

REPORT TO SHAREHOLDERS  
FOR THE 6 MONTHS ENDED  
31 DECEMBER 2013

**SPEIRS GROUP LIMITED**  
**REPORT TO SHAREHOLDERS**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2013**

## Contents

	<b>Page</b>
Directors' Commentary.....	2
Statement of Financial Position .....	5
Statement of Comprehensive Income .....	6
Statement of Changes in Equity .....	7
Statement of Cash Flows.....	8
Notes to the Financial Statements.....	9

## Directors' Commentary

### Overview

The six month period to 31 December 2013 saw some very significant activity for the Speirs Group including major capital raising, the refinancing of maturing debt, the development of new business opportunities and some recovery of previously impaired assets. There was also an improved performance from the major operating business Speirs Foods.

### Profitability

The overall profit after tax of \$141,000 was a welcome return to profitability.

The six months trading results can be summarised as:

	2013 \$000	2012 \$000	Improvement/ (Deterioration) %
Speirs Foods profit	241	77	212.9
Speirs Security Limited Partnership	(45)	14	(421.4)
Associates' profit/(loss)	(28)	(55)	49.1
Writeback of Impairment Provision	585	0	n/a
Corporate governance and refinancing costs	(283)	(114)	(148.2)
Net financing costs	(329)	(254)	(29.5)
Overall profit/(loss) attributable to shareholders	141	(332)	142.5

The directors are committed to continued improvement in the company's level of operating profitability as well as generating added value through new business ventures.

### Speirs Foods Limited

Trading Income for Speirs Foods of \$8.098 million was up 8.32% on last year's \$7.476 million. The fresh salad market remains very competitive but our focus on sales and marketing, together with continued product development has enabled us to continue to build further on last year's sales growth and maintain our strong market position. Profitability improved with the trading margin increasing to 3.0% from last year's 1.0%

The range of products is still largely salad based and highest sales levels are achieved during the summer months. Various initiatives are being taken to achieve growth in sales volumes and to provide products that are in demand throughout the year.

### Speirs Securities Limited Partnership (SSLP)

The rights to the remaining book of receivables from Speirs Finance Limited, which was sold to Allied Nationwide Finance Limited in 2008, were repurchased in June 2012 from the receiver of NFA Limited (In Liquidation) (previously Allied Nationwide Finance Limited). The receivables are all due to be repaid by October 2014. The run-down of the receivables ledger has proceeded in accordance with expectations.

### Speirs Nutritionals Partners LP (SNP)

SNP have sold the Intellectual Property, Processing Technology and Knowhow associated with its Omega-3 fish oil product and discontinued its manufacturing operations in New Zealand. This has enabled the re-leasing of the factory in Marton and the sale of the technical equipment. Revenue will arise from payments receivable when worldwide sales of the Omega-3 product range by the new owner commence. Other Intellectual Property/Knowhow development opportunities continue to be sought by SNP.

### Owing from Allied Farmers Limited/NFA Limited (In Liquidation) Perpetual Bonds

The Company sold its finance division to Allied Farmers Limited on 30 September 2008. As part consideration the Company received 2,000,000 \$1 Subordinated Perpetual Bonds in Allied Nationwide Finance Limited, now NFA Limited (In Liquidation). Those Perpetual Bonds ("The Bonds") have a par value of \$1.00 per bond.

Speirs Group held a put option over these bonds which enabled the sale of the bonds to Allied Farmers on 30 September 2013 for a cash consideration of \$2 million. This put option was exercised on 30 September 2013. Accordingly, at 31 December 2013 these Perpetual Bonds have been replaced by a debt owing from Allied Farmers Limited.

In December 2013 Speirs Group Limited entered into a conditional agreement with Allied Farmers Limited in relation to the debt owing.

The key terms of the conditional agreement are:

- Allied Farmers Limited will issue 14,678,487 new ordinary shares to Speirs Group Limited in January 2014. These shares will rank equally in terms of rights, entitlement and voting with existing ordinary shares in Allied Farmers Limited; and
- on or before 30 April 2016 (or earlier if Allied Farmers Limited is able to make the required payment), Allied Farmers Limited agrees to pay to Speirs Group Limited \$500,000 in cash.

The main conditions to be satisfied were:

- Speirs Group Limited obtaining shareholder approval by way of a Prebreak Announcement or shareholder meeting (if required); and
- Speirs Group Limited and Allied Farmers Limited obtaining any required NZX waivers in relation to related party matters with regard to the issue of the Allied Farmers Limited ordinary shares.

These conditions were satisfied in January 2014. For this reason the directors have ascribed a value of \$585,000 in relation to this balance and this amount is recognised as a write-back of provision in this six months profit result.

**Corporate**

On going corporate costs have been kept to a bare minimum. The six month results were impacted by a number of one off costs in relation to the refinancing of the maturing liabilities.

**Capital Raising and Debt**

The group had \$1.19 million of Secured Stock maturing in October 2013 and \$2.57 million of Convertible Redeemable Preference Shares maturing in December 2013. These maturities were met by the issuing of \$2.93 million of Redeemable Preference to both existing and new investors and the arrangement of other debt facilities. A number of one off costs were incurred in relation to the refinance of maturing liabilities in the six months ended 31 December 2013, including establishment costs of a debtor financing arrangement.

**Asset Funding Business**

Speirs had several decades of experience as a provider of vehicle funding to small to medium business enterprises prior to the sale of its finance business in September 2008.

In November 2013 Speirs Group Limited sought and received shareholder approval for a transaction to re-enter the finance business. At 31 December 2013 there were a number of conditions precedent still to be met, but the transaction proceeded in January 2014 and results in:

- Speirs Group having a minority partnership interest in a new finance business for the funding of motor vehicles and commercial plant which will trade as Speirs Finance (NZ) Limited.
- Speirs Group receiving an arrangement fee of \$1,300,000 and investing \$1,000,000 in the new business as an interest bearing subordinated loan.
- The necessary equity and additional subordinated loans for the new finance business will be funded by the majority partner. Senior debt will be provided to the Limited Partnership by a major bank trading in New Zealand.
- This transaction will result in a profit to the Speirs Group Limited group in the vicinity of \$900,000 in the year ending 30 June 2014. No gain has been recognised in the financial statements for the period ended 31 December 2013 in relation to this transaction.

**Outlook**

Resultant upon the material benefits achieved in this past half year, the directors are now in a better position to give their attention to rebuilding. This will be our focus in the second half of the financial year.

For and on behalf of the Directors,



**Keith Taylor**  
Chairman of Directors  
Speirs Group Limited

26 February 2014

## **Financial Statements**

Throughout this report, the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and all accompanying notes referring to:

- The six month period ended, and as at, 31 December 2013 are unaudited;
- The financial statements for the year ended, and as at, 30 June 2013 have been audited; and
- The six month period ended, and as at, 31 December 2012 are unaudited.

## Statement of Financial Position

As at 31 December 2013

	<i>Notes</i>	<b>December 2013 \$'000</b>	<b>June 2013 \$'000</b>	<b>December 2012 \$'000</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	13	676	426	656
Trade and Other Receivables	14	2,965	1,453	1,858
Loans and Advances	17	-	-	200
Assets Held for Sale		1,034	2,449	-
Inventories	15	608	375	556
<b>Total Current Assets</b>		<b>5,283</b>	<b>4,703</b>	<b>3,270</b>
<b>Non Current Assets</b>				
Investment in Associates	16	514	541	646
Loans and Advances	17	585	-	-
Trade and Other Receivables	14	-	422	573
Property, Plant & Equipment	19	2,295	976	3,283
Intangibles	20	-	6	11
<b>Total Non Current Assets</b>		<b>3,394</b>	<b>1,945</b>	<b>4,513</b>
<b>Total Assets</b>		<b>8,677</b>	<b>6,648</b>	<b>7,783</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Borrowings	22	350	3,705	3,643
Trade and Other Payables	21	2,923	2,089	2,966
<b>Total Current Liabilities</b>		<b>3,273</b>	<b>5,794</b>	<b>6,609</b>
<b>Non Current Liabilities</b>				
Borrowings	22	5,095	655	655
<b>Total Non Current Liabilities</b>		<b>5,095</b>	<b>655</b>	<b>655</b>
<b>Total Liabilities</b>		<b>8,368</b>	<b>6,449</b>	<b>7,264</b>
<b>Equity</b>				
Contributed Capital	23	12,925	13,391	13,391
Accumulated Deficits		(12,616)	(13,192)	(12,872)
<b>Capital &amp; Reserves</b>		<b>309</b>	<b>199</b>	<b>519</b>
<b>Total Equity and Liabilities</b>		<b>8,677</b>	<b>6,648</b>	<b>7,783</b>

