Speirs GROUP

Speirs Group Limited

ANNUAL REPORT
for the year ended 31 March 2008

Contents

	Page
Reporting by Directors	3
Financial Statements	12
Audit Report	63
Statutory Information	65
Statutory Disclosure in Relation to Shareholders and Bondholders	65
Directory	69
AGM Notice	70

Speirs Group Limited

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Reporting by Directors

GENERAL

Principal Activities

Speirs Group Limited operates two commercial divisions:

- Speirs Finance – whose principal activity is asset backed financing
- Speirs Foods – whose principal activity is fresh food production and distribution

Speirs Nutritionals Limited is a majority owned (62.5%) subsidiary of Speirs Group Limited whose principal activity is the processing and marketing of Omega-3 oil.

Directors

The Board of Directors of the Company comprises five Non-Executive Directors and two Executive Directors. Derek Walker joined the Board as a Non-Executive Director in June 2007. All other Directors have served for the whole year.

Non-Executive Directors

Donald Speirs, *Deputy Chairman*

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

Linda Robertson, B Com, Dip Bank.

Robert Speirs

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

Executive Directors

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

David Speirs, *Executive Director*

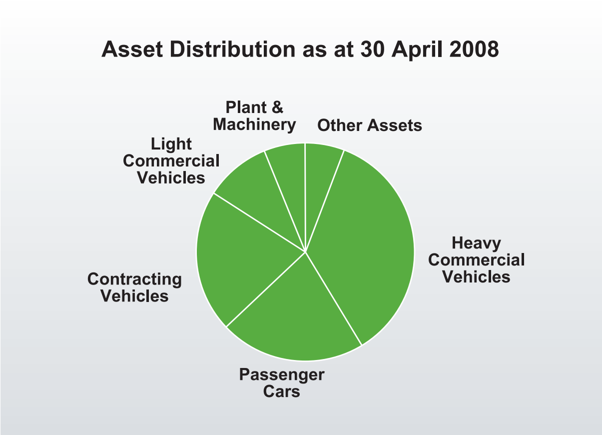
DIRECTORS' STATEMENT

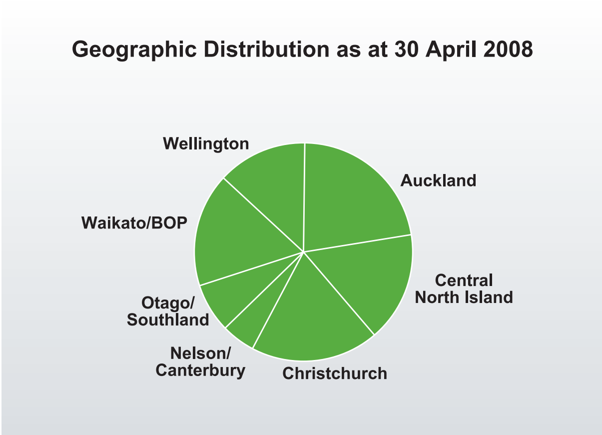
Financial Review

The Company's loan portfolio primarily comprises funding to the commercial sector. This includes small to medium sized businesses, geographically spread across metropolitan, provincial and rural New Zealand. Lending to consumers represents a very small part of our business, and is reducing.

Through our lending policies and procedures, we minimise risk to our investors. In particular, the Company:

- has no major exposures to any one industry or asset class;
- does not undertake lending outside New Zealand;
- does not lend to clients who are in any way related to Speirs Group, except for arms length lending provided to MMM Holdings Limited, a traditional and long term motor vehicle dealer client of Speirs, and the recently announced 'Omega-3' venture in collaboration with Massey University interests;
- has no material exposure to any one borrower. The Company maintains a strict maximum lending level of $3.5m to any one group of borrowers. This maximum represents less than 1.5% of our total portfolio. Actually, very few client groups exceed the $1m threshold;
- places heavy emphasis on a strict lending policy based on traditional bank lending criteria and a quality assurance programme, which is subject to close monitoring and under continuous review and enhancement;
- does not lend for property development or to property developers;
- avoids lending to customers seeking finance for transactions in the higher risk sectors of the second hand vehicle market; and
- receives strong inwards cash flows every business day from a broadly dispersed commercial clientele, nearly all of whom make monthly repayments to the Company under their asset financing agreement.



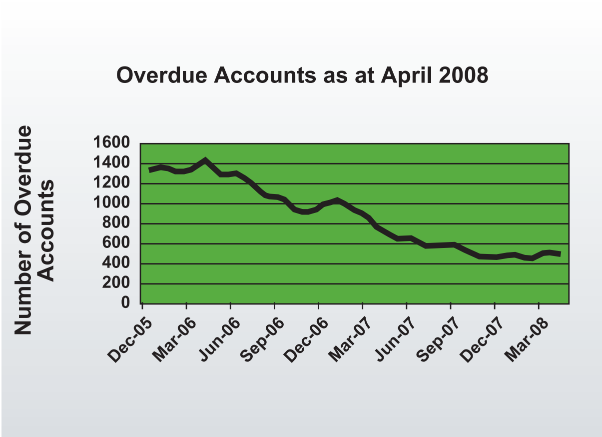


OVERDUE ACCOUNTS

Despite prevailing economic conditions the overall number of overdue accounts continues to reduce year on year and currently stand at 6%, which is an acceptable industry standard.

Overdue accounts are defined as any account, which has an instalment more than 7 days overdue.

Speirs Group Limited entered the year reporting that our 2007 results had been seriously depressed by the $1.6 million cost of the unexpected collapse of a major Speirs Finance client, Xpress Vehicle Rentals, due to an external fraud. Within a fortnight of our annual meeting of shareholders, we were confronted by an even more significant event, the so-called "sub-prime" crisis.



The sub-prime lending crisis erupted in the United States and rolled rapidly around the world. All New Zealand finance companies were immediately and heavily impacted by a substantial squeeze on funding lines as banks and the investing public withdrew or reduced their traditional support. A rash of collapses followed.

Some finance companies could not cope with the new pressure of the sub-prime squeeze, while others fell because of problems within their own lending books. Each highly-publicised finance company failure contributed to a significant erosion of public confidence in the New Zealand finance sector as a whole.

Speirs survived the turmoil, and fared as well as could be expected. The changes made over the last three years to restructure the Speirs Finance loans profile, lending policies, credit control and asset management processes have provided much needed protection against the worst effects of the fallout from other finance company failures and the sub-prime squeeze.

The Company's long-term relationships and established goodwill with both investors and bankers proved their worth, and have continued to do so. Our bankers, the Bank of New Zealand, have been supportive, extending both short term funding lines and the standby facility under our securitisation programme. On-going support from the Company's fixed interest investors has reduced, but it remains high by industry standards. The average rollover rate for the 3 months ended May 2008 was 57%.

The Speirs Group results for the 2008 financial year are being reported in accordance with the requirements of the New Zealand equivalent of the International Financial Reporting Standards (IFRS). The results quoted in this report for the 2007 financial year have been converted to IFRS equivalents.

FINANCIAL PERFORMANCE

Speirs Group Limited recorded a loss after tax, attributable to shareholders, of $3.240 million for the year ending 31 March 2008, compared to the loss of $1.233 million reported in the previous year.

Four significant one-off charges as set out below and largely beyond the company's control, added a total of $2.749 million to the company's loss in the 2008 financial year. They are:

- The reduction in the rate of business tax last year added $561,000 to the company's after tax loss, by reducing the value of tax credits held by the company.
- In addition to this, the Directors decided to write down the amount of Deferred Tax Asset available to the Company by $1 million, given that it is unlikely that this portion of the asset will be realised in the early foreseeable future. While the Directors have chosen to write down this asset from the financial accounts, the asset is not lost to the Company.

