Speirs GROUP

Speirs Group Limited

Annual Report

for the year ended 30 June 2011

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Speirs Group Limited

Lower High Street, Marton, New Zealand

P O Box 318, Palmerston North, New Zealand

Telephone 06 350 6004 Facsimile 06 350 6020

Website www.speirs.co.nz

REPORTING BY DIRECTORS

A TOUGH FEW YEARS

Speirs Group Limited has been devastated by three significant and adverse occurrences in recent years. Following a very successful growth pattern over a number of decades, these events have, regrettably, significantly eroded shareholder value. The experience is unfortunate for us all - shareholders, directors, management and staff.

The three principal adverse occurrences were:

1. **The almost total collapse of the finance industry in New Zealand – and elsewhere.**

   The Speirs Finance business was sold in September 2008 for an attractive overall price: indeed, at the time, your directors considered the price to be more than satisfactory given that the economic downturn that had commenced in July/August 2007 - and is still continuing - was already well advanced.

   The sale of the finance business involved the transfer of all our finance business assets and liabilities to the buying group - Allied Farmers Limited and its subsidiary Allied Nationwide Finance Limited – for the agreed price. Settlement was made primarily in the form of 'paper' assets, being the issuance and transfer of NZ Exchange listed securities. At the time Allied Farmers Limited shares were liquid and trading at $1.35 on NZX; sadly, and for reasons not foreseen by your directors, the businesses of the Allied Farmers Group deteriorated quickly and, at the present time, the securities issued to Speirs Group Limited have very little value.

   The settlement consideration received by Speirs Group Limited also included the issue, by Allied Nationwide Finance Limited, of two million perpetual bonds at a par value of $2 million. Speirs Group Limited holds a 'put option' to place these bonds with Allied Farmers Limited in September 2013 and to receive a cash payment of $2 million in return. However, our ability to benefit from the put option is uncertain.

2. **The company's overly optimistic response to Government's call for innovation within the food industry based upon science and technology.**

   Speirs Nutritionals was formed, in partnership with Massey University interests, to process and market omega-3 fish oils in an emulsion that facilitates the use of omega-3 fish oils in a wide range of food products while avoiding the traditional 'fishy' taste and smell associated with omega-3.

   We learned the 'hard way' that the cost, in both dollars and time, of penetrating a global market with a product based on newly developed Intellectual Property – no matter how sophisticated the product or how renowned the researchers – is immense. Indeed, we now know that it takes many years in terms of time and millions in terms of dollars to finally bring such products to the global market.

   Yet, we remain satisfied that our product is outstanding.

   Essentially, the time and dollars required to not only successfully innovate and develop the product, but to also successfully take the product to the global market, very nearly outstripped the resources available from the company and our partners.

3. **The company taking its 'eye off the ball' at Speirs Foods – our basic and traditional 'foods' operations – while addressing the Speirs Nutritionals opportunity and associated issues.**

   Speirs Foods pioneered the commercial processing of fresh salads in New Zealand and the distribution of those fresh salads to delicatessen operations – primarily at supermarkets – throughout New Zealand.

   As the pioneer, for many years Speirs Foods held a commanding market share with both supermarket chains. That market share slipped as our senior managements' time and efforts became increasingly concentrated in developing the omega-3 operations described above.

   Annual profits from Speirs Foods dropped from over $1m to unacceptable levels.

THE START OF CHANGE

Last year your directors reported *"Much still needs to be accomplished in terms of return to adequate profitability, cash flow and equity"*. We have been addressing these issues throughout the past year.

Inevitably, the 2010 – 2011 financial year had to see the start of change and absorb costs associated with change. The year was always going to be difficult. Change is happening: we still have a way to go.

We can report that:

1. Speirs Foods

Chris Newton commenced duties as General Manager of Speirs Foods in mid-May 2010. Chris has long experience in the meat processing industry, much of it at management level.

The challenge has been to 'turn-around' Speirs Foods and re-confirm our position as a market leader in the processing, distributing and marketing of fresh salads and other foods in the New Zealand marketplace.

During the 2010-2011 financial year Speirs Foods has:

- Halted and reversed declining sales volumes and sales values
- Increased market share
- Reviewed and streamlined production methods and efficiencies
- Achieved labour efficiencies allowing a consequent reduction in staff numbers
- Ensured that raw materials are being purchased at the best possible price
- Increased profit contribution to the Group by 68.2%.

While the benefits that arise from stabilising volumes and greater efficiencies did impact significantly in the year under review, the financial benefits were largely off-set by the set-up costs involved. It is expected that, with further volume increases, the benefits will be significant in the coming financial year and thereafter. Nevertheless, it will probably take another 12 months to achieve the profitability levels that were achieved in past years.

2. Speirs Nutritionals Partners LP

While the plant, processing capacity and quality of our omega-3 product was capable of meeting all our marketing targets, both as to volume and quality, our UK Marketing Partner failed to meet agreed sales volume targets. The inevitable result for Speirs Nutritionals was significant losses and significant net cash outflows, at a time when all economists agreed that 'cash is king'.

Recognising that their slowness in penetrating the global market could force Speirs Nutritionals to deny them access to the omega-3 product, our UK Marketing Partner agreed to a new arrangement, effective from April 2011.

The new arrangement called for Speirs Nutritionals to grant our UK Marketing Partner rights to our omega-3 Intellectual Property and our Processing Knowhow, coupled with permission to use that Processing Knowhow to manufacture the product in the UK.

In return, Speirs Nutritionals received an immediate Initial Payment of one million UK pounds (£1,000,000) in cash. In future, Speirs Nutritionals will receive a series of quarterly Subsequent Payments arising from the use of the Intellectual Property and the Processing Knowhow. The Subsequent Payments will be calculated by using an agreed formula that recognises the accruing benefit arising to our UK Marketing Partner from the rights to use the Intellectual Property and the Processing Knowhow. While this figure is, by definition, unknown, it could amount to very large sums over the years ahead.

Meanwhile, as a result of the transaction described above, the cash drain and future trading losses of Speirs Nutritionals have both been significantly curtailed, and is not expected to impact in any material and adverse way in the future on Group performance and cash flows.

3. Corporate

Corporate overhead (non-financial) costs have been reduced by more than half in this past financial year. This lower cost level will be maintained into the foreseeable future.

4. Changes in Board of Directors

After more than two decades in both senior management and directorate positions, David Speirs retired as a director on 30 March 2011. A special 'thank you' goes to David for his dedicated contribution in both time and energy to the well-being of the company over those years, with particular reference to his leadership within the Foods division of the company.

At 30 June 2011 the Board of Directors of the Company comprised five non-executive directors:

Nelson Speirs, FCA. Chairman

Donald Speirs, Deputy Chairman

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

Robert Speirs

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

Both Donald Speirs and Trevor Roberts retire by rotation at the time of the 2011 Annual General Meeting of shareholders. Neither seeks re-election.

In the past both the parent company, Speirs Group Limited, and wholly owned subsidiary, Speirs Foods Limited, have had common directors. With the retirement of both Donald Speirs and Trevor Roberts the board has decided that a change in structure is necessary. The directors have determined that, going forward, both Speirs Group Limited and Speirs Foods Limited will have 3-person boards.

Currently the board is in the process of appointing new directors. We wish to appoint a new independent director as Chair of the parent company, Speirs Group Limited. In that event, both Nelson Speirs and Derek Walker will remain as directors and fill the remaining two positions. Robert Speirs will resign as a director of Speirs Group Limited upon the appointment of a new Chair. Concurrently, we intend to appoint a new director to subsidiary Speirs Foods Limited. Derek Walker and Robert Speirs will remain as directors of Speirs Foods Limited.

Trevor Roberts has served as a director of Speirs Group Limited for more than two decades, having joined the Board in 1990. Trevor, a well respected lawyer, is an experienced and respected commercial director, having served on a wide range of both public and private company boards as well as many charitable institutions. His contribution to the affairs of Speirs Group Limited over the years has been considerable. During the periods of growth experienced by the company in Trevor's early years with us as a director, his enthusiasm and practical good business sense was invaluable to us. That experience and practical good business sense has been even more valuable in the recent years as we have experienced the impact of an economic downturn, particularly in the industries in which we have operated.

Donald Speirs was a founder director of this company in 1966. He has held that position to this day, much of it as Chairman. Donald was responsible for much of the company's growth in the early years, as he led management teams in both the finance and foods businesses. He, too, has brought practical good business sense to the board table over many years.

FINANCIAL REVIEW

Financial Performance

The activities described above have impacted significantly upon the financial performance of the group during the financial year under review.

Speirs Group Limited recorded a loss after tax of $788,000 compared to the loss of $5.1 million reported in the previous year.

Speirs Foods Limited contributed a profit of $229,000,(last year $137,000). Corporate overheads amounted to $436,000 (last year $951,000) and net interest costs amounted to $633,000 (last year $24,000).

Dividend

The Directors have decided that no dividend be currently payable.

Investments

The company's principal external investments are with the Allied Farmers Group, arising from the sale of Speirs Finance in September 2008. Speirs Group holds half a million convertible redeemable preference shares in Allied Capital Limited and $2 million of bonds in Allied Nationwide Finance Limited. Allied Capital Limited's only asset is a large parcel of shares in Allied Farmers Limited.

Today's low market value of Allied Farmers Limited shares flows through to the value of our Allied Capital Limited investment. The directors continue to recognise the impairment of our whole investment in Allied Capital Limited and accordingly the impairment provision raised last year for the full $500,000 book value of those shares remains.

Your directors remain uncertain as to the future collectability of our investment in bonds issued by Allied Nationwide Finance Limited (In Receivership). Accordingly, the directors continued to fully impair the investment in the bonds with an impairment provision of $2 million.

OUTLOOK

Your directors objective is to 'turn the fortunes of the company around'. In the year ahead we will be constructively addressing the dual issues of enhancing our equity base and the maturing of borrowings in the latter part of 2013.

OUR PEOPLE

The Company is emerging from a very difficult period. Speirs Group has traditionally operated on a basis that reflects the importance of developing long-term relationships with all its stakeholders. This tradition has always served us well. We wish to thank our investors, customers, suppliers and staff for the strong support they have provided during this past twelve month period of considerable change. The loyalty and support of our many friends during this period of difficulty has been most welcome.

Nelson Speirs
Chairman

Derek Walker
Director

9 September 2011

Board Charter

Part 1 - The Company Goal(s)

The purpose of Speirs Group Limited, and its goal, is to become recognised as a strong, capable investment company by investing in entities that operate in chosen fields in which the Company has competence, so as to maximise returns to its investors and enhance the well-being of all its stakeholders.

Speirs Group Limited funds its investments through its equity, "mezzanine" financing, and borrowing from the public. Mortgage funding may be raised by subsidiaries from time to time.

The words "Company", "Board" and "Management" have the same meaning for all entities that are subsidiaries or associates of Speirs Group Limited, or in which Speirs Group Limited owns a significant interest.

Part 2 - Board Governance Process

The role of the Board is to add long-term value to the Company's shares as well as providing sustainable returns to all stakeholders.