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

## Statement of Comprehensive Income

For the six months ended 31 December 2013

		<b>6 months</b>	<b>12 months</b>	<b>6 months</b>
		<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
		<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue		8,098	14,708	7,476
<i>Movement in Inventory Levels</i>		233	(1)	180
<i>Purchases of Raw Materials</i>		(2,861)	(4,982)	(2,732)
<i>Employee Benefits Expense</i>	7	(2,238)	(4,030)	(2,102)
<i>Freight, Packaging &amp; Other</i>		(2,696)	(4,796)	(2,467)
Net Trading Income		536	899	355
Other Income	8	861	689	369
<b>Total Net Income Earned from Operating Activities</b>		<b>1,397</b>	<b>1,588</b>	<b>724</b>
Share of Gain/(Loss) of Associates	16	(28)	(160)	(55)
Other Expenses	9	(736)	(1,151)	(552)
Earnings Before Interest, Depreciation and Amortisation		633	277	117
<i>Interest Income</i>		3	27	13
<i>Interest Expense</i>		(332)	(540)	(267)
Net Interest Expense	10	(329)	(513)	(254)
Depreciation, Impairment and Amortisation	19,20	(163)	(386)	(195)
<b>Profit/(Loss) Before Income Tax</b>		<b>141</b>	<b>(622)</b>	<b>(332)</b>
<b>Income Tax (Expense)/ Benefit</b>	11	-	-	-
<b>Profit/(Loss) After Income Tax</b>		<b>141</b>	<b>(622)</b>	<b>(332)</b>
<b>Total Earnings per Share Attributed to Equity Holders of the Company:</b>				
Basic Profit/(Loss) per Share (c/share)	12	0.97	(6.03)	(3.20)
Diluted Profit/(Loss) per Share (c/share)	12	0.97	(6.03)	(3.20)

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

## Statement of Changes in Equity

For the six months ended 31 December 2013

	<b>Contributed Capital \$'000</b>	<b>Accumulated Deficits \$'000</b>	<b>Total Equity \$'000</b>
<b>Balance at 30 June 2013</b>	13,391	(13,192)	199
<b>Comprehensive Income</b>			
Profit/(Loss) for the Period	-	141	141
<b>Total Comprehensive Income</b>	-	141	141
<b>Transactions with Owners</b>			
Equity Transfer Arising from Repayment of Convertible Redeemable Preference Shares	(466)	466	-
Dividends on Perpetual Preference Shares	-	(31)	(31)
<b>Total Transactions with Owners</b>	(466)	435	(31)
<b>Balance at 31 December 2013</b>	12,925	(12,616)	309

For the year ended 30 June 2013

	<b>Contributed Capital \$'000</b>	<b>Accumulated Deficits \$'000</b>	<b>Total Equity \$'000</b>
<b>Balance at 1 July 2012</b>	13,391	(12,509)	882
<b>Comprehensive Income</b>			
Profit/(Loss) for the Year	-	(622)	(622)
<b>Total Comprehensive Income</b>	-	(622)	(622)
<b>Transactions with Owners</b>			
Dividends Paid on Perpetual Preference Shares		(61)	(61)
<b>Total Transactions with Owners</b>		(61)	(61)
<b>Balance at 30 June 2013</b>	13,391	(13,192)	199

For the six months ended 31 December 2012

	<b>Contributed Capital \$'000</b>	<b>Accumulated Deficits \$'000</b>	<b>Total Equity \$'000</b>
<b>Balance at 30 June 2012</b>	13,391	(12,509)	882
<b>Comprehensive Income</b>			
Profit/(Loss) for the Period	-	(332)	(332)
<b>Total Comprehensive Income</b>	-	(332)	(332)
<b>Transactions with Owners</b>			
Issue of Ordinary Shares	-	(31)	(31)
<b>Total Transactions with Owners</b>	-	(31)	(31)
<b>Balance at 31 December 2012</b>	13,391	(12,872)	519

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



## Statement of Cash Flows

For the six months ended 31 December 2013

		<b>6 months</b>	<b>12 months</b>	<b>6 months</b>
		<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
		<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash Flows from Operating Activities</b>				
Interest Received		3	27	13
Dividends Received		5	10	5
Cash Receipts from Customers		7,081	14,570	6,834
Other Income		311	679	334
Dividends Paid on Convertible Redeemable Preference Shares		(107)	(231)	(116)
Dividends Paid on Redeemable Preference Shares		(35)	-	-
Interest Expense		(136)	(185)	(89)
Cash Paid to Suppliers and Employees		(7,942)	(14,844)	(6,712)
<b>Net Cash from Operating Activities</b>	<b>24</b>	<b>(820)</b>	<b>26</b>	<b>269</b>
<b>Cash Flows from Investing Activities</b>				
Proceeds from Sale of Property, Plant and Equipment		11	-	-
Cash Provided from Speirs Securitisation LP		125	121	-
Acquisition of Property, Plant & Equipment		(63)	(149)	(71)
<b>Net Cash Flows from Investing Activities</b>		<b>73</b>	<b>(28)</b>	<b>(71)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from borrowings		3,180	150	150
Repayments of Borrowings		(2,152)	-	-
Dividends Paid on Perpetual Preference Shares		(31)	(61)	(31)
<b>Net Cash Flows from Financing Activities</b>		<b>997</b>	<b>89</b>	<b>119</b>
Net Increase / (Decrease) in Cash and Cash Equivalents		250	87	317
Cash and Cash Equivalents at Beginning of Period		426	339	339
<b>Cash and Cash Equivalents at Period End</b>	<b>13</b>	<b>676</b>	<b>426</b>	<b>656</b>

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 Funding Limited (previously known as Speirs Investments Limited) is a wholly owned subsidiary of Speirs Group Limited and operated as an investment holding company which had 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 Securitisation LP was formed on 31 May 2012 and is also a wholly owned subsidiary of Speirs Group Limited and is involved in providing administrative services to a securitisation programme.

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.

### **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, the company's functional currency, 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, Speirs Securitisation LP and Speirs Funding 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 Financial Reporting Act 1993.

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.

### *Going Concern*

The financial statements are prepared on a going concern basis, which assumes the Group will be able to meet its obligations as and when they fall due and realise assets and liabilities in the ordinary course of business.

### **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 Securitisation LP as at 31 December 2013. 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.

### **2.3. Associates**

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

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

### **2.4. Financial Assets**

The Group classifies its financial assets in the following category: 'loans and advances'. 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 Advances*

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

Loans and advances 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.

### **2.5. 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.

The equity component of a compound financial instrument is recognised as part of Contributed Capital.

## **2.6. 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.

## **2.7. Property, Plant and Equipment**

### *Owned Assets*

Land is recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the land.

Buildings, plant and equipment, computer equipment and vehicles are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the construction or acquisition of the items.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, and only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

• Buildings	2.50 – 3.00%
• Computer Equipment	12.50 – 20.00%
• Vehicles	20.00%
• Other plant and equipment	10.00 – 25.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

## **2.8. Intangible Assets**

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

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

## **2.9. 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.

## **2.10. Trade Receivables and Loans and Advances**

Trade receivables and loans and advances 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 and loans and advances 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, loan and or advance. 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.

### **2.11. 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.

### **2.12. Share Capital**

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

### **2.13. 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.

### **2.14. 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.

### **2.15. 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.

### **2.16. 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.

### **2.17. 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 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.

### **2.18. 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.

#### *Provision of Services*

Revenue from the provision of services is recognised in the statement of comprehensive income when the service has been performed.

#### *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.

### **2.19. Other Income**

#### *Dividend Income*

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

### **2.20. 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.

### **2.21. 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.

### **2.22. 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.

### **2.23. Functional and Presentation Currency**

#### *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.

### **2.24. Investment in Subsidiaries and Associates**

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

### **2.25. Comparatives**

Certain comparatives have changed to comply with current year presentation.

