible Expenses	**3**	8
Tax Exempt Income	**(1,819)**	-
Effect of Change in Tax Rate from 33 cents in $ to 30 cents in $	**-**	572
Write Down of Deferred Tax Asset	**-**	1,000
Prior Year Adjustment	1	(20)
	(1,263)	1,315

In May 2007, the New Zealand Government announced a reduction in the company tax rate from 33% to 30%, effective from the 2008/2009 income tax year.

	Group & Company	
	15 months 2009 $'000	12 months 2008 $'000
Income Tax Benefit Recognised Directly in Equity		
Distributions made on Perpetual Bonds	267	563
Total Income Tax Benefit Recognised Directly in Equity	267	563
Imputation Credits		
Imputation Credits at 1 April	4,520	4,508
Income Tax Paid/(Income Tax Refunds Received)	(400)	-
Imputation Credits Attached to Dividends Received	12	12
Imputation Credits Attached to Dividends Paid	-	-
Imputation Credits at Period End	4,132	4,520

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

14 EARNINGS PER SHARE

Basic and Diluted Earnings per Share - Total Activities

	Group		Company	
	15 months 2009 $'000	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
Profit/(Loss) Attributable to Ordinary Shareholders				
Profit/(Loss) for the Year	**1,678**	(3,240)	**3,103**	(2,060)
Interest Paid on Perpetual Speirs Bonds Classified as Equity, net of tax	**(623)**	(1,143)	**(623)**	(1,143)
Profit/(Loss)Loss for the Year Attributable to Ordinary Shareholders	**1,055**	(4,383)	**2,480**	(3,203)

	Notes	Group & Company	
		15 months 2009 $'000	12 months 2008 $'000
Weighted Average Number of Ordinary Shares – Basic and Diluted			
Issued Ordinary Shares at 1 April	**30**	**10,835**	10,835
Weighted Average Number of Ordinary Shares at Period End – Basic and Diluted		**10,835**	10,835

Basic and Diluted Earnings per Share - Discontinued Activities

	Group		Company	
	15 months 2009 $'000	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
Profit/(Loss) Attributable to Ordinary Shareholders				
Profit/(Loss) for the Year	**4,949**	(1,880)	**5,436**	(1,406)
Interest Paid on Perpetual Speirs Bonds Classified as Equity, net of tax	**(623)**	(1,143)	**(623)**	(1,143)
Profit/(Loss)Loss for the Year Attributable to Ordinary Shareholders	**4,326**	(3,023)	**4,813**	(2,549)

15 CASH AND CASH EQUIVALENTS/BANK OVERDRAFT

	Group		Company	
	30 June 2009 $'000	31 March 2008 $'000	**30 June 2009 $'000**	31 March 2008 $'000
Cash and Cash Equivalents				
Cash at Bank/(Bank Overdraft)	**(2,070)**	4,698	**(2,071)**	2,391
Short Term Deposits – Call	**-**	1	**-**	1
Short Term Deposits – Less than 90 Days	**-**	3,025	**-**	-
Total Cash & Cash Equivalents Available to the Group	**(2,070)**	7,724	**(2,071)**	2,392
Cash at Bank Pledged to Others	**-**	402	**-**	402
Total Cash & Cash Equivalents/(Bank Overdraft)	**(2,070)**	8,126	**(2,071)**	2,794

Short term deposits maturing in less than 90 days had an average maturity of 9 days at 31 March 2008.
Funds classified as 'Cash at Bank Pledged to Others' were not available for use by the Group. The nature of such restrictions are set out in note 5. All cash and cash equivalents are held in registered banks.
The Company's Bank Overdraft facility is secured by way of a floating charge over all of the Company's assets and undertakings.
The effective interest rates with respect to cash and cash equivalents are set out in the table below:

	Group		Company	
	30 June 2009 $'000	31 March 2008 $'000	**30 June 2009 $'000**	31 March 2008 $'000
Cash and Cash Equivalents				
Cash at Bank	-	0.00%	-	0.00%
Short Term Deposits – Call	-	8.25%	-	8.25%
Short Term Deposits – Less than 90 Days	-	8.78%	-	-
Cash at Bank Pledged to Others	-	8.25%	-	8.25%
Bank Overdraft – Floating Interest Rate	(7.08%)	-	(7.08%)	-

16 TRADE AND OTHER RECEIVABLES

Group	**30 June 2009**			31 March 2008		
	Gross Amount $'000	**Impairment Allowance $'000**	**Carrying Amount $'000**	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000
Trade and Other Receivables						
Trade Receivables	**1,460**	**-**	**1,460**	2,887	-	2,887
GST Refund Due	**-**	**-**	**-**	76	-	76
Total Trade and Other Receivables	**1,460**	**-**	**1,460**	2,963	-	2,963

Company	**30 June 2009**			31 March 2008		
	Gross Amount $'000	**Impairment Allowance $'000**	**Carrying Amount $'000**	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000
Trade and Other Receivables						
Trade Receivables	**1,457**	**-**	**1,457**	2,438	-	2,438
Receivable from Speirs Nutritionals Limited	**1,531**	**-**	**1,531**	313	-	313
Receivable from Speirs Securities Limited	**-**	**-**	**-**	941	-	941
Total Trade and Other Receivables	**2,988**	**-**	**2,988**	3,692	-	3,692

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

17 INVENTORIES

	Group		Company	
	30 June 2009 $'000	31 March 2008 $'000	**30 June 2009 $'000**	31 March 2008 $'000
Inventories				
Raw Materials and Consumables	**430**	528	**400**	469
Finished Goods	**73**	88	**73**	88
	503	616	**473**	557
Inventories stated at Net Realisable Value - current	**503**	616	**473**	557
Carrying Amount of Inventories Subject to Retention of Title Clauses	**-**	-	**-**	-

18 LOANS AND ADVANCES TO CUSTOMERS

Group and Company	30 June 2009			31 March 2008		
	Gross Amount $'000	**Impairment Allowance $'000**	**Carrying Amount $'000**	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000
Loans and Advances to Customers						
Finance Leases	**-**	**-**	**-**	157,826	(1,063)	156,763
Security Agreements	**-**	**-**	**-**	51,119	(435)	50,684
Other Advances	**-**	**-**	**-**	19,667	(139)	19,528
Total	**-**	**-**	**-**	228,612	(1,637)	226,975

Loans and advances to customers were carried at amortised cost.

The Group and Company had not acquired any assets through the enforcement of security during the period (2008: $nil).