Management will not be represented on the Board. Management control is exercised by the Board Secretary (Speirs Group Limited) and the appropriate CEO (entities that are subsidiaries or associates of Speirs Group Limited, or in which Speirs Group Limited owns a significant interest).

The Board will:

- ensure that the Company's Goals are clearly established, and that strategies, originated by Management, are in place for achieving them;
- ensure that Management is pro-active in building the businesses within established parameters, through innovation, initiative, technology, new products and the development of business knowhow;
- monitor the performance of Management;
- appoint the CEO, set the terms of the CEO's employment contract and, if necessary, terminate the CEO's employment with the Company;
- protect the Company's financial position and its ability to meet its debts and other obligations when they fall due;
- ensure that the Company's financial statements are informative and comply with all legal and accounting standards;
- ensure that the Company adheres to high standards of ethical and corporate behaviour;
- ensure that the Company has appropriate risk management/regulatory compliance policies in place.
- Where possible, mitigate key risks facing the Company.

Day to day management of the Company will be in the hands of Management.

The Board will satisfy itself that the Company is achieving the Company Goals.

The Board's Relationship with Shareholders and with other Stakeholders

The Board will use its best endeavours to familiarise itself with issues of concern to Shareholders and other relevant stakeholders.

In so doing, the Board will regularly consider economic, political, social and legal issues and other relevant matters that could affect the development of the businesses or the interests of Shareholders and other relevant stakeholders.

The Board acknowledges the cornerstone shareholding of the Speirs family in Speirs Group Limited.

Board Procedures

Directors will:

- At all reasonable times, have access to all relevant Company information and to Management;
- Meet formally at least quarterly, and additionally as the occasion requires. The board may meet by audio or audio/visual means;
- set its own agenda, through the Chair;
- place emphasis on strategic issues and policy;
- attend board meetings, prepare fully, and participate fully, frankly and constructively in board discussions;
- bring the benefit of individual knowledge, skills and abilities to the Board table;
- recognise that constructive debate will lead to better decisions, and seek consensus if possible;
- when making decisions, consider the general principles on which they are founded and any Company policies that may impact upon the decision;
- other than as required by law, regulation or agreement of the Board itself, regard all matters discussed at Board meetings as being confidential.

At the regular formal meetings the Board will consider:

- an update of its 'interests register';
- an operational report from the CEO (and CFO if applicable), which shall include reporting of financial and operational performance with comparison of actual and budgeted performance, explanation of variances from budget, and forecasts of future performance;
- specific proposals for capital expenditure;
- major issues and opportunities for the Company;
- any changes to strategic risks and opportunities for the Company;
- approving the quarterly payment of dividends in relation to the Convertible Redeemable Preference Shares and associated solvency declarations.

At least annually, the Board will:

- undertake a planning process which reviews the company's short, medium and long term goals and strategic direction in the context of the environment and markets it is operating in, its internal strengths and weaknesses and the key internal and external risks and opportunities for the company;
- approve the annual operating and capital plan and expenditure budgets;
- approve the annual and half-yearly financial statements, report to Shareholders and make necessary public announcements;
- approve the annual report;
- consider and, if appropriate, declare or recommend the payment of dividends on ordinary shares;
- review the Board composition, structure and succession;
- review the Company's audit requirements;
- review the performance of, necessity for and composition of Board committees;
- undertake Board and individual director evaluations;
- review directors' remuneration;
- review the CEO's performance and remuneration;
- review any donations and sponsorships;
- review remuneration policies and practices in general;
- review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements;
- review the Company's code of conduct and ethical standards;
- review Shareholder, customer and supplier relations;
- agree the following year's Board work plan.

Board Chair and Deputy Chair

At its first formal meeting following the annual general meeting of Shareholders, the Board will appoint a Chair from amongst its members. The Board may, if it wishes, appoint a Deputy Chair.

The Chair is responsible for:

- representing the Board to Shareholders and the Public;
- ensuring the integrity and effectiveness of the Governance Process;
- maintaining regular dialogue with the CEO over significant operational matters;
- consultation with the other directors on any matter that might give concern;
- facilitating Board meetings to ensure that no director dominates discussion, that relevant opinion among directors is forthcoming and that discussions result in logical and sensible outcomes.

Board Committees

The Board will form committees only when it is efficient or necessary to facilitate efficient decision-making. Unless otherwise directed by the Board, all directors will be members of each committee. The committees will observe the Board rules of conduct and procedure, and will speak and act only on matters authorised by the Board. That authority will not derogate from the authority delegated to the CEO.

The Board has three standing committees – Audit, Remuneration and Nomination.

The ***Audit Committee*** is the conduit to the external auditors. The Board Chair will not be the Audit Committee Chair. The Audit Committee reviews the annual and half-yearly financial statements prior to approval by the Board, the effectiveness of management information systems and systems of internal control and the effectiveness of the external audit function.

The ***Remuneration Committee*** annually reviews the remuneration packages of all directors and the CEO and makes recommendations to the Board. The packages are reviewed with due regard to performance and other relevant factors including market relativity. The Board Chair will not be the Remuneration Committee Chair.

The ***Nomination Committee*** will be chaired by the Board Chair. The Nomination committee reviews the composition of the Board annually and makes recommendations to the Board to ensure the Board comprises members with an appropriate mix of skills and experience. Appropriate assistance from external advisors may be sought.

Board Composition and Mix

The composition of the Board, with a membership of no less than three, will reflect the duties and responsibilities it is required to discharge as representative of the Shareholders, including setting the Company's goal(s) and strategy for achieving those goals, and overseeing the implementation of that strategy.

The qualification for Board membership is the ability and intelligence to make sensible business decisions and recommendations, such as:

- an entrepreneurial talent for contributing to the creation of Shareholder value;
- the ability to see the wider picture;
- the ability to ask the hard questions;
- experience in the industry sector;
- high ethical standards;
- sound practical and common sense;
- total commitment to furthering the interests of Shareholders and the achievement of the Company Goals.

Directors hold office for three years following their first appointment by Shareholders, and retire by rotation. Directors retiring by rotation may offer themselves for re-election for a further three year term.

Induction of new Directors

Potential new directors are encouraged to carry out "due diligence" on the Company before accepting an appointment to the Board.

Prior to their first appointment, an induction programme will be provided to fully acquaint the new director with the business and affairs of the Company and the business environment and markets in which it operates. This will include appropriate meetings with other directors and with senior Management.

Directors' Remuneration

The Board will determine the level of remuneration paid to directors, always within the overall limitations imposed by Shareholders. Consideration will be taken of extra responsibilities such as chairing a Board committee.

The Chair and Deputy Chair (if any) will be paid a level of fees appropriate to their office. For the Chair, this will usually be in the order of 200% of the basic fees paid to the other directors.

Remuneration will be reviewed annually, which may include taking independent professional advice.

Speirs Group Limited Shareholding by Directors

Speirs Group Limited shares are listed on NZAX. Directors are encouraged, but not obliged, to hold shares in Speirs Group Limited.

Should directors buy or sell shares in Speirs Group Limited, they must strictly observe the provisions of Speirs Group Limited's own internal rules as well as all relevant legislative and regulatory procedures.

Provision of Business or Professional Services by Directors

Because a conflict of interest (actual or perceived) may be created, directors should not, generally, provide business or professional services of an ongoing nature to the Company, other than where:

- the service is a special assignment, where the director has special expertise in the particular field; and
- the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

Other Board Appointments

Any director, while holding office, is at liberty to accept other Board appointments so long as the appointment is not in conflict with the Company's business and does not detrimentally affect the director's performance as a Company director. All other appointments must first be discussed with the Chair before being accepted.

Board and Director Evaluations

Each year:

- the Board will critically evaluate its own performance, processes and procedures to establish that they are not unduly complex and remain designed to assist the Board in effectively fulfilling its role;
- individual directors will be evaluated by the Board determining questions to be asked of each director about him/herself and about each other, including the Chair. Each director answers the questions in writing and the responses are collected and collated by the Chair who then discusses the results with each director. The Chair's own results are discussed with the remainder of the Board.

Indemnities and Insurance

The Company provides directors with, and pays premiums for, indemnity and professional insurance cover while acting in their capacities as directors. The Board may also provide an indemnity to directors.

The Secretary to the Board

The Secretary is appointed by the Board.

The Secretary is responsible for ensuring that:

- Board procedures are followed;

- the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.
- Take minutes of all Board and Board Committee meetings.

All directors, particularly the Board Chair and Committee Chairs, have access to the advice and services of the Secretary for the purposes of the Board's affairs and the Company's business.

Part 3 – Position of CEO (for Speirs Group Limited, read 'Secretary' for 'CEO')

Position of CEO

The Board will link the Company's governance and management functions through the CEO. All Board authority conferred on Management is delegated through the CEO so that the authority and accountability of Management is considered to be the authority and accountability of the CEO so far as the Board is concerned.

The Board will agree with the CEO to achieve specific results directed towards the Company Goal(s)

Between Board meetings the Chair maintains an informal link between the Board and the CEO, is kept informed by the CEO on all important matters and is available to the CEO to provide counsel and advice where appropriate.

The CEO will take the lead and, as appropriate, work with the Chair and the Board, to undertake the necessary administrative duties to float, manage, re-finance, and repay all mezzanine financing and public borrowing as required by the Board from time to time.

Only decisions of the Board acting as a body are binding on the CEO. Instructions by individual directors or by Board committees are not given directly to the CEO.

Accountability of CEO to Board

The CEO, in association with the Chair, is accountable to the Board for the achievement of the Company Goal(s).

The CEO is accountable for the observance of the Management Limitations (see below).

The CEO will provide monthly reports to the Board covering:

- all appropriate operational, financial and other relevant matters;
- assurances that the Board considers necessary to confirm that the Management Limitations are being observed.

Management Limitations

The CEO is expected to:

- act within all specific authorities delegated to him/her by the Board;
- not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics;
- allocate Company capital and resources in adherence with Company Goal(s) and annual operating and capital expenditure budgets;
- not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term Shareholder value;
- not cause or permit any action that is likely to result in the Company becoming financially embarrassed;
- adequately protect and maintain the assets of the Company;
- appropriately administer and service the liabilities of the Company;
- operate the Company with a comprehensive system of internal control;
- not permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

as at 30 June 2011

	Notes	Group		Company	
		June 2011 $'000	June 2010 $'000	**June 2011 $'000**	June 2010 $'000
Assets					
Current Assets					
Cash and Cash Equivalents	**12**	**245**	646	**19**	642
Trade and Other Receivables	**13**	**1,107**	1,006	**7**	1,006
Loans and Receivables	**16**	**200**	-	**200**	-
Inventories	**14**	**376**	403	**-**	403
Total Current Assets		**1,928**	2,055	**226**	2,051
Non Current Assets					
Investment in Subsidiaries	**29**	**-**	-	**4,000**	-
Investment in Associates	**15**	**977**	727	**1,050**	4,300
Loans and Receivables	**16**	**-**	769	**810**	1,069
Deferred Income Tax Asset	**17**	**-**	-	**-**	-
Property, Plant & Equipment	**18**	**3,858**	4,410	**-**	4,410
Intangibles	**19**	**29**	10	**-**	10
Total Non Current Assets		**4,864**	5,916	**5,860**	9,789
Total Assets		**6,792**	7,971	**6,086**	11,840
Liabilities					
Current Liabilities					
Trade and Other Payables	**20**	**1,428**	1,823	**42**	1,823
Total Current Liabilities		**1,428**	1,823	**42**	1,823
Non Current Liabilities					
Borrowing - Non Current Portion	**21**	**4,365**	4,361	**2,875**	2,661
Guarantee Provided to Speirs Investments Limited	**27**	**-**	-	**2,000**	2,000
Total Liabilities		**5,793**	6,184	**4,917**	6,484
Equity					
Contributed Capital	**22**	**12,757**	12,757	**12,757**	12,757
Accumulated Deficits		**(11,758)**	(10,970)	**(11,588)**	(7,401)
Capital & Reserves		**999**	1,787	**1,169**	5,356
Total Equity and Liabilities		**6,792**	7,971	**6,086**	11,840

The Board of Directors of Speirs Group Limited authorised these financial statements for issue on 9 September 2011.