- The conversion to IFRS added $510,000 (after tax) to the loss, because of its requirements in regard to the treatment of derivatives arising from the company's securitisation programme.

  IFRS requires that "mark to market" gains or losses arising from derivatives must now be reflected in the annual income statement. In reality, the gains or losses arising from derivatives in any year are notional sums, with costs incurred being recovered by benefits in later years. While costs and benefits will fluctuate every year, ultimately, the positives and negatives will equate over the life of a derivative.
- The Speirs Nutritionals Limited Omega-3 project incurred a significant start-up loss, largely associated with developing our production facilities and expertise, coupled with the costs of taking the product to the world market. Furthermore, IFRS does not permit any tax adjustment for the start-up loss being incurred by the Speirs Nutritionals Omega-3 project. This cannot be taken into account until the project's programme is deemed to be either profitable or profitability is reasonably assured. The portion of these start-up costs attributable to the Company's shareholders this year has been $678,000.

After taking into account the impacts of the tax changes, the Omega-3 start-up costs and the accounting adjustments required by new IFRS rules, the underlying results show an improvement in business performance at Speirs Group. In fact, in spite of the adverse prevailing economic climate facing the New Zealand finance industry, the Group's finance business improved its contribution to the Group at the net operating profit level in 2008 to $2.06 million (2007 loss $0.92 million).

The other significant factor that adversely affected the 2008 result was significant increases in wages and costs without compensating price adjustments in the Group's foods business. Negotiations have been completed for price adjustments in this current financial year.

CAPITAL STRUCTURE

The Total Assets of the Group declined to $262 million during the year to 31 March 2008, from $297 million the previous year, largely as a result of the decline in loans and advances by the Group's finance business.

The Company's overall equity totals $18,983 million, including $13,525 million of Speirs Perpetual Bonds representing 7.24% of total assets.

The Company's securitisation programme continues to carry an A-1+ rating from Standard & Poor's.

FINANCIAL HIGHLIGHTS

While the formal accounts show the overall financial result in the manner required by IFRS, the Directors wish to provide shareholders with a clearer picture of the causes of the disappointing result for the year, and summarise the position as follows:

	2008 $'000	2007 $'000
Revenue from ordinary activities	**49,066**	48,392
Finance division – net operating profit	**2,060**	(918)
Foods divison – net operating profit	**46**	1,052
Unallocated Corporate costs	**(2,850)**	(2,976)
Underlying loss from trading	**(744)**	(2,842)
Income tax expense	**253**	993
Loss after tax from ordinary activities	**(491)**	(1,849)
Costs arising from Omega-3 functional food start-up	**(1,129)**	(244)
Minority Interests share of cost	**451**	98
Costs from Omega-3 attributable to shareholders	**(678)**	(146)
Gain/(Loss) arising from IFRS treatment of derivatives	**(761)**	1,137
Income tax expense	**251**	(375)
Gain/(Loss) on derivatives attributable to shareholders	**(510)**	762
Loss before further tax adjustments	**(1,679)**	(1,233)
Impact of change in company tax rate on Deferred Tax Asset	**(561)**	0
Write-down of Deferred Tax Asset	**(1,000)**	0
Aggregate impact of unusal tax adjustments	**(1,561)**	0
Net Loss for year attributable to shareholders	**(3,240)**	(1,233)

DIVIDEND

The Directors have decided that no dividend be currently payable.

SPEIRS FINANCE

Speirs Finance staff and agents, led by General Manager Phil Herbert, moved quickly and effectively during the 2008 financial year to adjust to the rapid changes in the Division's operating environment.

Funding generated by secured stock offerings declined significantly following the emergence of the sub-prime crisis in August 2007. While the Group's securitisation facility provided significant protection from the depressed interest in secured stock offerings, both borrowing and lending reduced activities significantly during the year.

Steps were taken to reduce costs to reflect the lower levels of borrowing and lending activity. Their impact will be more apparent in future financial years than they are in the year under review.

However, the changes in Speirs Finance lending, credit and asset management policies, initiated in 2005, proved effective by underpinning a reduction of bad debts in 2008.

The Division increased its contribution to the Group, recording a net contribution of $1.299 million (after adjustment for movement in the value of derivatives) in the year ending 31 March 2008, compared to $219,000 the previous year.

SPEIRS FOODS

In the past financial year, the Group's food business experienced a significant increase in underlying costs without achieving sufficient recompense from the market. As a result, the net operating contribution of Speirs Foods declined to $46,000, compared to $1.052 million in the previous year. Speirs Foods has since negotiated upward adjustments in the pricing of our products, effective in mid-July 2008.

SPEIRS NUTRITIONALS

Speirs Nutritionals – now 62.5% owned by Speirs and 37.5% owned by Massey University interests – is a start-up business that was not expected to generate revenue during the 2008 financial year.

The business is being developed to produce Omega-3 emulsion, capable of being introduced to a wide range of dairy products, fruit juices, and other food lines for global markets.

Plant construction was completed during the year and establishment costs are in line with Directors' expectations. The business is expected to start generating revenue in 2009 and achieve profitability in the following year.

OUTLOOK

It is the Directors view that difficult conditions will continue in the markets of both our principle business entities in the forthcoming year.   Notwithstanding this, and taking into account the changes that have been made in the Group's organisational structure and in its activities, the Directors report that the outlook for the 2009 financial year suggests a difficult first half year, with a more positive second half year as the food division's summer months contribute to both volume and profits, providing an overall improved underlying annual profit position than that reported in the year under review.   No further significant one-off costs, as experienced this past year, are expected.

We have undertaken a comprehensive review of the Group's activities, and conclude that its finance and food businesses are capable of delivering a modest profit in this new financial year, with significant improvements in the following years. Partly owned Speirs Nutritionals Limited will incur further costs as it develops its markets.   It is clear that both our principle industries will be under pressure this year and beyond. While shareholders can expect an improving performance from the Group, the Directors remain cautious and are of the view that the medium term'– say three years— will see a return to satisfactory profits.

DIRECTORS

At the Annual General Meeting of Shareholders, both Donald Speirs (deputy chairman) and Linda Robertson (audit committee chairman) retire by rotation from the position of Director.   Both offer themselves for re-election as directors.

OUR PEOPLE

Speirs Group has traditionally operated on a basis that reflects the importance of developing long-term relationships with all its stakeholders. The tradition has served us well in the past year. We wish to thank our customers, investors, bankers and other funders, agents and staff for the strong support they have all provided in a year of unprecedented change and difficulty in the finance industry. The loyalty and support of our many friends has been most welcome.

Nelson Speirs
Executive Chairman
16 June 2008

Donald Speirs
Deputy Chairman

Strategy

CORPORATE VISION

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

CORPORATE VALUES AND OBJECTIVES

Speirs Group and its businesses will be:

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

Governance

BROAD FRAMEWORK

The directors are responsible for the governance of the company.

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

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

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

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

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

BOARD OF DIRECTORS

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

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

The primary responsibilities of the Directors include:

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

BOARD COMMITTEES

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

The Board continually reviews the roles, membership and effectiveness of the committees. The Board has the following committees: Audit, Remuneration, Credit and Nomination and Ethics.