### **2.26. Assets Held for Sale**

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

### 3. 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.

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

#### Exposure to Credit Risk

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

	<b>Group</b>		
	<b>December 2013 \$'000</b>	<b>June 2013 \$'000</b>	<b>December 2012 \$'000</b>
Cash and Cash Equivalents	676	426	656
Trade and Other Receivables	2,965	1,875	2,301
Loans and Advances	585		200



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 of loans and advances and trade and other receivables is set out below:

	Loans and Advances			Trade and Other Receivables		
	December 2013 \$'000	June 2013 \$'000	December 2012 \$'000	December 2013 \$'000	June 2013 \$'000	December 2012 \$'000
	Carrying Amount	2,000	2,000	2,200	2,965	1,875
<b>Impairment Provision</b>	(1,415)	(2,000)	(2,000)			
Past Due but not Impaired	-	-	-	14	3	28
Neither Past Due nor Impaired	585	-	200	2,951	1,872	2,403
<b>Total Carrying Amount</b>	<b>585</b>	<b>-</b>	<b>200</b>	<b>2,965</b>	<b>1,875</b>	<b>2,431</b>

- Trade and other receivables totalling \$14,193 (30 June 2013: \$3,036; 31 December 2012: \$27,675) 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 having supporting credit lines.

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

#### 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:

31 December 2013	Carrying Amount \$'000	Gross Nominal Cash Flow \$'000	On Demand \$'000	Less than 3 Months \$'000	3-6 Months \$'000	6-12 Months \$'000	1-2 Years \$'000	2-5 Years \$'000
<i>Non-Derivative Assets</i>								
Cash and Cash Equivalents	676	676	676	-	-	-	-	-
Loans and Advances Trade and Other Receivables	585	585	-	-	-	-	-	585
	2,965	2,965	-	2,965	-	-	-	-
<b>Total</b>	<b>4,226</b>	<b>4,226</b>	<b>676</b>	<b>2,965</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>585</b>

<b>31 December 2013</b>	<b>Carrying Amount</b>	<b>Gross Nominal Cash Flow</b>	<b>On Demand</b>	<b>Less than 3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1-2 Years</b>	<b>2-5 Years</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Non-Derivative Liabilities</i>								
Trade and Other Payables	2,923	2,923	-	2,923	-	-	-	-
Borrowings	5,445	6,654	-	421	171	239	2,432	3,391
<b>Total</b>	<b>8,368</b>	<b>9,577</b>	<b>-</b>	<b>3,344</b>	<b>171</b>	<b>239</b>	<b>2,432</b>	<b>3,391</b>
<b>30 June 2013</b>								
<b>Carrying Amount</b>	<b>Gross Nominal Cash Flow</b>	<b>On Demand</b>	<b>Less than 3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Non-Derivative Assets</i>								
Cash and Cash Equivalents	426	426	426	-	-	-	-	-
Receivables	1,875	1,875	-	1,875	-	-	-	-
<b>Total</b>	<b>2,301</b>	<b>2,301</b>	<b>426</b>	<b>1,875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2013</b>								
<b>Carrying Amount</b>	<b>Gross Nominal Cash Flow</b>	<b>On Demand</b>	<b>Less than 3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Non-Derivative Liabilities</i>								
Trade and Other Payables	2,089	2,089	-	2,089	-	-	-	-
Borrowings	4,360	4,549	-	100	3,765	27	657	-
<b>Total</b>	<b>6,449</b>	<b>6,638</b>	<b>-</b>	<b>2,189</b>	<b>3,765</b>	<b>27</b>	<b>657</b>	<b>-</b>
<b>31 December 2012</b>								
<b>Carrying Amount</b>	<b>Gross Nominal Cash Flow</b>	<b>On Demand</b>	<b>Less than 3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Non-Derivative Assets</i>								
Cash and Cash Equivalents	656	656	656	-	-	-	-	-
Loans and Advances	200	211	-	5	206	-	-	-
Receivables	1,858	1,858	-	1,285	-	-	-	573
<b>Total</b>	<b>2,714</b>	<b>2,725</b>	<b>656</b>	<b>1,290</b>	<b>206</b>	<b>-</b>	<b>-</b>	<b>573</b>

31 December 2012	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
<i>Non-Derivative Liabilities</i>								
Trade and Other Payables	2,966	2,966	-	2,966	-	-	-	-
Borrowings	4,298	4,681	-	98	98	3,802	683	-
Total	7,264	7,647	-	3,064	98	3,802	683	-

The Group 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'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 31 December 2013, 30 June 2013 and 31 December 2012 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:

31 December 2013	Carrying Amount	Non-Interest Bearing	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	676	306	370	-	-	-	-
Loans and Advances	585	585	-	-	-	-	-
	1,261	891	370	-	-	-	-
Borrowings	5,445	-	300	50	-	2,165	2,930
	5,445	-	300	50	-	2,165	2,930
	(4,184)	891	70	(50)	-	(2,165)	(2,930)

<b>30 June 2013</b>	<b>Carrying Amount \$'000</b>	<b>Non- Interest Bearing \$'000</b>	<b>Less than 3 Months \$'000</b>	<b>3-6 Months \$'000</b>	<b>6-12 Months \$'000</b>	<b>1-2 Years \$'000</b>	<b>2-5 Years \$'000</b>
Cash and Cash Equivalents	426	263	163	-	-	-	-
	426	263	163	-	-	-	-
Borrowings	4,360	-	-	3,705	-	655	-
	4,360	-	-	3,705	-	655	-
	(3,934)	263	163	(3,705)	-	(655)	-

  

<b>31 December 2012</b>	<b>Carrying Amount \$'000</b>	<b>Non- Interest Bearing \$'000</b>	<b>Less than 3 Months \$'000</b>	<b>3-6 Months \$'000</b>	<b>6-12 Months \$'000</b>	<b>1-2 Years \$'000</b>	<b>2-5 Years \$'000</b>
Cash and Cash Equivalents	656	453	203	-	-	-	-
Loans and receivables	200	-	-	200	-	-	-
	856	453	203	200	-	-	-
Borrowings	4,298	-	-	-	3,643	655	-
	4,298	-	-	-	3,643	655	-
	(3,442)	453	203	200	(3,643)	(655)	-

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

#### Capital Management

The Group's capital includes share capital 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:

	<b>31 December 2013 \$'000</b>	<b>30 June 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Contributed Equity	12,925	13,391	13,391
Accumulated Deficits	(12,616)	(13,702)	(12,872)
<b>Total Equity Balance at Period End</b>	<b>309</b>	<b>199</b>	<b>519</b>

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

#### 4. Critical Accounting Estimates and Assumption

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:

##### Valuation Assumptions of Investment in 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% (2013: 2%). The Group has applied a discount rate of 18.80% (2013: 18.80%) to pre-tax cash flows.

##### Recoverability of Allied Farmers Limited Debt Owning

The recoverability of the unsecured debt is subject to the future financial performance of Allied Farmers Limited and the market movements in the Allied Farmers Limited share price.

##### Valuation of Subordinated Debt in Speirs Securities Limited

Speirs Securitisation LP's carrying value in relation to its share of the subordinated debt in Speirs Securities Limited is dependent upon the recovery of loans made to Speirs Securities Limited borrowers, which are predominantly secured over commercial motor vehicles. In arriving at the carrying value of Speirs Securitisation LP's share of the subordinated debt in Speirs Securities Limited provision has been made for non-performance by some borrowers.

### 5. 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:

<i>Speirs Foods</i>	The supply of salad and fresh cut vegetables to retailers and caterers.
<i>Corporate</i>	The Group has some central operations and corporate costs which are not allocated to business segments. This includes the operations of Speirs Funding Limited and Speirs Securitisation LP

The Group operates predominantly within New Zealand.

