SPEIRS GROUP

SPEIRS GROUP LIMITED

REPORT TO SHAREHOLDERS

FOR THE 6 MONTHS ENDED 31 DECEMBER 2009

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Directors' Commentary

The economic upheaval that New Zealand has experienced over the past two to three years has led to a government strategic review of all parts of our economy. Speirs Group has been profoundly affected not only by the economic upheaval, but also by the consequent reactions of both the public and the government.

Food product innovation and science is at the heart of our Government's challenge to the New Zealand food industry: that Kiwis' combined ingenuity should take new and exciting food products from New Zealand to the global marketplace. Not only is Speirs Group in the fresh food business; we are domiciled in the New Zealand heartland of food science and food industry research excellence.

Responding to our government's challenge, Speirs Group has been repositioning itself within the fresh food industry - to provide even higher quality products and to bring new products to market, both within New Zealand and globally.

Our response has called for a considerable period of change that is not yet complete. Following the sale of our finance business in the latter part of 2008, Speirs Group was faced with restructuring costs arising from downsizing our governance and top management structure. At the same time, the Group has been working to provide a much stronger platform to enable a return to adequate profitability by Speirs Foods while simultaneously absorbing very heavy establishment costs associated with its fledgling partly owned subsidiary, Speirs Nutritionals Partners LP.

We have been undertaking the repositioning with the future in mind: our prime objective is to advance the medium and long term interests of both the company and its shareholders. Repositioning, new product development and new business start-ups are costly exercises: these have been the principle contributors to the loss incurred by the group in the six-month period under review. Further costs will be incurred during the remainder of the financial year so as to establish a dependable base for profitable trading and growth in the coming years.

During the six months period:

	$'000
Speirs Foods returned to a modest profit of	27
Our share of costs associated with Speirs Nutritionals (the omega-3 start-up business) amounted to	(757)
Costs associated with corporate governance amounted to	(472)
Resulting in an overall loss attributable to our shareholders of	(1,202)

In particular, during the six months to December 2009 and in the period since that date, the Speirs Group entities have:

- bedded-in long term funding of more than $6.3 million by way of a mix of new equity, convertible redeemable preference shares and term debt:
- repaid all bank debt and other short term debt;
- completed a significant capital expenditure programme at Speirs Foods' Marton premises to ensure enhanced quality control;
- reviewed all Speirs Foods' systems and commenced an operations upgrade programme to provide improved operational efficiency, costing and manufacturing controls;
- enhanced operational efficiency and quality, and overcome 'start-up issues' at Speirs Nutritionals' (omega-3) new plant to meet global market requirements;
- worked closely with Croda Europe in the early stage establishment of omega-3 markets in both Europe and North America;
- completed the first, albeit modest, supplies of omega-3 processed emulsion to Europe;

By the close of this current financial year in June 2010 the group expects to be well advanced in providing:

- separate senior management to both Speirs Foods and Speirs Nutritionals – as Speirs Nutritionals 'comes of age' and begins commercial production and sales of processed omega-3 emulsion ;
- in association with Croda Europe, an expanding export market for the fledgling Speirs Nutritionals' omega-3 emulsion products; and
- a first class operational platform that will allow Speirs Foods to return to satisfactory profitability in the short to medium term.

For and on behalf of the Directors

Nelson Speirs

Chairman of Directors, Speirs Group Limited

19 March 2010

FINANCIAL STATEMENTS

Throughout this report, the Balance Sheets, Income Statements, Statements of Cash Flows and all accompanying notes referring to:

- **The six months period ended, and as at, 31 December 2009 are unaudited;**
- **The financial statements for the fifteen month period ended, and as at, 30 June 2009 have been audited; and**
- **The six months period ended, and as at, 30 September 2008 are unaudited.**

BALANCE SHEET

as at 31 December 2009

	Notes	**December 2009 $'000**	June 2009 $'000	September 2008 $'000
Assets				
Current Assets				
Cash and Cash Equivalents	**14**	**77**	-	2,108
Trade and Other Receivables	**15**	**1,969**	1,475	1,991
Inventories	**16**	**591**	503	543
Total Current Assets		**2,637**	1,978	4,642
Non Current Assets				
Available-for-Sale Investment Securities		**-**	150	2,372
Investment in Associate	**17**	**427**	421	507
Loans and Receivables	**18**	**2,500**	2,500	2,000
Deferred Income Tax Asset	**19**	**-**	-	1,000
Property, Plant & Equipment	**20**	**5,915**	5,497	5,830
Intangibles	**21**	**1,165**	1,259	1,414
Total Non Current Assets		**10,007**	9,827	13,123
Total Assets		**12,644**	11,805	17,765
Liabilities				
Current Liabilities				
Bank Overdraft	**14**	**-**	2,070	-
Trade and Other Payables – Current Portion	**22**	**3,234**	2,512	5,461
Borrowing – Current Portion	**23**	**555**	191	261
Total Current Liabilities		**3,789**	4,773	5,722
Non Current Liabilities				
Borrowing - Non Current Portion	**23**	**4,366**	1,242	1,299
Trade and Other Payables – Non Current Portion		**-**	-	750
Total Non Current Liabilities		**4,366**	1,242	2,049
Total Liabilities		**8,155**	6,015	7,771
Equity				
Contributed Capital	**24**	**12,507**	12,168	12,168
Retained Earnings/(Accumulated Deficits)		**(7,394)**	(6,192)	(2,505)
Capital & Reserves attributable to Equity Holders in the Company		**5,113**	5,976	9,663
Minority Interests		**(624)**	(186)	331
Total Equity and Liabilities		**12,644**	11,805	17,765