Audit: Linda Robertson *(Chair),* Trevor Roberts and Derek Walker

The Audit Committee provides a forum for communication between the Board and the external auditor. The Company's Internal Auditor reports directly to the Audit Committee Chair. The committee reviews:

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

Remuneration: Donald Speirs *(Chair),* Linda Robertson, Derek Walker and Nelson Speirs

The Remuneration Committee annually reviews the remuneration packages of directors and the general managers of the Company's trading divisions.

Particulars of directors' remuneration are set out on page 65 of this report.

Credit: Nelson Speirs *(Chair),* Robert Speirs and Trevor Roberts. Also attached to the committee are Phil Herbert (Speirs Finance General Manager), Dwight Graham (Speirs Finance Head of Finance and Funding) and John Wilson (external consultant)

The Credit Committee reviews credit risks, recommends credit policy and approves certain large credit limits and exposures.

Nomination and Ethics: Trevor Roberts *(Chair),* David Speirs, Linda Robertson and Nelson Speirs

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

APPOINTMENT AND RETIREMENT OF DIRECTORS

Procedure

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

a) Any directors appointed by the Board since the previous annual meeting; and

b) At least one third of the remaining directors (or the number nearest to one third).

The Board has the power to exempt one executive director from this retirement rule.

The sequence of retirement is:

a) Directors wishing to retire at the annual meeting;

b) Those directors who have been longest in office since their last election. (Those who became directors on the same day shall draw lots, unless the Board decides otherwise).

Risk Management

The principal business risks facing the Group are:

- **Funding Risks**

  The Group relies heavily upon funding from the New Zealand public. As the Group obtains a large part of its funding through the issue of debt securities a risk arises in that the Group could experience difficulties in raising funds at short notice to meet its lending and debt repayment commitments, particularly as a result of any adverse market perception. The Group manages this risk by maintaining sufficient liquid funds and committed cash lines with its banker, Bank of New Zealand, to meet its commitments based on cash flow forecasts and historical cash flow requirements.

  In August 2007, the global debt markets suffered severe dislocation. This dislocation has continued. Several New Zealand finance companies have failed. Public perception of the finance industry in New Zealand has deteriorated sharply, causing a hardening of the public attitude toward investments in fixed interest securities offered by finance companies. Along with the finance industry generally in New Zealand, Speirs Group Limited has experienced deterioration in the rate of reinvestment of maturing secured stock and a lessening in the receipt of new public investments in its offerings of secured stock. The Group has exercised its right to utilise, from time to time, the committed cash advance facility provided by Bank of New Zealand.

  In September 2007, Bank of New Zealand increased the committed cash advance facility and overdraft facility available to the Group from $14 million to $18.940 million. The Group has agreed with the Bank of New Zealand to a staged reduction of the committed cash advance facility. [On 1 July 2008 (and subsequent to 16 June 2008) Bank of New Zealand confirmed the maintenance of the committed cash advance facility of $6.940 million until 30 June 2009.]

  In October 2007, the standby bank under the securitisation programme increased the standby support for the securitisation programme from $130 million to $150 million. This standby support remains in place until at least February 2009 when it will again be reviewed. In any event, the standby support remains in place to support the continuing funding for all securitised lending business written up to that date.

  At 31 May 2008, the Group had drawn down $7 million of the committed cash advance facility, leaving an unused facility available amounting to $11.940 million, and had $2.8 million held in bank deposits. The Group closely monitors its liquidity position and maintains strategies to address the impact of external events as they occur.

- **Interest Rate Margin Risks**

  Interest rate margin risk arises as a result of mismatches between the repricing dates of advances and debt securities. Movements in interest rates may adversely impact on the Group's financial results by affecting interest margins as a result of such mismatches. The Group manages this risk by matching, as far as possible, maturities on funding facilities with maturites on finance receivables.

- **Bad Debt Risks**

  Lenders always face a risk of bad debts which could result in the Group not being able to recover loans in full from the relevant borrowers: this may negatively impact on the Group's profitability. The Group manages its exposure to credit risk by the application of policies and procedures to ensure that loans are only made to customers whom we assess as having the capacity and capability to repay the moneys advanced. The Group also has debt collection procedures in place to ensure that appropriate action is taken to recover advances if a potential problem of collectability is identified.

- **Operational Risks**

  Operational risk arising from failed or inadequate internal processes, systems and people that could expose the Group to damage to its reputation or potential financial damage. The Group is also exposed to additional risk during the start up and market development phase of Speirs Nutritionals Limited. Management is responsible for the identification, measurement, monitoring and mitigation of operational risks. The mitigation techniques employed by the Group include the use of delegated authorities, an effective segregation of duties, business continuity planning and the employment of competent and skilled staff. The Group also has an Internal Audit function which independently assesses the effectiveness and adequacy of the internal control environment and reports its findings to the Audit Committee of the Board of Directors.

- **Computer Systems Risks**

  The Group is reliant upon computer systems to record transactions and measure Group performance. There is a risk that systems failure could lead to major business difficulties which could adversely impact Group profitability. This risk is managed through the use of business continuity and disaster recovery planning.

- **Physical Risks**

  There is a risk that a major disaster such as fire, flood or earthquake could lead to the closure of the Group's food processing operations and/or Speirs Finance support offices. This risk is managed through insurance and the use of business continuity and disaster recovery planning.

- **Competition Risks**

  Competition is severe in all the Group's finance and foods markets. The number of market participants in the finance sector has placed pricing pressure on both the cost of attracting investment funds and the pricing of lending products. Supermarkets, dominated by just two chain operations in New Zealand, are the principal markets for Speirs Foods. This risk is managed by the Group continually reviewing and building upon its competitive advantages wherever possible.

- **Contractual Arrangements Risks**

  Any breach of contractual arrangements with financing counterparties including the Trustee for Debt Obligation Holders, Bankers and Rating Agency could have a negative impact on Speirs' business.The Management of Speirs' monitor all contractual arrangements contiuously. All requirements of contractual arrangements are reported against each month to the Board of Speirs.

- **Governmental/Regulatory Risks**

  Government and other regulatory bodies can change laws or regulations that can impact adversely upon Group funding and profitability. Drafts of new bills before parlament are reviewed by the Management of Speirs to asses the impact on the Speirs' business.

- **Food Quality Risks**

  The fresh food business requires the highest standard of hygiene control. There is always a risk of contamination which may negatively impact on the Group's profitability. This risk is controlled through the use of strict quality control procedures in the processing, storage and distribution operations of the Foods division.

- **Decline in Asset Values Risk**

  As the Group is primarily an asset backed lender, any unexpected decline in the values of the assets (particularly motor vehicles) financed, perhaps as a result of a general economic downturn, may mean that the recovery of amounts due to the Group may become more difficult and may adversely impact on profitability through an increased level of bad debts. This risk is managed by the Group ensuring that borrowers provide sufficient levels of equity in the assets financed by the Group.

  The Group has, and continues to, take steps to prudently manage all of these risks to ensure that should a risk event occur, procedures are in place to minimise the impact of that event.