The weighted average effective interest rates with respect to loans and advances to customers are set out in the table below:

Group and Company	**30 June 2009 %**	31 March 2008 %
Loans and Advances to Customers		
Finance Leases	-	11.95%
Security Agreements	-	12.21%
Other Advances	-	11.35%

Group	**30 June 2009 %**	**30 June 2009 $'000**	31 March 2008 %	31 March 2008 $'000
Loans and Advances to Customers				
Loans and Advances to Customers – non securitised	-	-	12.10%	83,355
Loans and Advances to Customers - securitised	-	-	11.91%	143,620
Total Loans and Advances to Customers	-	-	11.97%	226,975

Company	**30 June 2009 %**	**30 June 2009 $'000**	31 March 2008 %	31 March 2008 $'000
Loans and Advances to Customers				
Loans and Advances to Customers – non securitised	-	-	12.10%	84,987
Liability arising on Securitisation of Assets	-	-	11.91%	143,620
Total Loans and Advances to Customers	-	-	12.10%	228,607

With respect to the Company, Total Loans and Advances to Customers included $**Nil** (31 March 2008: $143,620,425) of finance receivables whose rights to the future cash flow streams associated with the finance receivables had been sold to Speirs Securities Limited. Accordingly, the Company had no rights to retain the future cash flows associated with these specific finance receivables, and a liability was recorded on the face of the balance sheet to represent the Company's obligation to deliver the future cash flows to Speirs Securities Limited.

Allowances for Impairment

Group and Company	15 Months 30 June 2009				12 Months 31 March 2008			
	Finance Leases $'000	**Security Agree-ments $'000**	**Other Advances $'000**	**Total $'000**	Finance Leases $'000	Security Agree-ments $'000	Other Advances $'000	Total $'000
Specific Allowances for Impairment								
Balance at 1 April	**981**	**378**	**109**	**1,468**	1,124	293	70	1,487
Impairment Loss for the Period								
Charge for the Period	**805**	**36**	**41**	**882**	1,277	999	91	2,367
Reversal of Specific Allowances for Impairment	**(103)**	**-**	**(14)**	**(117)**	(562)	(360)	(23)	(945)
Recoveries	**(329)**	**(17)**	**(4)**	**(350)**	(372)	(67)	(11)	(450)
Write-offs	**(374)**	**(144)**	**(41)**	**(559)**	(486)	(487)	(18)	(991)
Disposal as part of the sale of the finance business of Speirs Group Limited	**(980)**	**(253)**	**(91)**	**(1,324)**	-	-	-	-
Balance at Period End	**-**	**-**	**-**	**-**	981	378	109	1,468
Collective Allowances for Impairment								
Balance at 1 April	**82**	**57**	**30**	**169**	817	262	106	1,185
Charge for the Period	**(13)**	**(9)**	**(5)**	**(27)**	(735)	(205)	(76)	(1,016)
Disposal as part of the sale of the finance business of Speirs Group Limited	**(69)**	**(48)**	**(25)**	**(142)**	-	-	-	-
Balance at Period End	**-**	**-**	**-**	**-**	82	57	30	169
Total Allowances for Impairment	**-**	**-**	**-**	**-**	1,063	435	139	1,637

Write-offs in the above table are only those that are written off against provisions for specific impairment, which were raised during the period or in prior periods. Total write-offs during the period are shown in the Net Impairment Loss on Financial Assets table below.

	Group & Company	
	15 months 2009 $'000	12 months 2008 $'000
Net Movement in Provision for Specific Impairment	**(144)**	(19)
Net Movement in Provision for Collective Impairment	**(27)**	(1,016)
Bad Debts Written Off	**1,018**	3,227
Bad Debts Recovered	**(219)**	(142)
Total	**628**	2,050

Finance Lease Receivables

Loans and advances to customers include the following finance lease receivables:

	Group & Company	
	30 June 2009 $'000	31 March 2008 $'000
Gross Investment in Finance Lease Receivables:		
Less than One Year	-	75,620
Between One and Five Years	-	108,610
More than Five Years	-	-
	-	184,230
Unearned Future Income on Finance Lease Receivables	-	(27,467)
Net Investment in Finance Leases	-	156,763
The Net Investment in Finance Lease Receivables Comprises:		
Less than One Year	-	60,102
Between One and Five Years	-	96,661
More than Five Years	-	-
	-	156,763

Restructured Assets

Loans and advances to customers include the following restructured assets:

	30 June 2009			31 March 2008		
	Gross Amount $'000	**Impairment Allowance $'000**	**Carrying Amount $'000**	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000
	-	-	-	160	(1)	159

19 INVESTMENT PROPERTIES

	Group & Company	
	15 months 30 June 2009 $'000	12 months 31 March 2008 $'000
Investment Properties		
Balance at 1 April	**2,100**	2,094
Investments in Investment Properties during the period	**-**	19
Change in Fair Value	**-**	(13)
Disposal as part of the sale of the finance business of Speirs Group Limited	**(2,100)**	-
Balance at Period End	**-**	2,100

Investment properties comprised of land and buildings leased to others by way of operating leases. The land and buildings were revalued to current market valuation in accordance with a valuation report from A W Walshaw, S.N.Z.P.I., A.N.Z.I.V., an independent Registered Valuer, of Palmerston North. The date of the valuation report was 31 March 2008.

Operating Leases

The Group leases out its investment property held under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	Group & Company	
	30 June 2009 $'000	31 March 2008 $'000
Less than One Year	**-**	165
Between One and Five Years	**-**	331
More than Five Years	**-**	-
	-	496

20 DEFERRED INCOME TAX ASSET

Unrecognised Deferred Tax Assets

The Group recognised tax losses incurred in the first six months of operation (for the fifteen month period ended 30 June 2009) as a deferred tax asset. The directors determined that after the sale of the finance business to derecognise a deferred income tax asset of $6,139,000 which had been supported by forecast future taxable income of the finance business.

The Group has a deferred tax asset of $8,406,219 which has not been recognised. The asset not recognised is composed of tax losses arising from start up costs relating to a subsidiary and other tax losses which would require taxable profit to realise them in excess of that which can be reliably estimated in the medium term.

The Company has a deferred tax asset of $7,495,858 which has not been recognised

Unrecognised Deferred Tax Liabilities

All deferred tax liabilities have been recognised.

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

	Balance at 1 April 2007 $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Effect of Change in Company Tax Rate $'000	Balance at 31 March 2008 $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Effect of Sale of Finance Business $'000	Balance at 30 June 2009 $'000
Trade and Other Payables	(136)	136	-	-	-	**-**	**-**	**-**	**-**
Derivative Financial Instruments	383	(286)	-	(9)	89	**24**	**-**	**(113)**	**-**
Loans and Advances to Customers	(4,642)	1,100	-	322	(3,220)	**(882)**	**-**	**4,102**	**-**
Assets Leased to Others	80	(77)	-	-	3	**-**	**-**	**(3)**	**-**
Property, Plant and Equipment	11	(69)	-	5	(53)	**(15)**	**-**	**68**	**-**
Intangible Assets	691	100	-	(72)	719	**197**	**-**	**(765)**	**151**
Provisions & Allowances	(3)	-	-	-	(3)	**-**	**-**	**3**	**-**
Other Assets	(517)	368	-	14	(135)	**(37)**	**-**	**172**	**-**
Tax Loss Carry-Forwards	(969)	(778)	(563)	301	(2,009)	**(550)**	**(267)**	**2,675**	**(151)**
Net Tax (Assets) / Liabilities	(5,102)	495	(563)	561	(4,609)	**(1,263)**	**(267)**	**6,139**	**-**

