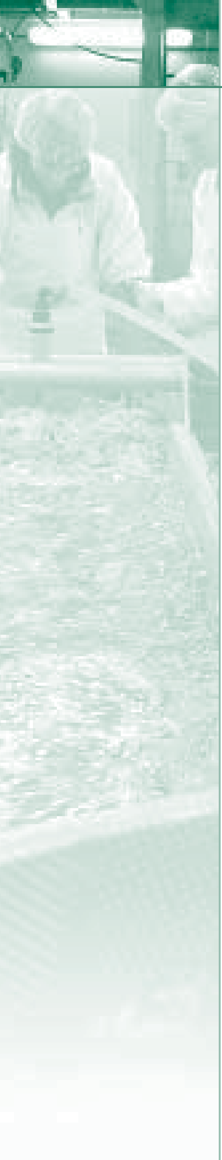
Speirs Group Limited

ANNUAL REPORT

for the year ended 31 March 2004



Contents

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of Shareholders of Speirs Group Limited ("the Company") will be held at 10.00 a.m. on Friday 18 June 2004 at Caccia Birch House, 130 Te Awe Awe Street, Palmerston North.

Refreshments will be served at the conclusion of the Annual Meeting.

BUSINESS

1. To receive and consider the Annual Report for the year ended 31 March 2004.
2. To elect Directors to the Board.

   Messrs. J A B Wilson, D J Speirs and Robert N Speirs retire from the Board of Directors by rotation and, being eligible, offer themselves for re-election.
3. To set Directors' Fees for the ensuing year.
4. To record the re-appointment of PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year.
5. To transact any other business which may be properly submitted to the Annual Meeting.

By order of the Board

R Nelson Speirs, Executive Chairman
Palmerston North, New Zealand
24 May 2004

NOTES

1. Voting Rights:
All Shareholders are entitled to attend the meeting, and are entitled to one vote on a "show of hands" or by "voice vote", and to one vote for each share held in the event of a "poll".

2. Proxies:
A Shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote on the Shareholder's behalf. A proxy need not be a Shareholder of the Company. If you wish you may appoint as your proxy the Chairman of the meeting.
A proxy form is enclosed for each Ordinary Shareholder. Proxy forms, to be effective, must be received at the Registered Office of the Company, together with the Power of Attorney or other authority under which they are signed, not later than 48 hours before the time of the meeting.

The Registered Office of the Company is on Level 3, Farmers' Mutual House, 68 The Square, Palmerston North (P O Box 400).

3. Speirs Bondholders:
Speirs Bondholders are welcome to attend the Annual Meeting as non-voting participants.

Speirs Group Directory

DIRECTORS

The Board of Directors of the Company is comprised of five Non-Executive Directors and three Executive Directors. All Directors have served for the whole year.

Non-Executive Directors

Donald Patterson Speirs, *Deputy Chairman*
8 Oakland Avenue, Wanganui

John Arthur Bracken Wilson, F.C.A., A.C.I.S.,
14 Oakland Avenue, Wanganui

Brian Walter Ogden,
32 Armagh Terrace, Marton

Trevor Athol Roberts, LL.B., A.A.MINZ.
12 Observatory Close, Whitby

Robert Nelson Speirs
12 Astrid Court, Palmerston North

Executive Directors

Richard Nelson Speirs, F.C.A., *Executive Chairman*
47 Te Awe Awe Street, Palmerston North

Stephen Howard Hewitt, B.C.A., *Executive Director*
175 Chelsea View Drive, Birkenhead, Auckland

David John Speirs, *Executive Director*
274 Millricks Line, Palmerston North

Audit Committee

John A B Wilson, *Chairman*
Trevor A Roberts

Remuneration Committee

Donald P Speirs, *Chairman*
John A B Wilson
Trevor A Roberts
R Nelson Speirs

Credit Committee

Stephen H Hewitt, *Chairman*
R Nelson Speirs
Trevor A Roberts
John A B Wilson

Nominations Committee

Trevor A Roberts, *Chairman*
John A B Wilson
Brian W Ogden
R Nelson Speirs
David J Speirs

REGISTERED OFFICE

Level 3, Farmers' Mutual House
68 The Square, Palmerston North
P O Box 400, Palmerston North
Freephone: 0800 65 45 45
Telephone: 06 350 6000
Facsimile: 06 350 6020

SHARE AND BONDS REGISTRAR

Computershare Investor Services Limited
Private Bag 92119
Auckland 1020
Telephone: 09 488 8700
Facsimile: 09 488 8787
Investor Enquiries: 09 488 8777

DIVISIONAL AND BRANCH OFFICES

Speirs Finance Investments
Level 3, Farmers' Mutual House
68 The Square, Palmerston North
P O Box 400, Palmerston North
Telephone: 0800 65 45 45
Facsimile: 06 350 6020
Email: investments@speirs.co.nz
Website: www.speirs.co.nz

Speirs Finance Lending
Level 1, Suite 103, AA Centre,
29 Waterloo Road, Lower Hutt
P O Box 30-283, Lower Hutt
Telephone: 0800 77 34 77
Facsimile: 04 570 8412
Email: enquiries@speirs.co.nz
Website: www.speirs.co.nz

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

ADVISERS/SERVICE SUPPLIERS

Auditors
PricewaterhouseCoopers

Solicitors
Chapman Tripp Sheffield Young

Bankers
Bank of New Zealand

Trustee for Debt Obligation Holders
Perpetual Trust Limited

Report of the Directors to the Shareholders

On behalf of the Board of Directors of Speirs Group Limited (the "Company"), we present the Directors' Annual Report and the Company's Financial Statements for the year ended 31 March 2004.

ACTIVITIES

Over a period of many years the Company has concentrated on two important but unrelated areas of commercial activity within New Zealand – fresh food production and distribution (Speirs Foods) and asset backed financing (Speirs Finance). In both these commercial activities the Company has, to a significant extent, played something of a pioneering role and has, we believe, earned the respect of clientele, others involved in the industries and the public alike.

The Company intends to 'stick to its knitting' and continue to consolidate within these two industries. Each activity is discussed in more detail later in this report.

Occasionally, commentators question the wisdom of our being involved in two such unrelated industries. Our answer is simple. We have developed considerable expertise in them both. We have invested considerable cash, time and intellectual capital in them. In spite of an overall disappointing result this year, particularly from our Finance Division, we intend that our Shareholders should, in the immediate future, enjoy the fruits of that investment.

FINANCIAL STATEMENT PRESENTATION

Something in the order of thirty percent of the funding required to enable Speirs Finance to go about its day to day business is provided by the wholesale money markets through a 'securitisation' programme (discussed in more detail later in this report under 'Speirs Finance' and in Note 2 to the Financial Statements).

As part of the securitisation programme a significant portion of the Finance Receivables under the Company's administration falls within the ownership of another company - Speirs Securities Limited. Although Speirs Securities Limited is a separate legal entity in its own right and is controlled by its own Board, it has contracted the administration of its day to day affairs to the Company. Speirs Securities Limited is not technically a legal subsidiary of the Company but, because of the close relationship between the two companies as to objectives, management and day to day activity, New Zealand accounting standards properly judge it to be an 'in-substance' subsidiary of the Company. Accordingly, our financial statement presentation shows separate financial statements for the Company alone (the "Parent Company") and consolidated financial statements that include both the Company and its 'in-substance' subsidiary (the "Group").

RESULTS

A Bad Debts blowout within Speirs Finance has impacted severely upon an otherwise strong trading performance. It is clear that the problems arose from readily identifiable market segments, and immediate action was taken to remove the Company from those segments. The extent and severity of the blowout did not become apparent until towards the close of the financial year.

We reported last year that the Directors adopted a new policy in calculating its General Provision for Doubtful Debts, using a formula based upon the Company's Bad Debt experience over the past six years. This year's Bad Debt experience impacts heavily upon that formula, resulting in a significantly increased General Provision for Doubtful Debts, thereby exacerbating the detrimental effect on the Company's 'bottom line'.

Regrettably, the impact of the Bad Debts has caused the Company to report an overall deficit for the year. The impact, contrasted with the underlying strength of the Company in its trading performance before Bad Debt write-offs and general provisionings, is shown in this summary of Financial Performance (full details are shown on Page 20 of this report).

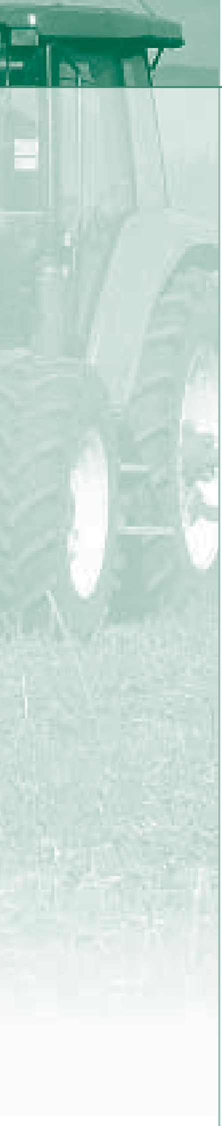
		2004 $'000		2003 $'000
Surplus before Bad Debts and Taxation		4,033		2,610
Bad Debts written off	(4,637)		(1,142)	
Specific Provision for Bad Debts	(317)		130	
Adjustment in General Provision for Bad Debts	(910)	(5,864)	(30)	(1,042)
(Deficit)/Surplus before Taxation		(1,831)		1,568
Taxation Benefit/(Expense)		629		(515)
(Deficit)/Surplus after Taxation		($1,202)		$1,053

Total Assets remained relatively stable at $308,071,561 (2003 $304,880,174).

CAPITAL STRUCTURE

The 8,734,576 Company shares on issue are held by 754 Shareholders. This share structure is represented by Equity in the Company amounting to $9,235,307 (2003 $11,060,879). No change in the basic capital structure of the Company took place during the year.

The Company's shares have been quoted on the Unlisted Trading Screen of New Zealand Exchange Limited (NZX). As the Company has been advised by NZX that the Unlisted Trading Screen will be closed during 2004, the Directors are considering the alternative share trading options available to it. Shareholders will be promptly informed of the Directors' decision in this regard. During the year a small number of shares have traded at prices ranging from 80 cents to 94 cents per share.



Since the Company structure is primarily that of a finance company, it is critical that our underlying ratio of 'debt to equity' be maintained at a level considered appropriate for companies operating in the finance industry. The Directors recognise this need.

With a view to permanently improving the underlying long term strength of the Company, the Directors issued 10,825,000 Speirs Bonds at $1 each during the year. The Bonds are perpetual in tenor and are listed on the debt market (NZDX) of New Zealand Exchange Limited. While we expect trading in Speirs Bonds to be light, a number of Speirs Bonds have been sold on market at $1 each. The Bonds attract interest, payable quarterly on the last days of March, June, September and December. The interest rate is reset annually on 30 September and will be the greater of 10% pa or a fixed margin of 4.5% pa above the then one year swap rate, determined by calculating the average of the bid and offered swap rate for a one year swap as quoted on Reuters Screen Page "FISSWAP" at or about 11.00am on that day. The rate payable currently is 10% pa.

Concurrent with the issue of Speirs Bonds, the Company has reduced Subordinated Notes on issue to $8,013,834 (2003 $14,280,989)

DIVIDENDS

A fully imputed dividend of 5 cents per share was paid on 30 June 2003, and a further fully imputed dividend of 4 cents per share was paid on 12 December 2003.

The Directors have resolved not to pay a dividend in June 2004.

DIRECTORS

The Company

In accordance with clause 39 of the Company's constitution, Messrs. J A B Wilson, D J Speirs and Robert N Speirs retire by rotation. Being eligible, they offer themselves for re-election to the Board.

Speirs Securities Limited

The Directors of Speirs Securities Limited are Mr A J Kells - a Palmerston North Chartered Accountant and Sharebroker, and Mr M B Rowe - a Palmerston North Solicitor, together with R N Speirs, the Speirs Group Limited Executive Chairman. We are grateful for the expertise, experience and wisdom that these men bring to their role as Directors of this independent (but 'in-substance' subsidiary) company.