<b>Group 6 months 31 December 2013</b>	<i>Speirs Foods</i> \$'000	<i>Corporate</i> \$'000	<i>Reconciliation</i> \$'000	<i>Consolidated</i> \$'000
External Revenue				
Interest Income	2	1	-	3
Revenue	8,098	-	-	8,098
Other Income	108	753	-	861
Intersegment Revenue/(Eliminations)	-	233	(233)	-
Total Segment Revenue/(Eliminations)	8,208	987	(233)	8,962
Overall Segment Result	241	181	(281)	141
Income Tax Expense				-
Profit/(Loss) for the 6 Month Period				141
Segment Assets	7,866	6,187	(5,376)	8,677
Segment Liabilities	4,969	4,714	(1,315)	8,368
Depreciation, Impairment and Amortisation	163	-	-	163
Capital Expenditure	63	-	-	63

The Group receives Trading Income from two customers who account for 85% of total Trading Income

<b>Group 12 months June 2013</b>	<b>Speirs Foods \$'000</b>	<b>Corporate \$'000</b>	<b>Reconciliation \$'000</b>	<b>Consolidated \$'000</b>
External Revenue				
Interest Income	5	22	-	27
Revenue	14,708	-	-	14,708
Other Income	197	492	-	689
Intersegment Revenue / (Eliminations)	-	666	(666)	-
Total Segment Revenue	14,910	1,180	(666)	15,424
Interest Expense				
Overall Segment Result	221	(266)	(577)	(622)
Income Tax Expense				-
Profit/(Loss) for the Year				(622)
Segment Assets	5,382	5,266	(4,000)	6,648
Segment Liabilities	2,526	3,923	-	6,449
Depreciation, Impairment and Amortisation	386	-	-	386
Capital Expenditure	149	-	-	149

The Group receives Trading Income from two customers who account for 79% of total Trading Income

<b>Group 6 months 31 December 2012</b>	<b>Speirs Foods \$'000</b>	<b>Corporate \$'000</b>	<b>Reconciliation \$'000</b>	<b>Consolidated \$'000</b>
External Revenue				
Interest Income	2	11	-	13
Revenue	7,476	-	-	7,476
Other Income	92	277	-	369
Intersegment Revenue/(Eliminations)	-	433	(433)	-
Total Segment Revenue/(Eliminations)	7,570	721	(433)	7,858
Interest Expense	(30)	(237)	-	(267)
Overall Segment Result	77	(9)	(400)	(332)
Income Tax Expense				-
Profit/(Loss) for the 6 Month Period				(332)
Segment Assets	6,581	5,202	(4,000)	7,783
Segment Liabilities	3,670	3,594	-	7,264
Depreciation, Impairment and Amortisation	195	-	-	195
Capital Expenditure	71	-	-	71

The Group receives Trading Income from two customers who account for 74% of total Trading Income

## 6. Financial Assets and Liabilities

### Accounting Classifications and Fair Values

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

#### 31 December 2013

	<i>Available for Sale \$'000</i>	<i>Loans and Receivables \$'000</i>	<i>Other Amortised Cost \$'000</i>	<i>Total Carrying Value \$'000</i>	<i>Fair Value \$'000</i>
Cash and Cash Equivalents	676	-	-	676	676
Loans and Advances	-	585	-	585	585
Trade and Other Receivables	252	2,713	-	2,965	2,965
	928	3,298	-	4,226	4,226
Trade and Other Payables	-	-	2,923	2,923	2,923
Borrowings	-	-	5,445	5,445	5,445
	-	-	8,368	8,368	8,368

#### 30 June 2013

	<i>Available for Sale \$'000</i>	<i>Loans and Receivables \$'000</i>	<i>Other Amortised Cost \$'000</i>	<i>Total Carrying Value \$'000</i>	<i>Fair Value \$'000</i>
Trade and Other Receivables	422	1,453	-	1,875	1,875
Cash and Cash Equivalents	-	426	-	426	426
	422	1,879	-	2,301	2,301
Trade and Other Payables	-	-	2,089	2,089	2,089
Borrowings	-	-	4,360	4,360	4,360
	-	-	6,449	6,449	6,449

#### 31 December 2012

	<i>Available for Sale \$'000</i>	<i>Loans and Receivables \$'000</i>	<i>Other Amortised Cost \$'000</i>	<i>Total Carrying Value \$'000</i>	<i>Fair Value \$'000</i>
Cash and Cash Equivalents	-	656	-	656	656
Loans and Advances	-	200	-	200	200
Trade and Other Receivables	573	1,858	-	2,431	2,431
	573	2,714	-	3,287	3,287
Trade and Other Payables	-	-	2,966	2,966	2,966
Borrowings	-	-	4,298	4,298	4,298
	-	-	7,264	7,264	7,264

### 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.

### 7. Employee Benefits Expense

	<b>6 months</b> <b>31 December</b> <b>2013</b> <b>\$'000</b>	<b>12 months</b> <b>30 June</b> <b>2013</b> <b>\$'000</b>	<b>6 months</b> <b>31 December</b> <b>2012</b> <b>\$'000</b>
Wages and Salaries	2,146	3,927	2,053
Other Personnel Expenses	92	103	49
<b>Total Personnel Expenses</b>	<b>2,238</b>	<b>4,030</b>	<b>2,102</b>

### 8. Other Income

	<b>6 months</b> <b>31 December</b> <b>2013</b> <b>\$'000</b>	<b>12 months</b> <b>30 June</b> <b>2013</b> <b>\$'000</b>	<b>6 months</b> <b>31 December</b> <b>2012</b> <b>\$'000</b>
Rental Income	52	98	52
Gain on Sale of Property, Plant and Equipment	10	-	-
Change in Fair Value of Speirs Securities Limited	(45)	49	50
Operating Fees from Speirs Securities Limited	207	449	221
Writeback of Provision for Impairment on Allied Farmers Debt	585	-	-
Owing			
Other Income	52	93	46
<b>Total Other Income</b>	<b>861</b>	<b>689</b>	<b>369</b>

### 9. Other Expenses

	<b>6 months</b> <b>31 December</b> <b>2013</b> <b>\$'000</b>	<b>12 months</b> <b>30 June</b> <b>2013</b> <b>\$'000</b>	<b>6 months</b> <b>31 December</b> <b>2012</b> <b>\$'000</b>
Fees Paid to Auditors			
Statutory Audit of Financial Statements	19	49	19
Under/(over) accrual of prior year Audit Fee	(1)	6	6
Other Assurance Services	-	-	-
Directors Fees - Parent	49	98	49
Directors Fees - Subsidiaries	26	53	26
Bad Debts Written Off	-	31	-
Insurance	154	273	137
Legal Fees	162	59	30
Loss on Disposal of Sale of Property, Plant and Equipment	-	-	-
Rental Expenditure	25	44	23
Other Expenses	302	538	262
<b>Total Other Expenses</b>	<b>736</b>	<b>1,151</b>	<b>552</b>



### 10. Net Interest Expense

	<b>6 months 31 December 2013 \$'000</b>	<b>12 months 30 June 2013 \$'000</b>	<b>6 months 31 December 2012 \$'000</b>
<b>Interest Income</b>			
Cash and Cash Equivalents	3	6	2
Loans and Advances	-	21	11
<b>Total Interest Income</b>	<b>3</b>	<b>27</b>	<b>13</b>
<b>Interest Expense</b>			
<b>Borrowings</b>			
Convertible Redeemable Preference Shares	107	231	116
Unwind of Discount on Convertible Redeemable Preference Shares	57	123	62
Redeemable Preference Shares	35	-	-
Amortisation of Issue Costs of Redeemable Preference Shares	11	-	-
Secured Stock	30	119	60
Mortgage	40	53	26
Debtor Financing	29	-	-
On all other borrowings	23	14	3
<b>Total Interest Expense</b>	<b>332</b>	<b>540</b>	<b>267</b>
<b>Net Interest Expense</b>	<b>(329)</b>	<b>(513)</b>	<b>(254)</b>

### 11. Income Tax Expense

	<b>6 months 31 December 2013 \$'000</b>	<b>12 months 30 June 2013 \$'000</b>	<b>6 months 31 December 2012 \$'000</b>
<b>Tax Expense</b>			
Current Tax	-	-	-
Deferred Tax	-	-	-
<b>Income Tax Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of Effective Tax Rate</b>			
Profit/(Loss) Before Income Tax	141	(622)	(332)
Income Tax at 28 %	39	(174)	(93)
Loss on Associates	6	44	19
Non-assessable Income	(56)	-	-
Non-deductible Expenses	58	28	51
Unrecognised Future Income Tax Benefit	(47)	102	23
	-	-	-