Company

	Balance at 1 April 2007 $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Effect of Change in Company Tax Rate $'000	Balance at 31 March 2008 $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Effect of Sale of Finance Business $'000	Balance at 30 June 2009 $'000
Trade and Other Receivables	(136)	136	-	-		**-**	**-**	**-**	**-**
Loans and Advances to Customers	(4,610)	1,068	-	322	(3,220)	**(860)**	**-**	**4, 080**	**-**
Assets Leased to Others	80	(77)	-	-	3	**-**	**-**	**(3)**	**-**
Property, Plant and Equipment	(41)	(29)	-	6	(64)	**(17)**	**-**	**193**	**112**
Intangible Assets	665	(59)	-	(55)	551	**147**	**-**	**(698)**	**-**
Provisions & Allowances	(3)	-	-	-	(3)	**-**	**-**	**4**	**1**
Other Assets	(548)	400	-	13	(135)	**(36)**	**-**	**260**	**89**
Tax Loss Carry-Forwards	(889)	(696)	(563)	287	(1,861)	**(497)**	**(267)**	**2,423**	**(202)**
Net Tax (Assets) / Liabilities	(5,482)	(743)	(563)	573	(4,729)	**(1,263)**	**(267)**	**6,259**	**-**

21 SUBORDINATED DEBT – SECURITISED ASSETS

	Company	
	30 June 2009 $'000	31 March 2008 $'000
Subordinated Debt		
Gross Subordinated Debt	**-**	19,175
Impairment Allowance	**-**	-
Net Subordinated Debt	**-**	19,175

Note 5 describes the arrangement that allows Speirs Securities Limited to offset reductions in the receivable from Speirs Group Limited on securitisation of assets against subordinated debt obligations when cash flow streams no longer meet the criteria for securitisation.

The subordinated debt in Speirs Securities Limited was sold to Allied Nationwide Finance Limited as part of the sale of the finance business of Speirs Group Limited on 30 September 2008.

The weighted average effective interest rate with respect to subordinated debt is set out in the table below:

	30 June 2009 $'000 %	31 March 2008 $'000 %
Subordinated Debt	-	16.00%

22 ASSETS LEASED TO OTHERS

Operating Lease Vehicles Leased to Others

	Group and Company	
	15 months 30 June 2009 $'000	12 months 31 March 2008 $'000
Cost		
Balance at 1 April	**5,874**	5,800
Additions	**307**	2,376
Disposals	**(2,449)**	(2,302)
Disposal as part of the sale of the finance business of Speirs Group	**(3,732)**	-
Balance at Period End	**-**	5,874
Depreciation		
Balance at 1 April	**1,275**	724
Depreciation for the Period	**444**	989
Disposals	**(645)**	(438)
Disposal as part of the sale of the finance business of Speirs Group	**(1,074)**	-
Balance at Period End	**-**	1,275
Impairment Losses		
Balance at 1 April	**-**	-
Impairment Loss	**-**	-
Balance at Period End	**-**	-
Carrying Amounts		
At 1 April	**4,599**	5,076
At Period End	**-**	4,599

The Group leased out vehicles under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	Group and Company	
	30 June 2009 $'000	31 March 2008 $'000
Less than One Year	**-**	403
Between One and Five Years	**-**	4,889
More than Five Years	**-**	-
	-	5,292

23 PROPERTY, PLANT AND EQUIPMENT

Group	Land	Buildings	Computer Equipment	Vehicles	Other Plant & Equipment	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or Valuation							
Balance at 1 April 2007	80	1,519	1,499	1,109	4,350	1,476	10,033
Additions	-	810	152	313	2,129	51	3,455
Disposals / Transfers	-	-	(34)	(461)	(10)	(1,429)	(1,934)
Balance at 31 March 2008	80	2,329	1,617	961	6,469	98	11,554
Balance at 1 April 2008	80	2,329	1,617	961	6,469	98	11,554
Additions	-	46	86	54	128	219	533
Disposals / Transfers	-	-	(39)	(362)	(3)	(7)	(411)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	-	(900)	(292)	(372)	(108)	(1,672)
Balance at 30 June 2009	80	2,375	764	361	6,222	202	10,004
Depreciation and Impairment Losses							
Balance at 1 April 2007	-	121	1,200	335	2,435	-	4,091
Depreciation for the Year	-	60	159	212	461	-	892
Disposals	-	-	(34)	(120)	(10)	-	(164)
Balance at 31 March 2008	-	181	1,325	427	2,886	-	4,819
Balance at 1 April 2008	-	181	1,325	427	2,886	-	4,819
Depreciation for the Period	-	98	100	149	678	-	1,025
Disposals	-	-	(37)	(202)	(2)	-	(241)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	-	(703)	(97)	(296)	-	(1,096)
Balance at 30 June 2009	-	279	685	277	3,266	-	4,507
Carrying Amounts							
At 1 April 2007	80	1,398	299	774	1,915	1,476	5,942
At 31 March 2008	80	2,148	292	534	3,583	98	6,735
At 30 June 2009	80	2,096	79	84	2,956	202	5,497

The freehold land and buildings are used for food processing purposes. The plant, equipment & vehicles are used within the food processing division and by the administration and finance offices and staff.

Company	Land	Buildings	Computer Equipment	Vehicles	Other Plant & Equipment	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or Valuation							
Balance at 1 April 2007	80	1,519	1,499	1,109	4,350	775	9,332
Additions	-	810	149	313	506	50	1,828
Disposals / Transfers	-	-	(34)	(461)	(10)	(727)	(1,232)
Balance at 31 March 2008	80	2,329	1,614	961	4,846	98	9,928
Balance at 1 April 2008	80	2,329	1,614	961	4,846	98	9,928
Additions	-	46	84	54	119	212	515
Disposals / Transfers	-	-	(39)	(362)	(8)	-	(409)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	-	(900)	(292)	(372)	(108)	(1,672)
Balance at 30 June 2009	80	2,375	759	361	4,585	202	8,362
Depreciation and Impairment Losses							
Balance at 1 April 2007	-	121	1,200	335	2,435	-	4,091
Depreciation for the Year	-	60	159	212	402	-	833
Disposals	-	-	(34)	(120)	(10)	-	(164)
Balance at 31 March 2008	-	181	1,325	427	2,827	-	4,760
Balance at 1 April 2008	-	181	1,325	427	2,827	-	4,760
Depreciation for the Period	-	98	99	149	483	-	829
Disposals	-	-	(37)	(213)	(2)	-	(252)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	-	(703)	(97)	(296)	-	(1,096)
Balance at 30 June 2009	-	279	684	266	3,012	-	4,241
Carrying Amounts							
At 1 April 2007	80	1,398	299	774	1,915	775	5,241
At 31 March 2008	80	2,148	289	534	2,019	98	5,168
At 30 June 2009	**80**	**2,096**	**75**	**95**	**1,573**	**202**	**4,121**