REMUNERATION OF DIRECTORS

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

R Nelson Speirs*	Executive Chairman	$235,500
Non Independent Director		
Donald P Speirs	Deputy Chairman	$104,000
Non Independent and Non-Executive Director		
Brian W Ogden **	Non-Executive Director	$65,000
Independent Director		
Trevor A Roberts	Non-Executive Director	$32,000
Independent Director		
Robert N Speirs	Non-Executive Director	$24,000
Non Independent Director		
John A B Wilson	Non-Executive Director	$32,000
Independent Director		
Stephen H Hewitt	Executive Director	$185,000
Non Independent Director		
David J Speirs	Executive Director	$170,000
Non Independent Director		

*R Nelson Speirs received a retiring allowance of $96,000 during the year

**Brian W Ogden is employed on a part time basis by the Company.

The Directors recommend that the aggregate amount of Directors' fees payable to the non-executive Directors for the ensuing year remain at $120,000.

REMUNERATION OF EMPLOYEES

One employee, other than Executive Directors, received remuneration exceeding $100,000 during the year under review in the remuneration band between $100,000 to $110,000

AUDITORS

In accordance with Section 200 of the Companies Act 1993 the Auditors, PricewaterhouseCoopers, continue in office.

CORPORATE GOVERNANCE

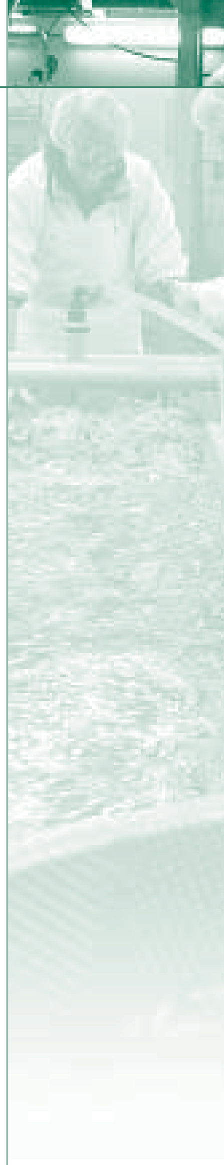
Board and Management

The business and affairs of the Company are managed under the direction of the Board. The Board is elected by the shareholders to guide the Company in the interest of shareholders and has the overall responsibility for decision making. The Board delegates specific responsibilities to the Executive Directors of the Company's operating divisions, Speirs Finance and Speirs Foods, who in turn delegate responsibility to senior management. Specific responsibilities are also delegated to four Board Committees, being committees for audit, remuneration, appointment of directors and credit approvals. During the year the Board met twelve times.

The **Audit Committee** comprises John Wilson (Chairman of the Committee) and Trevor Roberts, with Nelson Speirs (Executive Chairman), our Company's Internal Auditor and partners and senior staff of PricewaterhouseCoopers (our Company's External Auditors) attending when required. During the year the Audit Committee met on two occasions, and had a number of telephone conferences.

The function of the Audit Committee is to assist the Board of Directors:

- in establishing and reviewing the protocol agreed to with both the Internal and External Auditors;



- in carrying out its responsibilities under the Companies Act 1993 and the Financial Reporting Act 1993 regarding Management's accounting practices and controls relative to the Company's financial position; and
- to review and make appropriate inquiry into the audits of the Company's financial statements by both the Internal and External Auditors.

The **Remuneration Committee** comprises Donald Speirs (Chairman of the Committee), Trevor Roberts, John Wilson and Nelson Speirs (Executive Chairman). During the year the Remuneration Committee met on two occasions, and had a number of telephone conferences.

The function of the Remuneration Committee is to assist the Board of Directors:

- in establishing appropriate levels for Directors' fees to be recommended for adoption by the Annual Meeting of Shareholders;
- in establishing appropriate terms of employment and remuneration for Executive Directors; and
- in advising appropriate terms of employment and remuneration for senior Executive Officers.

The **Credit Committee** comprises Steve Hewitt (Chairman of the Committee), John Wilson, Trevor Roberts and Nelson Speirs (Executive Chairman). During the year the Credit Committee met on numerous occasions, usually by telephone conference.

The function of the Credit Committee is to consider and approve or decline credit applications from existing or prospective clients at levels beyond the approval limit granted to the General Manager Speirs Finance.

A fourth committee, the **Directors Nomination Committee**, was established on 26 April 2004 so as to meet the Corporate Governance Best Practice Code of New Zealand Exchange Limited. The Directors Nomination Committee comprises Trevor Roberts (Chairman of the Committee), Brian Ogden, John Wilson, Nelson Speirs and David Speirs. Since its formation, the Committee has met on one occasion.

The function of the Directors Nomination Committee is to provide advice to the Directors on the appointment of personnel to the Board of Directors.

Appointment of Directors

In accordance with Section 39 of the Company's Constitution, at each annual meeting at least one third of the directors shall retire from office, but are eligible for re-election should they so wish. In selecting the directors to retire the following criteria are used:

- firstly, any director who has attained the age of 70 years;
- secondly, any director not offering themselves for re-election; and
- thirdly, those of the other directors who have been longest in office since their last election.

The Company's corporate governance principles comply with New Zealand Exchange Limited's Corporate Governance Best Practice Code.

SHAREHOLDING IN THE COMPANY

The top twenty Shareholders in the Company as at 31 March 2004 are:

	Fully Paid Ordinary Shares	Percentage of Issued Voting Capital
R N Speirs, B W Ogden	705,489	8.08%
D P Speirs, K J O'Sullivan	642,273	7.35%
R N Speirs, D P Speirs	521,222	5.97%
D P Speirs, R N Speirs	421,790	4.83%
D P Speirs, R N Speirs	257,206	2.94%
Custodial Services Limited	167,667	1.92%
D J Speirs	155,387	1.78%
M Le Moigne	109,385	1.25%
R N Speirs, D P Speirs	100,000	1.14%
R N Speirs, D P Speirs and M G Speirs	82,927	0.95%
D D Speirs	81,554	0.93%
B W and E R Ogden	75,000	0.86%
E A Wallace	73,787	0.84%
R N Speirs	72,679	0.83%
S Clayton	64,222	0.73%
E D Fogarty	61,889	0.71%
J H O and M Tiller	58,723	0.67%
B S Speirs, A I Speirs and R D Cooke	52,596	0.61%
A I Speirs	50,850	0.58%
V J Matthewson	50,000	0.58%
A Priest	50,000	0.58%
	3,854,646	44.13%

The number of shares held by Directors of the Company:	Beneficial Holdings	Non-Beneficial Holdings
D J Speirs	155,387	-
R N Speirs	72,679	-
J A B Wilson	40,600	30,000
Robert N Speirs	33,787	-
D P Speirs	21,524	642,273
T A Roberts	2,600	-
B W Ogden	-	75,000
S H Hewitt	-	-
R N Speirs and B W Ogden (as Co-Trustees)	-	705,489
R N Speirs and D P Speirs (as Co-Trustees)	-	1,383,145

A Beneficial Holding records that the Director holds the shares in his own name.

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

Shareholder Statistics

Ordinary Shares	Holders	%	Shares	%
1 to 1,000	50	6.63	35,174	0.40
1,001 to 5,000	405	53.71	1,039,268	11.90
5,001 to 10,000	145	19.23	1,129,468	12.93
10,001 to 100,000	146	19.36	3,550,247	40.65
100,001 and over	8	1.07	2,980,419	34.12
	754	100.00	8,734,576	100.00

OPTIONS TO PURCHASE SHARES IN THE COMPANY

Directors hold Options to purchase up to 2,100,000 shares in the Company for a price set at $1 cash for each share. Options held by Directors, and the date the Options expire are:

	Options Held	Date Options Expire
D P Speirs	1,000,000	30 September 2006
R N Speirs	1,000,000	30 September 2006
D J Speirs	100,000	30 September 2006

SPEIRS BONDHOLDERS

The top twenty Bondholders in the Company as at 31 March 2004 are:

	Bonds Held	Percentage of Bonds on Issue
A H Allan	1,183,500	10.93%
M J Allan	290,000	2.68%
E M & I W Faulkner	200,000	1.85%
B B Harford	200,000	1.85%
D K Harford	200,000	1.85%
D K Harford, B B Harford & R Whalley	200,000	1.85%
F H Cockrell, A J Cockrell & J A Fluker	120,000	1.10%
J G Clapham	100,000	0.92%
P M Wilson	100,000	0.92%
G B Goffin	100,000	0.92%
J H Bibby and V C Bibby	100,000	0.92%
The Catholic Charities Foundation of Palmerston North	100,000	0.92%
M E Luckin & P E Jones	100,000	0.92%
P J Stevens and W H Stevens	100,000	0.92%
Waiapu Board of Diocesan Trustees Incorporated	100,000	0.92%
I R Liddington	90,500	0.84%
C W Henderson	86,000	0.79%
H E Freeman	83,000	0.77%
H I George, P E Jones & G K Shearer	80,000	0.75%
G H Lendrum	80,000	0.75%
	3,613,000	33.37%

Bondholder Statistics

Speirs Bonds	Holders	%	Bonds	%
1,000 to 5,000	269	41.38	942,500	8.71
5,001 to 10,000	167	25.69	1,453,500	13.43
10,001 to 100,000	207	31.85	6,035,500	55.76
100,001 and over	7	1.08	2,393,500	22.10
	650	100.00	10,825,000	100.00

INTERESTS REGISTER

During the year Directors disclosed the following Interests:

R Nelson Speirs -

- his interest, as a Trustee of the R N Speirs No 3 Trust, in the purchase by the Trust on market of 8,000 ordinary shares in Speirs Group Limited.

Donald P Speirs -

- his interest, as a funder for the purchasers, in the purchase by certain grandchildren on market of 8,000 ordinary shares in Speirs Group Limited.
- his interest, as a Trustee of both trusts (but not a Beneficiary of either trust), in the transfer of 63,000 ordinary shares in Speirs Group Limited from a family trust to a charitable trust.

John A B Wilson -

- his interest, as a Trustee (but not a Beneficiary) of a family trust, owning 30,000 ordinary shares in Speirs Group Limited.

Trevor A Roberts -

- his interest, as the husband of the purchaser, in the purchase by Marilyn Roberts on market of 2,000 ordinary shares in Speirs Group Limited.

Brian W Ogden -

- his interest, as transferor and as a Trustee and Beneficiary in the transferee, in the transfer of 75,000 share in Speirs Group Limited to a family trust.

STAFF

By far the most valuable Company asset is, by its very nature, 'off-balance sheet'. That asset is, of course, the employment of enthusiastic, able, highly trained and experienced staff of the highest quality. The employment and retention of such staff is the most critical benchmark for any business organisation.

The policy of Speirs Group Limited is to recruit and retain men and women of integrity and with skills that are relevant to the two industries in which we work. The very nature of both our industries calls for professionalism in our people. We seek, and expect, the highest professional standards.

As the Company grows so does its complement of staff. Staff numbers some forty-three individuals at Speirs Finance (Palmerston North and Lower Hutt) with a further forty-three associates involved and working with our nationwide Agency network (see under Speirs Finance below). Speirs Foods employ ninety permanent staff members at Marton with the numbers rising to one hundred and twenty-five when we recruit extra staff at peak summer times. Our Company makes a most important contribution to the Marton and surrounding district as an employer.

The Speirs Group Limited Directors believe that the professionalism and competence of our people provides substantial benefits to the Company and is readily apparent to the interacting public and to our clientele. Our staff's contribution to the Company's continuing well being is immense. Our thanks go to them all.

SPEIRS FINANCE

It could well be argued that the year under review was quite unsatisfactory for Speirs Finance, and therefore for the Company, given the extent of the blowout in Bad Debts experienced at the close of the year. There is little defence against that argument. The Company was attacked by external dishonesty that our Management failed to recognise in time. There were instances of poor lending and credit too readily given. Some floor plan lending to quasi motor vehicle dealers was unwise, poorly managed and very costly in terms of write-offs. The difficulties arose in clearly defined market segments. Our trading in these areas has been completely reviewed and, where we were not satisfied as to credit certainty, terminated. Bad Debts written off or specifically provided for totalled $4,954,000 (2003 $1,012,000).