Signed on behalf of the Board of Directors

Nelson Speirs
Chairman

Derek Walker
Director

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

Speirs GROUP

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

	Notes	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
CONTINUING ACTIVITIES					
Revenue		***11,924***	*11,734*	**-**	-
Movement in Inventory Levels		***(27)***	*(71)*	**-**	-
Purchases of Raw Materials		***(4,553)***	*(4,473)*	**-**	-
Freight, Packaging & Other		***(2,515)***	*(2,401)*	**-**	-
Net Trading Income		**4,829**	4,789	**-**	-
Interest Income		***81***	*371*	***103***	*107*
Interest Expense		***(714)***	*(395)*	***(707)***	*(259)*
Net Interest Income/(Expense)	**6**	**(633)**	(24)	**(604)**	(152)
Other Income	**7**	**140**	347	**406**	44
Total Income earned from Financing and Trading Activities		**4,336**	5,112	**(198)**	(108)
Share of Gain/(Loss) of Associates	**15**	**24**	(582)	**-**	-
Impairment Gain/(Loss) on Associate	**15**	**(72)**	(1,112)	**(3,548)**	79
Impairment Loss on Loans and Receivables		**-**	(2,500)	**-**	(500)
Guarantee Provided to Speirs Investments Limited		**-**	-	**-**	(2,000)
Employee Benefits Expense	**8**	**(3,422)**	(3,610)	**(3)**	(116)
Depreciation and Amortisation	**18 & 19**	**(607)**	(565)	**-**	-
Other Expenses	**9**	**(1,047)**	(1,843)	**(438)**	(823)
Profit/(Loss) Before Income Tax from Continuing Activities		**(788)**	(5,100)	**(4,187)**	(3,468)
Income Tax (Expense)/ Benefit	**10**	**-**	-	**-**	-
Profit/(Loss) After Income Tax from Continuing Activities		**(788)**	(5,100)	**(4,187)**	(3,468)
DISCONTINUED ACTIVITIES					
Revenue		**-**	-	**-**	*11,734*
Movement in Inventory Levels		**-**	-	**-**	*(71)*
Purchases of Raw Materials		**-**	-	**-**	*(4,473)*
Freight, Packaging & Other		**-**	-	**-**	*(2,401)*
Net Trading Income		**-**	-	**-**	4,789
Interest Income		**-**	-	**-**	*124*
Net Interest Income/(Expense)	**6**	**-**	-	**-**	124
Other Income	**7**	**-**	-	**-**	303
Total Income earned from Financing and Trading Activities		**-**	-	**-**	5,216
Employee Benefits Expense	**8**	**-**	-	**-**	(3,494)
Depreciation and Amortisation	**18 & 19**	**-**	-	**-**	(565)
Other Expenses	**9**	**-**	-	**-**	(1,020)
Profit Before Income Tax from Discontinued Activities		**-**	-	**-**	137
Income Tax Benefit/(Expense)	**10**	**-**	-	**-**	-
Profit After Income Tax from Discontinued Activities		**-**	-	**-**	137
Total Profit/(Loss)		**(788)**	(5,100)	**(4,187)**	(3,331)
Other Comprehensive Income		**-**	-	**-**	-
Total Comprehensive Income Attributable to Equity Holders		**(788)**	(5,100)	**(4,187)**	(3,331)

The accompanying notes are an integral part of these financial statements

Total Earnings per Share Attributed to Equity Holders of the Company for continuing activities:	Note	***Group***		**Company**	
		2011 Cents	*2010 Cents*	***2011 Cents***	*2010 Cents*
Basic Loss per Share	**11**	**(7.27)**	(47.06)	**(38.64)**	(32.01)
Diluted Loss per Share	**11**	**(7.27)**	(47.06)	**(38.64)**	(32.01)
Earnings per Share Attributed to Equity Holders of the Company for discontinued activities:					
Basic Earnings per Share	**11**	**-**	-	**-**	1.27
Diluted Earnings per Share	**11**	**-**	-	**-**	1.27

On 1 July 2010 Speirs Group Limited (the Parent Company) transferred the operations and assets of its operating division Speirs Foods to a separate company named Speirs Foods Limited. Accordingly, from the Parent Company perspective only, the business of Speirs Foods was a discontinued activity from that date.

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

Group

	Contributed Capital $'000	*Accumulated Deficits $'000*	*Total Equity $'000*
Balance at 1 July 2010	12,757	(10,970)	**1,787**
Comprehensive Income			
Loss for the Year	-	(788)	**(788)**
Other Comprehensive Income	-	-	**-**
Total Comprehensive Income	-	(788)	**(788)**
Balance at 30 June 2011	12,757	(11,758)	**999**

Group

	Contributed Capital $'000	*Accumulated Deficits $'000*	*Total Equity $'000*
Balance at 1 July 2009	12,168	(5,870)	**6,298**
Comprehensive Income			
Loss for the Year	-	(5,100)	**(5,100)**
Other Comprehensive Income	-	-	**-**
Total Comprehensive Income	-	(5,100)	**(5,100)**
Transactions with Owners			
Equity Element arising from Issue of Convertible Redeemable Preference Shares	589	-	**589**
Total Transactions with Owners	589	-	**589**
Balance at 30 June 2010	12,757	(10,970)	**1,787**

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

Company

	Contributed Capital	*Accumulated Deficits*	*Total Equity*
	$'000	*$'000*	*$'000*
Balance at 1 July 2010	**12,757**	**(7,401)**	**5,356**
Comprehensive Income			
Loss for the Year	**-**	**(4,187)**	**(4,187)**
Other Comprehensive Income	**-**	**-**	**-**
Total Comprehensive Income	**-**	**(4,187)**	**(4,187)**
Balance at 30 June 2011	**12,757**	**(11,588)**	**1,169**

Company

	Contributed Capital	*Accumulated Deficits*	*Total Equity*
	$'000	*$'000*	*$'000*
Balance at 1 July 2009	12,168	(4,070)	8,098
Comprehensive Income			
Loss for the Year	-	(3,331)	(3,331)
Other Comprehensive Income	-	-	-
Total Comprehensive Income	-	(3,331)	(3,331)
Transactions with Owners			
Equity Element arising from Issue of Convertible Redeemable Preference Shares	589	-	589
Total Transactions with Owners	589	-	589
Balance at 30 June 2010	12,757	(7,401)	5,356

The accompanying notes are an integral part of these financial statements

Speirs GROUP

STATEMENT OF CASH FLOWS

for the year ended 30 June 2011		Group		Company	
	Notes	**2011 $'000**	2010 $'000	**2011 $'000**	2010 $'000
Cash Flows from Operating Activities					
Interest Received		**81**	371	**103**	231
Dividends Received		**10**	71	**340**	37
Cash Receipts from Customers		**11,856**	12,159	**-**	12,193
Other Income		**128**	310	**66**	310
Dividends Paid on Convertible Redeemable Preference Shares		**(293)**	(143)	**(293)**	(143)
Interest Expense		**(207)**	(252)	**(200)**	(116)
Cash Paid to Suppliers and Employees		**(11,965)**	(12,070)	**(571)**	(12,070)
Net Cash from Operating Activities	**23**	**(390)**	446	**(555)**	442
Cash Flows from Investing Activities					
Proceeds from Sale of Property, Plant & Equipment		**24**	-	**-**	-
Proceeds from Sale of Investments		**-**	150	**-**	150
Advance to Speirs Nutritionals		**-**	(1,238)	**-**	(1,238)
Repayment of Advances from Speirs Nutritionals		**569**	-	**569**	-
Advances from Speirs Foods Limited		**-**	-	**487**	-
Disposal of Finance business – transfer of finance business related bank balances and associated payments to purchaser		**-**	(750)	**-**	(750)
Cash transferred to Speirs Foods Limited on 1 July 2010		**-**	-	**(316)**	-
Investment in Associates		**(298)**	-	**(298)**	-
Acquisition of Intangible Assets		**(38)**	-	**-**	-
Acquisition of Property, Plant & Equipment		**(58)**	(841)	**-**	(841)
Net Cash Flows from Investing Activities		**199**	(2,679)	**442**	(2,679)
Cash Flows from Financing Activities					
Proceeds from Borrowings		**300**	4,950	**-**	4,950
Repayments of Borrowings		**(510)**	-	**(510)**	-
Net Cash Flows from Financing Activities		**(210)**	4,950	**(510)**	4,950
Net Increase / (Decrease) in Cash and Cash Equivalents		**(401)**	2,717	**(623)**	2,713
Cash and Cash Equivalents at Beginning of Year		**646**	(2,071)	**642**	(2,071)
Cash and Cash Equivalents at Year End	**12**	**245**	646	**19**	642

CASH FLOWS FROM DISCONTINUED ACTIVITIES

The following cash flows were derived from activities which were discontinued (from a Parent Company perspective only) as a result of Speirs Foods being constituted as a separate company on 1 July 2010.

	Company	
	30 June 2011 $'000	30 June 2010 $'000
Discontinued Cash flows from Operating Activities	**-**	1,957
Discontinued Cash flows from Investing Activities	**-**	690
Discontinued Cash flows from Financing Activities	**-**	(1,854)
Total Net Discontinued Cash flows	**-**	793

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

1 GENERAL INFORMATION

Speirs Group Limited operates as a holding company. Speirs Investments Limited is a wholly owned subsidiary of Speirs Group Limited and operates as an investment holding company which has issued secured stock to the public. Speirs Foods Limited was formed on 1 July 2010 and is also a wholly owned subsidiary of Speirs Group Limited and is involved in the production and distribution of fresh food products.

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on 9 September 2011.

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.

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 '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 wholly owned subsidiaries Speirs Foods Limited and Speirs Investments Limited. All entities within the group 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 IFRS and IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

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.

2.2 Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of Speirs Group Limited ('company' or 'parent entity'), its wholly owned subsidiaries Speirs Foods Limited and Speirs Investments Limited as at 30 June 2011. Speirs Group Limited and its wholly owned subsidiaries are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are those entities over which the company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights coupled with the ability to appoint the majority of the directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Associates are all entities over which the Group has significant influence but not control, generally evidenced by holding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the Group by using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Financial Assets

The Group classifies its financial assets in the following category:' loans and receivables'. 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.