Table of Contents

BALANCE SHEET 12
INCOME STATEMENT 13
STATEMENT OF CHANGES IN EQUITY 14
STATEMENT OF CASH FLOWS 16
Notes to the Financial Statements 17
1 GENERAL INFORMATION 17
2 SIGNIFICANT ACCOUNTING POLICIES 17
2.1 Basis of Preparation 17
2.2 Principles of Consolidation 17
2.3 Derivative Financial Instruments 18
2.4 Financial Assets 18
2.5 Leases 19
2.6 Impairment 19
2.7 Property, Plant and Equipment 20
2.8 Investment Property 20
2.9 Intangible Assets 21
2.10 Inventories 21
2.11 Trade Receivables 21
2.12 Cash and Cash Equivalents 21
2.13 Share Capital 21
2.14 Perpetual Speirs Bonds 21
2.15 Borrowings 21
2.16 Employee Benefits 21
2.17 Provisions 21
2.18 Income Tax 21
2.19 Revenue Recognition 22
2.20 Other Income 22
2.21 Dividend Distribution 22
2.22 Segment Reporting 22
2.23 Other Approved Financial Reporting Standards 22
2.24 Goods and Services Tax (GST) 22
2.25 Functional and Presentational Currency 22
3 FINANCIAL RISK MANAGEMENT 23
4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS 32
5 SECURITISATION ARRANGEMENT 33
6 SEGMENT REPORTING 35
7 FINANCIAL ASSETS AND LIABILITIES 37
8 NET INTEREST INCOME 39
9 NET FEE AND COMMISSION INCOME 39
10 OTHER INCOME 40
11 EMPLOYEE BENEFITS EXPENSE 40
12 OTHER EXPENSES 40
13 INCOME TAX EXPENSE 41
14 EARNINGS PER SHARE 42
15 CASH AND CASH EQUIVALENTS 43
16 TRADE AND OTHER RECEIVABLES 43
17 INVENTORIES 44
18 LOANS AND ADVANCES TO CUSTOMERS 44
19 INVESTMENT PROPERTIES 46
20 DEFERRED INCOME TAX ASSET 47
21 SUBORDINATED DEBT – SECURITISED ASSETS 48
22 ASSETS LEASED TO OTHERS 48
23 PROPERTY, PLANT AND EQUIPMENT 49
24 INTANGIBLES 51
25 OTHER ASSETS 52
26 TRADE AND OTHER PAYABLES 52
27 PROVISIONS 52
28 SUBSEQUENT EVENTS 52
29 BORROWINGS 52
30 SHARE CAPITAL 53
31 PERPETUAL SPEIRS BONDS 53
32 RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES 54
33 SHARE-BASED PAYMENTS 54
34 RELATED PARTIES 55
35 CAPITAL COMMITMENTS AND CONTINGENCIES 56
36 INVESTMENT IN SUBSIDIARIES 57
37 IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS 57

BALANCE SHEET

as at 31 March 2008

		Group		Company	
	Notes	**2008**	2007	**2008**	2007
		$'000	$'000	**$'000**	$'000
Assets					
Cash and Cash Equivalents	15	**8,126**	19,126	**2,794**	10,903
Trade and Other Receivables	16	**2,963**	2,682	**3,692**	3,219
Taxation Refund Due		**400**	400	**400**	400
Inventories	17	**616**	510	**557**	510
Derivative Financial Instruments		**295**	1,056	**-**	-
Available-for-Sale Investment Securities		**170**	150	**170**	150
Investment in Subsidiary		**-**	-	**1,800**	1,200
Loans and Advances to Customers	18	**226,975**	249,413	**84,987**	125,744
Loans and Advances to Customers – Securitised	18	**-**	-	**143,620**	123,669
Liability Arising on Securitisation of Assets	18	**-**	-	**(143,620)**	(123,669)
Loans and Advances to Customers		**226,975**	249,413	**84,987**	125,744
Investment Properties	19	**2,100**	2,094	**2,100**	2,094
Deferred Income Tax Asset	20	**4,609**	5,102	**4,729**	5,482
Property, Plant & Equipment	23	**6,735**	5,942	**5,168**	5,241
Intangibles	24	**3,578**	3,598	**2,122**	2,548
Subordinated Debt - Securitised Assets	21	**-**	-	**19,175**	15,399
Assets Leased to Others	22	**4,599**	5,076	**4,599**	5,076
Other Assets	25	**1,510**	2,390	**1,469**	2,352
Total Assets		**262,676**	297,539	**133,762**	180,318
Liabilities					
Trade and Other Payables	26	**3,890**	4,283	**3,866**	4,173
Borrowing	29	**239,793**	269,683	**110,743**	153,803
Provisions	27	**10**	10	**10**	10
Total Liabilities		**243,693**	273,976	**114,619**	157,986
Equity					
Share Capital	30	**12,168**	12,168	**12,168**	12,168
Perpetual Speirs Bonds	31	**13,525**	13,511	**13,525**	13,511
Retained Earnings		**(7,247)**	(2,818)	**(6,550)**	(3,347)
Capital & Reserves attributable to Equity Holders in the Company		**18,446**	22,861	**19,143**	22,332
Minority Interests		**537**	702	**-**	-
Total Equity and Liabilities		**262,676**	297,539	**133,762**	180,318

The Board of Directors of Speirs Group Limited authorised these financial statements for issue on 16 June 2008.

Signed on behalf of the Board of Directors

Nelson Speirs

Donald Speirs

Nelson Speirs
Executive Chairman
16 June 2008

Donald Speirs
Deputy Chairman

The accompanying notes are an integral part of these financial statements

INCOME STATEMENT

for the year ended 31 March 2008

	Notes	Group		Company	
		2008	2007	**2008**	2007
		$'000	$'000	**$'000**	$'000
Interest Income		**31,863**	32,069	**34,362**	34,660
Interest Expense		**(21,017)**	(20,658)	**(27,054)**	(26,692)
Net Interest Income	8	**10,846**	11,411	**7,308**	7,968
Fee and Commission Income		**2,983**	2,552	**6,126**	5,669
Fee and Commission Expense		**(4,642)**	(5,171)	**(4,275)**	(4,783)
Net Fee and Commission Income/(Expense)	9	**(1,659)**	(2,619)	**1,851**	886
Sales of Produce		**12,424**	12,120	**12,424**	12,120
Movement in Inventory Levels		**(12)**	(4)	**47**	(4)
Purchases of Raw Materials		**(5,509)**	(5,133)	**(5,419)**	(5,133)
Freight, Packaging & Other		**(2,559)**	(1,818)	**(2,509)**	(1,818)
Net Trading Income		**4,344**	5,165	**4,543**	5,165
Operating Lease Rentals		**1,322**	1,242	**1,322**	1,242
Fair Value Gains / (Losses) on Derivatives		**(761)**	1,137	**-**	-
Other Income	10	**474**	409	**589**	409
Total Income earned from Financing and Trading Activities		**14,566**	**16,745**	**15,613**	**15,670**
Net Impairment Loss on Financial Assets	18	**(2,050)**	(3,667)	**(2,050)**	(3,667)
Employee Benefits Expense	11	**(6,627)**	(6,308)	**(6,592)**	(6,308)
Operating Lease Expenses		**-**	25	**-**	25
Depreciation and Amortisation	22, 23,24	**(2,386)**	(2,221)	**(2,305)**	(2,221)
Other Expenses	12	**(6,137)**	(6,523)	**(5,411)**	(6,341)
Loss Before Income Tax		**(2,634)**	(1,949)	**(745)**	(2,842)
Income Tax Benefit/(Expense)	13	**(1,057)**	618	**(1,315)**	991
Loss for the Year		**(3,691)**	(1,331)	**(2,060)**	(1,851)
Attributable to:					
Equity Holders of the Company		**(3,240)**	(1,233)	**(2,060)**	(1,851)
Minority Interest		**(451)**	(98)	**-**	-
		(3,691)	(1,331)	**(2,060)**	(1,851)
Earnings per Share Attributed to Equity Holders of the Company:		**Cents**	Cents	**Cents**	Cents
Basic Earnings per Share		**(40.45)**	(16.09)	**(29.56)**	(21.95)
Diluted Earnings per Share		**(40.45)**	(16.09)	**(29.56)**	(21.95)

There were no discontinued operations during the period.