Lending agreements are normally for a term of up to five years, with most agreements having a term of three years. It is likely that some potential future Bad Debts still remain in our Receivables portfolio that are, as yet, undetected. For this reason, the Company carries a substantial General Provision for Doubtful Debts designed to cover any such future risk. To establish the extent of the General Provision the Company uses a formula that is based upon our Bad Debt experience over the past six years. This year's Bad Debt experience has heavily weighted the calculation with the result that the General Provision has been increased by $910,000 (2003 $30,000) with this sum written off in our Statement of Financial Performance. The Company's General Provision for Doubtful Debts now aggregates $2,686,000 (2003 $1,776,000).

The Directors recognise the seriousness of the issues that the Bad Debt blowout has raised. We believe that we have taken the necessary corrective action. The Directors believe that the current policy in respect of bad debt provisioning is appropriate to provide adequate cover in respect of likely future exposure to bad debts. We are confident that the underlying strength of the Speirs Finance operations is clear and that the future is bright.

Speirs Finance is a commercial division of Speirs Group Limited and a member of the New Zealand Financial Services Federation. It lends funds to qualifying borrowers throughout New Zealand. Security for the funding is almost always provided to the Company by the borrower by way of legally perfected security interests in, or registered mortgages over, assets belonging to or in the possession of the borrower. The quality and nature of the assets over which security is granted should always meet the Company's designated standards, while the extent of the funding to any one client or to any one group of clients is monitored to meet the Company's approved criteria.

Typically, assets funded in this manner include passenger cars, light commercial vehicles, heavy commercial vehicles, earthmoving and agricultural vehicles, plant and machinery. Our Receivables total also includes a small portfolio of lending by way of first mortgage over residential properties. For many years our lending emphasis has been to finance passenger cars and light commercial vehicles, and this emphasis still pertains. Nevertheless, as the Company has grown in size and influence in the New Zealand marketplace, opportunities have arisen to further develop as a broader based asset-backed financier and to increase our range of qualifying assets on which to advance funds. Resulting risk profile movements have recently been re-addressed.

All Speirs Finance lending is controlled from our Lower Hutt office, where we have a team of thirty-three credit, administration, sales support and collections staff. Our Lower Hutt office administers and supports a network of independent Speirs Agencies that cover all significant markets within New Zealand. Twenty-six principals own and operate the agencies, who together employ a further sixteen staff members. Details of the Agencies are scheduled on page 35. All Agents are experienced in asset-backed financing in New Zealand and have knowledge of their own geographical market area. In the year under review total funding provided to our clientele totalled $189 million.

At 31 March 2004 total Finance Receivables and Assets Leased to Others – the asset-backed funding managed from Lower Hutt - aggregated to $267 million. Lending was well spread throughout New Zealand.

Adequate funding is the lifeblood of any finance company. Our Company is no exception. All funding, accounting, information technology and administrative matters for Speirs Finance operations are administered and controlled by a small staff of ten at our Palmerston North 'home' office.

Speirs Group Limited is a continuous issuer of debt securities in the New Zealand market place. In particular, the Company continually issues Secured Stock to investors throughout the country. Support for Speirs Secured Stock during the period under review has been excellent, with the value of the investments lodged with the Company under this heading stabilising at $189 million at the close of the year. We continue to be strongly supported in our Secured Stock offerings by the thousands of regular individual investors who have been placing their funds with the Company for very many years, supplemented by a growing number of new investors with the Company. We continue to receive strong support from many Sharebrokers and other Professional Advisors from all around the country. This is particularly encouraging to us.

About thirty percent of our overall required funding is provided through direct access to the New Zealand wholesale money market by way of a securitisation funding facility operated through the banking system. The securitisation facility is of particular advantage to the Company. A complex set of 'rules' (see Note 2 of the Financial Statements for further technical information) agreed between the Company and certain counter-parties – one of whom is our 'in-substance' subsidiary Speirs Securities Limited - provides the framework to allow the free flow of the funding required by the Company to finance certain qualifying vehicles. For these qualifying vehicles, the availability of funds is certain. Costs are geared and fixed, at the time of the uplifting of the funds, to the market cost of wholesale funds pertaining at that time. The funding lines are guaranteed for the life of the finance 'paper' that has been funded, and so we have a perfect timing 'match', as well as cost effective funding. The product is specifically tailor-made to suit our requirements.

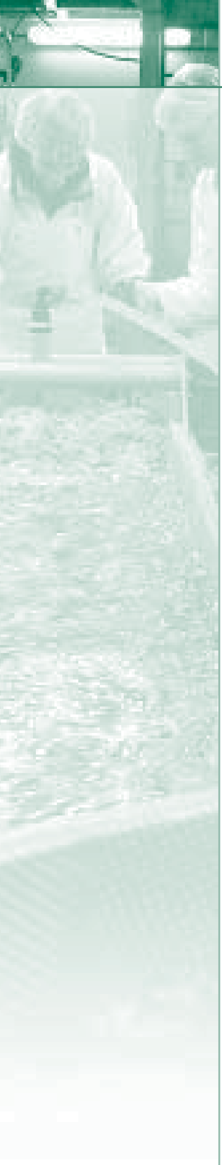
There is a cost associated with securitisation. We are now six years through the eight-year write-off – in excess of $250,000 annually - of heavy initial set-up costs. We look forward to the final amortisation in the year to end March 2006.

Speirs Finance information technology systems are all controlled from our Palmerston North office. Our receivables and borrowings databases are managed by our in-house and Company owned 'Focus' IT system. Focus is a Jade based system, designed specifically to Speirs specifications by Ashburton Computer Associates, controlled from Palmerston North and with the 'serious' hardware centred at the Jade centre in Christchurch. Its design allows for further sophisticated development in the future.

Speirs Finance competes strongly in our chosen market place. While the results for the year under review were most unsatisfactory resultant upon the blowout of bad debts, the underlying strength of Speirs Finance remains, as shown in the figures on Page 3 of this report. In spite of the set-back experienced this year, we again look forward to the future with confidence.

SPEIRS FOODS

Speirs Foods is the Company's fresh salad and fresh vegetable processing and distribution division based in Marton, the centre of the Rangitikei farming district.



As a processor of fresh food that is primarily sold to the public at supermarket delicatessen and produce departments, as well as being provided to caterers and other food service operators, Speirs Foods is constantly concerned with quality product control, high hygiene standards and prompt and efficient service.

The supermarket industry has quite properly always insisted on high standards of supply, to be provided at the lowest possible cost. Caterers and the food service industry require equally high standards. The corporate activity resulting in the merging of the Foodtown, Countdown and Woolworths retail operations late in 2002 concentrated more buying power into fewer hands. Competition is severe and, while the Company remains a leader in the supply of fresh salad and a significant provider of processed fresh vegetable products to the supermarket and food service buyers, we must continue to show the way in product quality, service and in industry innovation.

Speirs Foods is proud to meet those high standards. It has been our constant endeavour to produce the highest quality products at the best possible price to the end user.

Speirs Foods is a processing and distribution operation. Volume matters, as greater volumes allow for more production and distribution efficiencies, better costing and, ultimately, higher profits. Volume is achieved by providing quality products, fast service and, to the extent that we can, holding our price. That is the business that we are in.

Our products are fresh salads and processed fresh vegetables.

The Company was the pioneer, and remains a leader, in the salad processing and distribution business in New Zealand, processing and delivering hundreds of thousands – indeed, millions - of servings of salads to the market place each and every month. Our salad products can be found at most supermarket counters in New Zealand, while thousands of New Zealanders eat our salad products at functions and work places daily. Salads sold through supermarket delicatessens are not easily branded. For this reason most buyers are unaware of the real source of their luncheon or dinner menu. Produce department products are more easily branded, although supermarket proprietary brands are common place on produce shelves as well. Look for our 'Country Choice' and 'Pacific Gourmet' labels.

The horticultural fields of the Horowhenua, Rangitikei and Manawatu districts are an excellent source of vegetables for our products. We have long term contractual arrangements with many growers. Chilled from field to factory, all inwards product must pass quality inspection before acceptance. Our processing plant, systems and quality standards are of the highest order, quality checked not only by our own staff, but also monitored regularly by both the New Zealand authorities and our colleagues from France, whose systems we use and who provide us with the latest market and processing technological information. We were particularly fortunate that our factory and our growers, while greatly inconvenienced, were not badly damaged or affected by the severe flooding in our area in February 2004.

Distribution is a key element. We cover New Zealand almost daily with our distribution system. All products are delivered to supermarkets, workplaces and food service operators in chilled condition and on a daily basis – throughout the country.

This is an exciting industry. We believe that the growth potential is good. We do not discount the capacity or the strength of our competitors. Prospects for the coming year are positive.

FINANCIAL ASSISTANCE TO AGENTS

The Company may provide financial assistance to its various Finance Agencies (see Page 35), each of whom are party to an Agency Agreement, by way of loan facilities for the purchase of existing shares in the Company. The terms of the financial assistance, which may be made pursuant to section 76(1)(b) of the Companies Act 1993, are as follows:

(i) The Company may make loan facilities available to the Agents to assist them in purchasing existing issued shares in the Company. The facilities will be secured by way of security interest over the purchased shares. The maximum amount of each facility will be limited to 70% of the current market value of the shares being purchased (which will be fixed for a definite period). The maximum total financial assistance available per Agent will be $35,000 and the minimum size of any facility the Company will provide will be $3,500.

(ii) Interest on the facilities provided will accrue at a commercial rate that is fair and reasonable to all parties. The facilities will be repaid over a maximum term of 5 years and will be payable in full upon the termination of the agency agreement with the relevant Agent. The availability of loan facilities from the Company will be subject to review, or complete withdrawal, by the Company at any time at its sole discretion.

(iii) The facilities may be available for future use if, or when, Agents choose to purchase shares. The Company will not be offering any encouragement or advice in respect to purchase decisions.

The text of the resolutions passed by the board on 26 April 2004 in respect of the financial assistance, and as required by section 78(1) of the Companies Act 1993, is as follows:

"The Board resolved:

- that the Company should provide such financial assistance;
- that providing such financial assistance is in the best interests of the Company and is of benefit to those shareholders not receiving the financial assistance;
- that the terms and conditions under which such financial assistance is to be provided are fair and reasonable to

both the Company and those shareholders not receiving the financial assistance; and

- that the Board is satisfied that the Company will, immediately after giving such financial assistance, satisfy the solvency test applied under section 77 of the Companies Act 1993."

This statement is a disclosure document for the purpose of section 79 of the Companies Act 1993 and is given to shareholders of the Company pursuant to section 78(5) of the Companies Act 1993.

OUTLOOK FOR THE FUTURE

The deficit experienced in this past year is disappointing. But we must look beyond the reality of this downturn.

The day to day trading operations of both Speirs Finance and Speirs Foods remain healthy and strong. The known sources of the bad debt experience have been removed. The Company's capital structure and ability to trade has not been compromised. The national economy remains in reasonable heart.

The Directors are naturally more cautious than hitherto. But their confidence remains. We look forward to a strong turn-around in our fortunes in this coming year.