Regular purchases and sales of financial assets are recognised on the trade – date - the date on which the Group commits to purchase or sell the asset.

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.

2.4 Compound Financial Instruments

Compound financial instruments issued by the group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.5 Impairment

Impairment of Non-Financial Assets

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

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

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

2.6 Property, Plant and Equipment

Owned Assets

Land and buildings are recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition or the construction of the land and buildings.

Plant and equipment, computer equipment and vehicles 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 statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate assets' costs less their residual values to their estimated lives, as follows:

• Buildings	2.50 – 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 reporting date.

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

2.7 Intangible Assets

Acquired computer software and other identifiable intangible assets are capitalised on the basis of the costs incurred to acquire them and bring them to use.

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.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to
- use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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 years).

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes any borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Trade Receivables

Trade receivables are initially recognised at fair value and subsequent to initial recognition are measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

2.10 Cash and Cash Equivalents

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

2.11 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Interest expense is recognised using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period to which it relates.

Interest costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

2.14 Employee Benefits

Bonus Obligations

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the expected level of payment.

Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever the employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All short-term employee benefit obligations are presented as other payables.

2.15 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Income Tax

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

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

Deferred tax is provided using the statement of financial position 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 recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax is realised or settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Revenue Recognition

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

Sales of Goods

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

Interest Income

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments, including loans and advances, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.18 Other Income

Dividend Income

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

2.19 Dividend Distribution

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

2.20 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.21 Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of trade receivables and trade payables, which include GST invoiced.

2.22 Functional and Presentation Currency

i) Functional and Presentation 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 and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss component of the statements of comprehensive income, except when deferred in equity as qualifying cash flow hedges in which case, they are recognised in other comprehensive income.

2.23 Investment in Subsidiaries and Associates

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

2.24 Guarantee Provided to Speirs Investments Limited

The guarantee provided by Speirs Group Limited to pay quarterly interest payments and principal repayment of the secured stock issued by

Speirs Investments Limited is recognised in the parent company financial statements at fair value at the date the guarantee was provided and is subsequently measured at the higher of:

- the amount initially recognised less cumulative amortisation using the effective interest method; and
- the present value of the payments expected to be required to settle the obligation.

2.25 Financial Reporting Standards

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

There are no new standards or amendments to standards effective for periods beginning 1 July 2010 that are relevant to the Group.

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

The following existing standards relevant to the Group have been published that are mandatory for the Group's accounting periods beginning on 1 July 2011 or later periods but that the Group has not early adopted:

NZ IFRS 9: Financial Instruments (released and approved in December 2009). This standard represents the beginning of re-writing the current financial instruments standard, NZIAS39. It reduces the classifications and measurement methods available for financial assets from four to two, being amortised cost or fair value through profit or loss.

IAS 24 (revised): Related party disclosures (Issued in November 2009). The revised standard clarifies and simplifies the definition of a related party. When the revised standard is applied, the group and the parent will need to disclose any transactions between its subsidiaries and its associates.

NZ IFRS 10: Consolidation Financial Statements (Issued June 2011). This standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

NZ IFRS 12: Disclosure of Interest in Other Entities (Issued June 2011). This is a new standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates special purpose vehicles and other off balance sheet vehicles.

NZ IAS 28 (revised): Investments in Associates and Joint Ventures (Issued June 2011). The revised standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures

Initial applications of the standards are not expected to have any material impact on the financial statements of the Group.

3 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 estimates and assumptions deemed critical to the Group's results and financial position, based upon materiality and significant judgements and estimates, are discussed below:

Recoverability 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 2% (2010: 2%). The Group has applied a discount rate of 18.80% (2010: 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.

Recoverability of Allied Capital Limited Convertible Redeemable Preference Shares

The recoverability of the Convertible Redeemable Preference Shares is subject to any proceeds received after the senior debt in Allied Capital Limited has been repaid. Based upon a review of the known assets and liabilities of Allied Capital Limited and the uncertainty therefore surrounding future recoverability of the Preference Shares the directors of Speirs Group Limited have determined that it is appropriate that a full provision remains in place against this asset.

Recoverability of Allied Nationwide Finance Limited Perpetual Bonds

The recoverability of the Bonds is subject to any proceeds received from the Receiver of Allied Nationwide Finance Limited. As there is considerable uncertainty surrounding any future recoveries the directors have deemed it appropriate that a full provision remains in place against the Bonds.

Speirs Nutritionals Partners LP

Speirs Group Limited's carrying value of its investment in Speirs Nutritionals Partners LP is based upon the underlying value of the Limited partnership's net assets. The Limited Partnership is currently investigating options for the future in relation to the $1 million of plant and equipment owned by the Limited Partnership. Future options include utilising the plant for production activities, leasing the plant to third parties and sale of the plant to third parties. All these options are currently being actively evaluated by the Limited Partnership. The underlying value of the Limited partnership's plant and equipment, as recovered through continued use or disposal is uncertain. In the event that the recoverable value of the plant and equipment was lower than its existing carrying value an additional impairment of Speirs Group Limited's investment in the Limited Partnership would be necessary.

Speirs GROUP

4 SEGMENT REPORTING

For the purposes of this note, the chief operating decision-maker has been identified as the Board of Directors of Speirs Group Limited. The Board reviews the Group's internal reporting pack on a monthly basis to assess performance and to allocate resources. Within the pack, operating segments have primarily been determined with reference to differences in products and services.

The Board of Directors assesses the performance of the operating segments based on a measure of net profit after tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event.

A summarised description of each business unit is shown below:

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

Corporate The Group has some central operations and corporate costs which are not allocated to business segments. This includes the operations of Speirs Investments Limited

The Group operates predominantly within New Zealand.

Group 12 months June 2011	**Speirs Foods**	**Corporate**	**Reconciliation**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**
External Revenue				
Interest Income	7	74	-	81
Trading Income	11,924	-	-	11,924
Other Income	130	34	-	164
Intersegment Revenue / (Eliminations)	-	396	(396)	-
Total Segment Revenue	12,061	504	(396)	12,169
Interest Expense	(38)	(676)	-	(714)
Impairment Loss on Associates	-	(72)	-	(72)
Overall Segment Result	229	(621)	(396)	(788)
Income Tax Expense				-
Profit/(Loss) for the Year				(788)
Segment Assets	5,592	5,200	(4,000)	6,792
Segment Liabilities	1,685	4,108	-	5,793
Depreciation and Amortisation	607	-	-	607
Capital Expenditure	42	-	-	42

The Group receives Trading Income from two customers who account for 94% of total Trading Income

Group 12 months June 2010	Speirs Foods $'000	Corporate $'000	Consolidated $'000
External Revenue			
Interest Income	1	370	371
Trading Income	11,734	-	11,734
Other Income	-	347	347
Intersegment Revenue / (Eliminations)	-	-	-
Total Segment Revenue	11,735	717	12,452
Share of Loss of Associates	-	(582)	(582)
Interest Expense		(395)	(395)
Impairment Loss on Associates	-	(1,112)	(1,112)
Impairment Loss on Loans and Receivables	-	(2,500)	(2,500)
Overall Segment Result	137	(5,237)	(5,100)
Income Tax Expense			-
Profit/(Loss) for the Year			(5,100)
Segment Assets	6,144	1,827	7,971
Segment Liabilities	1,653	4,531	6,184
Depreciation and Amortisation	565	-	565
Capital Expenditure	995	-	995

The Group receives Trading Income from two customers who account for 96% of total Trading Income

5 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 2011	Loans and Receivables $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Trade and Other Receivables	1,060	-	1,060	1,060
Loans and Receivables	200	-	200	200
Cash and Cash Equivalents	245	-	245	245
	1,505	-	1,505	1,505
Trade and Other Payables	-	1,208	1,208	1,208
Borrowings	-	4,365	4,365	4,365
	-	5,573	5,573	5,573

Group 30 June 2010	Loans and Receivables $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Trade and Other Receivables	998	-	998	998
Loans and Receivables	769	-	769	769
Cash and Cash Equivalents	646	-	646	646
	2,413	-	2,413	2,413
Trade and Other Payables	-	1,598	1,598	1,598
Borrowings	-	4,361	4,361	4,361
	-	5,959	5,959	5,959

Company 30 June 2011	Loans and Receivables	Other Amortised Cost	Total Carrying Value	Fair Value
	$'000	$'000	$'000	$'000
Cash and Cash Equivalents	19	-	19	19
Trade and Other Receivables	7	-	7	7
Loans and Receivables	1,010	-	1,010	1,010
	1,036	-	1,036	1,036
Trade and Other Payables	-	42	42	42
Guarantee to Speirs Investments Limited	-	2,000	2,000	2,000
Borrowings	-	2,875	2,875	2,875
	-	4,917	4,917	4,917

Company 30 June 2010	Loans and Receivables	Other Amortised Cost	Total Carrying Value	Fair Value
	$'000	$'000	$'000	$'000
Trade and Other Receivables	998	-	998	998
Cash and Cash Equivalents	642	-	642	642
Loans and Receivables	1,069	-	1,069	1,069
	2,709	-	2,709	2,709
Trade and Other Payables	-	1,598	1,598	1,598
Guarantee to Speirs Investments Limited	-	2,000	2,000	2,000
Borrowings	-	2,661	2,661	2,661
	-	6,259	6,259	6,259

Determination of Fair Values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Cash and Cash Equivalents – at face value, as this approximates fair value

Trade and Other Receivables – at face value, after allowance for any assessed impairment, as this approximates fair value

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

Non-Derivative Financial Liabilities – at net present value.