	<i>6 months</i> <i>31 December</i> <i>2013</i> <i>\$'000</i>	<i>12 months</i> <i>30 June</i> <i>2013</i> <i>\$'000</i>	<i>6 months</i> <i>31 December</i> <i>2012</i> <i>\$'000</i>
<b>Imputation Credits</b>			
Imputation Credits at Start of Period	3,697	3,820	3,820
Income Tax Paid/(Refunds Received)	-	-	-
Imputation Credits Attached to Dividends Received	-	-	-
Imputation Credits Attached to Redeemable Preference Share Dividends Paid	(15)	-	-
Imputation Credits Attached to Convertible Redeemable Preference Share Dividends Paid	(47)	(123)	(63)
<b>Imputation Credits at Period End</b>	<b>3,635</b>	<b>3,697</b>	<b>3,757</b>

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

### 12. Earnings per Share

Basic and Diluted Profit/(Loss) per Share

	<i>6 months</i> <i>31 December</i> <i>2013</i> <i>\$'000</i>	<i>12 months</i> <i>30 June</i> <i>2013</i> <i>\$'000</i>	<i>6 months</i> <i>31 December</i> <i>2012</i> <i>\$'000</i>
<b>Profit/(Loss) Attributable to Ordinary Shareholders</b>			
Profit/(Loss) for the Period	141	(622)	(332)
Dividends Paid on Perpetual Preference Shares	(31)	(61)	(31)
<b>Profit/(Loss) for the Period Attributable to Ordinary Shareholders</b>	<b>110</b>	<b>(683)</b>	<b>(363)</b>

	<i>6 months</i> <i>31 December</i> <i>2013</i> <i>'000</i>	<i>12 months</i> <i>30 June</i> <i>2013</i> <i>'000</i>	<i>6 months</i> <i>31 December</i> <i>2012</i> <i>'000</i>
<b>Weighted Average Number of Ordinary Shares</b>			
Issued Ordinary Shares at beginning of period	11,335	11,335	11,335
Issued Ordinary Shares at end of period	11,335	11,335	11,335
<b>Weighted Average Number of Ordinary Shares at Period End</b>	<b>11,335</b>	<b>11,335</b>	<b>11,335</b>

	<i>6 months</i> <i>31 December</i> <i>2013</i>	<i>12 months</i> <i>30 June</i> <i>2013</i>	<i>6 months</i> <i>31 December</i> <i>2012</i>
<b>Total Earnings per Share Attributed to Equity Holders of the Company:</b>			
Basic Profit/(Loss) per Share (c/share)	0.97	(6.03)	(3.20)
Diluted Profit/(Loss) per Share (c/share)	0.97	(6.03)	(3.20)

### 13. Cash and Cash Equivalents

	<i>31 December</i> <i>2013</i> <i>\$'000</i>	<i>30 June</i> <i>2013</i> <i>\$'000</i>	<i>31 December</i> <i>2012</i> <i>\$'000</i>
Cash at Bank	306	263	453
Short Term Deposits – Call	370	163	203
<b>Total Cash &amp; Cash Equivalents</b>	<b>676</b>	<b>426</b>	<b>656</b>

All cash and cash equivalents are held in registered banks. The Company has no overdraft facility.

#### 14. Trade and Other Receivables

31 December 2013

	<i>Gross Amount \$'000</i>	<i>Impairment Allowance \$'000</i>	<i>Carrying Amount \$'000</i>
<b>Trade and Other Receivables</b>			
Trade Receivables	2,210	-	2,210
Subordinated Debt in Speirs Securities Limited	252	-	252
Prepayments	503	-	503
<b>Total Trade and Other Receivables</b>	<b>2,965</b>	<b>-</b>	<b>2,965</b>
Current	2,965	-	2,965
Non Current	-	-	-
<b>Total</b>	<b>2,965</b>	<b>-</b>	<b>2,965</b>

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

The Trade Receivables are secured under the debtor financing arrangement referred to in Note 22.

30 June 2013

	<i>Gross Amount \$'000</i>	<i>Impairment Allowance \$'000</i>	<i>Carrying Amount \$'000</i>
<b>Trade and Other Receivables</b>			
Trade Receivables	1,193	-	1,193
Subordinated Debt in Speirs Securities Limited	422	-	422
GST Refund	21	-	21
Prepayments	239	-	239
<b>Total Trade and Other Receivables</b>	<b>1,875</b>	<b>-</b>	<b>1,875</b>
Current	1,453	-	1,453
Non Current	422	-	422
<b>Total</b>	<b>1,875</b>	<b>-</b>	<b>1,875</b>

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

31 December 2012

	<i>Gross Amount \$'000</i>	<i>Impairment Allowance \$'000</i>	<i>Carrying Amount \$'000</i>
<b>Trade and Other Receivables</b>			
Trade Receivables	1,728	-	1,728
Subordinated Debt in Speirs Securities Limited	573	-	573
Prepayments	130	-	130
<b>Total Trade and Other Receivables</b>	<b>2,431</b>	<b>-</b>	<b>2,431</b>
Current	1,858	-	1,858
Non Current	573	-	573
<b>Total</b>	<b>2,431</b>	<b>-</b>	<b>2,431</b>

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

### 15. Inventories

	<b>31 December 2013 \$'000</b>	<b>30 June 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
<b>Inventories</b>			
Raw Materials and Consumables	491	331	429
Finished Goods	117	44	127
<b>Total</b>	<b>608</b>	<b>375</b>	<b>556</b>

No inventory is subject to retention of title clauses.

### 16. Associate Entities

#### Overall Summary

<b>Investments Equity Accounted</b>	<b>31 December 2013 \$'000</b>	<b>30 June 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Share of Rosa Foods Limited	439	441	424
Share of Speirs Nutritionals Partners LP	75	100	222
	<b>514</b>	<b>541</b>	<b>646</b>

  

<b>Share of Profit/(Loss) of Associates</b>	<b>6 months 31 December 2013 \$'000</b>	<b>12 months 30 June 2013 \$'000</b>	<b>6 months 31 December 2012 \$'000</b>
Share of Profit/(Loss) of Rosa Foods Limited	(2)	24	7
Share of Profit/(Loss) of Speirs Nutritionals Partners LP	(26)	(184)	(62)
	<b>(28)</b>	<b>(160)</b>	<b>(55)</b>

#### (a) Rosa Foods Limited

On 1 April 2008 Speirs Group Limited purchased 40% of the ordinary shares of Rosa Foods Limited ("Rosa"). Rosa is a Wellington based food manufacturer providing prepared meal products to the supermarket chains. Rosa has a reporting date of 31 March. Financial information for Rosa has been extracted from management accounts for the period ended 31 December 2013. The Company did not receive a dividend from Rosa during the period ended 31 December 2013.

	<b>6 months 31 December 2013 \$'000</b>	<b>12 months 30 June 2013 \$'000</b>	<b>6 months 31 December 2012 \$'000</b>
Opening Balance	441	417	417
Share of profit/(loss) after tax of associate	(2)	24	7
<b>Closing Balance</b>	<b>439</b>	<b>441</b>	<b>424</b>

At period end the statement of financial position of Rosa was as follows:

	<b>31 December 2013 \$'000</b>	<b>30 June 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Current Assets	649	511	472
Goodwill	495	495	550
Property Plant and Equipment	460	448	555
<b>Total Assets</b>	<b>1,604</b>	<b>1,454</b>	<b>1,577</b>
Current Liabilities	520	412	542
Non Current Liabilities	95	49	85
<b>Total Liabilities</b>	<b>615</b>	<b>461</b>	<b>627</b>
<b>Net Assets</b>	<b>989</b>	<b>993</b>	<b>950</b>

(b)Speirs Nutritionals Partners LP

On 1 February 2010 Speirs Group Limited 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. Subsequently Speirs Group Limited increased its interest to 60.657%. 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. Financial information for SNPLP has been extracted from management accounts. 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.