24 INTANGIBLES

Group	*30 June 2009*			31 March 2008		
	Intellectual Property	**Purchased Software**	**Total**	Intellectual Property	Purchased Software	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Cost						
Balance at 1 April	**1,362**	**6,370**	**7,732**	1,050	6,230	7,280
Additions	**-**	**12**	**12**	312	167	479
Disposals	**-**	**-**	**-**	-	(27)	(27)
Disposal as part of the sale of the finance business of Speirs Group Limited	**-**	**(6,145)**	**(6,145)**	-	-	-
Balance at Period End	**1,362**	**237**	**1,599**	1,362	6,370	7,732
Amortisation and Impairment Losses						
Balance at 1 April	**-**	**4,154**	**4,154**	-	3,682	3,682
Amortisation for the Period	**170**	**247**	**417**	-	499	499
Disposals	**-**	**-**	**-**	-	(27)	(27)
Disposal as part of the sale of the finance business of Speirs Group Limited	**-**	**(4,231)**	**(4,231)**	-	-	-
Balance at Period End	**170**	**170**	**340**	-	4,154	4,154
Carrying Amounts						
At 1 April	**1,362**	**2,216**	**3,578**	1,050	2,548	3,598
At Period End	**1,192**	**67**	**1,259**	1,362	2,216	3,578

Company	**30 June 2009**	31 March 2008
	Purchased Software	Purchased Software
	$'000	$'000
Cost		
Balance at 1 April	**6,258**	6,230
Additions	**12**	56
Disposals	**-**	(27)
Disposal as part of the sale of the finance business of Speirs Group Limited	**(6,144)**	-
Balance at Period End	**126**	6,258
Amortisation and Impairment Losses		
Balance at 1 April	**4,137**	3,682
Amortisation for the Period	**197**	482
Disposals	**-**	(27)
Disposal as part of the sale of the finance business of Speirs Group Limited	**(4,231)**	-
Balance at Period End	**103**	4,137
Carrying Amounts		
At 1 April	**2,122**	2,548
At Period End	**23**	2,122

Intellectual property is the rights to the Omega 3 emulsion technology held by Speirs Nutritionals, which was acquired from Massey University on formation of the entity, plus subsequent development expenditure of $562,000.

25 OTHER ASSETS

	Group		Company	
	30 June 2009 $'000	31 March 2008 $'000	**30 June 2009 $'000**	31 March 2008 $'000
Other Assets				
Prepayments	**15**	451	**12**	410
Operating Lease Assets Held for Re-Lease	**-**	1,059	**-**	1,059
	15	1,510	**12**	1,469

26 TRADE AND OTHER PAYABLES

	Group		Company	
	30 June 2009 $'000	31 March 2008 $'000	**30 June 2009 $'000**	31 March 2008 $'000
Trade and Other Payables				
Trade Payables due to Related Parties/Subsidiary Companies	**-**	-	**-**	300
Other Trade Payables	**1,463**	3,487	**1,238**	3,163
Non-Trade Payables and Accrued Expenses	**1,044**	403	**1,076**	403
	2,507	3,890	**2,314**	3,866
Current	**2,507**	3,890	**2,314**	3,866
Non-Current	**-**	-	**-**	-
	2,507	3,890	**2,314**	3,866

27 PROVISIONS

Group and Company - The Provision of $5,000 (31 March 2008 $10,000) is an allowance for sick pay. There was a reduction of $5,000 during the year resultant upon the sale of the finance business of Speirs Group Limited.

28 SUBSEQUENT EVENTS

28.1 Speirs Investments Limited

On 2 July 2009 a wholly owned subsidiary, Speirs Investments Limited, was formed. The ownership of 2,000,000 Allied Nationwide Finance Limited bonds was subsequently transferred from Speirs Group Limited to Speirs Investments Limited for a transfer price of $2 million. Transfer and payment was settled on 28 August 2009 by the issue to Speirs Group Limited of $2,000,000 in Speirs Investments Limited secured and unsecured stock and the payment of cash to Speirs Group Limited of $1,047,000. The cash payment was funded from secured stock issued by Speirs Investments Limited to the public.

28.2 Speirs Nutritionals Limited

The directors of Speirs Nutritionals Limited resolved to issue equity to investors of up to $3.5 million at a share price still to be finalised. Speirs Group Limited will apply for at least $0.5 million of the issue.

29 BORROWINGS

	Group		Company	
	30 June 2009 $'000	31 March 2008 $'000	**30 June 2009 $'000**	31 March 2008 $'000
Borrowings				
Secured Stock	**-**	102,079	-	102,079
Subordinated Notes	**-**	2,664	-	2,664
Commercial Paper	**-**	129,050	-	-
Committed Cash Advance Facility (CCAF)	**-**	6,000	-	6,000
Finance Lease	**1,433**	-	-	-
	1,433	239,793	-	110,743
Current	**191**	126,082	-	81,172
Non-Current	**1,242**	113,711	-	29,571
	1,433	239,793	-	110,743

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

	Group		Company	
	30 June 2009 $'000	31 March 2008 $'000	**30 June 2009 $'000**	31 March 2008 $'000
Borrowings				
Secured Stock	**-**	8.90%	-	8.90%
Subordinated Notes	**-**	10.39%	-	10.39%
Commercial Paper	**-**	7.76%	-	-
Committed Cash Advance Facility	**-**	10.30%	-	10.30%
Finance Lease	**12.50%**	-	-	-

Prior to the sale of the Finance business of Speirs Group Limited on 30 September 2008, when this facility was repaid, the Company's Bank Overdraft facility / Committed Cash Advance Facility (CCAF) was secured by way of a floating charge over all of the Company's assets and undertakings. This floating charge took priority over all other borrowings of the Company, but was limited to the amount borrowed from the Bank of New Zealand or $Nil (31 March 2008 $19,183,000), whichever is the lesser.

Prior to the sale of the Finance business of Speirs Group Limited on 30 September 2008, when the Composite Trust Deed was released, the Company's Secured Stock was secured under the Terms of the Composite Trust Deed dated 16 June 1986 between the Company and Perpetual Trust Limited. This floating charge took priority over all other borrowings of the Company, other than for borrowings from the Bank of New Zealand referred to above.

Prior to the sale of the Finance business of Speirs Group Limited on 30 September 2008, when the Composite Trust Deed was released, the Company's Subordinated Notes were constituted under the Terms of the Composite Trust Deed dated 16 June 1986 between the Company and Perpetual Trust Limited and ranked equally with Perpetual Speirs Bonds and behind all other liabilities of the Company.

Prior to the sale of the Finance business of Speirs Group Limited on 30 September 2008, when the Security Trust Deed was released, the Group's Commercial Paper was secured by way of a Security Trust Deed dated 6 March 1998 between the Company, Speirs Securities Limited, Perpetual Trust Limited and a Registered Bank. This represented a fixed and floating charge over all the assets of Speirs Securities Limited.

The finance lease is secured over assets used by Speirs Nutritionals Limited. The lease expires in November 2012.

30 SHARE CAPITAL

Group and Company

	Ordinary Shares	
	30 June 2009 ’000	31 March 2008 ’000
Number of Shares on issue at 1 April	**10,835**	10,835
Number of Shares on issue at Period End	**10,835**	10,835

The total authorised number of ordinary shares is **10,834,576** (31 March 2008: 10,834,576). All issued shares were fully paid and entitled to one vote. There are no preferences or restrictions attached to this class of share.