Speirs GROUP

6 NET INTEREST INCOME/ (EXPENSE)

	Group		Company	
	2011	*2010*	***2011***	*2010*
	$'000	*$'000*	***$'000***	*$'000*
Interest Income				
Cash and Cash Equivalents	**13**	8	**5**	6
Loans and Advances	**68**	363	**98**	225
Total Interest Income	**81**	371	**103**	231
Interest Expense				
Bank Overdraft	**-**	94	**-**	94
Borrowings				
Convertible Redeemable Preference Shares	**293**	143	**293**	143
Unwind of Discount on Convertible Redeemable Preference Shares	**214**	-	**214**	-
Secured Stock	**170**	144	**200**	-
Mortgage	**29**	-	**-**	-
On all other borrowings	**8**	14	**-**	22
Total Interest Expense	**714**	395	**707**	259
Net Interest Income/(Expense)	**(633)**	(24)	**(604)**	(28)
Allocated to Continuing Activities	**(633)**	(24)	**(604)**	(152)
Allocated to Discontinued Activities	**-**	-	**-**	124
Total Net Interest Income/(Expense)	**(633)**	(24)	**(604)**	(28)

7 OTHER INCOME

	Group		Company	
	2011	*2010*	***2011***	*2010*
	$'000	*$'000*	***$'000***	*$'000*
Other Income				
Dividends from Available-for-Sale Equity Securities	**-**	8	**-**	8
Dividends from Subsidiaries	**-**	-	**330**	-
Fees Charged to Subsidiaries	**-**	-	**66**	-
Gain on Disposal of Property, Plant and Equipment	**2**	-	**-**	-
Rental Income	**67**	67	**-**	67
Other Income	**71**	272	**10**	272
Total Other Income	**140**	347	**406**	347
Allocated to Continuing Activities	**140**	347	**406**	44
Allocated to Discontinued Activities	**-**	-	**-**	303
Total Other Income	**140**	347	**406**	347

8 EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Employee Benefits Expense				
Wages and Salaries	**3,261**	3,450	**-**	3,450
Other Personnel Expenses	**161**	160	**3**	160
Total Employee Benefits Expense	**3,422**	3,610	**3**	3,610
Allocated to Continuing Activities	**3,422**	3,610	**3**	116
Allocated to Discontinued Activities	**-**	-	**-**	3,494
Total Employee Benefits Expense	**3,422**	3,610	**3**	3,610

9 OTHER EXPENSES

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Other Expenses				
Fees Paid to Auditors				
Statutory Audit of Financial Statements	**58**	53	**58**	53
Other Assurance Services	**3**	-	**3**	-
Taxation Compliance Services	**11**	38	**11**	38
Directors Fees	**125**	150	**125**	150
Bad Debts Written Off	**6**	-	**-**	-
Loss on Disposal of Sale of Property, Plant & Equipment	**-**	-	**-**	-
Rental Expenditure	**2**	15	**-**	15
Other Expenses	**842**	1,587	**241**	1,587
Total Other Expenses	**1,047**	1,843	**438**	1,843
Allocated to Continuing Activities	**1,047**	1,843	**438**	823
Allocated to Discontinued Activities	**-**	-	**-**	1,020
Total Other Expenses	**1,047**	1,843	**438**	1,843

10 INCOME TAX EXPENSE

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Tax Expense				
Current Tax	**-**	-	**-**	-
Deferred Tax Expense/(Benefit) **– Note 17**	**-**	-	**-**	-
Income Tax Expense/(Benefit)	**-**	-	**-**	-

	Group	
	2011	2010
	$'000	$'000
Reconciliation of Effective Tax Rate		
Profit/(Loss) Before Income Tax	**(788)**	(5,100)
Income Tax at 30%	**(236)**	(1,530)
Loss on Associates	**14**	253
Non-deductible Expenses	**99**	77
Unrecognised Future Income Tax Benefit	**123**	1,200
	-	-

	Company	
	2011	2010
	$'000	$'000
Reconciliation of Effective Tax Rate		
Profit/(Loss) Before Income Tax	**(4,187)**	(3,331)
Income Tax at 30%	**(1,256)**	(999)
Non-deductible Expenses	**1,288**	77
Tax Exempt Income	**(99)**	-
Tax Offsets/Allocations from Group Entities	**(276)**	-
Unrecognised Future Income Tax Benefit	**343**	922
	-	-

During the year a change in the NZ corporate tax rate from 30% to 28% was enacted on 27 May 2010 which will be effective from 1 July 2011. This change has had no effect on deferred tax balances as no deferred tax has been recognised in the current period.

	Group and Company	
	2011	2010
	$'000	$'000
Imputation Credits		
Imputation Credits at Beginning of Period	**4,070**	4,132
Income Tax Paid/(Income Tax Refunds Received)	**-**	-
Imputation Credits Attached to Dividends Received	**-**	3
Imputation Credits Attached to Convertible Redeemable Preference Share Dividends Paid	**(125)**	(65)
Imputation Credits at Period End	**3,945**	4,070

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

Speirs GROUP

11 EARNINGS PER SHARE

Basic and Diluted Earnings per Share - Total Activities

	Group		*Company*	
	2011	*2010*	***2011***	*2010*
	$'000	*$'000*	***$'000***	*$'000*
Profit/(Loss) Attributable to Ordinary Shareholders				
Profit/(Loss) for the Year	**(788)**	(5,100)	**(4,187)**	(3,331)
Profit/(Loss)Loss for the Year Attributable to Ordinary Shareholders	**(788)**	(5,100)	**(4,187)**	(3,331)

		Group and Company	
	Note	***2011***	*2010*
Weighted Average Number of Ordinary Shares – Basic and Diluted			
Issued Ordinary Shares	**22**	**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

	Company	
	2011	*2010*
	$'000	*$'000*
Profit/(Loss) Attributable to Ordinary Shareholders		
Profit/(Loss) for the Year	**-**	137
Profit/(Loss)Loss for the Year Attributable to Ordinary Shareholders	**-**	137

		Company	
	Note	***2011***	*2010*
Weighted Average Number of Ordinary Shares – Basic and Diluted			
Issued Ordinary Shares	**22**	**10,835**	10,835
Weighted Average Number of Ordinary Shares at Period End – Basic and Diluted		**10,835**	10,835

12 CASH AND CASH EQUIVALENTS

	Group		*Company*	
	30 June	*30 June*	***30 June***	*30 June*
	2011	*2010*	***2011***	*2010*
	$'000	*$'000*	***$'000***	*$'000*
Cash and Cash Equivalents				
Cash at Bank	**145**	382	**10**	378
Short Term Deposits – Call	**100**	264	**9**	264
Total Cash & Cash Equivalents	**245**	646	**19**	642

All cash and cash equivalents are held in registered banks.

At 30 June 2011 the Company has no overdraft facility.

The effective interest rates at reporting date with respect to cash and cash equivalents are set out in the table below:

	Group		*Company*	
	30 June	*30 June*	***30 June***	*30 June*
	2011	*2010*	***2011***	*2010*
Cash and Cash Equivalents				
Cash at Bank	**-**	-	**-**	-
Short Term Deposits – Call	**3.00%**	3.15%	**3.00%**	3.15%

Speirs GROUP

13 TRADE AND OTHER RECEIVABLES

Group	*30 June 2011* Gross Amount $'000	*30 June 2011* Impairment Allowance $'000	*30 June 2011* Carrying Amount $'000	*30 June 2010* Gross Amount $'000	*30 June 2010* Impairment Allowance $'000	*30 June 2010* Carrying Amount $'000
Trade and Other Receivables						
Trade Receivables	**1,060**	-	**1,060**	998	-	998
Prepayments	**47**	-	**47**	8	-	8
Total Trade and Other Receivables	**1,107**	-	**1,107**	1,006	-	1,006

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

Company	*30 June 2011* Gross Amount $'000	*30 June 2011* Impairment Allowance $'000	*30 June 2011* Carrying Amount $'000	*30 June 2010* Gross Amount $'000	*30 June 2010* Impairment Allowance $'000	*30 June 2010* Carrying Amount $'000
Trade and Other Receivables						
Trade Receivables	**-**	-	**-**	998	-	998
Receivable from Speirs Foods	**7**	-	**7**	-	-	-
Prepayments	**-**	-	**-**	8	-	8
Total Trade and Other Receivables	**7**	-	**7**	1,006	-	1,006

14 INVENTORIES

	Group		*Company*	
	30 June 2011 $'000	*30 June 2010 $'000*	***30 June 2011 $'000***	*30 June 2010 $'000*
Inventories				
Raw Materials and Consumables	**288**	329	**-**	329
Finished Goods	**88**	74	**-**	74
Total	**376**	403	**-**	403

No inventory is subject to retention of title clauses.

15 ASSOCIATE ENTITIES

Overall Summary

Investments Equity Accounted	*Group*	
	30 June 2011 $'000	*30 June 2010 $'000*
Share of Rosa Foods Limited	**427**	416
Share of Speirs Nutritionals Partners LP	**550**	311
	977	727

Share of Profit of Associates	***30 June 2011 $'000***	*30 June 2010 $'000*
Share of Profit of Rosa Foods Limited	**11**	(5)
Share of Profit of Speirs Nutritionals Partners LP	**13**	(577)
	24	(582)

Investments in Associates	*Company*	
	30 June 2011 $'000	*30 June 2010 $'000*
Investment in Rosa Foods Limited	**500**	500
Less Impairment to Investment – Rosa Foods Limited	**-**	-
Investment in Speirs Nutritionals Partners LP	**4,098**	3,800
Less Impairment to Investment – Speirs Nutritionals Partners LP	**(3,548)**	-
	1,050	4,300

During the year ended 30 June 2011 Speirs Nutritionals Partners LP sold their Know How and Intellectual Property to a UK based company who will use these assets to manufacture and distribute Omega -3 products. Due to the lack of certainty regarding future income streams from this activity, the directors have decided to impair the investment the Company holds in Speirs Nutritionals Partners LP to an amount equivalent to the Company's share of the net assets of Speirs Nutritionals Partners LP.

(a) Rosa Foods Limited

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 reporting date of 31 March. Financial information for Rosa has been extracted from management accounts for the period ended 30 June 2011. The Company did not receive a dividend from Rosa during the period ended 30 June 2011.

	Group	
	30 June 2011 $'000	*30 June 2010 $'000*
Opening Balance	**416**	421
Share of surplus/(deficit) after tax of associate	**11**	(5)
Closing Balance	**427**	416

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

	2011 $'000	2010 $'000
Current Assets	**352**	293
Goodwill	**550**	550
Property Plant and Equipment	**648**	535
Total Assets	**1,550**	1,378
Current Liabilities	**391**	299
Non Current Liabilities	**202**	147
Total Liabilities	**593**	446
Net Assets	**957**	932

(b)Speirs Nutritionals Partners LP

On 1 February 2010 the Company acquired a 59.61% interest in Speirs Nutritionals Partners LP ("SNPLP") in return for selling the Company's shares in Speirs Nutritionals Limited following a restructuring of the entities within the Group. SNPLP is a Limited Partnership which was formed when Speirs Nutritionals trading entity was changed from that of a company to that of a Limited Partnership. During the year ended 30 June 2011 Speirs Group Limited increased its interest in SNPLP from 59.61% to 60.657%. Financial information for SNPLP has been extracted from management accounts for the year ended 30 June 2011. Speirs Nutritionals is not accounted for as a subsidiary as Speirs Group (under the terms of the underlying Partnership Agreement) does not have control of Speirs Nutritionals. It does, however, have significant influence.

	Group	
	2011 $'000	2010 $'000
Share of surplus/(deficit) of associate	**13**	(577)
Taxation expense	**-**	-
Share of deficit after tax of associate	**13**	(577)
Less share of dividends received	**-**	-
Net addition/(deletion) to the investment carrying value	**13**	(577)
Prior Year Balance Brought Forward	**311**	-
Additional Investment in Limited Partnership	**298**	-
Conversion of loan into equity in SNPLP	**-**	2,000
Impairment on Acquisition or as a Result of Additional Investment	**(72)**	(1,112)
	550	311

The impairment on acquisition relates to the recognition of previously unrecognised losses due to the accounting policy which ceased recognising the trading losses of an associate when the net value of the investment in the associate declined to nil.