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2008

Group

	Notes	Share Capital $'000	Perpetual Speirs Bonds $'000	Retained Earnings $'000	Minority Interest $'000	Total Equity $'000
		Attributable to Equity Holders of the Company				
Balance at 1 April 2007		12,168	13,511	(2,818)	702	23,563
Distributions to Bond Holders During the Period		-	-	(1,706)	-	(1,706)
Income Tax benefit arising from distribution to Bond Holders				563		563
Net Expense Recognised Directly in Equity		-	-	(1,143)	-	(1,143)
Loss for the Year		-	-	(3,240)	(451)	(3,691)
Total Recognised Income and Expenses for 2008		-	-	(4,383)	(451)	(4,834)
Movement in Shareholding				(46)	46	-
Proceeds From Shares Issued	30	-	-	-	240	240
Issue of Perpetual Speirs Bonds (Equity)	31	-	14	-	-	14
		-	14	(46)	286	254
Balance at 31 March 2008		12,168	13,525	(7,247)	537	18,983
Balance at 1 April 2006		11,628	-	(855)	-	10,773
Distributions to Bond Holders During the Period		-	-	(698)	-	(698)
Income Tax benefit arising from distribution to Bond Holders		-	-	230	-	230
Net Expense Recognised Directly in Equity		-	-	(468)	-	(468)
Loss for the Year		-	-	(1,233)	(98)	(1,331)
Total Recognised Income and Expenses for 2007		-	-	(1,701)	(98)	(1,799)
Acquisition of Shares						
Proceeds From Shares Issued	30	540	-	-	800	1,340
Perpetual Speirs Bonds reclassified as Equity	31	-	13,456	-	-	13,456
Issue of Perpetual Speirs Bonds (Equity)	31	-	55	-	-	55
Dividends Paid During the Period	30	-	-	(262)	-	(262)
		540	13,511	(262)	800	14,589
Balance at 31 March 2007		12,168	13,511	(2,818)	702	23,563

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2008

Company

	Notes	Share Capital $'000	Perpetual Speirs Bonds $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 April 2007		12,168	13,511	(3,347)	22,332
Distributions to Bond Holders During the Period		-	-	(1,706)	(1,706)
Income Tax benefit arising from distribution to Bond Holders				563	563
Net Expense Recognised Directly in Equity		-	-	(1,143)	(1,143)
Loss for the Year		-	-	(2,060)	(2,060)
Total Recognised Income and Expenses for 2008		-	-	(3,203)	(3,203)
Issue of Perpetual Speirs Bonds (Equity)	31	-	14	-	14
		-	14	-	14
Balance at 31 March 2008		12,168	13,525	(6,550)	19,143
Balance at 1 April 2006		11,628	-	(766)	10,862
Distributions to Bond Holders During the Period		-	-	(698)	(698)
Income Tax benefit arising from distribution to Bond Holders		-	-	230	230
Net Expense Recognised Directly in Equity		-	-	(468)	(468)
Loss for the Year		-	-	(1,851)	(1,851)
Total Recognised Income and Expenses for 2007		-	-	(2,319)	(2,319)
Employees Share Option Scheme:					
Proceeds From Shares Issued	30	540	-	-	540
Perpetual Speirs Bonds reclassified as Equity	31	-	13,456	-	13,456
Issue of Perpetual Speirs Bonds (Equity)	31	-	55	-	55
Dividends Paid During the Period	30	-	-	(262)	(262)
		540	13,511	(262)	13,789
Balance at 31 March 2007		12,168	13,511	(3,347)	22,332

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

for the year ended 31 March 2008

	Notes	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Cash Flows from Operating Activities					
Interest Received		**31,863**	32,069	**18,853**	21,672
Rentals from Assets Leased to Others		**1,322**	1,242	**1,322**	1,242
Dividends Received		**24**	24	**24**	24
Cash Receipts from Customers		**12,522**	12,227	**12,223**	11,851
Other Income		**3,447**	2,860	**6,893**	6,002
Income Tax Refunds Received		**-**	111	**-**	111
Interest Expense		**(21,017)**	(20,658)	**(11,545)**	(13,691)
Cash Paid to Suppliers and Employees		**(25,543)**	(22,666)	**(23,538)**	(21,839)
Proceeds from Repayment of Finance Receivables		**137,812**	156,309	**136,180**	156,231
Proceeds from Sale of Assets Leased to Others		**1,909**	1,929	**1,909**	1,929
Investment in Finance Receivables		**(117,424)**	(173,798)	**(117,424)**	(173,798)
Investment in Assets for Leasing to Others		**(2,421)**	(5,265)	**(2,421)**	(5,265)
Sale of Rights to Future Cash Flows from Speirs Group Limited to Speirs Securities Limited		**-**	-	**100,644**	99,311
Payments of Instalments collected by Speirs Group Limited to Speirs Securities Limited		**-**	-	**(80,693)**	(70,827)
Net Cash from Operating Activities	32	**22,494**	(15,616)	**42,427**	12,953
Cash Flows from Investing Activities					
Proceeds from Repayment of Cash at Bank Pledged to Others		**-**	5,154	**-**	5,154
Investment in Cash at Bank Pledged to Others		**(20)**	-	**(20)**	-
Proceeds from Assets Held for Re-Lease		**487**	-	**488**	-
Proceeds from Sale of Property, Plant & Equipment		**393**	157	**393**	157
Investment in Subordinated Debt – Speirs Securities Limited		**-**	-	**(3,776)**	(4,152)
Acquisition of Shares in Speirs Nutritionals Limited		**-**	-	**(1,800)**	-
Advance to Speirs Nutritionals		**-**	-	**887**	(1,186)
Movement in Balance Owing to Speirs Securities Limited		**-**		**(300)**	(1,131)
Acquisition of Available-for-Sale Assets		**(20)**	-	**(20)**	-
Acquisition of Investment Property		**(446)**	(44)	**(446)**	(44)
Acquisition of Intangible Assets	24	**(478)**	(533)	**(56)**	(283)
Acquisition of Property, Plant & Equipment	23	**(2,084)**	(2,516)	**(1,153)**	(1,815)
Net Cash Flows from Investing Activities		**(2,168)**	2,218	**(5,803)**	(3,300)
Cash Flows from Financing Activities					
Proceeds from the Issue of Share Capital	30	**-**	540	**-**	540
Proceeds from the Issue of Perpetual Bonds		**14**	75	**14**	75
Proceeds from Minority Interests		**240**	-	**-**	-
Proceeds from borrowings		**579,366**	490,306	**66,554**	69,203
Committed Cash Line drawings		**6,000**	-	**6,000**	-
Dividends Paid to Shareholders	30	**-**	(262)	**-**	(262)
Distribution in relation to Perpetual Bonds		**(1,706)**	(698)	**(1,706)**	(699)
Repayments of Borrowings		**(615,259)**	(472,666)	**(115,615)**	(78,678)
Net Cash Flows from Financing Activities		**(31,345)**	17,295	**(44,753)**	(9,821)
Net Increase / (Decrease) in Cash and Cash Equivalents		**(11,019)**	3,897	**(8,129)**	(168)
Cash and Cash Equivalents at 1 April		**18,744**	14,847	**10,521**	10,689
Cash and Cash Equivalents at 31 March		**7,725**	18,744	**2,392**	10,521

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

1 GENERAL INFORMATION

Speirs Group Limited provides asset backed financing through a network of independent agencies, and is involved in the production and distribution of fresh food products.