R Nelson Speirs	Donald P Speirs
Executive Chairman	Deputy Chairman
24 May 2004	

Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2004

		Group		Parent Company	
	Notes	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Total Operating Revenue	3	48,696	42,343	42,430	36,301
(Deficit)/Surplus before Taxation	3	(1,831)	1,568	(1,831)	1,568
Taxation	4	629	(515)	629	(515)
Net (Deficit)/Surplus after Taxation		(1,202)	1,053	(1,202)	1,053

STATEMENT OF MOVEMENTS IN EQUITY
for the year ended 31 March 2004

		Group		Parent Company	
	Notes	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Equity at Beginning of the Year		11,061	10,760	11,061	10,760
Net (Deficit)/Surplus after Taxation		(1,202)	1,053	(1,202)	1,053
Revaluation of Property		128	-	128	-
Revaluation of Investment Property		34	34	34	34
Total Recognised Revenues and Expenses		(1,040)	1,087	(1,040)	1,087
Dividends Paid		(786)	(786)	(786)	(786)
Equity at End of the Year		9,235	11,061	9,235	11,061

The notes on pages 16 to 33 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2004

	Notes	Group 2004 $'000	Group 2003 $'000	Parent Company 2004 $'000	Parent Company 2003 $'000
Assets					
Cash and Other Current Assets	5	8,918	11,395	7,921	8,689
Short Term Deposits – at Call		11,614	4,243	11,614	4,243
Short Term Deposits – 90 days		2,357	2,235	-	-
Taxation Refund Due		60	450	60	450
Finance Receivables	6	261,117	257,991	166,689	162,971
Assets Leased to Others	7	6,359	10,537	6,359	10,537
Investment Properties	8	1,278	1,244	1,278	1,244
Cash at Bank Pledged to Others	2	4,008	3,805	4,008	3,805
Investments		953	735	953	735
Future Taxation Benefit	4	2,476	1,870	2,476	1,870
Subordinated Debt - Securitised Assets	9	-	-	10,325	10,146
Property, Equipment, Plant & Vehicles	10	8,334	9,417	8,334	9,417
Intangible Assets	11	598	958	598	958
Total Assets		308,072	304,880	220,615	215,065
Liabilities					
Trade Accounts Payable		2,944	3,926	2,875	3,845
Other Accrued Liabilities and Provisions		241	225	241	225
Accrued Employee Entitlements		213	81	213	81
Commercial Paper	12	87,388	89,734	-	-
Secured Stock	12	189,212	185,572	189,212	185,572
Subordinated Notes	12	8,014	14,281	8,014	14,281
Speirs Bonds	13	10,825	-	10,825	-
Total Liabilities		298,837	293,819	211,380	204,004
Equity	14	9,235	11,061	9,235	11,061
Total of Equity and Liabilities		308,072	304,880	220,615	215,065

The Board of Directors of Speirs Group Limited authorised these financial statements for issue on 24 May 2004.

Signed on behalf of the Board of Directors

Nelson Speirs. Donald Speirs

R Nelson Speirs | Donald P Speirs
Executive Chairman | Deputy Chairman
24 May 2004

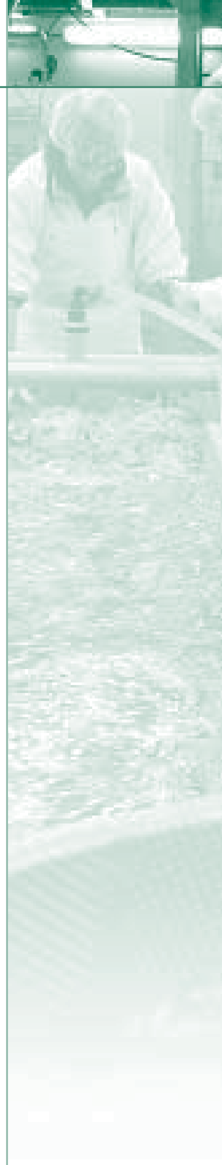
The notes on pages 16 to 33 form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 March 2004

	Group		Parent Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Cash Flows from Operating Activities				
Cash was provided from:				
Dividend Income	87	67	87	67
Interest Income	29,320	24,341	19,712	16,203
Operating Lease Rentals	2,958	3,122	2,958	3,122
Sales by Trading Divisions	13,151	11,436	13,151	11,436
Fee and Other Income	3,220	2,724	6,562	4,820
Income Tax Refunds Received/(Income Taxes Paid)	390	(579)	390	(579)
Cash was applied to:				
Interest Expense	(22,029)	(17,785)	(16,159)	(12,058)
Payments to Suppliers and Employees	(19,325)	(16,968)	(18,886)	(16,602)
Net Cash Flows from Operating Activities	7,772	6,358	7,815	6,409
Cash Flows from Investing Activities				
Cash was provided from:				
Repayment of Finance Receivables	180,164	106,980	95,849	36,427
Sale of Assets Leased to Others	7,255	3,784	7,255	3,784
Sale of Finance Receivables to Speirs Securities Limited	-	-	84,045	93,639
Sale of Property, Equipment, Plant & Vehicles	90	22	90	22
Cash was applied to:				
Repayment of/(Investment in) Subordinated Debt – Speirs Securities Limited	-	-	(501)	5,359
Investment in Cash at Bank Pledged to Others	(203)	(209)	(203)	(209)
Investment in Finance Receivables	(189,154)	(191,273)	(189,154)	(191,273)
Investment in Intangible Assets	-	(185)	-	(185)
Movement in Balance Owing to Speirs Securities Limited	-	-	(1,560)	(3,249)
Purchase of Investments	(174)	(120)	(174)	(120)
Investment in 90 day Short Term Deposits	(122)	(2,235)	-	-
Purchase of Assets Leased to Others	(4,940)	(10,306)	(4,940)	(10,306)
Purchase of Property, Equipment, Plant & Vehicles	(562)	(1,479)	(562)	(1,479)
Net Cash Flows from Investing Activities	(7,646)	(95,021)	(9,855)	(67,590)
Cash Flows from Financing Activities				
Cash was provided from:				
Issue of Commercial Paper	379,183	328,730	-	-
Issue of Secured Stock	133,114	169,685	133,114	169,685
Issue of Subordinated Notes	1,696	4,320	1,696	4,320
Issue of Speirs Bonds	4,893	-	4,893	-
Cash was applied to:				
Dividends Paid to Shareholders	(786)	(786)	(786)	(786)
Repayment of Commercial Paper	(381,529)	(299,417)	-	-
Repayment of Secured Stock	(127,150)	(105,439)	(127,150)	(105,439)
Repayment of Subordinated Notes	(4,355)	(582)	(4,355)	(582)
Net Cash Flows from Financing Activities	5,066	96,511	7,412	67,198
Net Increase/(Decrease) in Cash	5,192	7,848	5,372	6,017

The notes on pages 16 to 33 form part of these financial statements.



STATEMENT OF CASH FLOWS
continued

	Group		Parent Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Cash at Beginning of the Year:				
Bank	7,924	2,856	3,113	1,339
Short Term Deposits – Call	4,243	1,463	4,243	-
	12,167	4,319	7,356	1,339
Cash at End of the Year:				
Bank	5,745	7,924	1,114	3,113
Short Term Deposits – Call	11,614	4,243	11,614	4,243
	17,359	12,167	12,728	7,356
Net Increase/(Decrease) in Cash	5,192	7,848	5,372	6,017
Reconciliation of Net (Deficit)/Surplus after Taxation to Net Cash Flows from Operating Activities				
Net (Deficit)/Surplus after Taxation	(1,202)	1,053	(1,202)	1,053
Non-Cash Items:				
Amortisation of Intangibles	360	360	360	360
Debts Written Off	4,637	1,142	4,637	1,142
Movement in Provision for Doubtful Debts	1,227	(100)	905	(43)
Movement in Provision for Recourse	-	-	322	(56)
Depreciation	3,472	3,440	3,472	3,440
(Profit)/Loss on Sale of Property, Equipment, Plant & Vehicles	74	(55)	74	(55)
Movement in Future Taxation Benefit	(629)	515	(629)	515
Unrealised Gain on Marketable Securities	(44)	-	(44)	-
Movements in Other Working Capital Items:				
Inventories	220	(216)	220	(216)
Accounts Receivables and Prepayments	101	(391)	132	(391)
Accounts Payable and Provisions	(834)	1,189	(822)	1,239
Taxation Refund Due	390	(579)	390	(579)
	8,974	5,305	9,017	5,356
Net Cash Flows from Operating Activities	7,772	6,358	7,815	6,409

The notes on pages 16 to 33 form part of these financial statements.

Notes to the Financial Statements

Note 1 STATEMENT OF ACCOUNTING POLICIES

A. Reporting Entities and Statutory Base

The reporting entities are Speirs Group Limited (the "Parent Company") and the Parent Company and Speirs Securities Limited (the "Group"). These financial statements are presented in accordance with the Financial Reporting Act 1993 and the Companies Act 1993.

B. Measurement Base

The general accounting policies recognised as appropriate for the measurement and reporting of financial performance, cash flows and the financial position have been followed in the preparation of these financial statements. The historical cost method, as modified by the revaluation of certain assets, has been followed.

These financial statements have been prepared so that all components are stated exclusive of Goods and Services Tax.

C. Particular Accounting Policies

The following particular accounting policies, which significantly affect the measurement of financial performance and of financial position, have been applied:

(i) Basis of Consolidation

The consolidated Group financial statements are prepared from the financial statements of Companies that comprise the Group. They are Speirs Group Limited and Speirs Securities Limited.

Speirs Group Limited treats Speirs Securities Limited as an in-substance subsidiary because, although the Parent Company does not own any shares in Speirs Securities Limited, the two companies have entered into a securitisation arrangement which effectively attributes significant risks and rewards of Speirs Securities Limited to the Parent Company.

All significant transactions between Group companies are eliminated on consolidation.

(ii) Finance Receivables

Finance Receivables, comprising finance leases, hire purchase contracts and secured fixed term advances, are included in the financial statements at the amount of total instalments due less unearned income and provision for doubtful debts.

Finance Receivables include "impaired assets", comprising:

- "non-accrual loans" being loans where we do not expect to be able to collect all the amounts owing in terms of the contract;
- "restructured loans" being loans on which the original contracted terms have been concessionally modified, and on which interest continues to be accrued at a rate which is equal to or greater than the Company's average cost of funds at the date of restructuring;
- "assets acquired through security enforcement" being assets acquired in full or partial satisfaction of outstanding loans.

"Past due assets" are Finance Receivables which have not been operated by the counterparty within the key terms of the agreement for at least 90 days but which are not impaired assets.

With the exception of non-accrual loans for which no further income is recognised, income in respect of Finance Receivables is recognised either on the yield to maturity method, or on the basis of daily balances outstanding at agreed interest rates.

Credit facility fees are recognised as income upon entering into Finance Receivables transactions.

(iii) Bad Debts and Doubtful Debts Provisioning

Bad Debts are identified on a counterparty by counterparty basis, and where there is reasonable doubt as to their collectability, they are written down, by way of a specific write off, to their expected net collectable amounts with the amount written off recognised as an expense in the Statement of Financial Performance.

In addition, a non-specific provision is maintained for doubtful debts which are inherent in the portfolio of Finance Receivables, but which have not been specifically identified and provided for. The amount of the non-specific provision is determined as a percentage of total Finance Receivables.

Any movements in the non-specific provision are recognised in the Statement of Financial Performance.

(iv) Assets Leased to Others

Assets Leased to Others by way of "Operating Leases" are valued at cost less accumulated depreciation at straight line rates estimated to reduce the value of the assets to their resale values at the conclusion of the operating lease terms. Rental in respect of Assets Leased to Others by way of "Operating Leases" is recognised as income as rental instalments fall due for payment.

(v) Investment Properties

Real estate leased to others is accounted for as Investment Properties and is valued at the net current valuation by independent registered valuers on an annual basis, and no depreciation is provided for. Real estate revaluation gains and losses are recognised through the Statement of Movements in Equity.

vi) **Short Term Deposits and Cash at Bank Pledged to Others**
Short Term Deposits, including cash deposited at Registered Banks but pledged to others, are recorded at cost. Interest is accounted for on an accrual basis.

(vii) **Intangible Assets**
Costs related to the establishment of the Securitisation of the Finance Receivables are written off over a period of eight years. Costs related to securing rights to utilise the Scalime process are written off over a period of five years. Costs relating to the establishment of a residential mortgage business are written off over a period of three years.

(viii) **Property, Equipment, Plant, Vehicles & Computer Software**
Land and buildings which are not classified as investment properties are accounted for at market values established by independent registered valuers every five years. The last valuations took place on 31 March 2004. Depreciation of buildings is recognised as an expense in the Statement of Financial Performance at rates of 2.50% to 2.96%.