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

	2011 $'000	2010 $'000
Current Assets	**90**	488
Intangibles	**-**	1,068
Property Plant and Equipment	**1,082**	1,266
Total Assets	**1,172**	2,822
Current Liabilities	**265**	1,278
Non Current Liabilities	**-**	1,022
Total Liabilities	**265**	2,300
Net Assets	**907**	522
Speirs Group Share (60.657% (30 June 2010:59.61%))	**550**	311

16 LOANS AND RECEIVABLES

	Group		Company	
	30 June	*30 June*	***30 June***	*30 June*
	2011	*2010*	***2011***	*2010*
	$'000	*$'000*	***$'000***	*$'000*
Allied Capital Convertible Redeemable Preference Shares	**500**	500	**500**	500
Loan to Speirs Nutritionals Partners LP	**200**	769	**200**	769
Speirs Investments Limited Unsecured Stock	**-**	-	**810**	300
Allied Nationwide Finance Limited Perpetual Bonds	**2,000**	2,000	**-**	-
	2,700	3,269	**1,510**	1,569
Provision for Impairment	**(2,500)**	(2,500)	**(500)**	(500)
	200	769	**1,010**	1,069
Current	**200**	-	**200**	-
Non-Current	**-**	769	**810**	1,069
	200	769	**1,010**	1,069

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 30 May 2011 to 30 May 2012. As the prior ranking liabilities of Allied Capital Limited are likely to exceed the value of the company's assets the directors of Speirs Group Limited decided to fully impair this receivable.

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 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 2011 the interest rate applicable to The Bonds was 10.00%.

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

During the year ended 30 June 2010 the Bonds were transferred to a wholly owned subsidiary of Speirs Group Limited, Speirs Investments Limited. 0n 20 August 2010 Allied Nationwide Finance Limited went into receivership. For this reason the directors have decided to fully impair this receivable.

Loan to Speirs Nutritionals Partners LP

The Company has a loan facility to Speirs Nutritionals Partners LP. The facility is supported by a first charge over the assets of Speirs Nutritionals Partners LP. The interest rate on the loan is 10.50%. The loan matures on 30 April 2012.

17 DEFERRED INCOME TAX ASSET

Unrecognised Deferred Tax Assets

The Group has a deferred tax asset of $7,853,227 (2010: $8,684,840) which has not been recognised. The asset not recognised is principally composed of 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 $8,305,389 (2010: $8,161,875) which has not been recognised. The asset not recognised is principally composed of tax losses which would require taxable profit to realise them in excess of that which can be reliably estimated in the medium term.

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Balance at 30 June 2009 $'000	Recognised in Profit or Loss $'000	Balance at 30 June 2010 $'000	Recognised in Profit or Loss $'000	Balance at 30 June 2011 $'000
Intangible Assets	1	(1)	-	-	-
Tax Loss Carry-Forwards	(1)	1	-	-	-
Net Tax (Assets) / Liabilities	-	-	-	-	-

Company	Balance at 30 June 2009 $'000	Recognised in Profit or Loss $'000	Balance at 30 June 2010 $'000	Recognised in Profit or Loss $'000	Balance at 30 June 2011 $'000
Property, Plant and Equipment	112	(112)	-	-	-
Provisions & Allowances	1	(1)	-	-	-
Other Assets	89	(89)	-	-	-
Tax Loss Carry-Forwards	(202)	202	-	-	-
Net Tax (Assets) / Liabilities	-	-	-	-	-

During the year, as a result of the change in the NZ corporate tax rate from 30% to 28% that was enacted on 27 May 2010 and that will be effective from 1 July 2011. There has been no effect on deferred tax balances as no deferred tax has been recognised in the current period.

18 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							
Balance at 1 July 2009	80	2,375	759	361	4,585	202	8,362
Additions	-	412	280	38	265	-	995
Disposals / Transfers	-	-	(128)	-	-	(154)	(282)
Balance at 30 June 2010	80	2,787	911	399	4,850	48	9,075
Additions	**-**	**7**	**4**	**36**	**53**	**-**	**100**
Disposals / Transfers	**-**	**-**	**(5)**	**(49)**	**(624)**	**(42)**	**(720)**
Balance at 30 June 2011	**80**	**2,794**	**910**	**386**	**4,279**	**6**	**8,455**
Depreciation and Impairment Losses							
Balance at 1 July 2009	-	279	684	266	3,012	-	4,241
Depreciation for the Year	-	87	55	41	369	-	552
Disposals	-	-	(128)	-	-	-	(128)
Balance at 30 June 2010	-	366	611	307	3,381	-	4,665
Depreciation for the Year	**-**	**118**	**75**	**25**	**370**	**-**	**588**
Disposals	**-**	**-**	**(5)**	**(29)**	**(622)**	**-**	**(656)**
Balance at 30 June 2011	**-**	**484**	**681**	**303**	**3,129**	**-**	**4,597**
Carrying Amounts							
At 1 July 2009	80	2,096	75	95	1,573	202	4,121
At 30 June 2010	80	2,421	300	92	1,469	48	4,410
At 30 June 2011	**80**	**2,310**	**229**	**83**	**1,150**	**6**	**3,858**

All assets are used for food processing purposes.

Company	Land	Buildings	Computer Equipment	Vehicles	Other Plant & Equipment	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
Balance at 1 July 2009	80	2,375	759	361	4,585	202	8,362
Additions	-	412	280	38	265	-	995
Disposals / Transfers	-	-	(128)	-	-	(154)	(282)
Balance at 30 June 2010	80	2,787	911	399	4,850	48	9,075
Transfer to Speirs Foods on 1 July 2010	**(80)**	**(2,787)**	**(911)**	**(399)**	**(4,850)**	**(48)**	**(9,075)**
Balance at 30 June 2011	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation and Impairment Losses							
Balance at 1 July 2009	-	279	684	266	3,012	-	4,241
Depreciation for the Year	-	87	55	41	369	-	552
Disposals	-	-	(128)	-	-	-	(128)
Balance at 30 June 2010	-	366	611	307	3,381	-	4,665
Transfer to Speirs Foods on 1 July 2010	**-**	**(366)**	**(611)**	**(307)**	**(3,381)**	**-**	**(4,665)**
Balance at 30 June 2011	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Carrying Amounts							
At 1 July 2009	80	2,096	75	95	1,573	202	4,121
At 30 June 2010	80	2,421	300	92	1,469	48	4,410
At 30 June 2011	-	-	-	-	-	-	-

All assets were used for food processing purposes.

19 INTANGIBLES

	Group		Company	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010
	Purchased Software	Purchased Software	**Purchased Software**	Purchased Software
	$'000	$'000	**$'000**	$'000
Cost				
Balance at Beginning of Year	**126**	126	126	126
Additions	**38**	-	-	-
Transfer to Speirs Foods	**-**	-	**(126)**	-
Disposals	**-**	-	-	-
Balance at End of Year	**164**	**126**	**-**	**126**
Amortisation and Impairment Losses				
Balance at Beginning of Year	**116**	103	116	103
Amortisation for the Year	**19**	**13**	**-**	**13**
Transfer to Speirs Foods	-	-	**(116)**	-
Disposals	-	-	-	-
Balance at End of Year	**135**	**116**	**-**	**116**
Carrying Amounts				
At Beginning of Year	**10**	23	10	23
At End of Year	**29**	**10**	**-**	**10**

20 TRADE AND OTHER PAYABLES

	Group		Company	
	30 June 2011 $'000	30 June 2010 $'000	**30 June 2011 $'000**	30 June 2010 $'000
Trade and Other Payables				
Trade Payables	**1,009**	1,186	**22**	1,186
Provisions	**5**	5	**-**	5
Non-Trade Payables and Accrued Expenses	**414**	632	**20**	632
	1,428	1,823	**42**	1,823

21 BORROWINGS

	Group		Company	
	30 June 2011 $'000	30 June 2010 $'000	**30 June 2011 $'000**	30 June 2010 $'000
Borrowings				
Secured Stock – Speirs Investments Limited	**1,190**	1,700	**-**	-
Mortgage Facility	**300**	-	**-**	-
Convertible Redeemable Preference Shares	**2,875**	2,661	**2,875**	2,661
	4,365	4,361	**2,875**	2,661
Current	**-**	-	**-**	-
Non-Current	**4,365**	4,361	**2,875**	2,661
	4,365	4,361	**2,875**	2,661

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

	Group		Company	
	30 June 2011 %	30 June 2010 %	**30 June 2011 %**	30 June 2010 %
Borrowings				
Secured Stock – Speirs Investments Limited	**10.00%**	10.00%	**-**	-
Mortgage Facility	**8.95%**	-	**-**	-
Convertible Redeemable Preference Shares	**9.00%**	9.00%	**9.00%**	9.00%

Secured Stock – Speirs Investments Limited

The secured stock is secured under the Terms of the Trust Deed dated 20 July 2009 between Speirs Investments Limited and Perpetual Trust Limited. The secured stock matures on 2 October 2013. The interest rate on the secured stock is reset annually on the 30th of September at the greatest of 10.00% or the one year swap rate plus 4.50%.

Mortgage Facility

On 31 July 2010 Speirs Foods Limited received a two year mortgage funding facility for up to $800,000. The facility is secured by a mortgage over the properties owned by Speirs Foods Limited, along with a charge over the assets and undertakings of Speirs Foods Limited and an unsecured guarantee from Speirs Group Limited.

Convertible Redeemable Preference Shares

During the year ended 30 June 2010 3,250,000 convertible redeemable preference shares were issued at $1 each. The convertible redeemable preference shares have a redemption date of 14 December 2013. At the redemption date the holders of the convertible redeemable preference shares have the option in redeeming their shares in cash (on a $ for $ basis) or converting the convertible redeemable preference shares to ordinary shares in the company at a ratio of 3 ordinary shares for every 2 convertible redeemable preference shares held. The convertible redeemable preference shares rank behind all other liabilities of the company but ahead of ordinary shareholders.

Speirs GROUP

22 CONTRIBUTED CAPITAL

Group and Company

	30 June 2011 $'000	30 June 2010 $'000
Balance at 1 July	**12,757**	12,168
Equity Element of Convertible Redeemable Preference Shares	**-**	589
Balance at Year End	**12,757**	12,757

The Company issued Convertible Redeemable Preference Shares during the year ended 30 June 2010 (see Note 21). Under NZ IFRS such instruments are required to be discounted using an appropriate discount rate for instruments of similar risk. Any variance between the discounted cash flow calculation and the carrying value is accounted for as a component of Contributed Capital.

Group and Company	Ordinary Shares	
	30 June 2011 '000	30 June 2010 '000
Number of Shares on issue at 1 July	**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** (30 June 2010: 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. Ordinary shares have no par value.

Dividends

The following dividends were declared and paid by the Group:

	30 June 2011 $'000	30 June 2010 $'000
$**0.00** per Qualifying Ordinary Share (2010: $0.00)	**-**	-

Subsequent to 30 June 2011, the Directors proposed that no dividend be paid for the year ended 30 June 2011.