	<b>31 December 2013 \$'000</b>	<b>30 June 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Share of surplus/(deficit) of associate	(25)	(184)	(62)
Less share of dividends received	-	-	-
Net addition/(deletion) to the investment carrying value	(25)	(184)	(62)
Share of associate's equity at the beginning of the period	100	284	284
Closing Balance	<u>75</u>	<u>100</u>	<u>222</u>

At period end the statement of financial position of SNPLP was as follows:

	<b>31 December 2013 \$'000</b>	<b>30 June 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Current Assets	169	254	113
Property Plant and Equipment	-	-	502
Total Assets	<u>169</u>	<u>254</u>	<u>615</u>
Current Liabilities	45	89	248
Non Current Liabilities	-	-	-
Total Liabilities	<u>45</u>	<u>204</u>	<u>248</u>
Net Assets	<u>124</u>	<u>165</u>	<u>367</u>
Speirs Group Share (60.657%)	<u>75</u>	<u>100</u>	<u>222</u>

**17. Loans and Advances**

	<b>31 December 2013 \$'000</b>	<b>30 June 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Loan to Speirs Nutritionals LP	-	-	200
Owing from Allied Farmers Limited	2,000	-	-
NFA Limited (In Liquidation) Perpetual Bonds	-	2,000	2,000
	<u>2,000</u>	<u>2,000</u>	<u>2,200</u>
Provision for Impairment	(1,415)	(2,000)	(2,000)
Carrying Value	<u>585</u>	<u>-</u>	<u>200</u>
Current	-	-	200
Non Current	585	-	-
Total	<u>585</u>	<u>-</u>	<u>200</u>

**Loan to Speirs Nutritionals Partners LP**

The Company had a loan facility to Speirs Nutritionals Partners LP. The facility was supported by a first charge over the assets of Speirs Nutritionals Partners LP. The interest rate on the loan was 10.50%. In June 2013, Speirs Foods Limited purchased a piece of plant from Speirs Nutritionals LP and was charged \$250,000 (plus GST, \$287,500 inclusive). \$200,000 of this purchase price was paid for by Speirs Group Limited writing off this \$200,000 loan to Speirs Nutritionals Partners LP.

***Owing from Allied Farmers Limited/NFA Limited (In Liquidation) Perpetual Bonds***

The Company sold its finance division to Allied Farmers Limited on 30 September 2008. As part consideration the Company received 2,000,000 \$1 Subordinated Perpetual Bonds in Allied Nationwide Finance Limited, now NFA Limited (In Liquidation). Those Perpetual Bonds ("The Bonds") have a par value of \$1.00 per bond.

Speirs Group held a put option over these bonds which enabled the sale of the bonds to Allied Farmers on 30 September 2013 for a cash consideration of \$2 million. This put option was exercised on 30 September 2013. Accordingly, at 31 December 2013 these Perpetual Bonds have been replaced by a debt owing from Allied Farmers Limited.

In December 2013 Speirs Group Limited entered into a conditional agreement with Allied Farmers Limited in relation to the debt owing.

The key terms of the conditional agreement are:

- Allied Farmers Limited will issue 14,678,487 new ordinary shares to Speirs Group Limited in January 2014. These shares will rank equally in terms of rights, entitlement and voting with existing ordinary shares in Allied Farmers Limited; and
- On or before 30 April 2016 (or earlier if Allied Farmers Limited is able to make the required payment), Allied Farmers Limited agrees to pay to Speirs Group Limited \$500,000 in cash.

The main conditions to be satisfied are:

- Speirs Group Limited obtaining shareholder approval by way of a Prebreak Announcement or shareholder meeting (if required); and
- Speirs Group Limited and Allied Farmers Limited obtaining any required NZX waivers in relation to related party matters with regard to the issue of the Allied Farmers Limited ordinary shares.

These conditions were satisfied in January 2014. For this reason the directors have reduced the provision for impairment by \$585,000 to \$1,415,000.

***18. Deferred Income Tax Assets******Unrecognised Deferred Tax Assets***

The Group has a deferred tax asset of \$7,947,978 (30 June 2013: \$7,995,382; 31 December 2012: \$7,908,490) 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.

**19. Property, Plant and Equipment**
**31 December 2013**

	<i>Land \$'000</i>	<i>Buildings \$'000</i>	<i>Computer Equipment \$'000</i>	<i>Vehicles \$'000</i>	<i>Other Plant &amp; Equipment \$'000</i>	<i>Capital Work in Progress \$'000</i>	<i>Total \$'000</i>
<b>Cost or Valuation</b>							
Balance at Start of Period	-	-	916	402	4,214	13	5,545
Additions	-	-	18	-	20	25	63
Reclassification from Assets Held for Sale	51	1,826	-	-	-	-	1,877
Disposals	-	-	-	(78)	-	-	(78)
<b>Balance at Period End</b>	<b>51</b>	<b>1,826</b>	<b>934</b>	<b>324</b>	<b>4,234</b>	<b>38</b>	<b>7,407</b>
<b>Depreciation and Impairment Losses</b>							
Balance at Start of Period	-	-	784	335	3,450	-	4,569
Reclassification from Assets Held for Sale	-	464	-	-	-	-	464
Depreciation for the Period	-	39	23	13	82	-	157
Impairment	-	-	-	-	-	-	-
Disposals	-	-	-	(78)	-	-	(78)
<b>Balance at Period End</b>	<b>-</b>	<b>503</b>	<b>807</b>	<b>270</b>	<b>3,532</b>	<b>-</b>	<b>5,112</b>
<b>Carrying Amounts</b>							
At Start of Period	-	-	132	67	764	13	976
At Period End	51	1,323	127	54	702	38	2,295

**30 June 2013**

	<i>Land \$'000</i>	<i>Buildings \$'000</i>	<i>Computer Equipment \$'000</i>	<i>Vehicles \$'000</i>	<i>Other Plant &amp; Equipment \$'000</i>	<i>Capital Work in Progress \$'000</i>	<i>Total \$'000</i>
<b>Cost or Valuation</b>							
Balance at Start of Period	80	2,806	912	385	4,235	12	8,430
Additions	-	36	4	17	91	1	149
Reclassification to Assets Held for Sale	(80)	(2,842)	-	-	-	-	(2,922)
Disposals / Transfers	-	-	-	-	(112)	-	(112)
<b>Balance at Period End</b>	<b>-</b>	<b>-</b>	<b>916</b>	<b>402</b>	<b>4,214</b>	<b>13</b>	<b>5,545</b>
<b>Depreciation and Impairment Losses</b>							
Balance at Start of Period	-	602	736	310	3,381	-	5,029
Depreciation for the Year	-	121	48	25	181	-	375
Reclassification to Assets Held for Sale	-	(723)	-	-	-	-	(723)
Disposals	-	-	-	-	(112)	-	(112)
<b>Balance at Period End</b>	<b>-</b>	<b>-</b>	<b>784</b>	<b>335</b>	<b>3,450</b>	<b>-</b>	<b>4,569</b>
<b>Carrying Amounts</b>							
At Start of Period	80	2,204	176	75	854	12	3,401
At Period End	-	-	132	67	764	13	976

31 December 2012

	<i>Land \$'000</i>	<i>Buildings \$'000</i>	<i>Computer Equipment \$'000</i>	<i>Vehicles \$'000</i>	<i>Other Plant &amp; Equipment \$'000</i>	<i>Capital Work in Progress \$'000</i>	<i>Total \$'000</i>
<b>Cost or Valuation</b>							
Balance at Start of Period	80	2,806	912	385	4,235	12	8,430
Additions	-	26	4	17	13	11	71
Disposals	-	-	-	-	-	-	-
<b>Balance at Period End</b>	<b>80</b>	<b>2,832</b>	<b>916</b>	<b>402</b>	<b>4,248</b>	<b>23</b>	<b>8,501</b>
<b>Depreciation and Impairment Losses</b>							
Balance at Start of Period	-	602	736	310	3,381	-	5,029
Depreciation for the Period	-	60	26	12	96	-	194
Impairment	-	-	-	-	(5)	-	(5)
Disposals	-	-	-	-	-	-	-
<b>Balance at Period End</b>	<b>-</b>	<b>662</b>	<b>762</b>	<b>322</b>	<b>3,472</b>	<b>-</b>	<b>5,218</b>
<b>Carrying Amounts</b>							
At Start of Period	80	2,204	176	75	854	12	3,401
At Period End	80	2,170	154	80	776	23	3,283