Dividends

The following dividends were declared and paid by the Group:

	15 months 30 June 2009 ’000	12 months 31 March 2008 ’000
$**0.00** per Qualifying Ordinary Share (2008: $0.00)	-	-

Subsequent to 30 June 2009, the Directors proposed that no dividend be paid for the 15 months ended 30 June 2009.

31 PERPETUAL SPEIRS BONDS

Group and Company

	15 months 30 June 2009 ’000	12 months 31 March 2008 ’000
Number of Perpetual Speirs Bonds on issue at 1 April	**13,525**	13,511
Issue of Perpetual Speirs Bonds	**14**	14
Redemption of Perpetual Speirs Bonds	**-**	-
Transfer of Perpetual Speirs Bonds as part of the sale of the Finance business of Speirs Group Limited	**(13,539)**	-
Number of Perpetual Speirs Bonds on issue at Period End	**-**	13,525

Prior to their transfer on 30 September 2008 as part of the sale of the finance division of Speirs Group Limited, Perpetual Speirs Bonds were Subordinated Debt, as defined in the Composite Trust Deed dated 16 June 1986, and classified as a component of equity for the purposes of financial reporting. They ranked equally with all other Subordinated Debt on issue, including Subordinated Notes, and ranked behind all other liabilities of the Company.

The Perpetual Speirs Bonds had a par value of $1.00 per bond. Perpetual Speirs Bonds were issued in perpetuity. The interest rate on the bonds for the period 1 October 2007 to 30 September 2008 was 13.16%.

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

	Group		*Company*	
	15 months 2009 $'000	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
Reconciliation of Profit/(Loss) After Tax for the Period to Net Cash from Operating Activities				
Profit/(Loss) for the Period	**955**	(3,691)	**3,103**	(2,060)
Adjustments for Non-Cash Items:				
Depreciation	**1,469**	1,889	**1,277**	1,823
Amortisation of Intangible Assets	**417**	498	**197**	482
Bad Debts Written-off	**1,018**	3,085	**1,018**	3,085
Movement in Doubtful Debt Provisions	(170)	(1,035)	**(170)**	(1,035)
Diminution in Operating Lease Assets Held for Re-lease	**-**	215	**-**	215
Non Cash Items on Sale of Finance Business	**(5,659)**	-	**(6,505)**	-
Transfer of Equity in Speirs Securities Limited	**175**	-	**-**	-
Change in Fair Value of Investment Property	-	13	**-**	13
Share of Associate Company Loss	**79**	-	**-**	-
Impairment Loss on Associate Company	**-**	-	**79**	-
Change in Fair Value of Derivatives	**-**	761	**-**	-
(Gain) / Loss on Sale of Property Plant and Equipment	**(32)**	-	**(32)**	-
Taxation benefit of Distributions Made on Perpetual Bonds	**267**	563	**267**	563
Loss on Allied Farmers Shares	**966**	-	**966**	-
Movement in Deferred Tax	**(1,263)**	494	**(1,263)**	753
	(1,778)	2,792	**(1,063)**	3,839
Movement in Other Working Capital Items:				
Change in Inventories	**114**	(106)	**84**	(47)
Change in Trade and Other Receivables	**496**	(548)	**164**	(201)
Change in Other Assets	**(22)**	446	**77**	523
Change in Loans and Advances to Customers	**23,176**	20,388	**23,339**	18,756
Change in Assets Leased to Others	**1,496**	(512)	**1,496**	(512)
Change in Liability Arising on Securitisation of Assets	**-**	-	**-**	19,951
Change in Trade and Other Payables	**377**	34	**67**	120
Change in Income Tax Liability	**400**	-	**400**	-
Net Cash From Operating Activities	**24,259**	22,494	**24,564**	42,427

33 ASSOCIATE COMPANY

On 1 April 2008 the Company 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 balance date of 31 March. Financial information for Rosa has been extracted from management accounts for the period ended 30 June 2009. The Company did not receive a dividend from Rosa during the period ended 30 June 2009.

	Group		*Company*	
	15 months 2009 $'000	12 months 2008 $'000	**15 months 2009 $'000**	12 months 2008 $'000
Share of deficit of associate	(79)	-	-	-
Taxation expense	-	-	-	-
Share of deficit after tax of associate	(79)	-	-	-
Less share of dividends received	-	-	-	-
Less Provision for impairment	-	-	(79)	-
Net addition/(deletion) to the investment carrying value	(79)	-	(79)	-
Share of associate's equity at the beginning of the period	-	-	-	-
Cost of investment in associate – ordinary shares	400	-	400	-
Cost of investment in associate – 13% preference shares	100	-	100	-
	421	-	421	-

At 30 June 2009 the balance sheet of Rosa was as follows:

	2009
	$'000
Current Assets	338
Goodwill	550
Property Plant and Equipment	618
Total Assets	1,506
Current Liabilities	386
Non Current Liabilities	177
Total Liabilities	563
Net Assets	943

34 RELATED PARTIES

Transactions with Key Management Personnel

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

Loans to Key Management Personnel

The Group has made personal loans on arms length commercial terms to:

- Director Robert Speirs. At 30 June 2009 the amount owing was $Nil (31 March 2008 $27,418);
- General Manager Speirs Finance Phil Herbert. At 30 June 2009 the amount owing was $Nil (31 March 2008 $31,437)

Key management personnel compensation comprised:

Group and Company	**15 months 30 June 2009 $'000**	12 months 31 March 2008 $'000
Short-Term Employee Benefits	**665**	939
Post-Employment Benefits	**-**	-
Termination Benefits	**-**	-
Other Long-Term Benefits	**-**	-
Share-Based Payments	**-**	-
	665	939

Other Transactions with Key Management Personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or for which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

There were no material transactions or outstanding balances relating to key management personnel and entities over which they have control or significant influence. From time to time directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

Other Related Party Transactions

Transactions between Speirs Group Limited and Speirs Securities Limited for the period 1 April 2008 to 30 September 2008 are set out in note 5. Management fees charged by Speirs Group Limited to its majority owned subsidiary Speirs Nutritionals Limited for the period are disclosed in note 6.

The Company holds $150,000 $1 fully paid non-voting Redeemable Preference Shares in MMM Holdings Limited (trading as Anza Motor Company), a Palmerston North based motor vehicle dealer. The Redeemable Preference Shares carry a coupon rate of 16.00%. The shares are included in "Available for Sale Investment Securities". Speirs Group Limited Directors, Donald Speirs, Nelson Speirs and David Speirs, and family trusts of which they are trustees, own 155,833 Ordinary Shares in MMM Holdings Limited, amounting to 19.99% of the ordinary share capital of that Company.