Equipment, Plant, Vehicles and Computer Software are valued at cost less accumulated depreciation, depreciation being provided on a straight line basis at the following rates:

Vehicles	20%
Computer Equipment	12.5-25%
Other Plant, Equipment and Computer Software	10-25%

The cost of developing certain computer software for use by the Parent Company internally is capitalised at cost, and once the software is in use, is amortised over a period of eight years.

(ix) **Cash and Other Current Assets**
Accounts Receivable are valued at estimated net realisable value after providing against debts where collection is doubtful.

Stocks are valued at the lower of cost and net realisable value.

(x) **Borrowings**
Borrowings are recognised at the amounts received from lenders, together with accrued interest where appropriate.

Interest expense is recognised on an accrual basis.

Interest rate swaps are entered into to manage interest rate exposure on Commercial Paper, with resulting gains and losses accounted for in the Statement of Financial Performance as they arise.

(xi) **Taxation**
The taxation expense recognised in the Statement of Financial Performance is the estimated liability in respect of the Net Surplus after allowance for permanent differences. This is the comprehensive basis for the calculation of Deferred Taxation.

The Group and Parent Company follow the liability method of accounting for Deferred Taxation. Net Future Taxation Benefits, after deducting deferred tax liabilities, attributable to timing differences, are recognised in the financial statements if there is virtual certainty they will be recouped.

(xii) **Financial Instruments**
Recognised
Financial instruments carried on the Statement of Financial Position include cash and bank balances, finance receivables, trade creditors and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments, including derivatives, that are designated as hedges of specific items are accounted for on the same basis as the underlying hedged items.

Unrecognised
The net differential paid or received on interest swaps is recognised as a component of interest expense over the period of the agreement.

(xiii) **Investments**
Investments in marketable securities are marked to market at balance date with any gain or loss being reflected in the Statement of Financial Performance

(xiv) **Cash Flows**
The following are the definitions of the terms used in the Statement of Cash Flows:

a. Cash means coins and notes, demand deposits and other highly liquid investments in which the Group and Parent Company have invested as part of its day-to-day cash management. Cash includes liabilities which are the negative form of the above, such as any Bank Overdraft. Cash does not include Accounts Receivable or Payable, any Borrowing subject to a term facility or Cash at Bank Pledged to Others.

b. Investing activities are those activities relating to the acquisition, holding and disposal of Property, Equipment, Plant & Vehicles, Finance Receivables and other investments. Investments can include securities not falling within the definition of Cash.

c. Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group and Parent Company. This includes both Equity and Debt not falling within the definition of Cash. Dividends paid in relation to the capital classified as Equity are included in financing activities.

d. Operating activities include all transactions and other events that are not investing or financing activities. Interest and Dividends received and Interest Paid are included in operating activities.

(xv) Securitisation Arrangements
Neither surpluses nor deficits are recognised upon the assignment of Finance Receivables between the Parent Company and Speirs Securities Limited.

Administration fees earned from the Securitisation arrangement are recognised in the Parent Company's Statement of Financial Performance over the term of the contract and are limited to the surpluses earned by Speirs Securities Limited.

D. Changes in Accounting Policies
There have been no changes in the accounting policies during the year.

Note 2 SECURITISATION ARRANGEMENT

The Parent Company is party to a securitisation arrangement with Speirs Securities Limited, and other parties including a Registered Bank. Under the terms of this arrangement, Speirs Securities Limited purchases eligible finance receivables, on a partial recourse basis, from Speirs Group Limited. The purchase of these receivables by Speirs Securities Limited is funded by the issue of ninety - day commercial paper in the wholesale money market. The interest rate risk within Speirs Securities Limited arising from the funding of fixed rate receivables with ninety-day commercial paper is hedged through the use of interest rate swaps.

This arrangement has the effect of lowering the cost of funding for the Group. All profits made by Speirs Securities Limited are remitted to the Parent Company by way of administration fees for its continued management of the transferred receivables and the general affairs of Speirs Securities Limited.

The principle components of the arrangement are:

(i) Speirs Securities Limited is constituted for the one special purpose of purchasing the Cash Flow component of Finance Receivables agreements ("Eligible Receivables") (in the form of tranches of Eligible Receivables) from the Parent Company from time to time.

(ii) The Parent Company is contracted to manage and administer the Eligible Receivables and the affairs generally of Speirs Securities Limited for various fees which together are equivalent to the operating surplus of Speirs Securities Limited. Since it is not possible to determine an alternative fair value for these administration contracts with sufficient certainty, no fair value has been placed upon them. The fees earned in the year ended 31 March 2004 amounted to $3,341,605 (2003 $2,096,328).

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

(iv) Speirs Securities Limited primarily funds the purchase of each tranche of Eligible Receivables by issuing ninety-day Commercial Paper to the wholesale money market.

(v) To be "Eligible" the Eligible Receivables must arise from Finance Receivables agreements that, amongst other things:

a. are either Finance Leases, Security Agreements or Hire Purchase Agreements;

b. provide funding to a client counter-party that is secured by a charge over a registered motor vehicle used by and in the possession of the client counter-party;

c. be for a maximum term of forty-eight months; and

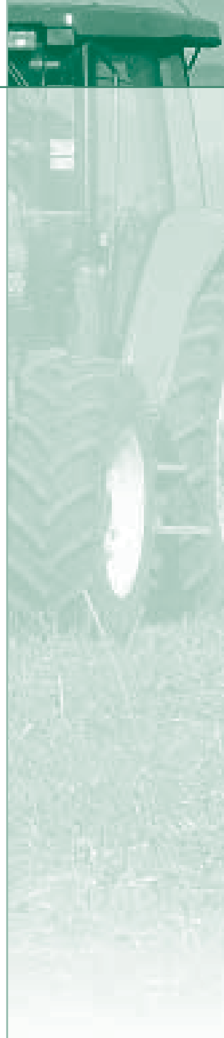
d. require repayment by a regular and even (usually monthly) cash flow payable from the client counter-party to the Parent Company over the life of the agreement. The final payment may include a Residual Value or Balloon payment defined in (xii) below.

(vi) Interest rate swap agreements are entered into with the Registered Bank concurrently with the issuing of the Commercial Paper required to fund each individual tranche of Eligible Receivables. These are supported by standby facilities provided by the Registered Bank (see (vii) below) which guarantees funding should it not be possible to roll over ninety-day bills on their maturity. Under these agreements, and subject to subordinated debt arrangements referred to in (ix) below:

a. the quantum and tenor of the money borrowed from the wholesale money market is exactly matched in both value and timing to the aggregate cash flows due to the Parent Company from the client counter-parties under the individual Eligible Receivables agreements. In this manner, the liquidity risk associated with funding by way of ninety - day Commercial Paper is eliminated; and

b. the interest rate cost of borrowing is fixed for the effective life of each tranche and, therefore, is fixed for each Eligible Receivable agreement that constitutes the tranche. At balance date the Group had entered into interest rate swaps with a face value of $88,068,412 (2003 $90,446,720). The carrying value of the interest rate swaps in the Group's financial statements is the amount of interest accrued on the swaps, $45,819 (2003 $64,139). The Group intends to hold the swaps through to their respective maturities. If, however, the swaps had been closed out at balance date, the mark to market valuation of a loss of $148,692 (2003 $544,625 loss) would have been recorded.

(vii) The arrangement provides facilities for Speirs Securities Limited to borrow an agreed limit, currently set at $110,000,000, on the wholesale money market. The Registered Bank provides standby facilities to meet any shortfalls, up to a maximum of the $110,000,000 limit, from the wholesale money market should they ever arise.



(viii) During the year ended 31 March 2004, the Parent Company sold $84,044,591 (2003 $93,639,146) of Eligible Receivables to Speirs Securities Limited, and derecognised these Finance Receivables in the financial statements of the Parent Company. No surplus or deficit was recognised as a result of these sales. At 31 March 2004 the net value of these Eligible Receivables sold to and owned by Speirs Securities Limited was $95,420,839 (2003 $95,690,172).

(ix) The Parent Company is required to lend funds on a continuing basis to Speirs Securities Limited by way of subordinated debt. The minimum quantum of that funding is calculated monthly on an agreed formula that discounts the aggregate future cash flows of the Speirs Securities Limited portfolio of Eligible Receivables by the aggregate of the weighted fixed swap interest borrowing rate that applies to them plus three percent. Different weightings are then applied according to the nature of the Eligible Receivables agreements and the underlying motor vehicles supporting them. The quantum of subordinated debt required varies marginally from month to month, but normally ranges between 11% and 12% of the accounting value of the Eligible Receivables at any time. The amount of the subordinated debt at 31 March 2004 was $11,317,777 (2003 $10,815,934) (see Note 9).

(x) The loans made by the Parent Company to Speirs Securities Limited in this manner are subordinated to all other borrowings of Speirs Securities Limited. The rate of interest charged by the Parent Company to Speirs Securities Limited is governed by market rates and assessed risks and is set by the Parent Company and agreed by Speirs Securities Limited from time to time.

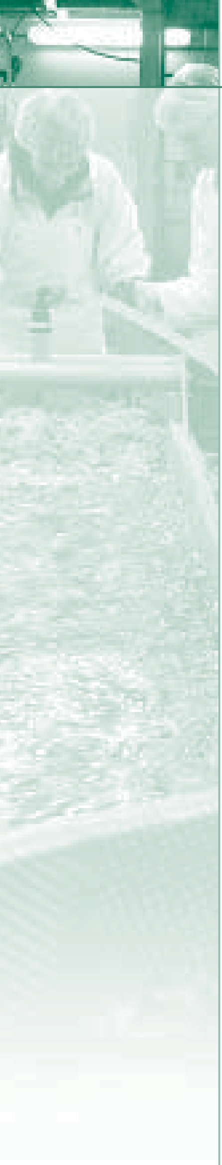
(xi) The Securitisation arrangement permits Speirs Securities Limited to apply the subordinated debt to fund losses it might incur on any of its purchased Eligible Receivables agreements. Other than for the Contingent Liability mentioned below with regard to residual values, balloon payments and interest rate swaps, the Parent Company's exposure for any bad and doubtful debts incurred by Speirs Securities Limited is limited to the subordinated debt invested by the Parent Company.

(xii) Many Eligible Receivables agreements sold to Speirs Securities Limited under the Securitisation arrangements contain contractual undertakings by the client counter-party to make a final residual value or balloon payment on the termination of the Eligible Receivables agreement. This final payment amount (if any) is set at the time of the origination of the Eligible Receivables agreement and will not exceed an amount established by the Parent Company and agreed by the Registered Bank as being a conservative estimate of the value of the underlying supporting registered motor vehicle asset that could be obtained by selling the motor vehicle asset into the open market place at the date the residual value or balloon payment is due.

(xiii) A guarantor guarantees to Speirs Securities Limited the payment of residual values and balloon payments defined in (xii) above. In turn, the Parent Company indemnifies the guarantor in respect of the guarantor's contingent liability under this guarantee, which at 31 March 2004 amounted to $19,924,447 (2003 $20,370,730).

(xiv) In the event of the Parent Company being called upon to meet the indemnity referred to in (xiii) above, the Parent Company may eliminate or mitigate this cost by realising the underlying security (the registered charge over a nominated motor vehicle) and selling the motor vehicle into the market place.

(xv) The Parent Company is required to place amounts, equal to a percentage of residual values guaranteed, together with amounts related to interest rate swap guarantees, on deposit with a nominated Registered Bank as collateral. At 31 March 2004 the amount of Registered Bank deposits pledged in this manner was $4,007,763 (2003 $3,805,100).