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

	Group		Company	
	30 June 2011 $'000	30 June 2010 $'000	30 June 2011 $'000	30 June 2010 $'000
Reconciliation of Profit/(Loss) After Tax for the Year to Net Cash from Operating Activities				
Profit/(Loss) for the Year	**(788)**	(5,100)	**(4,187)**	(3,331)
Adjustments for Non-Cash Items:				
Depreciation	**588**	552	**-**	552
Amortisation of Intangible Assets	**19**	13	**-**	13
Bad Debts Written-off	**6**	-	**-**	-
Impairment Loss on Loans and Receivables	**-**	2,500	-	500
Provision of Guarantee to Speirs Investments Limited	**-**	-	**-**	2,000
Share of Associates (Gains)/ Losses	**(24)**	582	**-**	-
Impairment Loss on Associate Company	**72**	1,112	**3,548**	(79)
Unwind of Discount on Convertible Redeemable Preference Shares	**214**	-	**214**	-
(Gain) / Loss on Sale of Property Plant and Equipment	**(2)**	-	**-**	-
Movement in Deferred Tax	**-**	-	**-**	-
	85	(341)	**(425)**	(345)
Movement in Other Working Capital Items:				
Change in Inventories	**27**	70	-	70
Change in Trade and Other Receivables and Other Assets	**(107)**	463	**-**	463
Change in Trade and Other Payables	**(395)**	254	**(130)**	254
Net Cash From Operating Activities	**(390)**	446	**(555)**	442

24 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

- There are no loans to key management personnel

Key management personnel compensation comprised:

	Group		*Company*	
	30 June 2011 $'000	*30 June 2010 $'000*	***30 June 2011 $'000***	*30 June 2010 $'000*
Short-Term Employee Benefits	**332**	394	**-**	394
Termination Benefits	**3**	81	**3**	81
	335	475	**3**	475

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.

Entities with which Speirs Group Limited is deemed to be related are: Speirs Foods Limited (a wholly owned subsidiary), Speirs Investments Limited (a wholly owned subsidiary), Speirs Nutritionals Partners LP (a Limited partnership in which Speirs Group has a 60.57% interest) and Rosa Foods Limited (a company in which Speirs Group Limited has a 40% interest).

Transactions for the year ended 30 June 2011 with related parties are summarised below:

- Speirs Group Limited provided funding to Speirs Nutritionals by way of a term loan facility. The interest charge on the credit facility was $68,250. At 30 June 2011 the outstanding balance of the credit facility was $200,000.
- Speirs Group Limited received a dividend of $330,000 from Speirs Foods Limited.
- Speirs Group Limited charged Speirs Foods Limited $66,000 in respect of corporate services provided by Speirs Group Limited.
- Speirs Group Limited paid Speirs Investments Limited $200,000 in relation to an interest guarantee on secured and unsecured stock issued by Speirs Investments Limited.
- Speirs Group Limited received $30,000 from Speirs Investments Limited in relation to interest on unsecured stock held by Speirs Group and issued by Speirs Investments Limited.
- Speirs Group Limited received a dividend on preference shares for $10,000 from Rosa Foods Limited.
- Speirs Foods charged Rosa Foods Limited $197,542 for freight and marketing services provided. At 30 June 2011 Rosa Foods Limited owed Speirs Foods Limited $36,664.
- Speirs Foods Limited charged rent to and provided goods and services to Speirs Nutritionals. The fees charged for goods and services provided were $52,472. The rental charge was $67,000. At 30 June 2011 the amount owing from Speirs Nutritionals to Speirs Foods Limited was $8,577.
- Speirs Foods Limited was charged $101,480 by Speirs Nutritionals for manufacturing services provided. At 30 June 2011 the amount owing to Speirs Nutritionals by Speirs Foods Limited was $4,072.

All interest and fees charged to related parties have been charged at fair market rates

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.

25 CAPITAL COMMITMENTS AND CONTINGENCIES

Commitments

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

Group 30 June 2011	Property Rentals $'000	Capital Expenditure $'000	Total $'000
Less than One Year	-	-	-
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	-	-

Group 30 June 2010	Property Rentals $'000	Capital Expenditure $'000	Total $'000
Less than One Year	-	150	150
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	150	150

Company 30 June 2011	Property Rentals $'000	Capital Expenditure $'000	Total $'000
Less than One Year	-	-	-
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	-	-

Company 30 June 2010	Property Rentals $'000	Capital Expenditure $'000	Total $'000
Less than One Year	-	150	150
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	150	150

Contingent Liabilities

The Group and Company have no contingent liabilities.

26 EVENTS AFTER THE REPORTING PERIOD

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

27 GUARANTEES - SPEIRS INVESTMENTS LIMITED AND SPEIRS FOODS LIMITED (Parent Only)

Speirs Investments Limited

During the year ended 30 June 2010 the Company transferred the $2million of Allied Nationwide Finance Limited Perpetual Bonds ("the Bonds") to Speirs Investments Limited. Speirs Investments Limited issued $1.7 million of secured stock to the public and $300,000 of unsecured stock to the Company. As part of this issuance Speirs Group Limited provided Speirs Investments investors with an unsecured guarantee to meet quarterly interest payments and principal at maturity date (2 October 2013) should Allied Nationwide Finance be unable to make interest and principal repayments. On 20 August 2010 Allied Nationwide Finance went into receivership. The recoverability of the Bonds is subject to any proceeds received from the Receiver of Allied Nationwide Finance Limited. As there is considerable uncertainty surrounding any future recoveries the directors have deemed it appropriate to recognise a liability in respect of the funds which may be payable under the guarantee between Speirs Group Limited and Speirs Investments Limited.

Speirs Foods Limited

On 31 July 2010 Speirs Foods Limited received a two year mortgage funding facility for up to $800,000. The facility is secured by a mortgage over the properties owned by Speirs Foods Limited, along with a charge over the assets and undertakings of Speirs Foods Limited and an unsecured guarantee from Speirs Group Limited.

28 FINANCIAL RISK MANAGEMENT

Introduction and Overview

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

- Credit risks
- Liquidity risks
- Market risks

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

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

Risk Management Framework

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

Risk management is carried out and monitored by the senior management team under policies approved by the Board of Directors. Management identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, 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.

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.

Exposure to Credit Risk

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

	Group		*Company*	
	June 2011 $'000	*June 2010 $'000*	***June 2011 $'000***	*June 2010 $'000*
Cash and Cash Equivalents	**245**	646	**19**	642
Trade and Other Receivables	**1,060**	998	**7**	998
Loans and Receivables	**200**	769	**1,010**	1,069

The following categories are not impaired, contain no past due balances, nor contain any impairment allowances: cash and cash equivalents. A summary of impaired assets, past due assets, and allowances for impairment with respect to loans and advances to customers and trade and other receivables is set out below:

Group	**Loans and Receivables**		**Trade and Other Receivables**	
	June 2011 $'000	*June 2010 $'000*	***June 2011 $'000***	*June 2010 $'000*
Carrying Amount	**200**	769	**1,060**	998
Past Due but not Impaired	**-**	-	**3**	6
Neither Past Due nor Impaired	**200**	769	**1,057**	992
Allied Nationwide Finance Limited Perpetual Bonds	**2,000**	2,000	**-**	-
Impairment Provision	**(2,000)**	(2,000)	**-**	-
Total Carrying Amount	**200**	769	**1,060**	998

Trade and other receivables totalling $3,097 (2010: $6,011) are greater than 90 days overdue but are considered collectable and are not impaired.

Company	**Loans and Receivables**		**Trade and Other Receivables**	
	June 2011 $'000	*June 2010 $'000*	***June 2011 $'000***	*June 2010 $'000*
Carrying Amount	**1,010**	1,069	**7**	998
Past Due but not Impaired	**-**	-	**-**	6
Neither Past Due nor Impaired	**1,010**	1,069	**7**	992
Total Carrying Amount	**1,010**	1,069	**7**	998

Trade and other receivables totalling $Nil (2010: $6,011) are greater than 90 days overdue but are considered collectable and are not impaired.

Concentrations of Credit Risk

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

The Group manages concentration of credit risk by placing restrictions on the maximum amounts which may be deposited with a Registered Bank.

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 credit lines.

The Group has a first mortgage term finance facility of up to $800,000 secured on Group owned real estate. See Note 21.

Based on current cash flow projections the Directors expect that the Company and Group will have sufficient liquidity to meet the Group's ongoing commitments for the ensuing twelve months. For this reason the Directors consider that the adoption of the going concern assumption is appropriate

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 2011	**Carrying Amount**	**Gross Nominal Cash Flow**	**On Demand**	**Less than 3 Months**	**3-6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-Derivative Assets								
Cash and Cash Equivalents	245	245	245	-	-	-	-	-
Loans and Receivables	200	217	-	5	5	207	-	-
Trade and Other Receivables	1,060	1,060	-	1,060	-	-	-	-
Total	**1,505**	**1,522**	**245**	**1,065**	**5**	**207**	-	-

Group 2011	**Carrying Amount**	**Gross Nominal Cash Flow**	**On Demand**	**Less than 3 Months**	**3-6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-Derivative Liabilities								
Trade and Other Payables	1,423	1,423	-	1,423	-	-	-	-
Borrowings	4,365	5,297	-	101	101	202	678	4,215
Total	**5,788**	**6,720**	**-**	**1,524**	**101**	**202**	**678**	**4,215**

Group 2010	**Carrying Amount**	**Gross Nominal Cash Flow**	**On Demand**	**Less than 3 Months**	**3-6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-Derivative Assets								
Cash and Cash Equivalents	646	646	646	-	-	-	-	-
Loans and Receivables	769	917	-	20	20	40	837	-
Trade and Other Receivables	998	998	-	998	-	-	-	-
Total	**2,413**	**2,561**	**646**	**1,018**	**20**	**40**	**837**	**-**

Group 2010		**Carrying Amount**	**Gross Nominal Cash Flow**	**On Demand**	**Less than 3 Months**	**3-6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**
	Note	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-Derivative Liabilities									
Trade and Other Payables		1,818	1,818	-	1,818	-	-	-	-
Borrowings		4,361	5,743	-	102	102	205	410	4,924
Total		**6,179**	**7,561**	**-**	**1,920**	**102**	**205**	**410**	**4,924**

Company 2011	**Carrying Amount**	**Gross Nominal Cash Flow**	**On Demand**	**Less than 3 Months**	**3-6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-Derivative Assets								
Cash and Cash Equivalents	19	19	19	-	-	-	-	-
Trade and Other Receivables	7	7	7	-	-	-	-	-
Loans and Receivables	1,010	1,211	-	26	26	247	81	831
	1,036	1,237	26	26	26	247	81	831
Total								

Company 2011	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Liabilities								
Trade and Other Payables	42	42	-	42	-	-	-	-
Borrowings	2,875	3,511	-	65	65	129	259	2,993
Guarantee to Speirs Investments Limited	2,000	2,452	-	50	50	100	200	2,052
Total	**4,917**	**6,005**	**-**	**157**	**115**	**229**	**459**	**5,045**

Company 2010	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Assets								
Cash and Cash Equivalents	642	642	642	-	-	-	-	-
Trade and Other Receivables	998	998	-	998	-	-	-	-
Loans and Receivables	1,069	1,315	-	27	28	55	867	338
Total	**2,709**	**2,955**	**642**	**1,025**	**28**	**55**	**867**	**338**

Company 2010	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Liabilities								
Trade and Other Payables	1,818	1,818	-	1,818	-	-	-	-
Borrowings	2,661	3,489	-	60	60	120	239	3,010
Guarantee to Speirs Investments Limited	2,000	2,650	-	50	50	100	200	2,250
Total	**6,479**	**7,957**	**-**	**1,928**	**110**	**220**	**439**	**5,260**

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

The above tables show the undiscounted cash flows of the Group 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.