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

INCOME STATEMENT

for the six months ended 31 December 2009

	Notes	**6 months 31 December 2009 $ 000**	15 months 30 June 2009 $ 000	6 months 30 September 2008 $ 000
CONTINUING ACTIVITIES				
Revenue		***6,260***	*14,748*	*5,126*
Movement in Inventory Levels		***88***	*(113)*	*(52)*
Purchases of Raw Materials		***(2,530)***	*(6,610)*	*(2,298)*
Freight, Packaging & Other		***(1,515)***	*(3,444)*	*(2,042)*
Net Trading Income		**2,303**	4,581	734
Interest Income		***110***	*180*	-
Interest Expense		***(264)***	*(220)*	-
Net Interest Income/(Expense)	7	**(154)**	(40)	-
Other Income	9	**93**	578	416
Total Income earned from Financing and Trading Activities		**2,242**	5,119	1,150
Share of Profit/(Loss) of an Associate		**6**	(79)	7
Loss on Sale of Allied Farmers Shares		**-**	(966)	-
Employee Benefits Expense	10	**(2,003)**	(4,296)	(1,554)
Depreciation and Amortisation		**(441)**	(1,150)	(460)
Other Expenses	11	**(1,444)**	(2,807)	(146)
Profit/(Loss) Before Income Tax from Continuing Activities		**(1,640)**	(4,179)	(1,003)
Income Tax (Expense)/ Benefit	12	**-**	185	185
Profit/(Loss) After Income Tax from Continuing Activities		**(1,640)**	(3,994)	(818)
DISCONTINUED ACTIVITIES				
Interest Income		**-**	*13,939*	*13,939*
Interest Expense		**-**	*(10,056)*	*(10,056)*
Net Interest Income	7	**-**	3,883	3,883
Fee and Commission Income		**-**	*844*	*844*
Fee and Commission Expense		**-**	*(2,247)*	*(2,247)*
Net Fee and Commission Income/(Expense)	8	**-**	(1,403)	(1,403)
Operating Lease Rentals		**-**	665	665
Net Gain on Disposal of Sale of Finance Business	28	**-**	5,094	6,418
Other Income	9	**-**	370	370
Total Income earned from Financing and Trading Activities		**-**	8,609	9,933
Net Impairment Loss on Financial Assets		**-**	(628)	(628)
Employee Benefits Expense	10	**-**	(1,390)	(1,390)
Depreciation and Amortisation		**-**	(736)	(736)
Other Expenses	11	**-**	(1,984)	(1,984)
Profit/(Loss) Before Income Tax from Discontinued Activities		**-**	3,871	5,195
Income Tax Benefit/(Expense)	12	**-**	1,078	1,078
Profit/(Loss) After Income Tax from Discontinued Activities		**-**	4,949	6,273
OVERALL SUMMARY				
Profit/(Loss) After Income Tax from Continuing Activities		**(1,640)**	(3,994)	(818)
Profit/(Loss) After Income Tax from Discontinued Activities		**-**	4,949	6,273
Total Profit/(Loss) After Income Tax		**(1,640)**	955	5,455
Attributable to:				
Equity Holders of the Company		**(1,202)**	1,678	5,661
Minority Interest		**(438)**	(723)	(206)
		(1,640)	955	5,455

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Total Earnings per Share Attributed to Equity Holders of the Company:			
Basic Earnings per Share	(15.1)	9.7	46.5
Diluted Earnings per Share	(15.1)	9.7	46.5

<u>Discontinued Operations</u>

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

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2009	Attributable to Equity Holders of the Company		Minority Interest	
	Contributed Capital $ '000	Retained Earnings $ '000		Total Equity $ '000
Balance at 1 July 2009	**12,168**	**(6,192)**	**(186)**	**5,790**
Profit/(Loss) for the Period	**-**	**(1,202)**	**(438)**	**(1,640)**
Total Recognised Income and Expenses for six months	**-**	**(1,202)**	**(438)**	**(1,640)**
Equity Element arising from Issue of Convertible Redeemable Preference Shares	**339**	**-**	**-**	**339**
	339	**-**	**-**	**339**
Balance at 31 December 2009	**12,507**	**(7,394)**	**(624)**	**4,489**

For the fifteen months ended 30 June 2009	Attributable to Equity Holders of the Company			Minority Interest	
	Share Capital $ '000	Perpetual Speirs Bonds $ '000	Retained Earnings $ '000		Total Equity $ '000
Balance at 1 April 2008	12,168	13,525	(7,247)	537	18,983
Distributions to Bond Holders During the Period	-	-	(890)	-	(890)
Income Tax benefit arising from distribution to Bond Holders	-	-	267	-	267
Net Income / (Expense) Recognised Directly in Equity	-	-	(623)	-	(623)
Profit/(Loss) for the Period	-	-	1,678	(723)	955
Total Recognised Income and Expenses for 2009	-	-	1,055	(723)	332
Transfer of Perpetual Speirs Bonds upon the sale of the finance business of Speirs Group Limited	-	(13,539)	-	-	(13,539)
Issue of Perpetual Speirs Bonds (Equity)	-	14	-	-	14
	-	(13,525)	-	-	(13,525)
Balance at 30 June 2009	12,168	-	(6,192)	(186)	5,790

For the six months ended 30 September 2008	Attributable to Equity Holders of the Company			Minority Interest	
	Share Capital $ '000	Perpetual Speirs Bonds $ '000	Retained Earnings $ '000		Total Equity $ '000
Balance at 1 April 2008	12,168	13,525	(7,247)	537	18,983
Distributions to Bond Holders During the Period	-	-	(890)		(890)
Income Tax Benefit arising from Distributions to Bondholders	-	-	267	-	267
Net Expense Recognised Directly in Equity	-	-	(623)	-	(623)
Profit/(Loss) for the Period	-	-	5,661	(206)	5,455
Total Recognised Income and Expenses for Six Months	-	-	5,038	(206)	4,832
Issue of Perpetual Speirs Bonds (Equity)	-	14	-	-	14
Transfer of mark to market valuation gain of Speirs Securities Limited - assigned as part of sale of the Finance business of Speirs Group Limited	-	-	(296)	-	(296)
Transfer of Perpetual Speirs Bonds to upon the sale of the Finance business of Speirs Group Limited	-	(13,539)	-	-	(13,539)
	-	(13,525)	(296)		(13,821)
Balance at 30 September 2008	12,168	-	(2,505)	331	9,994