**20. Intangibles**

	<i>31 December 2013 Purchased Software \$'000</i>	<i>30 June 2013 Purchased Software \$'000</i>	<i>31 December 2012 Purchased Software \$'000</i>
<b>Cost</b>			
Balance at Start of Period	164	164	164
Additions	-	-	-
Disposals	-	-	-
<b>Balance at Period End</b>	<b>164</b>	<b>164</b>	<b>164</b>
<b>Amortisation and Impairment Losses</b>			
Balance at Start of Period	158	147	147
Amortisation for the Period	6	11	6
Impairment Loss	-	-	-
<b>Balance at Period End</b>	<b>164</b>	<b>158</b>	<b>153</b>
<b>Carrying Amounts</b>			
At Start of Period	6	17	17
At Period End	-	6	11



## 21. Trade and Other Payables

	<b>31 December 2013 \$'000</b>	<b>30 June 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
<b>Trade and Other Payables</b>			
Other Trade Payables	2,190	1,526	2,199
Provisions	5	5	5
Non-Trade Payables and Accrued Expenses	728	558	762
	<u>2,923</u>	<u>2,089</u>	<u>2,966</u>

## 22. Borrowings

	<b>31 December 2013 \$'000</b>	<b>30 June 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
<b>Borrowings</b>			
Secured Stock – Speirs Funding	-	1,190	1,190
Debtor Financing	972	-	-
Convertible Redeemable Preference Shares	-	2,515	2,453
Short Term Borrowings	350	-	-
Redeemable Preference Shares	2,930	-	-
Mortgage Facility	1,193	655	655
	<u>5,445</u>	<u>4,360</u>	<u>4,298</u>
Current	350	3,705	3,643
Non-Current	5,095	655	655
	<u>5,455</u>	<u>4,360</u>	<u>4,298</u>

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

	<b>31 December 2013 %</b>	<b>30 June 2013 %</b>	<b>31 December 2012 %</b>
<b>Borrowings</b>			
Secured Stock – Speirs Funding Limited	-	10.00%	10.00%
Debtor Financing	12.00%	-	-
Convertible Redeemable Preference Shares	-	9.00%	9.00%
Short Term Borrowing	9.00%	-	-
Redeemable Preference Shares	9.00%	-	-
Mortgage Facility	8.25%	8.25%	8.25%

### **Secured Stock – Speirs Funding Limited**

This liability of Speirs Funding Limited (previously named Speirs Investments Limited) was fully settled by investors exchanging their Secured Stock for the new issue of Redeemable Preference Shares (see below) on 30 September 2013 or being repaid in cash on 2 October 2013. The secured stock was secured under the Terms of the Trust Deed dated 20 July 2009 between Speirs Investments Limited and Perpetual Trust Limited. The secured stock matured on 2 October 2013. The interest rate on the secured stock was reset annually on the 30th of September at the greater of 10.00% or the one year swap rate plus 4.50%.

### **Debtor Financing**

During the six months ended 31 December 2013 Speirs Foods Limited entered into a debtor financing arrangement. The financing is secured by a first ranking charge over the assets and undertakings of Speirs Foods Limited and an unsecured guarantee from Speirs Group Limited.

### **Convertible Redeemable Preference Shares**

This liability was fully settled by investors exchanging their Convertible Redeemable Preference Shares for the new issue of Redeemable Preference Shares (see below) on 16 December 2013 or being repaid in cash on 16 December 2013. During the year ended 30 June 2010 3,250,000 convertible redeemable preference shares were issued at \$1 each. The convertible redeemable preference shares had a redemption date of 16 December 2013. At the redemption date the holders of the convertible redeemable preference shares had 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 ranked behind all other liabilities of the company but ahead of ordinary and perpetual preference shareholders.

### Short Term Borrowings

These funds are due for repayment by 30 June 2014. \$300,000 of the borrowing is secured by a third ranking charge over the assets and undertakings of Speirs Foods Limited. The remaining \$50,000 is unsecured.

### Redeemable Preference Shares

During the six months ended 31 December 2013 2,929,632 redeemable preference shares were issued at \$1 each. The redeemable preference shares have a scheduled redemption date of 30 September 2017, although the company has the right to redeem at any time before the scheduled redemption date. The redeemable preference shares rank behind all other liabilities of the company but ahead of ordinary and perpetual preference shareholders. Until 30 June 2014 the dividend rate will be 9.00% per annum. From 30 June 2014 the dividend rate will be reset annually (on 30 June) and will be the greater of 9.00% or the then one year swap rate plus 4.50%.

### Mortgage Facility

Speirs Foods Limited has a mortgage funding facility for up to \$1,195,000. The facility has a maturity date of 10 January 2015. The facility is secured by a first mortgage over the properties owned by Speirs Foods Limited, along with a second ranking charge over the assets and undertakings of Speirs Foods Limited and an unsecured guarantee from Speirs Group Limited.

## 23. Contributed Capital

	<b>31 December 2013 \$'000</b>	<b>30 June 2013 \$'000</b>	<b>31 December 2012 \$'000</b>
Balance at Beginning of Period	13,391	13,391	13,391
Redemption of Equity Element of Convertible Redeemable Preference Shares	(466)	-	-
<b>Balance at Period End</b>	<b>12,925</b>	<b>13,391</b>	<b>13,391</b>

Prior to their redemption in December 2013, the Company had issued Convertible Redeemable Preference Shares (see Note 22). 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.

### Ordinary Shares

	<b>Ordinary Shares</b>		
	<b>31 December 2013 '000</b>	<b>30 June 2013 '000</b>	<b>31 December 2012 '000</b>
Number of Shares on issue at Start of Period	11,335	11,335	11,335
<b>Number of Shares on issue at Period End</b>	<b>11,335</b>	<b>11,335</b>	<b>11,335</b>

The total authorised number of ordinary shares is 11,334,576 (30 June 2013: 11,334,576; 31 December 2012 11,334,576). All issued shares were fully paid. There are no preferences or restrictions attached to this class of share.

### Perpetual Preference Shares

	<b>Perpetual Preference Shares</b>		
	<b>31 December 2013 '000</b>	<b>30 June 2013 '000</b>	<b>31 December 2012 '000</b>
Number of Shares on issue at Start of Period	679	679	679
<b>Number of Shares on issue at Period End</b>	<b>679</b>	<b>679</b>	<b>679</b>

During the year ended 30 June 2012, in accordance with shareholder resolutions passed at a special shareholder meeting, 679,000 perpetual preference shares ("PPS") were issued at \$1 each. The table below sets out some of the key terms of the PPS.

<b>Issue price</b>	\$1.00 each.
<b>Dividends payable by the Company</b>	Dividends are only payable if authorised by the Board. If authorised, dividends are payable at the higher of: (a) 9% per annum; and (b) the average bid and offered swap rate for a one year swap as quoted on the Reuters Screen Page "FISSWAP" (which is currently around 2.4%) plus 5%. No dividends may be authorised by the Board in respect of ordinary shares in the Company unless dividends are authorised in respect of the PPS and all dividends on the PPS, including authorised but unpaid dividends, have been paid.
<b>Ranking in respect of dividends</b>	Behind the dividends payable on the CRPS, equally with all other dividends payable on the PPS, and ahead of dividends payable on ordinary shares in the Company and any other shares in the Company that are expressed to rank behind the PPS.
<b>When redeemable</b>	May, at the sole option of the Company, be redeemed by the Company at any time after 10 years from the issue date (i.e. from 2022).
<b>Redemption amount payable by the Company</b>	\$1.00 plus any authorised but unpaid dividends.
<b>When convertible</b>	Convertible at the election of the holder between 5 and 10 years from the date of issue (i.e. between 2017 and 2022).
<b>Rate of conversion</b>	1 PPS converts into 8 ordinary shares in the Company.
<b>Ranking in liquidation</b>	Behind the creditors of the Company, behind the CRPS holders, but ahead of ordinary shareholders and any other holders of shares that are expressed to rank behind the CRPS.

#### Dividends

The following dividends were declared and paid by the Company:

	<b>31 December 2013 '000</b>	<b>30 June 2013 '000</b>	<b>31 December 2012 '000</b>
\$0.00 per Qualifying Ordinary Share (30 June 2013: \$0.00; 31 December 2012: \$0.00)	-	-	-
4.5c per Qualifying Perpetual Preference Share (30 June 2013: 9.0c per share; 31 December 2012: 4.5c per share)	31	61	31

The Directors have not proposed the payment of any ordinary dividends at 31 December 2013.