Speirs Nutritionals Limited is a majority owned (63%; 2007:60%) subsidiary of Speirs Group Limited whose principal activity is the processing and marketing of Omega-3 oil.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

These financial statements comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

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

Compliance with International Financial Reporting Standards

These financial statements of Speirs Group Limited also comply with International Financial Reporting Standards.

Entities Reporting

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

The consolidated financial statements of the ‘Group’ are for the economic entity comprising Speirs Group Limited, its majority owned subsidiary Speirs Nutritionals Limited and its “in-substance” subsidiary Speirs Securities Limited. Both subsidiaries are registered in New Zealand.

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

Statutory Base

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

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

Application of NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards

These financial statements are the first Speirs Group Limited financial statements to be prepared in accordance with NZ IFRS. NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Up until 31 March 2007, the financial statements of Speirs Group Limited had been prepared in accordance with previous New Zealand Financial Reporting Standards (NZ FRS). NZ FRS differs in certain respects from NZ IFRS.

When preparing Speirs Group Limited financial statements for 31 March 2008, management has amended certain accounting and valuation methods applied in the NZ FRS financial statements to comply with that required under NZ IFRS. Comparative information in respect of 2007 has been restated in order to reflect these adjustments.

Reconciliations and a description of the effect of transition from previous NZ FRS to NZ IFRS on the company’s equity and its net income are given in note 37.

Critical Accounting Estimates

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

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

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

Application of Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening NZ IFRS balance sheet at 1 April 2006 for the purposes of the transition to NZ IFRS.

The accounting policies have been applied consistently by Group entities.

2.2 Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of Speirs Group Limited (‘company’ or ‘parent entity’), its majority owned subsidiary Speirs Nutritionals Limited and its “in-substance” subsidiary Speirs Securities Limited as at 31 March 2008. Speirs Group Limited, its partly owned subsidiary and its “in-substance” subsidiary together are referred to in these financial statements as the Group or the consolidated entity.

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

With respect to Speirs Securities Limited, the company is consolidated with the parent entity as an "in-substance" subsidiary. While the parent entity does not hold any shares in Speirs Securities Limited, the two companies have entered into a securitisation arrangement which, arguably, attributes significant risks and rewards within Speirs Securities Limited to the parent entity.

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

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

2.3 Derivative Financial Instruments

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

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

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

2.4 Financial Assets

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

Financial Assets at Fair Value Through the Profit or Loss

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

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

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

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

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

Loans and Advances to Customers

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

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

Available-for-Sale Financial Assets

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

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

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

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

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

Derecognition

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

2.5 Leases

As lessee

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

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

As lessor

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

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

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

2.6 Impairment

Loans and Advances to Customers

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

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

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

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

Available-for-sale assets

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

Reversals of impairment

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

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

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

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

An impairment loss with respect to goodwill is not reversed.

Assets Acquired Under Enforcement

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

Renegotiated loans

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

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

Impairment of Non-Financial Assets

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

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

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

2.7 Property, Plant and Equipment

Owned Assets

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

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

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

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

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

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

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

Assets Leased to Others

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

2.8 Investment Property

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

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

Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognised in the income statement as part of other income. Rental income from investment property is accounted for as described in accounting policy 2.19.

2.9 Intangible Assets

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

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

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

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

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

2.10 Inventories

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

2.11 Trade Receivables

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

2.12 Cash and Cash Equivalents

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

2.13 Share Capital

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

2.14 Perpetual Speirs Bonds

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

2.15 Borrowings

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

2.16 Employee Benefits

Defined Contribution Plans

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

Share-based Compensation

The Group has operated an equity-settled, share-based compensation plan for selected senior executives and directors. As all options were granted prior to 7 November 2002 in accordance with the transition provisions of IFRS 2 no expense has been recognised in these financial statements due for these grants. The final exercise of options by senior executives and directors was in September 2006.

Proceeds received on exercising of share options, net of any directly attributable transaction costs, were credited to share capital when the options were exercised.

Bonus Obligations

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

2.17 Provisions

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

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

2.18 Income Tax

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

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

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

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

2.19 Revenue Recognition

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

Interest Income

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

Fees and Commissions

Fees and commissions which are not an integral part of the effective interest rate are recognised when the service has been provided.

Sales of Goods

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

2.20 Other Income

Dividend Income

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

Rental Income

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

2.21 Dividend Distribution

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

2.22 Segment Reporting

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

2.23 Other Approved Financial Reporting Standards

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

- NZ IAS 1 – Amendments (effective from 1 January 2009)
- NZ IFRIC 12 – Service Concession Arrangements (effective from 1 January 2008)
- NZ IAS 23 – Borrowing Costs (revised 2007) (effective from 1 January 2009)
- NZ IFRS 8 – Operating Segments (effective from 1 January 2009).

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

2.24 Goods and Services Tax (GST)

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

2.25 Functional and Presentational Currency

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

2.27 Government Grants

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

2.28 Fee and Commission Income and Expense

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

Other fees are recognised as earned.

2.29 Investment in Subsidiary

The Parent Company records its investment in subsidaries at cost less any accumulated impairment losses.

3 FINANCIAL RISK MANAGEMENT

Introduction and Overview

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

- Credit risks
- Liquidity risks
- Market risks

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

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

Risk Management Framework

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

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

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

Credit Risk

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

Management of Credit Risk

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

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

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

Regular audits of business units and Group credit processes are undertaken by Internal Audit.

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

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

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

Exposure to Credit Risk

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

		Group		Company	
		2008	2007	**2008**	2007
	Note	**$'000**	$'000	**$'000**	$'000
Cash and Cash Equivalents	15	**8,126**	19,126	**2,794**	10,903
Trade and Other Receivables	16	**2,963**	2,682	**3,692**	3,219
Derivative Financial Instruments		**295**	1,056	**-**	-
Loans and Advances to Customers	18	**226,975**	249,413	**84,987**	125,744
Loans and Advances to Customers - Securitised	18	**-**	-	**143,620**	123,669
Subordinated Debt – Securitised Assets	21	**-**	-	**19,175**	15,399

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

Group		**Loans and Advances to Customers**		**Trade and Other Receivables**	
		2008	2007	**2008**	2007
	Note	**$'000**	$'000	**$'000**	$'000
Carrying Amount	16, 18	**226,975**	249,413	**2,963**	2,682
Individually Impaired		**2,753**	2,780	**-**	**-**
Allowance for Impairment	18	**(1,468)**	(1,487)	**-**	**-**
Carrying Amount		**1,285**	1,293	**-**	**-**
Collectively Impaired		**7,128**	9,559	**-**	**-**
Allowance for Collective Impairment	18	**(169)**	(1,185)	**-**	**-**
Carrying Amount		**6,959**	8,374	**-**	**-**
Past Due but not Impaired *		**6,789**	4,451	**257**	297
Neither Past Due nor Impaired		**211,785**	235,063	**2,706**	2,385
Renegotiated Terms		**157**	232	-	-
Total Carrying Amount		**226,975**	249,413	**2,963**	2,682

* All Loans and Advances that are past due more than 30 days are considered to be impaired and are included under the headings of 'Individually Impaired' or 'Collectively Impaired'. Accordingly, all receivables which are "Past Due but not Impaired" are overdue between 1 and 30 days. Trade and other receivables totalling $100,068 (2007: $92,714) are greater than 90 days overdue but are considered collectable and are not impaired.