The accompanying notes are an integral part of these financial statements

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STATEMENT OF CASH FLOWS

for the six months ended 31 December 2009

	Notes	**6 months 31 December 2009 $ 000**	15 months 30 June 2009 $ 000	6 months 30 September 2008 $ 000
Cash Flows from Operating Activities				
Interest Received		**110**	14,119	13,939
Rentals from Assets Leased to Others		**-**	655	655
Dividends Received		**38**	30	12
Cash Receipts from Customers		**5,775**	15,245	5,239
Other Income		**55**	1,949	1,837
Income Tax Refunds Received		**-**	400	400
Interest Expense		**(264)**	(10,276)	(10,056)
Cash Paid to Suppliers and Employees		**(6,029)**	(21,383)	(10,959)
Cash Generated from Operations		**(315)**	739	1,067
Cash costs of sale of finance business		**-**	(1,152)	(100)
Proceeds from Repayment of Finance Receivables		**-**	60,002	60,002
Proceeds from Sale of Assets Leased to Others		**-**	1,755	1,755
Investment in Finance Receivables		**-**	(36,826)	(36,826)
Investment in Assets for Leasing to Others		**-**	(259)	(259)
Net Cash from Operating Activities	**25**	**(315)**	24,259	25,639
Cash Flows from Investing Activities				
Proceeds from Assets Held for Re-Lease		**-**	541	541
Proceeds from Sale of Property, Plant & Equipment		**-**	367	10
Disposal of finance business – transfer of finance business related bank balances and associated payments to purchaser		**(750)**	(11,241)	(7,991)
Proceeds from Sale of Investments		**150**	756	-
Investment in Associate		**-**	(500)	(500)
Acquisition of Intangible Assets		**-**	(20)	(20)
Acquisition of Property, Plant & Equipment		**(765)**	(656)	(123)
Net Cash Flows from Investing Activities		**(1,365)**	(10,753)	(8,083)
Cash Flows from Financing Activities				
Proceeds from the Issue of Perpetual Bonds		**-**	14	14
Proceeds from borrowings		**3,580**	285,322	285,322
Proceeds from Issue of Contributed Capital		**339**	-	-
Committed Cash Line Repayment		**-**	(3,000)	(3,000)
Distribution in relation to Perpetual Bonds		**-**	(890)	(890)
Repayments of Borrowings		**(92)**	(304,746)	(304,619)
Net Cash Flows from Financing Activities		**3,827**	(23,300)	(23,173)
Net Increase / (Decrease) in Cash and Cash Equivalents		**2,147**	(9,794)	(5,617)
Cash and Cash Equivalents at Beginning of Period		**(2,070)**	7,724	7,725
Cash and Cash Equivalents at Period End	**14**	**77**	(2,070)	2,108

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

1 GENERAL INFORMATION

Speirs Group Limited is involved in the production and distribution of fresh food products. Until 30 September 2008, when the finance division of Speirs Group Limited was sold, Speirs Group also operated a finance company providing funding to borrowers throughout New Zealand. Speirs Nutritionals Limited is a majority owned (63.4%) subsidiary of Speirs Group Limited whose principal activity is the processing and marketing of omega-3 oil. Speirs Investments Limited is a wholly owned subsidiary of Speirs Group Limited and operates as an investment holding company which has issued secured stock to the public.
Speirs Group Limited is a limited liability company incorporated and domiciled in New Zealand. The address of the head office of Speirs Group Limited is PO Box 400, Palmerston North, New Zealand.

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

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

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

Compliance with International Financial Reporting Standards

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

Entities Reporting

The consolidated financial statements of the ‘Group’ are for the economic entity comprising Speirs Group Limited, its wholly owned subsidiary Speirs Investments Limited, its majority owned subsidiary Speirs Nutritionals Limited, its investment in associate Rosa Foods Limited. Both subsidiaries are registered in New Zealand.

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

Statutory Base

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

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

Critical Accounting Estimates

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

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

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

Application of Accounting Policies

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

The accounting policies have been applied consistently by Group entities.

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

2.2 Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of Speirs Group Limited (‘company’ or ‘parent entity’), its wholly owned subsidiary Speirs Investments Limited, its majority owned subsidiary Speirs Nutritionals Limited, its associate Rosa Foods Limited as at 31 December 2009. Speirs Group Limited, its wholly owned subsidiary, its partly owned subsidiary, and its associate together 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Associates are all entities over which the Group has significant influence but not control, generally evidenced by holding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the Group by using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

2.3 Financial Assets

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

Financial Assets at Fair Value Through the Profit or Loss

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

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

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

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

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

Loans and Receivables

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

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

Available-for-Sale Financial Assets

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

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

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

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

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

2.4 Leases

As lessee

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

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

2.5 Impairment

Available-for-sale assets

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

Reversals of impairment

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

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

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

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

An impairment loss with respect to goodwill is not reversed.

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 goodwill and intangible assets that have indefinite lives or that are not yet available to use, the recoverable amount is estimated at each reporting date.

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

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

2.6 Property, Plant and Equipment

Owned Assets

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

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

- Buildings 2.50 – 2.96%
- Computer Equipment 12.50 – 20.00%
- Vehicles 20.00%
- Other plant and equipment 10.00 – 25.00%

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

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

2.7 Intangible Assets

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

Software

Costs that are directly associated with the production of identifiable and unique software products or intangible assets that are controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include, where appropriate, employee costs and an appropriate portion of relevant overheads.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including those costs associated with the maintenance of computer software programs are expensed as they are incurred.

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

Research and Development

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

2.8 Inventories

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

2.9 Trade Receivables

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

2.10 Cash and Cash Equivalents

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

2.11 Share Capital

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

2.12 Borrowings

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

2.13 Employee Benefits

Defined Contribution Plans

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

Bonus Obligations

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

2.14 Provisions

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

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

2.15 Income Tax

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

2.16 Revenue Recognition

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

Interest Income

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

Sales of Goods

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

2.17 Other Income

Dividend Income

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

2.18 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.

2.19 Segment Reporting

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

2.20 Goods and Services Tax (GST)

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

2.21 Functional and Presentational Currency

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

2.22 Government Grants

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

2.23 Investment in Subsidiaries and Associate

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

3 FINANCIAL RISK MANAGEMENT

Introduction and Overview

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 financial risks in close co-operation with the Group's operating units.

Credit Risk

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.