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 2011 and 30 June 2010 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.

Exposure to Interest Rate Risk

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

The interest rate gap position is calculated based on the earlier of the underlying instruments' maturity date or repricing date. A summary of the interest rate gap positions is as follows:

Group 2011	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	245	145	100	-	-	-	-
Loans and Receivables	200	-	-	-	200	-	-
	445	**145**	**100**	**-**	**200**	**-**	**-**
Borrowing	4,365	-	-	1,190	-	300	2,875
	4,365	-	-	1,190	-	300	2,875
	(3,920)	**145**	**100**	**(1,190)**	**200**	**(300)**	**(2,875)**

The Directors intend to renegotiate funding lines when the above liabilities arise in 2013.

Group 2010	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
Loans and Receivables	769	-	-	-	-	769	-
Cash and Cash Equivalents	646	382	264	-	-	-	-
	1,415	**382**	**264**	**-**	**-**	**769**	**-**
Borrowing	4,361	-	-	1,700	-	-	2,661
	4,361	**-**	**-**	**1,700**	**-**	**-**	**2,661**
	(2,946)	**382**	**264**	**(1,700)**	**-**	**769**	**(2,661)**

The Directors intend to renegotiate funding lines when the above liabilities arise in 2013.

Company 2011	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	19	10	9	-	-	-	-
Loans and Receivables	1,010	-	-	810	200	-	-
	1,029	**10**	**9**	**810**	**200**	**-**	**-**
Borrowings	2,875	-	-	-	-	-	2,875
Guarantee to Speirs Investments Limited	2,000	-	-	2,000	-	-	-
	4,875	-	-	2,000	-	-	2,875
	(3,846)	10	9	(1,190)	200	-	(2,875)

The Directors intend to renegotiate funding lines when the above liabilities arise in 2013.

Company 2010	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	642	378	264	-	-	-	-
Loans and Receivables	1,069	-	-	300	-	769	-
	1,711	**378**	**264**	**300**	**-**	**769**	**-**
Borrowings	2,661	-	-	-	-	-	2,661
Guarantee to Speirs Investments Limited	2,000	-	-	2,000	-	-	-
	4,661	-	-	2,000	-	-	2,661
	(2,950)	378	264	(1,700)	-	769	(2,661)

The Directors intend to renegotiate funding lines when the above liabilities arise in 2013.

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 accumulated deficits.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. To achieve this the Directors and management monitor such matters as profitability and capital held on a monthly basis.

The Group's equity at the reporting dates comprises:

	30 June 2011 $'000	*30 June 2010 $'000*
Contributed Equity	**12,757**	12,757
Accumulated Deficits	**(11,758)**	(10,970)
Total Equity Balance at Period End	**999**	1,787

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

29 INVESTMENT IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy 2.2.

All subsidiaries are incorporated in New Zealand.

Name of Entity	**Principal Activity**	**Equity Holding 2011**	**2010**
Speirs Investments Limited	Investment holding company	100%	100%
Speirs Foods Limited	Food processing company	100%	-

On 1 July 2010, Speirs Foods Limited was established as a separate wholly owned subsidiary of Speirs Group Limited. Prior to that date it had been a trading division of Speirs Group Limited. At 30 June 2010 Speirs Foods had an interdivisional indebtedness to Speirs Group Limited of $4.494m. On the formation of the Speirs Foods $4 million of this indebtedness was converted into share capital by Speirs Foods Limited issuing Speirs Group $4million of ordinary shares.

At the date of transfer (1 July 2010) the financial position of Speirs Foods Limited was:

<u>Assets</u>	**$'000**
Property, Plant and Equipment	4,410
Intangibles (Software)	10
Cash	316
Accounts Receivable	998
Inventory	403
Other Assets	8
Total Assets	6,145
<u>Liabilities</u>	
Accounts Payable	(1,285)
Accruals and Provisions	(366)
Funding from Speirs Group Limited	(494)
Total Liabilities	(2,145)
Share Capital Issued to Speirs Group Limited	(4,000)
Total of Equity and Liabilities	(6,145)

AUDITORS' REPORT

pwc

Independent Auditors' Report
to the shareholders of Speirs Group Limited

Report on the Consolidated Financial Statements
We have audited the consolidated financial statements of Speirs Group Limited and its subsidiaries on pages 11 to 46 which comprise the statements of financial position as at 30 June 2011, the statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 30 June 2011 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements
The Directors are responsible for the preparation of consolidated financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of consolidated financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have no relationship with, or interests in, Speirs Group Limited or any of its subsidiaries other than in our capacities as auditors and tax advisors. These services have not impaired our independence as auditors of the Company and the Group.

Speirs GROUP

pwc

Independent Auditors' Report

to the shareholders of Speirs Group Limited

Opinion

In our opinion, the consolidated financial statements on pages 11 to 46:

- (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 the Group as at 30 June 2011, and the financial performance and cash flows of the Company and the Group for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the consolidated financial statements for the year ended 30 June 2011:

- (i) we have obtained all the information and explanations that we have required; and
- (i) in our opinion, proper accounting records have been kept by the Company and the Group as far as appears from an examination of those records.

Restriction on Distribution or Use

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.

PricewaterhouseCoopers

Chartered Accountants
9 September 2011

Wellington

Statutory Information

Principal activities

Speirs Group Limited operates as a holding company. Its principal interests are in:

Entity	Interest	Principal Activity
Speirs Foods Limited	Wholly owned subsidiary	Fresh food production and distribution
Speirs Investments Limited	Wholly owned subsidiary	Investment holding company
Rosa Foods Limited	40% owned associate	Prepared meal production and distribution
Speirs Nutritionals Partners LP	60.657% owned associate	Commercial development and marketing of Intellectual Property and Know How

Directors' shareholdings

The number of shares held by Directors of the Company at 30 June 2011:	Beneficial Holdings	Non-Beneficial Holdings
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 at 30 June 2011

Director	Entity	Relationship
Nelson Speirs	Speirs Group Limited	Director (Chair)
	S N Management Limited	Director
	MMM Holdings Limited	Director (Chair)
	The Bio Commerce Centre Limited & Associated Companies	Director
	Allied Nationwide Finance Limited (In Receivership)	Director
	Speirs Securities Limited	Director
	Allied Capital Limited	Director
Donald Speirs	Speirs Foods Limited	Director
Trevor Roberts	Speirs Foods Limited	Director
	Transparency International NZ	Director
	T A Roberts Law	Principal
Derek Walker	Palmerston North Airport Limited	Director (Chair)
	The Bio Commerce Centre Limited & Associated Companies	Director (Chair)
	NZ Windfarms Limited& Associated Companies	Director
	Quotable Value Limited & Associated Companies	Director
	Speirs Foods Limited	Director
	Third Bearing Limited	Director

	TBL Investments Limited	Director
	Elmira Consulting Limited	Director
	Manawatu Health Homes Limited	Director
	Central Energy Trust	Trustee (Chair)
	Computercare NZ Limited	Director
Robert Speirs	Speirs Foods Limited	Director
	MMM Holdings Limited	Director
	Auckland Frame & Truss Supplies Limited	Director

Transfers of interests in Speirs Group Limited shares by directors during the year

- Nil

Directors' remuneration

Directors' remuneration (including an allowance for the use of Company vehicles) received, or due and receivable during the year ended 30 June 2011, is as follows:

Name	Salary/Consultants Fees and Use of Company Motor Vehicle	Directors Fees	Total Remuneration	
Nelson Speirs	$ Nil	$35,000	$ 35,000	Non Independent Director
Donald Speirs	$ Nil	$25,000	$ 25,000	Non Independent Director
Derek Walker	$ Nil	$20,000	$20,000	Independent Director
Trevor Roberts	$Nil	$ 20,000	$ 20,000	Independent Director
Robert Speirs	$Nil	$ 20,000	$ 20,000	Non Independent Director
David Speirs (resigned 30 March 2011)	$3,000	$5,000	$ 8,000	Non Independent Director

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

Use of Company information by directors

There were no recorded notices from directors requesting to use Company information received in their capacity as directors that would not otherwise have been available to them.

Directors' Loans

For the year ended 30 June 2011 and as at 30 June 2010, there were no loans to directors

Indemnification and insurance of directors and officers

The Company has arranged policies of directors' and officers' liability insurance which together with an indemnity provided under the Company's constitution ensures that generally directors will incur no monetary loss as a result of actions taken by them as directors. Certain actions, such as penalties and fines which may be imposed in respect of breaches of the law, are excluded.

Employee Remuneration

Remuneration and other benefits exceeding $100,000 paid to employees during the year ended 30 June 2011 were:

	Group	Parent
• $150,000 - $159,999	1	-
• $180,000 - $189,999	1	-

STATUTORY DISCLOSURE IN RELATION TO SHAREHOLDERS

Twenty largest shareholders at 30 June 2011

	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	5.92%
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%
M Le Moigne	109,385	1.01%
M W Speirs	102,994	0.95%
Nelson Speirs, Donald Speirs	100,000	0.92%
David Speirs	100,000	0.92%
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%
Custodial Services Limited	71,945	0.66%
Presbyterian Support Central	66,002	0.61%
N D Waites	63,000	0.58%
Cervelo Investments Limited	60,968	0.56%
	6,320,866	58.32%

* See note under Directors' shareholdings on page 50

Shareholder Statistics at 30 June 2011

Ordinary Shares	*Holders*	*%*	*Shares*	*%*
1 to 999	31	5.06	13,553	0.13
1,000 to 4,999	309	50.41	711,646	6.57
5,000 to 9,999	94	15.33	660,725	6.10
10,000 to 99,999	166	27.08	3,625,304	33.46
100,000 and over	13	2.12	5,823,348	53.74
	613	100.00	10,834,576	100.00

Substantial Security Holders at 29 August 2011

The following information is provided in compliance with Section 26 of the Securities Markets Act 1988 and is stated as at 29 August 2011. 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	1,381,869	12.75%
Brian Ogden	752,719	6.95%
AEL Advances Limited	743,400	6.86%

Speirs GROUP

DIRECTORY

Directors

At 30 June 2011 the Board of Directors of the Company is comprised of five Non-Executive Directors. All Directors have served for the whole year, except for David Speirs who resigned as a director on 30 March 2011.

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

Registered Office

Lower High Street, Marton
P O Box 318, Palmerston North
Telephone: 06 350 6004
Facsimile: 06 350 6020

Securities Registrar

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
Telephone: 09 488 8700
Facsimile: 09 488 8787
Investor Enquiries: 09 488 8777

Production Facility Offices

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

Advisors/Service Suppliers

Auditors
PricewaterhouseCoopers

Solicitors
Chapman Tripp

Bankers
Bank of New Zealand