Note 3 (DEFICIT) SURPLUS BEFORE TAXATION

	Group		Parent Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Operating Revenue				
Interest Earned on:				
Finance Receivables	27,785	23,645	16,658	13,846
Short Term Deposits	1,535	696	1,227	469
Subordinated Debt – Speirs Securities Limited	-	-	1,827	1,888
Credit Facility Fees	3,020	2,428	3,020	2,428
Fees Earned as Administrator – Speirs Securities Limited	-	-	3,342	2,096
Operating Lease Rentals	2,958	3,122	2,958	3,122
Profit/(Loss) on Sale of Assets Leased to Others	(29)	48	(29)	48
Sales by Trading Divisions	13,096	12,041	13,096	12,041
Dividends Received	87	67	87	67
Bad Debts Recovered	151	78	151	78
Other Income	93	218	93	218
Total Operating Revenue	48,696	42,343	42,430	36,301
Expenses				
Amortisation of Intangible Assets	360	360	360	360
Audit Fees:				
Statutory Audit	86	78	86	78
Prior Year Under-accrual	-	25	-	25
Consultancy	27	14	27	14
Bad Debts Written Off	4,637	1,142	4,637	1,142
Bad Debt Provisioning:				
General	910	30	588	87
Specific	317	(130)	317	(130)
Depreciation:				
Buildings	34	31	34	31
Vehicles	154	157	154	157
Computer Equipment	323	192	323	192
Other Plant, Equipment and Computer Software	1,098	948	1,098	948
Assets Leased to Others	1,834	2,112	1,834	2,112
Directors' Fees	146	140	120	116
Interest Paid:				
Bank Overdraft	4	162	4	162
Commercial Paper	5,870	5,727	-	-
Secured Stock	14,570	10,798	14,570	10,798
Subordinated Notes	1,029	1,098	1,029	1,098
Speirs Bonds	556	-	556	-
(Profit)/Loss on Sale of Property, Equipment, Plant & Vehicles	74	(7)	74	(7)
Recognition of Previously Unrecognised Insurance Prepayment – See Note 21	(389)	-	(389)	-
Rent Paid	153	190	153	190
Other Trading and Operating Expenses	18,734	17,708	18,686	17,360
Total Expenses	50,527	40,775	44,261	34,733
(Deficit)/Surplus before Taxation	(1,831)	1,568	(1,831)	1,568

Interest Revenue from impaired assets has not been separately disclosed as it is not significant.

Note 4 TAXATION (Group and Parent Company)

	2004 $'000	2003 $'000
(Deficit)/Surplus before Taxation	(1,831)	1,568
Taxation on the (Deficit)/Surplus for the Year at 33 cents in the Dollar	(604)	517
Adjustments for the taxation effect of:		
Non-Deductible Items	(3)	11
Prior Year Adjustment	(6)	-
Dividend Imputation Credits	7	7
Benefit of Imputation Credits Received	(23)	(20)
Taxation (Benefit)/Expense	(629)	515
Taxation (Benefit)/Expense is Represented by:		
Taxation Payable in Respect of the Current Year	(23)	(20)
Net Movement in Future Taxation Benefit	(606)	535
Taxation (Benefit)/Expense	(629)	515
Future Taxation Benefit		
Balance at Beginning of the Year	1,870	2,405
Net Movement in Respect of Current Year	606	(535)
Balance at End of the Year	2,476	1,870
Future Taxation Benefit Comprises:		
Timing Differences that Provide Future Taxation Benefits	4,568	3,376
Recognised Tax Losses	2,934	2,291
Net Future Taxation Timing Charges	7,502	5,667
Future Taxation Benefit at 33 cents in the Dollar	2,476	1,870
Imputation Credit Account		
Balance at Beginning of the Year	3,471	3,259
Income Tax Paid/(Refunds Received)	(390)	579
Imputation Credits attached to Dividends Received	23	20
Imputation Credits Allocated to Dividends Paid to Shareholders	(387)	(387)
Balance at End of the Year	2,717	3,471

The carry forward of imputation credits and tax losses available to the Parent Company is subject to the Parent Company meeting Shareholder Continuity requirements of the Income Tax Act 1994.

Note 5 CASH AND OTHER CURRENT ASSETS

	Group		Parent Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Cash on Hand and at Bank	5,745	7,924	1,114	3,113
GST Refund Due	-	585	-	585
Prepayments	699	160	668	160
Trade Receivables	1,788	1,843	1,788	1,843
Other Receivables	43	20	43	20
Owing from Speirs Securities Limited	-	-	3,665	2,105
Stocks	643	863	643	863
Total Cash and Other Current Assets	8,918	11,395	7,921	8,689

Note 6 FINANCE RECEIVABLES

	Group		Parent Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Gross Receivables - Finance Lease, Hire Purchase and Other Finance Contracts	300,434	297,168	191,599	187,638
Provision for Unearned Income	(36,314)	(37,401)	(22,899)	(23,561)
	264,120	259,767	168,700	164,077
Provision for Doubtful Debts	(3,003)	(1,776)	(2,011)	(1,106)
Total Finance Receivables	261,117	257,991	166,689	162,971
The amount owing by Directors is $Nil (2003 $Nil).				
General Provision for Doubtful Debts				
Balance at Beginning of the Year	1,776	1,746	1,106	1,019
Net Movement Recognised in the Statement of Financial Performance	910	30	588	87
Balance at End of the Year	2,686	1,776	1,694	1,106
The Group and Parent Company Provision for Doubtful Debts is a general provision totalling (approximately) 1.04% (2003 0.70%) of the aggregate carrying value of all Finance Receivables.				
Specific Provision for Doubtful Debts				
Balance at Beginning of the Year	-	130	-	130
Net Movement Recognised in the Statement of Financial Performance	317	(130)	317	(130)
Balance at End of the Year	317	-	317	-
Impaired Assets				
Non-Accrual Loans				
Balance at Beginning of the Year	1,456	2,110	1,456	2,110
Additions	13,871	6,481	13,871	6,481
Deletions	(5,806)	(6,033)	(5,806)	(6,033)
Bad Debts Written Off	(4,509)	(1,102)	(4,509)	(1,102)
Balance at End of the Year	5,012	1,456	5,012	1,456
Restructured Loans				
Balance at Beginning of the Year	340	165	340	165
Additions	349	314	349	314
Deletions	(239)	(99)	(239)	(99)
Bad Debts Written Off	(128)	(40)	(128)	(40)
Balance at End of the Year	322	340	322	340
Past Due Assets				
Balance at Beginning of the Year	2,633	1,259	2,633	1,259
Additions During the Year	5,498	7,983	5,498	7,983
Deletions During the Year	(2,753)	(6,609)	(2,753)	(6,609)
Balance at End of the Year	5,378	2,633	5,378	2,633

No Finance Receivables are, or have been, assets acquired through security enforcement.

Note 7 ASSETS LEASED TO OTHERS (Group and Parent Company)

	2004 $'000	2003 $'000
Operating Leased Vehicles:		
Cost	8,540	12,781
Accumulated Depreciation	(2,181)	(2,244)
Total Operating Leased Vehicles	6,359	10,537

Note 8 INVESTMENT PROPERTIES (Group and Parent Company)

	2004 $'000	2003 $'000
Land and Buildings at Valuation	1,278	1,244

Land and Buildings leased to others by way of Operating Leases were revalued to current market valuation in accordance with a valuation report of Mr A.W. Walshaw, S.N.Z.P.I., A.N.Z.I.V., an independent Registered Valuer, of Palmerston North. The date of the valuation report was 5 March 2004.

Note 9 SUBORDINATED DEBT - SECURITISED ASSETS (Parent Company)

	2004 $'000	2003 $'000
Gross Subordinated Debt	11,317	10,816
Provision for Recourse on Debt Sold to Speirs Securities Limited	(992)	(670)
Net Subordinated Debt	10,325	10,146

Note 2 describes the arrangement that allows Speirs Securities Limited to apply subordinated debt against any losses it incurs on its purchased Finance Receivables. The Provision for Recourse deducted above represents 1.04% (2003 0.70%) of the value at balance date of the Finance Receivables sold to Speirs Securities Limited, being the same percentage provided as a general provision for doubtful debts in respect of Finance Receivables of the Parent Company.

Note 10 PROPERTY, EQUIPMENT, PLANT & VEHICLES (Group and Parent Company)

	2004 $'000	2003 $'000
Freehold Land – Valuation	80	78
Freehold Buildings – Valuation	1,254	1,063
Total Property	1,334	1,141
Equipment, Plant & Vehicles:		
Cost	11,057	11,753
Accumulated Depreciation	(4,109)	(3,498)
Total Equipment, Plant & Vehicles	6,948	8,255
Capital Work in Progress	52	21
Total Property, Equipment, Plant & Vehicles, Software Under Development	8,334	9,417

All freehold land and buildings were revalued to current market valuation on 31 March 2004 in accordance with a valuation report of Mr A.W. Walshaw S.N.Z.P.I., A.N.Z.I.V., an independent Registered Valuer, of Palmerston North. The date of the valuation report was 8 March 2004.

The Freehold Land and Buildings are used for food processing purposes. The Equipment, Plant & Vehicles are used for food processing purposes and by our administration and finance offices and staff.

Note 11 INTANGIBLE ASSETS (Group and Parent Company)

	2004 $'000	2003 $'000
Balance at Beginning of the Year	958	1,133
Capitalised during the Year	-	185
Amortised during the Year	(360)	(360)
Balance at End of the Year	598	958

Intangible Assets comprise costs relating to the establishment of the "Securitisation" arrangement for Finance Receivables, costs relating to the establishment of a residential mortgage business and costs relating to securing rights to utilise the "Scalime process" less amortisation to date.

Note 12 LIABILITIES

The Parent Company's Bank Overdraft facility, unused at 31 March 2004 and 2003, is secured by way of a floating charge over all of the Parent Company's assets and undertakings. This floating charge takes priority over all other borrowings of the Parent Company, but is limited to the amount borrowed from Registered Banks or $21,410,700 (31 March 2003 $17,450,000), whichever is the lesser.

The Parent Company's Secured Stock is secured under the Terms of the Composite Trust Deed dated 16 June 1986 between the Parent Company and Perpetual Trust Limited. This floating charge takes priority over all other borrowings of the Parent Company, other than for borrowings from Registered Banks referred to above.

The Parent Company's Subordinated Notes are constituted under the Terms of the Composite Trust Deed dated 16 June 1986 between the Parent Company and Perpetual Trust Limited and rank equally with Speirs Bonds and behind all other liabilities of the Parent Company.

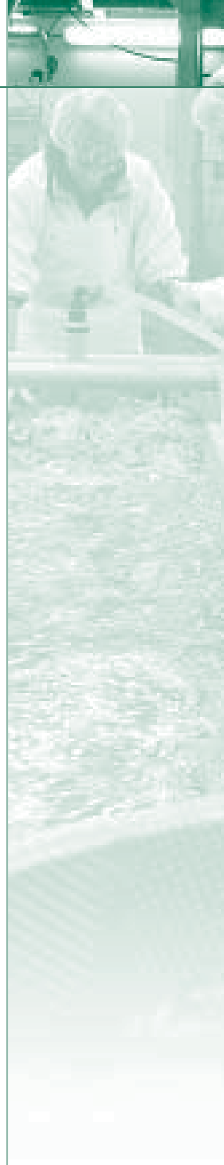
The Group's Commercial Paper is secured by way of a Security Trust Deed dated 6 March 1998 between the Parent Company, the in-substance subsidiary (Speirs Securities Limited), Perpetual Trust Limited and certain Registered Banks. This represents a fixed and floating charge over all the assets of in-substance subsidiary Speirs Securities Limited.

Note 13 SPEIRS BONDS (Group and Parent Company)

	2004 $'000	2003 $'000
Speirs Bonds	10,825	-

During the year ended 31 March 2004 10,825,000 $1.00 Speirs Bonds were allotted to investors. Speirs Bonds are issued in perpetuity but may be redeemed by the Company at some future date. The interest rate on Speirs Bonds is reset annually on the 30th of September at the greater of 10.00% and the then one year swap rate plus 4.50%. For the period ended 30 September 2003 the interest rate applicable to Speirs Bonds was 10.00%. For the period 1 October 2003 to 30 September 2004 the interest rate applicable to Speirs Bonds will be 10.00%.

Speirs Bonds are Subordinated Debt, as defined in the Composite Trust Deed dated 16 June 1986, and rank equally with all other Subordinated Debt on issue, including Subordinated Notes, and rank behind all other liabilities of the Company.