Prior to the sale of the finance business of Speirs Group Limited on 30 September 2008, the Company provided funding to MMM Holdings Limited. As at 30 June, funding totalled:

	Dividend Interest Rate 30 June 2009 %	**Carrying Value 30 June 2009 $'000**	Dividend Interest Rate 31 March 2008 %	Carrying Value 31 March 2008 $'000
Consumer Credit Advances Funding Facility	-	-	11.70%	6,333
Floor Plan Advances by way of Secured Debenture	-	-	12.00%	950

The Advances and Consumer Credit Funding are included in "Loans and Advances to Customers"

During the period the Company funded consumer credit paper in the amount of $**3,563,186** (31 March 2008: $6,241,000)

The NZX had, under Listing Rule B4.1 (now Listing Rule 9.2.1), granted a waiver to allow the Company to continue this business relationship with MMM Holdings Limited.

35 CAPITAL COMMITMENTS AND CONTINGENCIES

Commitments

The Group and Company were committed to the following at period end:

Group and Company 30 June 2009	**Property Rentals $'000**	**Capital Expenditure $'000**	**Total $'000**
Less than One Year	-	200	200
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	**200**	**200**

Group and Company 31 March 2008	**Property Rentals $'000**	**Capital Expenditure $'000**	**Total $'000**
Less than One Year	141	-	141
Between One and Five Years	133	-	133
More than Five Years	-	-	-
	274	-	274

Contingent Liabilities

The Group and Company have no contingent liabilities.

36 INVESTMENT IN SPEIRS NUTRITIONALS LIMITED

The Company's investment in subsidiaries comprises shares at cost. The only significant subsidiary in which the Company holds a direct ownership interest is Speirs Nutritionals Limited, whose principal activity is the development and manufacture of Omega-3 emulsion.

The subsidiary was formed on 27 November 2006 at which date the Company received a 60% shareholding in Speirs Nutritionals Limited. The cost to the Company to purchase the 60% interest in Speirs Nutritionals Limited was $1,200,000. At the same date, other minority shareholders contributed $800,000 in return for their 40% interest in Speirs Nutritionals Limited.

The Company subscribed for a further share issue in Speirs Nutritionals Limited in March 2008 at a cost of $600,000, providing Speirs Group Limited with a 62.5% ownership of the subsidiary.

Speirs Nutritionals Limited changed its balance date from 31 March to 30 June during the 15 month period ended 30 June 2009.

The trading results of Speirs Nutritionals have been:

	15 months 30 June 2009	12 months 31 March 2008
Loss Before Tax	(1,975)	(1,129)

37 GAIN ON DISPOSAL OF FINANCE BUSINESS

On 30 September 2008 Speirs Group Limited sold its finance business to Speirs Finance Limited. On the same day Speirs Finance Limited was then amalgamated with Allied Nationwide Finance Limited, a wholly owned subsidiary of Allied Farmers Limited. The net gain recorded by Speirs Group Limited upon the disposal of the finance business has been calculated as follows:

	Group 15 Months 30 June 2009 $'000	Company 15 Months 30 June 2009 $'000
Liabilities Disposed of:		
Bank Borrowings	3,000	3,000
Secured Stock	81,611	81,611
Commercial Paper	129,490	-
Subordinated Notes	1,837	1,837
Other Liabilities	2,470	2,374
Assets Disposed of:		
Finance Receivables	(202,951)	(60,800)
Finance Receivables – Securitised Assets	-	(142,151)
Liability Arising on Securitised Assets	-	142,151
Operating Lease Assets	(2,658)	(2,658)
Subordinated Debt and Amounts owing from Speirs Securities Limited	-	(21,036)
Property, Plant and Equipment	(606)	(606)
Intangibles (Software)	(1,932)	(1,932)
Investment Properties	(2,100)	(2,100)
Other Assets	(6,350)	(6,067)
Future income tax benefit	(6,139)	(6,139)
Equity Disposed of:		
Perpetual Speirs Bonds	13,539	13,539
Shareholder's Funds – Speirs Securities Limited	(174)	-
Cash and Cash Equivalents Disposed of	(7,992)	196
Net Liabilities Disposed of	1,045	1,219
Cash Received on the Sale of the Finance Business	1,100	1,100
Non Cash Consideration Received on Sale	4,222	4,222
Total Consideration Received	5,322	5,322
Direct costs of disposal (including advisors and regulators fees)	(1,273)	(1,273)
Net Gain Recognised in Income Statement	5,094	5,268

38 LOANS AND RECEIVABLES

	Group		*Company*	
	30 June 2009 $'000	31 March 2008 $'000	**30 June 2009 $'000**	31 March 2008 $'000
Allied Capital Convertible Redeemable Preference Shares	**500**	-	**500**	-
Allied Nationwide Finance Limited Perpetual Bonds	**2,000**	-	**2,000**	-
	2,500	-	**2,500**	-
Current	**-**	-	**-**	-
Non-Current	**2,500**	-	**2,500**	-
	2,500	-	**2,500**	-

Allied Capital Convertible Redeemable Preference Shares

As part of the sale of the Company's shareholding in Allied Farmers Limited to Allied Capital Limited on 22 May 2009 the Company received 500,000 $1 Convertible Redeemable Preference Shares in Allied Capital Limited. The main terms of issue are that the Convertible Redeemable Preference shares have a coupon rate of 10% per annum. The Convertible Redeemable Preference shares can be converted (at Speirs' option) to either cash or ordinary shares in Allied Capital Limited in the period from 22 May 2011 to 22 May 2012.

Allied Nationwide Finance Limited Perpetual Bonds

As part of the sale of the finance division of Speirs Group Limited on 30 September 2008, the Company received, as part of the consideration 2,000,000 $1 Subordinated Perpetual Bonds in Allied Nationwide Finance Limited. The Allied Nationwide Finance Limited Perpetual Bonds ("The Bonds") have a par value of $1.00 per bond. The Bonds are issued in perpetuity but the Company has a put option, which it currently intends to exercise, which will allow the sale of The Bonds to a third party for $2,000,000 on 30 September 2013.

The interest rate on The Bonds is reset annually on the 30th of September at the greater of 10.00% or the one year swap rate plus 4.50%. For the period ended 30 June 2009 the interest rate applicable to The Bonds was 11.52%.

The Bonds are a component of Subordinated Debt of Allied Nationwide Finance Limited.

Since balance date The Bonds were transferred to a wholly owned subsidiary of Speirs Group Limited, Speirs Investments Limited. Please see note 28.1 for further details.

39 CASH FLOWS FROM DISCONTINUED ACTIVITIES

The following cash flows were derived from activities which were discontinued as a result of the sale of the finance division of Speirs Group Limited

	Group		*Company*	
	30 June 2009 $'000	31 March 2008 $'000	**30 June 2009 $'000**	31 March 2008 $'000
Discontinued Cash flows from Operating Activities	**25,303**	23,691	**24,117**	42,906
Discontinued Cash flows from Investing Activities	**(10,771)**	(424)	**(2,583)**	(4,499)
Discontinued Cash flows from Financing Activities	**(23,301)**	(31,585)	**(25,171)**	(44,753)
Total Net Discontinued Cash flows	**(8,769)**	(8,318)	**(3,637)**	(6,346)

PRICEWATERHOUSECOOPERS

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Auditors' Report
To the shareholders of Speirs Group Limited

We have audited the financial statements on pages 9 to 55. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the period ended 30 June 2009 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 15 to 21.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' 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 Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2009 and their financial performance and cash flows for the period ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

(a) the significant estimates and judgments made by the Directors in the preparation of the financial statements; and

(b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditors, providers of other assurance services and tax advisors.