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 Company'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 Company's reputation.

Capital Management

The Group's capital includes share capital, reserves and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes assumptions and estimates that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting policies deemed critical to the Group's results and financial position, based upon materiality and significant judgements and estimates, are discussed below:

Key Sources of Estimation Uncertainty

Recoverability of Intangible Assets

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

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

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

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

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

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

Financial Asset and Liability Classification

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

Recovery of Goodwill in Rosa Foods Limited

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

5 SEGMENT REPORTING

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

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

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

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

Business Segments

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

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

Speirs Nutritionals Limited - A partly owned (60%) subsidiary of the Company whose principal activity is the processing and marketing of omega-3 oil.

Geographical Segments

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

Group 6 months 31 December 2009	**Speirs Nutritionals $'000**	**Speirs Investments $'000**	**Speirs Foods $'000**	**Unallocated $'000**	**Consolidated $'000**
External Revenue					
Interest Income	-	81	-	29	110
Trading Income	27	-	6,233	-	6,260
Other Income	54	-	-	45	99
Intersegment Revenue/(Eliminations)	-	(7)	-	7	-
Total Segment Revenue/(Eliminations)	81	74	6,233	81	6,469
Segment Result	(1,195)	5	27	(477)	(1,640)
Income Tax Benefit					-
Profit/(Loss) for the 6 Month Period					(1,640)
Segment Assets	2,531	2,004	7,169	940	12,644
Segment Liabilities	2,068	1,700	2,409	1,978	8,155
Depreciation and Amortisation	166	-	275	-	441
Capital Expenditure	-	-	765	-	765

Group 15 months June 2009

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

Group 6 months 30 September 2008

	Continuing Activity Speirs Nutritionals $'000	Discontinued Activity Speirs Finance $'000	Continuing Activity Speirs Foods $'000	Continuing Activity Unallocated $'000	Consolidated $'000
External Revenue					
Interest Income	-	13,939	-	-	13,939
Fee and Commission Income	-	844	-	-	844
Net Trading Income	-	-	5,126	-	5,126
Operating Lease Rentals	-	665	-	-	665
Sale of Finance Business	-	-	-	6,418	6,418
Other Income	416	370	-	7	793
Total Segment Revenue	416	15,818	5,126	6,425	27,785
Segment Result	(562)	(750)	(505)	6,009	4,192
Income Tax Benefit					1,263
Profit/(Loss) for the 6 Month Period					5,455
Segment Assets	3,106	-	7,583	7,076	17,765
Segment Liabilities	2,201	-	1,349	4,221	7,771
Net Impairment Loss on Financial Assets	-	629	-	-	629
Depreciation and Amortisation	154	736	296	9	1,195
Capital Expenditure	7	71	83	-	161

Speirs GROUP

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 2009	**Trading**	**Designated at Fair Value**	**Held-to-Maturity**	**Loans and Receivables**	**Available-For-Sale**	**Other Amortised Cost**	**Total Carrying Value**	**Fair Value**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	$'000
Cash and Cash Equivalents	-	-	-	77	-	-	77	77
Trade and Other Receivables	-	-	-	1,945	-	-	1,945	1,945
Loans and Receivables	-	-	-	2,500	-	-	2,500	2,500
	-	-	-	4,522	-	-	4,522	4,522
Trade and Other Payables	-	-	-	-	-	3,234	3,234	3,234
Borrowing	-	-	-	-	-	4,921	4,921	4,921
	-	-	-	-	-	8,155	8,155	8,155

30 June 2009	**Trading**	**Designated at Fair Value**	**Held-to-Maturity**	**Loans and Receivables**	**Available-For-Sale**	**Other Amortised Cost**	**Total Carrying Value**	**Fair Value**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and Other Receivables	-	-	-	1,460	-	-	1,460	1,460
Available-for-Sale Financial Assets *	-	-	-	-	150	-	150	150
Loans and Receivables	-	-	-	2,500	-	-	2,500	2,500
	-	-	-	3,960	150	-	4,110	4,110
Trade and Other Payables	-	-	-	-	-	2,512	2,512	2,512
Bank Overdraft	-	-	-	-	-	2,070	2,070	2,070
Borrowing	-	-	-	-	-	1,433	1,433	1,433
	-	-	-	-	-	6,015	6,015	6,015

Group 30 September 2008	Trading $'000	Designated at Fair Value $'000	Held-to-Maturity $'000	Loans and Receivables $'000	Available-For-Sale $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Trade and Other Receivables	-	-	-	1,843	-	-	1,843	1,843
Cash and Cash Equivalents	-	-	-	2,108	-	-	2,108	2,108
Loans and Receivables	-	-	-	-	2,000		2,000	2,000
Available-for-Sale Financial Assets *	-	-	-	-	2,372	-	2,372	2,372
	-	-	-	3,951	4,372	-	8,323	8,323
Trade and Other Payables	-	-	-	-	-	6,211	6,211	6,211
Borrowing	-	-	-	-	-	1,560	1,560	1,560
	-	-	-	-	-	7,771	7,771	7,771

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

Determination of Fair Values

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

Cash and Cash Equivalents – at face value.

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

Loans and Receivables – at net present value after allowance for any assessed impairment.

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

Non-Derivative Financial Liabilities – at net present value.