#### 24. Reconciliation of Profit/(Loss) for the Period to Net Cash From Operating Activities

	<b>6 months 31 December 2013 \$'000</b>	<b>12 months 30 June 2013 \$'000</b>	<b>6 months 31 December 2012 \$'000</b>
<b>Reconciliation of Profit/(Loss) for the Period to Net Cash from Operating Activities</b>			
Profit/(Loss) for the Period	141	(622)	(332)
<b>Adjustments for Non-Cash Items:</b>			
Depreciation and Impairment on Property, Plant and Equipment	157	375	189
Amortisation of Intangible Assets	6	11	6
Bad Debts Written Off	-	31	-
Non Cash Loss/(Gain) on Acquisition of Speirs Securities Limited	45	-	(30)
Loss/(Gain) on Disposal of Property, Plant and Equipment	(10)	-	-
Reduction in Impairment on Allied Farmers Limited Debt Owing	(585)	-	-
Unwind of Discount on Convertible Redeemable Preference Shares	57	124	62
Share of Associates (Gains)/ Losses	28	160	55
	(161)	79	(50)
<b>Movement in Other Working Capital Items:</b>			
Change in Inventories	(233)	1	(180)
Change in Trade and Other Receivables and Other Assets	(1,260)	(279)	(653)
Change in Trade and Other Payables	834	225	1,152
<b>Net Cash From Operating Activities</b>	<b>(820)</b>	<b>26</b>	<b>269</b>

## 25. 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.

### Key Management Personnel Compensation

	<b>6 Months 31 December 2013 \$'000</b>	<b>12 Months 30 June 2013 \$'000</b>	<b>6 Months 31 December 2012 \$'000</b>
Short-Term Employee Benefits	216	415	204
Termination Benefits	-	-	-
	<b>216</b>	<b>415</b>	<b>204</b>

### 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.

Transactions with related parties are summarised below:

- Speirs Group Limited received a dividend of \$200,000 from Speirs Foods Limited (30 June 2013: \$600,000; 31 December 2012: \$400,000).
- Speirs Group Limited charged Speirs Foods Limited \$33,000 (30 June 2013: \$66,000; 31 December 2012: \$33,000) in respect of corporate services provided by Speirs Group Limited.
- Speirs Group Limited paid Speirs Funding Limited (previously known as Speirs Investments Limited) \$50,000 (30 June 2013: \$200,000; 31 December 2012: \$100,000) in relation to an interest guarantee on secured and unsecured stock issued by Speirs Investments Limited. At 31 December 2013 the balance of the guarantee was \$Nil. At 31 December 2012 and 30 June 2013 the amount of the guarantee was \$2,000,000.
- Speirs Group Limited received \$20,250 (30 June 2013: \$81,000; 31 December 2012: \$40,500) from Speirs Funding Limited (previously known as Speirs Investments Limited) in relation to interest on unsecured stock held by Speirs Group and issued by Speirs Funding Limited. At 31 December 2013 the balance of the unsecured stock was \$Nil. At 31 December 2012 and 30 June 2013 the balance of the unsecured stock was \$810,000.
- Speirs Group Limited received a dividend on preference shares for \$5,000 (30 June 2013: \$10,000; 31 December 2012; \$10,000) from Rosa Foods Limited. At 31 December 2013 and 2012 and 30 June 2013 the balance of the preference shares was \$100,000.
- Speirs Foods charged Rosa Foods Limited \$172,382 (30 June 2013: \$290,394; 31 December 2012: \$144,128) for freight and marketing services provided. At 31 December 2013 Rosa Foods Limited owed Speirs Foods Limited \$79,276 (30 June 2013: \$56,734; 31 December 2012: \$58,591).
- Speirs Group Limited provided a credit facility of \$Nil to Speirs Securitisation LP (30 June 2013; \$44,000; 31 December 2012: \$191,000).

All interest and fees charged Partnership by 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.

## 26. Capital Commitments and Contingencies

The Group was committed to the following at year end:

### 31 December 2013

	<i>Property Rentals \$'000</i>	<i>Capital Expenditure \$'000</i>	<i>Total \$'000</i>
Less than One Year	-	-	-
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	-	-

### 30 June 2013

	<i>Property Rentals \$'000</i>	<i>Capital Expenditure \$'000</i>	<i>Total \$'000</i>
Less than One Year	-	-	-
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	-	-

### 31 December 2012

	<i>Property Rentals \$'000</i>	<i>Capital Expenditure \$'000</i>	<i>Total \$'000</i>
Less than One Year	-	-	-
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	-	-

#### Contingent Liabilities

The Company and Group have no contingent liabilities.

## 27. Events After the Reporting Period

### Asset Funding Business

Speirs had several decades of experience as a provider of vehicle funding to small to medium business enterprises prior to the sale of its finance business in September 2008.

In November 2013 Speirs Group Limited sought and received shareholder approval for a transaction to re-enter the finance business. At 31 December 2013 there were a number of conditions precedent still to be met. Once the conditions precedent are met the transaction can be summarised as follows:

- 1.1 The Speirs Group Limited group has partnered in the creation of a new finance business (the *Finance Business*) for the funding of motor vehicles and commercial plant with a New Zealand domiciled entity (the *Investor*);
- 1.2 The Finance Business has been established in a limited partnership called Speirs Finance (NZ) Limited Partnership (the *Limited Partnership*). Speirs General Partner (NZ) Limited (the *General Partner*) is the general partner of the limited partnership;
- 1.3 The Investor will introduce the cash portion of the necessary equity and assume responsibility for the provision of all subordinated loans to the Limited Partnership, other than for the amount discussed in paragraph 1.6 below. In return, the Investor acquired a 75% ownership in the Limited Partnership and the General Partner. Speirs Group Limited will not have any cash commitment to the Limited Partnership or the General Partner, other than that referred to in paragraph 1.6 below;
- 1.4 Speirs Group Limited acquired certain assets, including intellectual property, a proprietary software system and knowhow (the *Assets*) from Speirs Securitisation Limited Partnership (a limited partnership wholly owned and controlled by the Speirs Group Limited group) (*SSLP*) and then transferred the Assets to the General Partner in exchange for the issue of additional shares in the General Partner to take Speirs Group Limited's shareholding in the General Partner to 25%. The aggregate value of the Assets is \$250,000;
- 1.5 the Limited Partnership will pay Speirs Group Limited an arrangement fee of up to \$1,300,000 and SGL will then lend \$1,000,000 to the Limited Partnership as an interest bearing subordinated loan (the *Subordinated Loan*); and
- 1.6 senior debt will be provided to the Limited Partnership by a major bank trading in New Zealand.

The directors can report that the conditions precedent were satisfied during January 2014 and that the \$1.3 million establishment fee was received in January 2014 with \$1m immediately being reinvested into interest bearing subordinated debt in Speirs Finance (NZ) Limited Partnership. This transaction will result in a profit to the Speirs Group Limited group in the vicinity of \$900,000

No gain has been recognised in the financial statements for the period ended 31 December 2013 in relation to this transaction.

**Allied Farmers Limited – Debt Owning**

Note 17 refers to a debt owing from Allied Farmers Limited.

On 20 December 2013 Speirs Group Limited announced that it had entered into a conditional agreement with Allied Farmers Limited (ALF) in relation to settling monies owing to Speirs Group Limited under a Put Option which was exercised by Speirs Group Limited on 30 September 2013.

The directors can report that all of the above conditions were satisfied during January 2014 and that 14,678,487 Allied Farmers Limited ordinary shares were issued to Speirs Group Limited on 30 January 2014.

At 31 December 2013 the impairment provision in relation to this asset was reduced from \$2,000,000 to \$1,415,000. This resulted in the recognition of \$585,000 of income in the financial statements for the period ended 31 December 2013.

**Other Events**

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

**28. Dividend or Distribution Reinvestment Plans**

The Group has no such plans in place.

**29. Net Tangible Assets per Security**

	<i>31 December</i> <i>2013</i>	<i>30 June</i> <i>2013</i>	<i>31 December</i> <i>2012</i>
	\$	\$	\$
Net Tangible Assets Per Security	0.03	0.02	0.04

**30. Entities Over which Control has Been Gained or Lost During the Period**

There have been no entities over which the Group has gained or lost control during the period.

**31. Associates and Joint Ventures**

The Group has no joint ventures. The Company has Associate entities – see note 16 for full details.