Note 14 EQUITY (Group and Parent Company)

	2004 $'000	2003 $'000
Fully Paid Up Ordinary Share Capital	10,068	10,068
Reserves	404	242
(Accumulated Deficit)/Retained Earnings	(1,237)	751
Total Equity	9,235	11,061
Fully Paid Up Ordinary Share Capital		
Balance at Beginning of the Year	10,068	10,068
Balance at End of the Year – 8,734,576 Ordinary Shares (2003 8,734,576 Ordinary Shares)	10,068	10,068
Reserves		
ASSET REVALUATION RESERVE		
Balance at Beginning of the Year	72	72
Revaluation	128	-
Balance at End of the Year	200	72
INVESTMENT PROPERTY REVALUATION RESERVE		
Balance at Beginning of the Year	170	136
Revaluation	34	34
Balance at End of the Year	204	170
Total Reserves	404	242
(Accumulated Deficit)/Retained Earnings		
Balance at Beginning of the Year	751	484
Net (Deficit)/Surplus after Taxation	(1,202)	1,053
Dividends Paid in Cash	(786)	(786)
Balance at End of the Year	(1,237)	751

All issued Ordinary Shares are fully paid and rank equally in all matters.

Directors hold a total of 100,000 Options to subscribe for Ordinary Shares in the Parent Company at a cost of $1 for each share. These Options may be exercised in whole or in part on or before 30 September 2006.

Messrs D P Speirs and R N Speirs each hold "Founders Options" to subscribe for 1,000,000 Ordinary Shares in the Parent Company at a cost of $1 for each share. These options may be exercised in whole or in part on or before 30 September 2006.

Note 15 FINANCIAL INSTRUMENTS

Credit Risks

Financial Assets and off balance sheet liabilities which subject the Group and Parent Company to credit risks consist of:

	Group		Parent Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Cash at Bank	5,745	7,924	1,114	3,113
Short Term Deposits	13,971	6,478	11,614	4,243
Trade Receivables	1,788	1,843	1,788	1,843
Owing from Speirs Securities Limited	-	-	3,665	2,105
Finance Receivables	261,117	257,991	166,689	162,971
Cash at Bank Pledged to Others	4,008	3,805	4,008	3,805
Subordinated Debt – Securitised Assets	-	-	10,325	10,146
'Off Balance Sheet' Residual Values/Balloon Payments	-	-	19,924	20,371

The Parent Company's credit risk exposure in respect of 'Off Balance Sheet' Residual Values/Balloon Payments guarantees should be reducible to the extent of Subordinated Debt not otherwise applied and certain of the Cash at Bank Pledged to Others.

All of these Financial Assets are recognised in the Statement of Financial Position with the exception, in the case of the Parent Company, of the 'Off Balance Sheet' Residual Values/Balloon Payments.

The Group and Parent Company manage credit risks of Finance Receivables primarily by restricting advances to:

a) Finance Leases, Hire Purchase Agreements and Security Agreements over motor cars, commercial vehicles and other fixed assets owned or administered by the Parent Company and financed for a maximum of five years to quality customers throughout New Zealand, with the Company's interests in the assets registered with the Personal Property Securities Register;

b) Fixed Term Advances secured by general security agreement or mortgage as appropriate.

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.

Concentration of Credit Risks

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 and Parent Company manage concentration of credit risk by placing restrictions on the maximum amounts which may be advanced to any one individual customer or deposited with a Registered Bank.

At 31 March 2004 the Group was exposed to ten and the Parent Company was exposed to nine entities whose indebtedness exceeded ten per cent of the Group's and Parent Company's Equity. This exposure includes four Registered Banks.

	Group		Parent Company	
Percentage of Equity	2004	2003	2004	2003
10% - 20%	4	6	4	5
20% - 30%	2	1	1	-
30% - 40%	1	1	1	1
50% - 60%	2	-	2	-
60% - 70%	-	-	-	1
80%-90%	1	-	-	-
120% - 130%	-	1	-	1
140% - 150%	-	-	1	-
	10	9	9	8

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

Note 15 FINANCIAL INSTRUMENTS *continued*

Liquidity Risk

Liquidity risk arises where there is a mismatch in the timing of repayments of monetary liabilities and realisation of monetary assets. The Group and Parent Company mitigate liquidity risk through the securitisation programme which provides funding on Commercial Paper and standby facilities from Registered Banks as referred to in Note 2. The Parent Company also manages liquidity risk by matching, as best as it can, maturities of monetary liabilities and monetary assets which have not been securitised.

At 31 March 2004 and 2003 the Parent Company held unused credit facilities from Registered Banks aggregating $14,000,000. These facilities are available to the Parent Company and to the Group on a 366 day "rolling" evergreen basis, subject to certain covenants being met.

The maturity profiles are set out on pages 28 – 31.

Foreign Currency

At 31 March 2004 and 2003 the Group and Parent Company had no foreign currency exposure.

Concentration of Funding Risk

The Parent Company manages concentration of funding risk by limiting the amount of borrowings from any individual investor. At 31 March 2004 and 2003 the Parent Company had no significant concentration of funding from any individual investor.

The Group may have concentration of funding through maturing Commercial Paper. However, this is off-set by a standby facility provided by a Registered Bank, which is available to access, if necessary, upon the repayment of Commercial Paper. (See Note 2).

In relation to geographic concentrations of funding risks for the Group and Parent Company, approximately half of the Group and Parent Company's Secured Stock funds are received from investors located in the lower half of the North Island.

Fair Value of Financial Instruments

Fair values of financial instruments are materially similar to their carrying values in these financial statements.

Interest Rate Risk

Interest rate risk arises from lending at fixed interest rates for different terms than the corresponding borrowings.

Interest rate risk of the Parent Company is managed, by matching as far as possible, maturities on funding facilities with maturities on Finance Receivables. The Parent Company has no interest rate hedge contracts.

Interest rate risk in respect of Speirs Securities Limited is managed by entering into interest rate swap contracts in respect of all Commercial Paper borrowings for the term of the appropriately matching Finance Receivables. (See Note 2).

Maturity terms and current weighted average interest rates are set out on pages 28 – 31.

Note 15 FINANCIAL INSTRUMENTS *continued*

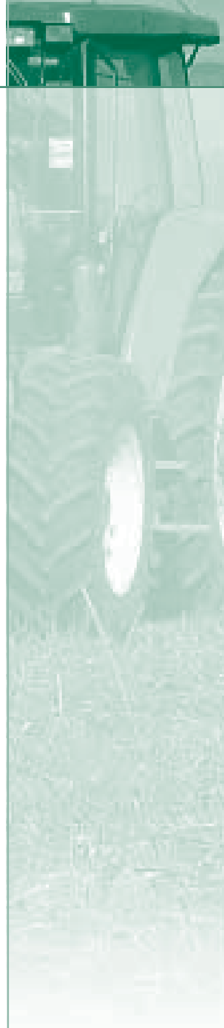
	Weighted Interest Rate %	Total $'000	On Demand $'000	Up to 12 Months $'000	Between 12-24 Months $'000	Between 24-60 Months $'000	Redeemable at the Company's Option $'000
Group 2004							
NET MONETARY ASSETS							
Cash on Hand and at Bank	-	5,745	5,745	-	-	-	-
Short Term Deposits	5.25	13,971	11,614	2,357	-	-	-
Trade Receivables	-	1,788	-	1,788	-	-	-
Tax refund due	-	60	-	60	-	-	-
Finance Receivables	10.54	261,117	-	112,853	77,985	70,279	-
Cash at Bank Pledged to Others	5.25	4,008	-	-	-	4,008	-
Total Monetary Assets		286,689	17,359	117,058	77,985	74,287	

Assets Leased to Others are excluded from this table as they are not technically 'monetary assets'.

	Weighted Interest Rate %	Total $'000	On Demand $'000	Up to 12 Months $'000	Between 12-24 Months $'000	Between 24-60 Months $'000	Redeemable at the Company's Option $'000
LIABILITIES							
Trade Accounts Payable and Other Sundry Liabilities	-	3,185	-	3,185	-	-	-
Accrued Employee Entitlements	-	213	-	213	-	-	-
Commercial Paper	6.14	87,388	-	35,407	29,306	22,675	-
Secured Stock	7.30	189,212	15,557	112,387	47,143	14,125	-
Subordinated Notes	8.84	8,014	-	2,180	4,156	1,678	-
Speirs Bonds	10.00	10,825	-	-	-	-	10,825
Total Liabilities		298,837	15,557	153,372	80,605	38,478	10,825

With the exception of the Speirs Bonds, asset and liability interest rate repricing dates are the same as maturity dates. At 31 March 2004 the Company had issued 10,825,000 $1.00 Speirs Bonds (2003 $Nil). Speirs Bonds are issued in perpetuity but may be redeemed by the Company at some future date. At 31 March 2004 the Company has no intention to redeem the Speirs Bonds in the foreseeable future. The interest rate on Speirs Bonds resets annually on 30 September at the greater of 10.00% and a fixed margin of 4.50% above the then one year swap rate. For the period ended 30 September 2003 the Speirs Bonds interest rate was 10.00%. For the period 1 October 2003 until 30 September 2004 the Speirs Bonds interest rate will be 10.00%.

The Parent Company has immediate credit facilities available from a Registered Bank amounting to $14,000,000, comprising a bank overdraft of up to $1 million and a Committed Cash Advance Facility of up to $13 million. The Committed Cash Advance Facility allows the company to draw down up to $13 million for a term not exceeding 365 days. This facility is approved by the Registered Bank as being available for a period of 366 days on an "evergreen" basis, subject to certain covenants being met.



Note 15 FINANCIAL INSTRUMENTS *continued*

	Weighted Interest Rate %	Total $'000	On Demand $'000	Up to 12 Months $'000	Between 12-24 Months $'000	Between 24-60 Months $'000	Redeemable at the Company's Option $'000
Group 2003							
NET MONETARY ASSETS							
Cash on Hand and at Bank	-	7,924	7,924	-	-	-	-
Short Term Deposits	5.75	6,478	4,243	2,235	-	-	-
GST Refund Due	-	585	-	585	-	-	-
Trade Receivables	-	1,843	-	1,843	-	-	-
Tax Refund Due	-	450	-	450	-	-	-
Finance Receivables	10.64	257,991	-	108,494	76,642	72,855	-
Cash at Bank Pledged to Others	5.75	3,805	-	-	-	3,805	-
Total Monetary Assets		279,076	12,167	113,607	76,642	76,660	-

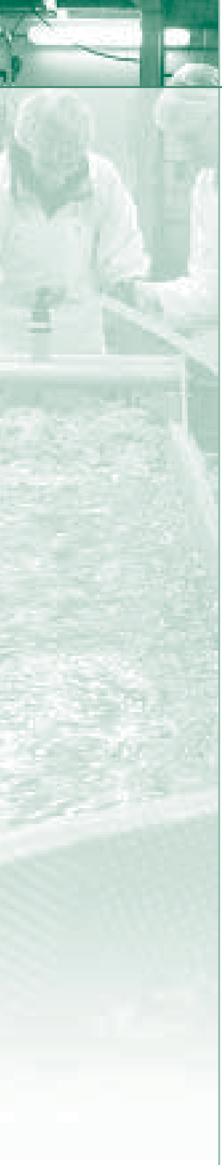
Assets Leased to Others are excluded from this table as they are not 'monetary assets'.

	Weighted Interest Rate %	Total $'000	On Demand $'000	Up to 12 Months $'000	Between 12-24 Months $'000	Between 24-60 Months $'000	Redeemable at the Company's Option $'000
LIABILITIES							
Trade Accounts Payable and Other Sundry Liabilities	-	4,151	-	4,151	-	-	-
Accrued Employee Entitlements	-	81	-	81	-	-	-
Commercial Paper	6.59	89,734	-	36,813	28,746	24,175	-
Secured Stock	7.35	185,572	17,293	93,381	64,011	10,887	-
Subordinated Notes	9.35	14,281	-	7,561	2,435	4,285	-
Total Liabilities		293,819	17,293	141,987	95,192	39,347	-

The Parent Company had immediate credit facilities available from certain Registered Banks amounting to $14,000,000.