PRICEWATERHOUSECOOPERS

Auditors' Report
Speirs Group Limited

Fundamental Uncertainty

In forming our unqualified opinion on the financial statements of the Group, we considered the disclosures made in Note 3 to these financial statements regarding the Group's financial risks as set out in the liquidity risk section, and its ability to meet commitments in relation to bank borrowing repayment obligations and in servicing day to day operating cash requirements. The financial statements are prepared on a going concern basis, the validity of which depends on the Group's ability to meet its short term liquidity requirements and in particular its ability to meet its obligations as they fall due for repayment. These financial statements do not include any adjustments that would result from a failure to secure adequate funding to meet bank borrowing repayment obligations and to service day to day operating cash requirements. Such adjustments would include a change in the value of certain assets and liabilities and in particular intangible assets.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

(a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and

(b) the financial statements on pages 9 to 55:

- (i) comply with generally accepted accounting practice in New Zealand;
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the financial position of the Company and Group as at 30 June 2009 and their financial performance and cash flows for the period ended on that date.

Our audit was completed on 28 September 2009 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants Wellington

Statutory Information

PRINCIPAL ACTIVITIES

Speirs Group Limited operates one commercial division, Speirs Foods, whose principal activity is fresh food production and distribution

In addition, the company has a 62.5% shareholding in Speirs Nutritionals Limited which is engaged in the development and manufacture of omega-3 emulsion.

DIRECTORS' SHAREHOLDINGS

The number of shares held by Directors of the Company:	Beneficial Holdings	Non-Beneficial Holdings
David Speirs	100,000	171,388
Nelson Speirs	1,047,678	705,489
Robert Speirs	33,787	-
Donald Speirs	900,523	642,273
Trevor Roberts	17,600	-
Derek Walker	-	-
Nelson Speirs and Donald Speirs (as Co-Trustees)	-	1,383,145

A Beneficial Holding records that the Director holds the shares in his own name. A Non-Beneficial Holding records that the Director(s) hold the shares in their capacity as a Trustee.

DISCLOSURE OF INTERESTS BY DIRECTORS

Governance positions held by directors

Director	Entity	Relationship
Nelson Speirs	Speirs Group Limited & Associated Companies	Director (Chair)
	MMM Holdings Limited	Director (Chair)
	The Bio Commerce Centre Limited & Associated Companies	Director
	Allied Nationwide Finance Limited & Associated Company	Director
	Allied Capital Limited	Director
Donald Speirs	Speirs Group Limited	Director
Trevor Roberts	Speirs Group Limited	Director
	Kiely Thompson Caisley, Solicitors	Consultant
Derek Walker	Palmerston North Airport Limited	Director (Chair)
	NZ Windfarms Limited & Associated Company	Director (Chair)
	The Bio Commerce Centre Limited & Associated Companies	Director (Chair)
	Quoteable Value Limited & Associated Companies	Director
	Speirs Group Limited	Director
	Third Bearing Limited	Director
	TBL Investments Limited	Director
	Elmira Consulting Limited	Director
	Manawatu Health Homes Limited	Director
	Central Energy Trust	Trustee
Robert Speirs	Speirs Group Limited	Director
	MMM Holdings Limited	Director
David Speirs	Speirs Group Limited & Associated Company	Director

Transfers of interests in Speirs Group Limited shares by directors during the 15 month period

Donald Speirs transferred by way of gift:

- 30,000 shares to James Patterson Speirs
- 30,000 shares to Kate Unsworth Speirs
- 41,001 shares to Presbyterian Support Central

Nelson Speirs transferred by way of gift:

- 25,001 shares to Presbyterian Support Central

DIRECTORS' REMUNERATION

Directors' remuneration (including an allowance for the use of Company vehicles) received, or due and receivable during the **15 month period** ended 30 June 2009, is as follows:

Name	Salary/Consultants Fees and Use of Company Motor Vehicle	Directors Fees	Total Remuneration	
Nelson Speirs	$248,000	$9,000	$ 257,000	Non Independent Director
Donald Speirs *	$ 73,000	$ 62,000	$ 135,000	Non Independent Director
Derek Walker	$ Nil	$35,000	$ 35,000	Independent Director
Trevor Roberts	$Nil	$ 45,000	$ 45,000	Independent Director
Robert Speirs	$Nil	$ 35,000	$ 35,000	Non Independent Director
Linda Robertson **	$Nil	$ 37,500	$ 37,500	Independent Director
David Speirs	$ 285,000	$Nil	$ 285,000	Non Independent Director

* Donald Speirs works for and consults to the Company on a "part time" and "as required" basis.

** Linda Robertson retired from the Board in March 2009.

Directors are reimbursed for travel and accommodation expenses and any other costs properly incurred by them in connection with the business of the Company.

MATERIAL PARTICULARS OF EXECUTIVE DIRECTORS' EMPLOYMENT CONTRACTS

Pursuant to NZX Listing Rule 9.2.4(c) the Independent Directors of the Board certify that the Executive Directors' employment contracts are set on an arm's length, commercial basis and have been approved by the Independent Directors of the Company and the material particulars of the employment contracts are disclosed in the Annual Report. The material particulars of the Executive Directors' employment contracts for the period 1 April 2008 to 31 March 2009 are set out below:

Nelson Speirs: Until 31 March 2009 Nelson Speirs continued his role as Executive Chairman of the Company. This role was approximately 80% of a full time role. The remuneration payable to Nelson Speirs was set by the Remuneration Committee. The terms (in brief) of Nelson Speirs' employment contract up to 31 March 2009 was:

Base Salary	$178,000 per annum
Use of Company Car	$25,000 per annum (estimated)

David Speirs: David Speirs continues in his role as General Manager Speirs Foods. The terms (in brief) of David Speirs' employment contract are as follows:

Base Salary	$195,000 per annum
Use of Company Car	$25,000 per annum (estimated)

Although Nelson Speirs is a member of the Company's Remuneration Committee, he took no part in the Committee's consideration of his own remuneration.

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

At 30 June 2009, 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 (other than executive directors) during the 15 month period ended 30 June 2009 were:

$180,000 - $189,999	**1**
$170,000 - $179,999	**1**
$160,000 - $169,999	**1**
$140,000 - $149,999	**1**

AUDITORS

In accordance with section 200 of the Companies Act 1993 the auditors, PricewaterhouseCoopers, continue in office.