* The headings 'Individually Impaired' or 'Collectively Impaired' include Loans and Advances that are past due by 90 days or more and have an aggregate carrying value of $**2,982,235** (31 March 2007 $8,860,370).

Company

	Note	Loans and Advances to Customers		Trade and Other Receivables	
		2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Carrying Amount	16, 18	**228,607**	249,413	**3,692**	3,219
Individually Impaired		**2,753**	2,780	**-**	-
Allowance for Impairment	18	**(1,468)**	(1,487)	**(-)**	(-)
Carrying Amount		**1,285**	1,293	**-**	-
Collectively Impaired		**7,128**	9,559	**-**	-
Allowance for Collective Impairment	18	**(169)**	(1,185)	**(-)**	(-)
Carrying Amount		**6,959**	8,374	**-**	-
Past Due but not Impaired		**6,789**	4,451	**257**	297
Neither Past Due nor Impaired		**213,417**	235,295	**3,435**	2,922
Renegotiated Terms		**157**	232	**-**	-
Total Carrying Amount		**228,607**	249,413	**3,692**	3,219

The Group holds collateral against loans and advances to customers in the form of registered securities over assets, guarantees and mortgage interests over property. Estimates of fair value are based on the value of the collateral assessed at the time of borrowing, and are generally not updated except when a loan is individually assessed as impaired. Collateral is usually not held against trade and other receivables, and no such collateral was held as at 31 March 2008 or 2007.

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

Group & Company	*Group and Company*	
	2008 $'000	2007 $'000
Against Individually Impaired Assets		
Vehicles	**2,389**	3,869
Other Assets	**380**	872
Other	**9**	500
	2,778	5,241

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

Collateral and Other Credit Enhancements Obtained

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

Concentrations of Credit Risk

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

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

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

	Group		*Company*	
	2008	2007	**2008**	2007
Percentage of Equity				
10% – 20%	**6**	4	**6**	2
20% – 30%	**-**	-	**-**	-
30% – 40%	**-**	-	**-**	-
60% – 70%	**-**	1	**-**	-
70% – 80%	**-**	-	**-**	1
90% – 100%	**-**	-	**-**	-
100% – 110%	**-**	-	**1**	-
	6	5	**7**	3

The most significant exposures are in relation to Registered Banks, and in the case of the Company, Speirs Securities Limited.

All Loans and Advances are to clients domiciled in New Zealand. The geographic spread of clients (by value) at 31 March 2008 was: Auckland 20%, Waikato/Bay of Plenty 16%, Central North Island 22%, Wellington 11%, Nelson/ Marlborough/North Canterbury 2%, Canterbury 17%, Otago/ Southland 9%, Other 3%.

Loans and Advances are secured by registered securities over a wide spread of assets. The asset spread over which securities were held (by value) At 31 March 2008 was: Earthmoving, Contracting & Roading Vehicles 11%, Heavy Commercial Vehicles 26%, Light Commercial Vehicles 12%, Marine Boats 2%, Cars 28%, Plant, Machinery & Equipment 6%, Trailers 6%, Agricultural Vehicles 2%, Other Vehicles 4%, Other Assets 3%. Many securities are supported by personal guarantees and/or general security agreements over the assets of company clients.

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

Impaired Loans and Advances

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

Past Due but not Impaired Loans and Advances

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

Loans and Advances with Renegotiated Terms

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

Allowances for Impairment

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

Write-off Policy

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

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

Management of Liquidity Risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group mitigates its liquidity risk through its securitisation programme, its secured stock funding programme, the holding of liquid cash reserves and by supporting bank credit lines.

The securitisation programme provides funding by means of the issue of Commercial Paper, supported by standby facilities from the Bank of New Zealand. The details of the securitisation programme are scheduled in Note 5.

In October 2007, the Bank of New Zealand, under the securitisation programme, increased the standby support for the securitisation programme from $130 million to $150 million. This standby support remains in place until at least February 2009 when it will again be reviewed. In any event, the standby support remains in place to support the continuing funding for all securitised lending business written up to that date.

The securitisation programme provides cash resources to fund the Group's Loans and Advances when the assets funded are eligible for the programme. At 31 March 2008 this amounted to 56.86% (by value; 31 March 2007: 46.46%) of the Group's Loans & Advances. This funding programme has an A-1+ credit rating from Standard & Poor's and is supported by a funding standby arrangement with the Bank of New Zealand, limited to a total of $150,000,000 at 31 March 2008. The funding is arranged in such a manner as to be perfectly matched to the contractual inwards cash flows associated with the appropriate Loans & Advances secured by eligible assets, and is guaranteed as to availability throughout the term of the Group Loan or Advance to which it is attached. Interest costs to the Group are fixed at wholesale market rates for the whole term at the time of draw down.

The secured stock funding programme provides funding by way of continuing issues (since 1966) of secured stock to public investors. The principal tenor (term of investment) ranges from call (8% of the 'book' at 31 March 2008) through 1 year, 2 years, 3 years and 4 years. The Group relies heavily upon this funding from the New Zealand public. As the Group obtains a large part of its funding through the issue of debt securities a risk arises in that the Group could experience difficulties in raising funds at short notice to meet its lending and debt repayment commitments, particularly as a result of any adverse market perception. The Group manages this risk by maintaining sufficient liquid funds and committed cash lines with its banker, Bank of New Zealand, to meet its commitments based on cash flow forecasts and historical cash flow requirements.

At 31 March 2008 44.97% (31 March 2007: 60.57%) of Loans & Advances (by value) were primarily funded by secured stock. At 31 March 2008 4,593 investors with a geographic spread throughout New Zealand (59% by value concentrated in the greater Wellington, Wanganuui and Manawatu region) supported the Group in this manner. Reinvestment of secured stock on maturity date during the year ended 31 March 2008 was 52%. In August 2007, the global debt markets suffered severe dislocation. This dislocation has continued. Several New Zealand finance companies have failed. Public perception of the finance industry in New Zealand has deteriorated sharply, causing a hardening of the public attitude toward investments in fixed interest securities offered by finance companies. Along with the finance industry generally in New Zealand, Speirs Group Limited has experienced deterioration in the rate of reinvestment of maturing secured stock and a lessening in the receipt of new public investments in its offerings of secured stock. The Group has exercised its right to utilise, from time to time, the committed cash advance facility provided by Bank of New Zealand.The weighted average reinvestment rate for the last three months of the year (Jan, Feb & Mar) was 56%.

It is the Group's policy, whenever possible, to hold liquid cash reserves that aggregate to between 5% and 7.5% of secured stock on issue at any given time.

The Company's Bank Overdraft facility from the Bank of New Zealand – the Committed Cash Advance Facility (CCAF) was drawn down to $6,000,000 at 31 March 2008 (unused at 31 March 2007), is secured by way of a floating charge over all of the Company's assets and undertakings. This floating charge takes priority over all other borrowings of the Company, but is limited to the amount borrowed from the Bank of New Zealand, which was limited to $18,940,000 at 31 March 2008 (31 March 2007: $14,000,000) or $19,183,100 (2007 $19,183,100), whichever is the lesser. These facilities will be progressively reduced to zero by 30 November 2008. The Group has planned its cash flow programme to meet the agreed reduction with a view to being significantly cash positive by November 2008 and in a position to meet all forecast cash requirements.

At 31 May 2008, the Group had drawn down $7 million of the committed cash advance facility, leaving an unused facility available amounting to $11.940 million, and had $2.8 million held in bank deposits. The Group closely monitors its liquidity position and maintains strategies to address the impact of external events as they occur.