7 NET INTEREST INCOME/ (EXPENSE)

	6 months 31 December 2009 $'000	*15 months 30 June 2009* $'000	*6 months 30 September 2008* $'000
Interest Income			
Cash and Cash Equivalents	**2**	375	307
Loans and Advances	**108**	13,744	13,632
Total Interest Income	**110**	14,119	13,939
Interest Expense			
Bank Overdraft/Committed Cash Advance Facility	**93**	372	309
Borrowings			
Commercial Paper	**-**	5,417	5,417
Secured Stock	**59**	4,217	4,217
Subordinated Notes	**-**	113	113
On all other borrowings	**112**	157	-
Total Interest Expense	**264**	10,276	10,056
Net Interest Income/(Expense)	**(154)**	3,843	3,883
Allocated to Continuing Activities	**(154)**	(40)	-
Allocated to Discontinued Activities	**-**	3,883	3,883
Total Net Interest Income/(Expense)	**(154)**	3,843	3,883

8 NET FEE AND COMMISSION INCOME

	6 months 31 December 2009 $'000	*15 months 30 June 2009 $'000*	*6 months 30 September 2008 $'000*
Fee and Commission Income			
Fees Charged to Customers	**-**	844	844
Total Fee and Commission Income	**-**	844	844
Fee and Commission Expense			
Commission Payable to Marketing Agents	**-**	1,888	1,888
Other Fees Paid or Accrued	**-**	359	359
Total Fee and Commission Expense	**-**	2,247	2,247
Net Fee and Commission Income	**-**	(1,403)	(1,403)

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

9 OTHER INCOME

	6 months 31 December 2009 $'000	*15 months 30 June 2009 $'000*	*6 months 30 September 2008 $'000*
Government Grants	**33**	377	398
Dividends from Available-for-Sale Equity Securities	**38**	30	12
Rental Income	**-**	82	83
Other Income	**22**	459	293
Total Other Income	**93**	948	786
Allocated to Continuing Activities	**93**	578	416
Allocated to Discontinued Activities	**-**	370	370
Total Other Income	**93**	948	786

10 EMPLOYEE BENEFITS EXPENSE

	6 months 31 December 2009 $'000	*15 months 30 June 2009 $'000*	*6 months 30 September 2008 $'000*
Wages and Salaries	**1,932**	5,516	2,838
Other Personnel Expenses	**71**	170	106
Total Personnel Expenses	**2,003**	5,686	2,944
Allocated to Continuing Activities	**2,003**	4,296	1,554
Allocated to Discontinued Activities	**-**	1,390	1,390
Total Personnel Expenses	**2,003**	5,686	2,944

11 OTHER EXPENSES

	6 months 31 December 2009 $'000	*15 months 30 June 2009 $'000*	*6 months 30 September 2008 $'000*
Fees Paid to Auditors			
Statutory Audit of Financial Statements	**31**	64	50
Other Assurance Services	**-**	10	-
Taxation Compliance Services	**51**	75	5
Directors Fees	**98**	325	137
Research	**50**	100	-
Rental Expenditure	**7**	100	89
Other Expenses	**1,207**	4,117	1,849
Total Other Expenses	**1,444**	4,791	2,130
Allocated to Continuing Activities	**1,444**	2,807	146
Allocated to Discontinued Activities	**-**	1,984	1,984
Total Other Expenses	**1,444**	4,791	2,130

12 INCOME TAX EXPENSE

	6 months 31 December 2009 $'000	*15 months 30 June 2009 $'000*	*6 months 30 September 2008 $'000*
Tax Expense			
Current Tax	**-**	-	-
Deferred Tax	**-**	(1,263)	(1,263)
Income Tax Expense	**-**	(1,263)	(1,263)

	6 months 31 December 2009 $'000	*15 months 30 June 2009 $'000*	*6 months 30 September 2008 $'000*
Reconciliation of Effective Tax Rate			
Profit/(Loss) Before Income Tax	**(1,640)**	(308)	4,192
Income Tax at 30%	**(492)**	(92)	1,258
Unrecognised Tax Losses – Speirs Nutritionals Limited	**359**	592	169
Non-deductible Expenses	**34**	3	1,732
Write off of current period net tax loss	**127**	-	-
Tax Exempt Income	**-**	(1,767)	(4,422)
Prior Period Adjustments	**(28)**	1	-
	-	(1,263)	(1,263)

	6 months 31 December 2009 $'000	*15 months 30 June 2009 $'000*	*6 months 30 September 2008 $'000*
Income Tax Recognised Directly in Equity			
Distributions made on Perpetual Bonds	**-**	267	267
Total Income Tax Recognised Directly in Equity	**-**	267	267

	6 months 31 December 2009 $'000	*15 months 30 June 2009 $'000*	*6 months 30 September 2008 $'000*
Imputation Credits			
Imputation Credits at Start of Period	**4,132**	4,520	4,520
Income Tax Paid/(Refunds Received)	**-**	(400)	(400)
Imputation Credits Attached to Dividends Received	**3**	12	6
Imputation Credits Attached to Dividends Paid	**-**	-	-
Imputation Credits at Period End	**4,135**	4,132	4,126

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

13 EARNINGS PER SHARE

Basic and Diluted Earnings per Share

	6 months 31 December 2009 $'000	15 months 30 June 2009 $'000	6 months 30 September 2008 $'000
Profit/(Loss) Attributable to Ordinary Shareholders			
Profit/(Loss) for the Period	**(1,640)**	1,678	5,661
Interest on Perpetual Speirs Bonds Classified as Equity, net of tax	**-**	(623)	(623)
Profit/(Loss) for the Period Attributable to Ordinary Shareholders	**(1,640)**	1,055	5,038

	6 months 31 December 2009 '000	15 months 30 June 2009 '000	6 months 30 September 2008 '000
Weighted Average Number of Ordinary Shares			
Issued Ordinary Shares at beginning of period	**10,835**	10,835	10,835
Weighted Average Number of Ordinary Shares at Period End	**10,835**	10,835	10,835

14 CASH AND CASH EQUIVALENTS

	31 December 2009 $'000	30 June 2009 $'000	30 September 2008 $'000
Cash at Bank/(Bank Overdraft)	**77**	(2,070)	2,108

All cash and cash equivalents are held in registered banks.

The Company's Bank Overdraft facility is secured by way of a floating charge over all of the Company's assets and undertakings.