STATUTORY DISCLOSURE IN RELATION TO SHAREHOLDERS

TWENTY LARGEST SHAREHOLDERS AT 30 JUNE 2009

	Fully Paid Ordinary Shares	Percentage of Issued Voting Capital
Nelson Speirs *	1,047,678	9.67%
Donald Speirs *	900,523	8.31%
AEL Advances Limited	743,400	6.86%
Nelson Speirs, Brian Ogden	705,489	6.51%
Donald Speirs, John Wilson	642,273	5.93%
Nelson Speirs, Donald Speirs	521,222	4.81%
Donald Speirs, Nelson Speirs, John Wilson	421,790	3.89%
Donald Speirs, Nelson Speirs, John Wilson	257,206	2.37%
David Speirs, Rebecca Speirs	171,388	1.58%
N Z Commercial Finance Brokers Limited	143,330	1.32%
M Le Moigne	109,385	1.01%
Nelson Speirs, Donald Speirs	100,000	0.92%
David Speirs *	100,000	0.92%
M W Speirs	82,994	0.77%
Nelson Speirs, Donald Speirs and Mary Speirs	82,927	0.77%
E D Fogarty	78,889	0.73%
E A Wallace	73,787	0.68%
Presbyterian Support Central	66,002	0.61%
N D Waites	63,000	0.58%
M B Beale	60,059	0.55%
	6,371,342	58.79%

* See note under Directors' shareholdings on page 58

SHAREHOLDER STATISTICS AT 30 JUNE 2009

Ordinary Shares	Holders	%	Shares	%
1 to 999	35	5.46	15,720	0.15
1,000 to 4,999	326	50.86	751,865	6.94
5,000 to 9,999	98	15.29	650,072	6.00
10,000 to 99,999	169	26.37	3,553,235	32.80
100,000 and over	13	2.02	5,863,684	54.11
	641	100.00	10,834,576	100.00

SUBSTANTIAL SECURITY HOLDERS AT 28 AUGUST 2009

The following information is provided in compliance with Section 26 of the Securities Markets Act 1988 and is stated as at 28 August 2009. The total number of voting securities of Speirs Group Limited at that date was 10,834,576.

Substantial Security Holder	Number of Shares in Which Relevant Interest is Held	Percentage of Voting Securities
Nelson Speirs	3,136,312	28.95%
Donald Speirs	2,925,941	27.01%
John Wilson	1,391,869	12.85%
Brian Ogden	752,719	6.95%
AEL Advances Limited	743,400	6.86%

Directory

DIRECTORS

The Board of Directors of the Company is comprised of five Non-Executive Directors and one Executive Directors. All Directors have served for the whole year, with the exception of Linda Robertson who resigned in March 2009.

NON-EXECUTIVE DIRECTORS

Nelson Speirs, F.C.A., *Chairman*

Donald Speirs, *Deputy Chairman*

Derek Walker, B.E. (Hons), B.B.S.

Trevor Roberts, LL.B., A.A.MINZ.

Robert Speirs

EXECUTIVE DIRECTORS

David Speirs, *Executive Director*

REGISTERED OFFICE

Level 3, Farmers' Mutual House
55 The Square, Palmerston North
P O Box 400, Palmerston North

Telephone:	06 350 6000
Facsimile:	06 350 6020

SECURITIES REGISTRAR

Computershare Investor Services Limited
Private Bag 92119
Auckland 1020

Telephone:	09 488 8700
Facsimile:	09 488 8787
Investor Enquiries:	09 488 8777

DIVISIONAL OFFICES

Speirs Foods
Hair Street,
Marton
P O Box 108, Marton

Telephone:	0800 366 324
Facsimile:	06 327 5717
Email:	sales@speirs.co.nz

ADVISORS/SERVICE SUPPLIERS

Auditors
PricewaterhouseCoopers

Solicitors
Chapman Tripp

Bankers
Bank of New Zealand

AGM Notice

Notice is hereby given that the Annual Meeting of Shareholders of Speirs Group Limited ("the Company") will be held at 10 am on Wednesday, 28 October 2009 at Caccia Birch House, 130 Te Awe Awe Street, Palmerston North.

Morning tea will be served at the conclusion of the Annual Meeting.

BUSINESS

1. **Annual Report:** To receive and consider the Annual Report for the fifteen months ended 30 June 2009, including the financial statements and the auditors' report.
2. **Election of Directors:** To consider and, if thought fit, to elect Directors to the Board of Directors of the Company ("the Board") as Resolutions 1 and 2. In accordance with the Company's constitution Nelson Speirs and Robert Speirs retire from the Board by rotation. As they are eligible, they both offer themselves for election. Each of these appointments will be voted on separately.
3. **Directors' Fees:** To consider and, if thought fit, to pass the following Resolution 3 as an ordinary resolution:

   "That the maximum total amount of Directors' fees payable annually to all Directors taken together reduce to $120,000, such sum to be divided among the Directors as the Directors from time to time deem appropriate."
4. **Reappointment of Auditors:** To record the re-appointment of PricewaterhouseCoopers as Auditors of the Company and to consider and, if thought fit, to pass the following Resolution 4 as an ordinary resolution:

   "That the Board be authorised to fix the auditors' fees and expenses from time to time."
5. **Other business:** To transact any other business which may be properly submitted to the Annual Meeting.

   The recommendation of your Board is to vote in favour of the Resolutions.

By order of the Board

Nelson Speirs, *Chairman*

Palmerston North, New Zealand

28 September 2009

NOTES

1. **Voting Rights**: All Shareholders are entitled to attend the meeting, and are entitled to one vote on a "show of hands" or by "voice vote", and to one vote for each share held in the event of a "poll" in each case in accordance with the Company's Constitution.
2. **Voting Exclusions:** In accordance with the NZAX Listing Rules, none of the Directors who will be entitled to be paid Directors' fees, or any of their Associated Persons, may vote on Resolution 3. That voting prohibition will not prevent a person who is disqualified from voting, who has been appointed as a proxy or voting representative by another person who is not disqualified from voting under the NZAX Listing Rules, from voting in respect of the securities held by that other person in accordance with the express instructions (excluding to exercise discretion on how to vote) of that other person.
3. **Proxies:** A Shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote on the Shareholder's behalf. A proxy need not be a Shareholder of the Company. If you wish you may appoint as your proxy the Chairman of the meeting. A proxy form is enclosed for each Ordinary Shareholder. Proxy forms, to be effective, must be received at the Registered Office of the Company, together with the Power of Attorney or other authority under which they are signed (if any), not later than 48 hours before the time of the meeting. The meeting will be held at 10 am on Wednesday 28 October 2009.

   The Registered Office of the Company is on Level 3, Farmers' Mutual House, 55 The Square, Palmerston North (P O Box 400).
4. **Resolution Requirements:** An ordinary resolution is a resolution passed by a simple majority of votes of Shareholders who are entitled to vote at the Annual Meeting and who exercise their right to vote.

EXPLANATORY NOTES

Election of directors - resolutions 1 and 2

Nelson Speirs and Robert Speirs retire from the Board by rotation. As they are eligible they both offer themselves for re-election to the Board.

Nelson Speirs, FCA

Nelson Speirs is a founding director of the Company, and served as Executive Chairman for a long period.

Nelson has a broad experience in governance with a range of public and private companies both past and present and over a great many years.

Robert Speirs

Robert Speirs joined the board of Speirs Group Limited in 2001.

In 2007 Robert joined Fletcher Building as an Area Partner, and currently holds the position of Area Partner Fletcher Distribution Limited, based in Auckland.

Previous management/executive roles included terms with Pharmacybrands Limited (Regional Manager) and with Mars Incorporated. For a number of years Robert was self employed.