	Weighted Interest Rate %	Total $'000	On Demand $'000	Up to 12 Months $'000	Between 12-24 Months $'000	Between 24-60 Months $'000	Redeemable at the Company's Option $'000
Parent Company 2004							
NET MONETARY ASSETS							
Cash on Hand and at Bank	-	1,114	1,114	-	-	-	-
Short Term Deposits	5.25	11,614	11,614	-	-	-	-
Trade Receivables	-	1,788	-	1,788	-	-	-
Tax refund due	-	60	-	60	-	-	-
Owing from Speirs Securities Limited	-	3,665	-	3,665	-	-	-
Finance Receivables	10.43	166,689	-	78,173	44,298	44,218	-
Cash at Bank Pledged to Others	5.25	4,008	-	-	-	4,008	-
Subordinated Debt – Securitised Assets	16.00	10,325	-	2,558	4,379	3,388	-
Total Monetary Assets		199,263	12,728	86,244	48,677	51,614	-

Assets Leased to Others are excluded from this table as they are not technically 'monetary assets'.



Note 15 FINANCIAL INSTRUMENTS *continued*

	Weighted Interest Rate %	Total $'000	On Demand $'000	Up to 12 Months $'000	Between 12-24 Months $'000	Between 24-60 Months $'000	Redeemable at the Company's Option $'000
Parent Company 2004							
LIABILITIES							
Trade Accounts Payable and Other Sundry Liabilities	-	3,116	-	3,116	-	-	-
Accrued Employee Entitlements	-	213	-	213	-	-	-
Secured Stock	7.30	189,212	15,557	112,387	47,143	14,125	-
Subordinated Notes	8.84	8,014	-	2,180	4,156	1,678	-
Speirs Bonds	10.00	10,825	-	-	-	-	10,825
Total Liabilities		211,380	15,557	117,896	51,299	15,803	10,825

With the exception of the Speirs Bonds, asset and liability interest rate repricing dates are the same as maturity dates. At 31 March 2004 the Company had issued 10,825,000 $1.00 Speirs Bonds (2003 $Nil). Speirs Bonds are issued in perpetuity but may be redeemed by the Company at some future date. At 31 March 2004 the Company has no intention to redeem the Speirs Bonds in the foreseeable future. The interest rate on Speirs Bonds resets annually on 30 September at the greater of 10.00% and a fixed margin of 4.50% above the then one year swap rate. For the period ended 30 September 2003 the Speirs Bonds interest rate was 10.00%. For the period 1 October 2003 until 30 September 2004 the Speirs Bonds interest rate will be 10.00%.

The Company has immediate credit facilities available from certain Registered Banks amounting to $14,000,000, comprising a bank overdraft of up to $1 million and a Committed Cash Advance Facility of up to $13 million. The Committed Cash Advance Facility allows the company to draw down up to $13 million for a term not exceeding 365 days. This facility is approved by the Registered Bank as being available for a period of 366 days on an "evergreen" basis, subject to certain covenants being met.

	Weighted Interest Rate %	Total $'000	On Demand $'000	Up to 12 Months $'000	Between 12-24 Months $'000	Between 24-60 Months $'000	Redeemable at the Company's Option $'000
Parent Company 2003							
NET MONETARY ASSETS							
Cash on Hand and at Bank	-	3,113	3,113	-	-	-	-
Short Tem Deposits	5.75	4,243	4,243	-	-	-	-
GST Refund Due	-	585	-	585	-	-	-
Trade Receivables	-	1,843	-	1,843	-	-	-
Tax Refund Due	-	450	-	450	-	-	-
Owing from Speirs Securities Limited	-	2,105	-	2,105	-	-	-
Finance Receivables	10.59	162,971	-	73,817	43,866	45,288	-
Cash at Bank Pledged to Others	5.75	3,805	-	-	-	3,805	-
Subordinated Debt – Securitised Assets	16.00	10,146	-	2,727	4,029	3,390	-
Total Monetary Assets		189,261	7,356	81,527	47,895	52,483	-

Assets Leased to Others are excluded from this table as they are not 'monetary assets'.

Note 15 FINANCIAL INSTRUMENTS *continued*

	Weighted Interest Rate %	Total $'000	On Demand $'000	Up to 12 Months $'000	Between 12-24 Months $'000	Between 24-60 Months $'000	Redeemable at the Company's Option $'000
Parent Company 2003							
LIABILITIES							
Trade Accounts Payable and Other Sundry Liabilities	-	4,070	-	4,070	-	-	-
Accrued Employee Entitlements	-	81	-	81	-	-	-
Secured Stock	7.35	185,572	17,293	93,381	64,011	10,887	-
Subordinated Notes	9.35	14,281	-	7,561	2,435	4,285	-
Total Liabilities		204,004	17,293	105,093	66,446	15,172	

The Parent Company had immediate credit facilities available from certain Registered Banks amounting to $14,000,000.

Note 16 SEGMENTS

	Speirs Foods		Speirs Finance		Total	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Group						
Interest Earned	-	-	29,320	24,341	29,320	24,341
Operating Lease Rentals	-	-	2,958	3,122	2,958	3,122
Sales to Customers	13,096	12,041	-	-	13,096	12,041
Other Income	-	-	3,322	2,839	3,322	2,839
Total Revenue	13,096	12,041	35,600	30,302	48,696	42,343
Segment Result	650	634	153	2,760	803	3,394
Interest on Subordinated Notes					(1,029)	(1,098)
Interest on Speirs Bonds					(556)	-
Corporate Costs					(1,049)	(728)
Taxation					629	(515)
Net (Deficit)/Surplus after Taxation					(1,202)	1,053
Segment Assets	6,062	6,163	302,010	298,717	308,072	304,880
Parent Company						
Interest Earned	-	-	19,712	16,203	19,712	16,203
Operating Lease Rentals	-	-	2,958	3,122	2,958	3,122
Sales to Customers	13,096	12,041	-	-	13,096	12,041
Other Income	-	-	6,664	4,935	6,664	4,935
Total Revenue	13,096	12,041	29,334	24,260	42,430	36,301
Segment Result	650	634	153	2,760	803	3,394
Interest on Subordinated Notes					(1,029)	(1,098)
Interest on Speirs Bonds					(556)	-
Corporate Costs					(1,049)	(728)
Taxation					629	(515)
Net (Deficit)/Surplus after Taxation					(1,202)	1,053
Segment Assets	6,062	6,163	214,553	208,902	220,615	215,065

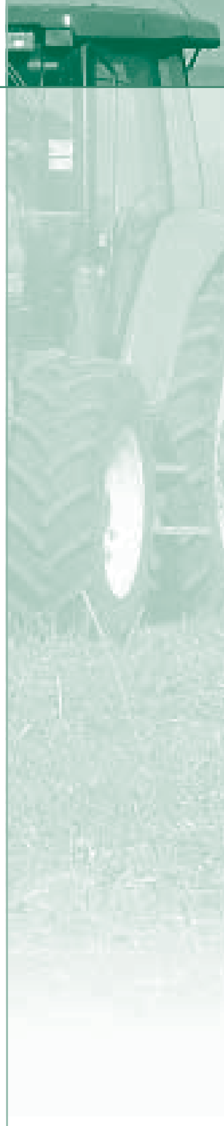
The Group and Parent Company operate predominantly in two industries, wholly within New Zealand.

The food industry operations comprise:

- the supply of salad and fresh cut vegetables to retailers and caterers.

The finance industry operations comprise:

- the leasing of vehicles; and
-advances on vehicles and other assets by way of mortgages, hire purchase and security agreements.



Note 17 RELATED PARTY TRANSACTIONS

The Parent Company holds non-voting Redeemable Preference Shares in MMM Holdings Limited (trading as Anza Motor Company), a Palmerston North based motor vehicle dealer. Speirs Group Limited Directors, D P Speirs, R N Speirs and D J Speirs, and family trusts of which they are trustees, own 155,833 Ordinary Shares in MMM Holdings Limited, amounting to 20% of the ordinary share capital of that Company.

The Parent Company provides funding to MMM Holdings Limited. As at 31 March 2004, funding totalled:

	$	Dividend/Interest Rate
Non-voting, Redeemable Preference Shares	150,000	16% p.a.
Floor Plan Advances by way of Secured Debenture	1,900,000	10.4% p.a.

In addition, the Parent Company leases real estate to MMM Holdings Limited with a value of $1,278,000 and a rental yield of 10.33% p.a.

The Shares are included in “Investments”, the Advances are included in “Finance Receivables” and the Leases of Real Estate are included in “Investment Properties”.

Note 18 EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to balance date.

Note 19 COMMITMENTS (Group and Parent Company)

As at balance date the Group and Parent Company had commitments outstanding and these are due as follows:

	Property Rentals $'000	Capital Expenditure $’000	2004 Total $’000	2003 Total $’000
Within One Year	68	58	126	181
Between One and Two Years	42	-	42	66
Between Two and Five Years	42	-	42	84
Over Five Years	-	-	-	-
Total Commitments	152	58	210	331

Note 20 CONTINGENT LIABILITIES

The Parent Company has a contingent liability to meet any shortfall on residual values/balloon payments attached to financing contracts that have been funded by way of Securitisation amounting to $19,924,447 (2003 $20,370,730).

Note 21 INSURANCE PREPAYMENT

During the period, the application of the accounting treatment in respect of an insurance prepayment has been revised. Insurance costs in relation to the securitisation agreement were previously expensed as incurred. Due to the growing size and significance of these costs they are now capitalised and amortised over the period of insurance.

Note 22 COMPARATIVE INFORMATION

Some comparative information has been reclassified or restated where it provides more meaningful information and to ensure consistency.

PRICEWATERHOUSECOOPERS

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Auditors' Report

to the shareholders of Speirs Group Ltd

We have audited the financial statements on pages 12 to 33. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 31 March 2004 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 16 to 18.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 March 2004 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

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

Basis of Opinion

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

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

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

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

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditors.

Unqualified Opinion

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

In our opinion:

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

(b) the financial statements on pages 12 to 33:

  (i) comply with generally accepted accounting practice in New Zealand; and

  (ii) give a true and fair view of the financial position of the Company and Group as at 31 March 2004 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 24 May 2004 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants | Wellington

Directory of Speirs Finance Agencies

Dave Penney
Dave Penney & Associates
Speirs Finance Northland Agency
Whangarei

Andrew Simpson, Martin Donson & Stephanie Bate
DBS Finance Limited
Speirs Finance Auckland Agency
Auckland

Grieg Van Koningsveld
GVK Finance Ltd
Speirs Finance Auckland Agency
Auckland

Dave McKain & Campbell Tafft
McKain & Tafft Limited
Speirs Finance Waikato Agency
Hamilton

Ian McCoy & Shane Rollo
Bay Regional Finance Limited
Speirs Finance Bay of Plenty Agency
Tauranga and Rotorua

Darrel Nicholas
Oracle Finance Limited
Speirs Finance Taranaki/Wanganui Agency
New Plymouth

Nigel Watkin & John Sanko
East Bays Financial Services Limited
Speirs Finance Hawkes Bay Agency
Napier & Hastings

Stan O'Dwyer
Orca Finance Limited
Speirs Finance Palmerston North Agency
Palmerston North

Darren Cornforth
Cornforth Insurance and Financial Services Limited
Speirs Finance Wairarapa Agency
Pahiatua

Dave Whiting & Mike Keicher
Whiting Financial Services Limited
Speirs Finance Lower Hutt Agency
Lower Hutt

Jeff Franks & Paul Rolton
Cameron Chote Finance Limited
Speirs Finance Wellington Agency
Wellington

Ray Latham
Cameron Chote Finance Limited
Speirs Finance Kapiti Agency
Paraparaumu

Steve Reid
Finance Management NZ Limited
Speirs Finance Nelson/Marlborough Agency
Nelson

Richard Corliss & Chris Reid
C & R Finance Limited
Speirs Finance Christchurch Agency
Christchurch

Francis Fitzgerald
Partners Finance Limited
Speirs Finance Christchurch Agency
Christchurch

Murray Neil, Dean Driver & Peter Downing
Southern Finance Group Limited
Speirs Finance Dunedin Agency
Dunedin, Queenstown & Invercargill