15 TRADE AND OTHER RECEIVABLES

31 December 2009

	Gross Amount $'000	*Impairment Allowance $'000*	*Carrying Amount $'000*
Trade and Other Receivables			
Trade Receivables	1,945	-	1,945
Prepayments	24	-	24
Total Trade and Other Receivables	1,969	-	1,969

30 June 2009

	Gross Amount $'000	*Impairment Allowance $'000*	*Carrying Amount $'000*
Trade and Other Receivables			
Trade Receivables	1,460	-	1,460
Prepayments	15	-	15
Total Trade and Other Receivables	1,475	-	1,475

30 September 2008

	Gross Amount $'000	*Impairment Allowance $'000*	*Carrying Amount $'000*
Trade and Other Receivables			
Trade Receivables	1,843	-	1,843
Prepayments	148	-	148
Total Trade and Other Receivables	1,991	-	1,991

16 INVENTORIES

	31 December 2009 $'000	30 June 2009 $'000	30 September 2008 $'000
Inventories			
Raw Materials and Consumables	**434**	430	440
Finished Goods	**157**	73	103
	591	503	543
Inventories stated at Net Realisable Value	**591**	503	543
Carrying Amount of Inventories Subject to Retention of Title Clauses	**-**	-	-

17 ASSOCIATE COMPANY

On 1 April 2008 the Company purchased 40% of the ordinary shares of Rosa Foods Limited ("Rosa"). Rosa is a Wellington based food manufacturer providing prepared meal products to the supermarket chains. Rosa has a balance date of 31 March. Financial information for Rosa has been extracted from management accounts for the period ended 31 December 2009. The Company did not receive a dividend from Rosa during the period ended 31 December 2009.

	6 months 31 December 2009 '000	15 months 30 June 2009 '000	6 months 30 September 2008 '000
Share of (deficit)/surplus of associate	**6**	(79)	10
Taxation Expense	**-**	-	(3)
Share of (loss)/surplus after tax of associate	**6**	(79)	7
Less Share of dividends received	**-**	-	-
Net addition/(deletion) to investment carrying value	**6**	(79)	7
Share of associate's equity at beginning of the period	**(79)**	-	-
Cost of investment in associate – ordinary shares	**400**	400	400
Cost of investment in associate – preference shares	**100**	100	100
	427	421	507

18 LOANS AND RECEIVABLES

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

Allied Capital Convertible Redeemable Preference Shares

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

Allied Nationwide Finance Limited Perpetual Bonds

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

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

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

Speirs GROUP

19 DEFERRED INCOME TAX ASSET

Unrecognised Deferred Tax Assets

The Group has a deferred tax asset of $8,763,436 which has not been recognised. The asset not recognised is composed of tax losses arising from start up costs relating to a subsidiary and other tax losses which would require taxable profit to realise them in excess of that which can be reliably estimated in the medium term.

Unrecognised Deferred Tax Liabilities

All Deferred Tax Liabilities have been recognised.

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

31 December 2009	**Balance at Start of Period**	**Recognised in Profit or Loss**	**Balance at End of Period**
	$'000	$'000	$'000
Intangible Assets	151	(10)	141
Tax Loss Carry-Forwards	(151)	10	(141)
Net Tax (Assets) / Liabilities	-	-	-

30 June 2009	**Balance at Start of Period**	**Recognised in Profit or Loss**	**Recognised in Equity**	**Effect of Sale of Finance Business**	**Balance at End of Period**
	$'000	$'000	$'000	$'000	$'000
Derivative Financial Instruments	89	24	-	(113)	-
Loans and Advances to Customers	(3,220)	(882)	-	4,102	-
Assets Leased to Others	3	-	-	(3)	-
Property, Plant and Equipment	(53)	(15)	-	68	-
Intangible Assets	719	197	-	(765)	151
Provisions & Allowances	(3)	-	-	3	-
Other Assets	(135)	(37)	-	172	-
Tax Loss Carry-Forwards	(2,009)	(550)	(267)	2,675	(151)
Net Tax (Assets) / Liabilities	(4,609)	(1,263)	(267)	6,139	-

30 September 2008	**Balance at Start of Period**	**Recognised in Profit or Loss**	**Recognised in Equity**	**Effect of Sale of Finance Business**	**Balance at End of Period**
	$'000	$'000	$'000	$'000	$'000
Derivative Financial Instruments	89	(89)	-	-	-
Loans and Advances to Customers	(3,220)	3,220	-	-	-
Assets Leased to Others	3	(3)	-	-	-
Property, Plant and Equipment	(53)	(17)	-	-	(70)
Intangible Assets	719	(564)	-	-	155
Provisions & Allowances	(3)	2	-	-	(1)
Other Assets	(135)	51	-	-	(84)
Tax Loss Carry-Forwards	(2,009)	(3,863)	(267)	5,139	(1,000)
Net Tax (Assets) / Liabilities	(4,609)	(1,263)	(267)	5,139	(1,000)

20 PROPERTY, PLANT AND EQUIPMENT

31 December 2009	Land $'000	Buildings $'000	Computer Equipment $'000	Vehicles $'000	Other Plant & Equipment $'000	Capital Work in Progress $'000	Total $'000
Cost or Valuation							
Balance at Start of Period	80	2,375	764	361	6,222	202	10,004
Additions	-	-	-	-	-	765	765
Disposals	-	-	(128)	-	-	-	(128)
Balance at Period End	80	2,375	636	361	6,222	967	10,641
Depreciation and Impairment Losses							
Balance at Start of Period	-	279	685	277	3,266	-	4,507
Depreciation for the Period	-	39	19	25	264	-	347
Impairment Loss	-	-	-	-	-	-	-
Disposals	-	-	(128)	-	-	-	(128)
Balance at Period End	-	318	576	302	3,530	-	4,726
Carrying Amounts							
At Start of Period	80	2,096	79	84	2,956	202	5,497
At Period End	80	2,057	60	59	2,692	967	5,915

30 June 2009	Land $'000	Buildings $'000	Computer Equipment $'000	Vehicles $'000	Other Plant & Equipment $'000	Capital Work in Progress $'000	Total $'000
Cost or Valuation							
Balance at Start of Period	80	2,329	1,617	961	6,469	98	11,554
Additions	-	46	86	54	128	219	533
Disposals / Transfers	-	-	(39)	(362)	(3)	(7)	(411)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	-	(900)	(292)	(372)	(108)	(1,672)
Balance at Period End	80	2,375	764	361	6,222	202	10,004
Depreciation and Impairment Losses							
Balance at Start of Period	-	181	1,325	427	2,886	-	4,819
Depreciation for the Year	-	98	100	149	678	-	1,025
Impairment Loss	-	-	-	-	-	-	-
Disposals	-	-	(37)	(202)	(2)	-	(241)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	-	(703)	(97)	(296)	-	(1,096)
Balance at Period End	-	279	685	277	3,266	-	4,507
Carrying Amounts							
At Start of Period	80	2,148	292	534	3,583	98	6,735
At Period End	80	2,096	79	84	2,956	202	5,497

30 September 2008	Land	Buildings	Computer Equipment	Vehicles	Other Plant & Equipment	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or Valuation							
Balance at Start of Period	80	2,329	1,617	961	6,469	98	11,554
Additions	-	-	35	41	10	75	161
Disposals / Transfers	-	-	(30)	-	-	-	(30)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	-	(900)	(292)	(372)	(108)	(1,672)
Balance at Period End	80	2,329	722	710	6,107	65	10,013
Depreciation and Impairment Losses							
Balance at Start of Period	-	181	1,325	427	2,886	-	4,819
Depreciation for the Period	-	39	75	91	284	-	489
Impairment Loss	-	-	-	-	-	-	-
Disposals	-	-	(29)	-	-	-	(29)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	-	(703)	(97)	(296)	-	(1,096)
Balance at Period End	-	220	668	421	2,874	-	4,183
Carrying Amounts							
At Start of Period	80	2,148	292	534	3,583	98	6,735
At Period End	80	2,109	54	289	3,233	65	5,830

21 INTANGIBLES

31 December 2009	Intellectual Property	Purchased Software	Total
	$'000	$'000	$'000
Cost			
Balance at Start of Period	**1,362**	**237**	**1,599**
Additions	**-**	**-**	**-**
Disposals	**-**	**-**	**-**
Balance at Period End	**1,362**	**237**	**1,599**
Amortisation and Impairment Losses			
Balance at Start of Period	**170**	**170**	**340**
Amortisation for the Period	**68**	**26**	**94**
Impairment Loss	**-**	**-**	**-**
Disposals	**-**	**-**	**-**
Balance at Period End	**238**	**196**	**434**
Carrying Amounts			
At Start of Period	**1,192**	**67**	**1,259**
At Period End	**1,124**	**41**	**1,165**

Intellectual property is the rights to the Omega-3 emulsion technology held by Speirs Nutritionals.

30 June 2009	Intellectual Property $'000	Purchased Software $'000	Total $'000
Cost			
Balance at Start of Period	1,362	6,370	7,732
Additions	-	12	12
Disposals	-	-	-
Disposal as part of the sale of the finance business of Speirs Group Limited	-	(6,145)	(6,145)
Balance at Period End	1,362	237	1,599
Amortisation and Impairment Losses			
Balance at Start of Period	-	4,154	4,154
Amortisation for the Period	170	247	417
Impairment Loss	-	-	-
Disposals	-	-	-
Disposal as part of the sale of the finance business of Speirs Group Limited	-	(4,231)	(4,231)
Balance at Period End	170	170	340
Carrying Amounts			
At Start of Period	1,362	2,216	3,578
At Period End	1,192	67	1,259

30 September 2008	Intellectual Property $'000	Purchased Software $'000	Total $'000
Cost			
Balance at Start of Period	1,362	6,370	7,732
Additions	-	-	-
Disposals	-	-	-
Disposal as part of the sale of the finance business of Speirs Group Limited	-	(6,133)	(6,133)
Balance at Period End	1,362	237	1,599
Amortisation and Impairment Losses			
Balance at Start of Period	-	4,154	4,154
Amortisation for the Period	56	206	262
Impairment Loss	-	-	-
Disposals	-	-	-
Disposal as part of the sale of the finance business of Speirs Group Limited	-	(4,231)	(4,231)
Balance at Period End	56	129	185
Carrying Amounts			
At Start of Period	1,362	2,216	3,578
At Period End	1,306	108	1,414

22 TRADE AND OTHER PAYABLES

	31 December 2009 $'000	*30 June 2009 $'000*	*30 September 2008 $'000*
Trade and Other Payables			
Other Trade Payables	**1,903**	1,463	1,958
Non-Trade Payables and Accrued Expenses	**1,331**	1,049	4,253
	3,234	2,512	6,211
Current	**3,234**	2,512	5,461
Non-Current	**-**	-	750
Total	**3,234**	2,512	6,211

23 BORROWINGS

	31 December 2009 $'000	30 June 2009 $'000	30 September 2008 $'000
Borrowings			
Secured Stock	**1,700**	-	-
Convertible Redeemable Preference Shares	**1,530**	-	-
Fixed Term Loan	**350**	-	-
Finance Lease	**1,341**	1,433	1,560
	4,921	1,433	1,560
Current	**555**	191	261
Non-Current	**4,366**	1,242	1,299
	4,921	1,433	1,560

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

	31 December 2009 %	30 June 2009 %	30 September 2008 %
Borrowings			
Secured Stock	**10.00%**	Not Applicable	Not Applicable
Convertible Redeemable Preference Shares	**9.00%**	Not Applicable	Not Applicable
Fixed term loan	**14.00%**	Not Applicable	Not Applicable
Finance Lease	**12.50%**	12.50%	12.50%

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

The convertible redeemable preference shares have a redemption date of 14 December 2013. At the redemption date the holders of the convertible redeemable preference shares have the option in redeeming their shares in cash (on a $ for $ basis) or converting the convertible redeemable preference shares to ordinary shares in the company at a ratio of 3 ordinary shares for every 2 convertible redeemable preference shares held. The convertible redeemable preference shares rank behind all other liabilities of the company but ahead of ordinary shareholders.

The fixed term loan is secured by way of a second ranking floating charge over all of the Company's assets and undertakings. The loan matures on 31 March 2010.

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

24 SHARE CAPITAL

	Ordinary Shares		
	31 December 2009 '000	30 June 2009 '000	30 September 2008 '000
Number of Shares on issue at Start of Period	**10,835**	10,835	10,835
Number of Shares on issue at Period End	**10,835**	10,835	10,835

The total authorised number of ordinary shares is 10,834,576 (30 June 2009: 10,834,576; 30 September 2008 10,834,576). All issued shares were fully paid. There are no preferences or restrictions attached to this class of share.

Dividends

The following dividends were declared and paid by the Company:

	31 December 2009 '000	30 June 2009 '000	30 September 2008 '000
$0.00 per Qualifying Ordinary Share (30 June 2009: $0.00; 30 September 2008: $0.00)	**-**	-	-

The Directors have not proposed the payment of any dividend at 31 December 2009.

25 RECONILIATION OF PROFIT/ (LOSS) FOR THE PERIOD TO NET CASH FROM OPERATING ACTIVITIES

	6 months 31 December 2009 ’000	*15 months 30 June 2009 ’000*	*6 months 30 September 2008 ’000*
Reconciliation of Profit/(Loss) for the Period to Net Cash from Operating Activities			
Profit/(Loss) for the Period	**(1,640)**	955	5,455
Adjustments for Non-Cash Items:			
Depreciation	**347**	1,469	933
Amortisation of Intangible Assets	**94**	417	262
Bad Debts Written-off	**-**	1,018	1,018
Non Cash Costs on Sale of Finance Business	**-**	(5,659)	(6,518)
Movement in Doubtful Debt Provisions	**-**	(170)	(170)
Transfer of Equity in Speirs Securities Limited	**-**	175	-
(Gain) / Loss on Sale of Property, Plant & Equipment	**-**	(32)	-
Share of Associate Company Loss	**(6)**	79	(7)
Taxation Benefit of Distributions made on Perpetual Speirs Bonds	**-**	267	267
Loss on Allied Farmers Shares	**-**	966	-
Movement in Deferred Tax	**-**	(1,263)	(1,530)
	(1,205)	(1,778)	(290)
Movement in Other Working Capital Items:			
Change in Inventories	**(88)**	114	73
Change in Trade and Other Receivables	**(485)**	496	113
Change in Other Assets	**(9)**	(22)	(79)
Change in Assets Leased to Others	**-**	1,496	1,496
Change in Loans and Advances to Customers	**-**	23,176	23,176
Change in Trade and Other Payables	**1,472**	377	750
Change in Income Tax Refund Due	**-**	400	400
Net Cash From Operating Activities	**(315)**	24,259	25,639

26 RELATED PARTIES

Transactions with Key Management Personnel

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

Loans to Key Management Personnel

There were no loans to key management personnel

*Key Management Personnel Compensati*on

	6 Months 31 December 2009 ’000	*15 Months 30 June 2009 ’000*	*6 Months 30 September 2008 ’000*
Short-Term Employee Benefits	**220**	665	493
	220	665	493

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.

All rewards for services or costs that arise from these transactions are payable to the Group. No remuneration or other reward is payable to the key management personnel concerned, or their related parties.

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.

27 CAPITAL COMMITMENTS AND CONTINGENCIES

Commitments

The Group was committed to the following at year end:

December 2009	**Property Rentals $'000**	**Capital Expenditure $'000**	**Total $'000**
Less than One Year	-	291	291
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	291	291

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

September 2008	**Property Rentals $'000**	**Capital Expenditure $'000**	**Total $'000**
Less than One Year	-	60	60
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	60	60

Contingent Liabilities

The Company and Group have no contingent liabilities.

28 GAIN ON DISPOSAL OF FINANCE BUSINESS

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

	6 months 31 December 2009 $'000	**15 months 30 June 2009 $'000**	**6 months 30 September 2008 $'000**
Liabilities Disposed of:			
- Bank Borrowings	-	3,000	3,000
- Secured Stock	-	81,611	81,611
- Commercial Paper	-	129,490	129,490
- Subordinated Notes	-	1,837	1,837
- Other Liabilities	-	2,470	2,470
Assets Disposed of:			
- Finance Receivables	-	(202,951)	(202,951)
- Operating Lease Assets	-	(2,658)	(2,658)
- Property, Plant and Equipment	-	(606)	(606)
- Intangibles (Software)	-	(1,932)	(1,932)
- Investment Properties	-	(2,100)	(2,100)
- Other Assets	-	(6,350)	(6,350)
- Future income tax benefit	-	(6,139)	(5,139)

Equity Disposed of:			
- Perpetual Speirs Bonds	-	13,539	13,539
- Shareholder's Funds – Speirs Securities Limited	-	(174)	-
Cash and Cash Equivalents Disposed of	-	(7,992)	(7,992)
Net Liabilities Disposed of	-	1,045	2,219
Cash Received on the Sale of the Finance Business	-	1,100	1,100
Non Cash Consideration Received on Sale	-	4,222	4,222
Total Consideration Received	-	5,322	7,541
Direct costs of disposal (including advisors and regulators fees)	-	(1,273)	(1,123)
Net Gain Recognised in Income Statement	-	5,094	6,418

29 DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS

The Group and Company have no such plans in place.

30 NET TANGIBLE ASSETS PER SECURITY

	6 months 31 December 2009 $	*15 months 30 June 2009 $*	*6 months 30 September 2008 $*
Net Tangible Assets Per Security	**0.31**	0.42	0.79

31 ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

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

32 ASSOCIATES AND JOINT VENTURES

The Group has no joint ventures. The Company has an Associate entity, Rosa Foods Limited – see note 17 for full details.

33 SUBSEQUENT EVENTS

33.1Speirs Nutritionals Limited

On 9 February 2010 the Board of Speirs Group Limited advised NZX that its majority owned subsidiary Speirs Nutritionals:

- changed its corporate structure to that of a limited liability partnership – Speirs Nutritionals Partners LP ("SNP")
- following investors' due diligence, issued $1.38 million by value of additional partnership interests (equity) to new investors – an 18.7% partnership interest. This funding was placed by Manawatu Investment Group Limited, a subsidiary of The Bio Commerce Centre Limited; and
- issued $2 million by value of additional partnership interests (equity) to Speirs Group Limited by way of repayment of $2 million loan financing.

After the above transactions Speirs Group Limited holds a partnership interest in Speirs Nutritionals Limited of 59.61%.

33.2 Fixed Term Loan

On 12 February 2010 the $350,000 fixed term loan was repaid in full.

33.3 CONVERTIBLE REDEEMABLE PREFERENCE SHARES

On 1 March 2010 the issue of 3,250,373 Convertible Redeemable Preference Shares was fully subscribed