Exposure to Liquidity Risk

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

Group 2008	Note	Carrying Amount $'000	Gross Nominal Cash Flow $'000	On Demand $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Non-Derivative Assets									
Cash and Cash Equivalents	15	8,126	8,268	4,699	3,167	-	-	-	402
Trade and Other Receivables	16	2,963	2,963	-	2,963	-	-	-	-
Loans & Advances	18	226,975	277,384	-	20,926	27,288	52,507	87,271	89,393
		238,064	288,615	4,699	27,056	27,288	52,507	87,271	89,795
Derivative Assets									
Gross Inflow		295	144,327	-	13,734	13,515	26,060	45,908	45110
Gross Outflow		-	(145,658)	-	(7,885)	(13,838)	(27,205)	(47,373)	(49,357)
		295	(1,331)	-	5,849	(323)	(1,145)	(1,465)	(4,247)
Total		238,359	287,284	4,699	32,095	26,965	51,362	85,806	85,548

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

Group 2007	Note	Carrying Amount $'000	Gross Nominal Cash Flow $'000	On Demand $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Non-Derivative Assets									
Cash and Cash Equivalents	15	19,126	19,274	16,195	2,554	-	-	-	525
Trade and Other Receivables	16	2,682	2,682	-	2,682	-	-	-	-
Loans & Advances	18	249,413	293,694	-	25,719	29,419	53,566	86,789	98,201
		271,221	315,650	16,195	30,955	29,419	53,566	86,789	98,726
Derivative Assets									
Gross Inflow		1,056	128,810	-	13,636	12,748	22,183	37,238	43,005
Gross Outflow		-	(129,910)	-	(8,311)	(13,081)	(23,334)	(38,893)	(46,291)
		1,056	(1,100)	-	5,325	(333)	(1,151)	(1,655)	(3,286)
Total		272,277	314,550	16,195	36,280	29,086	52,415	85,134	95,440

Group 2007	Note	Carrying Amount $'000	Gross Nominal Cash Flow $'000	On Demand $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Non-Derivative Liabilities									
Trade and Other Payables	26	4,283	4,283	-	4,283	-	-	-	-
Borrowing	29	269,683	291,687	17,578	35,848	53,854	55,656	83,583	45,168
		273,966	295,970	17,578	40,131	53,854	55,656	83,583	45,168

Company 2008	Note	**Carrying Amount $'000**	**Gross Nominal Cash Flow $'000**	**On Demand $'000**	**Less than 3 Months $'000**	**3-6 Months $'000**	**6-12 Months $'000**	**1-2 Years $'000**	**2-5 Years $'000**
Non-Derivative Assets									
Cash and Cash Equivalents	15	**2,794**	**2,843**	**2,392**	**49**	**-**	**-**	**-**	**402**
Trade and Other Receivables	16	**3,692**	**3,692**	**-**	**3,692**	**-**	**-**	**-**	**-**
Subordinated Debt – Securitised Assets	21	**19,175**	**21,445**	**-**	**2,041**	**2,008**	**3,872**	**6,821**	**6,703**
Loans & Advances	18	**84,987**	**98,794**	**-**	**9,757**	**9,904**	**19,303**	**29,234**	**30,596**
Total		**110,648**	**126,774**	**2,392**	**15,539**	**11,912**	**23,175**	**36,055**	**37,701**

Company 2008	Note	**Carrying Amount $'000**	**Gross Nominal Cash Flow $'000**	**On Demand $'000**	**Less than 3 Months $'000**	**3-6 Months $'000**	**6-12 Months $'000**	**1-2 Years $'000**	**2-5 Years $'000**
Non-Derivative Liabilities									
Trade and Other Payables	26	**3,866**	**3,866**	**-**	**3,866**	**-**	**-**	**-**	**-**
Borrowing	29	**110,743**	**117,635**	**8,072**	**28,177**	**19,002**	**32,015**	**29,724**	**645**
		114,609	**121,501**	**8,072**	**32,043**	**19,002**	**32,015**	**29,724**	**645**

Company 2007	Note	Carrying Amount $'000	Gross Nominal Cash Flow $'000	On Demand $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Cash and Cash Equivalents	15	10,903	11,046	10,521	-	-	-	-	525
Trade and Other Receivables	16	3,219	3,219	-	3,219	-	-	-	-
Subordinated Debt – Securitised Assets	21	15,399	17,117	-	1,812	1,694	2,948	4,948	5,715
Loans & Advances	18	125,744	147,450	-	12,866	14,775	26,902	43,588	49,319
		155,265	178,832	10,521	17,897	16,469	29,850	48,536	55,559
Trade and Other Payables	26	4,173	4,173	-	4,173	-	-	-	-
Borrowing	29	153,803	162,877	17,578	22,212	41,106	33,473	46,345	2,163
		157,976	167,050	17,578	26,385	41,106	33,473	46,345	2,163

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

The above tables show the undiscounted cash flows of the Group and Company's financial liabilities on the basis of their earliest possible contractual maturity. The Group and Company's expected cash flows on these instruments vary significantly from this analysis. For example deposits from borrowing are expected not to all be repaid as a portion are reinvested in line with current reinvestment rates outlined earlier in this note.

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

Market Risk

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

Management of Market Risk

The Group undertakes minimal transactions denominated in foreign currencies. At 31 March 2008 and 2007 the Group had no foreign currency exposures.

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

The principal risk to which the interest bearing portfolios are exposed is the risk of loss arising from fluctuations in the future cash flows or fair values of a financial instrument because of a change in market interest rates, i.e. from lending at fixed interest rates for different terms than the corresponding borrowings. Interest rate risk is managed principally by matching as far as possible, interest rate fixed periods on funding facilities with maturities on Finance Receivables. The Company does not make use of 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 lending (See Note 5). For accounting purposes, Speirs Securities Limited classifies its interest rate swap contracts as financial assets or liabilities at fair value through the profit or loss.

Exposure to Interest Rate Risk

Interest rate margin risk arises as a result of mismatches between the repricing dates of advances and debt securities. Movements in interest rates may adversely impact on the Group's financial results by affecting interest margins as a result of such mismatches. The Group manages this risk by matching, as far as possible, maturities on funding facilities with maturites on finance receivables.

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

Group 2008	Note	**Carrying Amount $'000**	**Non-Interest Bearing $'000**	**Less than 3 Months $'000**	**3-6 Months $'000**	**6-12 Months $'000**	**1-2 Years $'000**	**2-5 Years $'000**
Cash and Cash Equivalents	15	**8,126**	**1**	**7,723**	**-**	**-**	**-**	**402**
Loans and Advances to Customers	18	**226,975**	**-**	**16,095**	**20,734**	**41,106**	**71,180**	**77,860**
		235,101	**1**	**23,818**	**20,734**	**41,106**	**71,180**	**78,262**
Borrowing	29	**239,793**	**-**	**158,706**	**17,748**	**33,482**	**29,233**	**624**
Net Effect of Derivatives		**(295)**	**-**	**(117,563)**	**11,459**	**22,567**	**41,071**	**42,465**
		239,498	**-**	**41,143**	**29,207**	**56,049**	**70,304**	**43,089**
		(4,397)	**1**	**(17,325)**	**(8,473)**	**(14,943)**	**876**	**35,173**

Group 2007

	Note	Carrying Amount $'000	Non-Interest Bearing $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Cash and Cash Equivalents	15	19,126	1	18,743	-	-	-	382
Loans and Advances to Customers	18	249,413	-	28,320	23,921	43,218	72,368	81,586
		268,539	1	47,063	23,921	43,218	72,368	81,968
Borrowing	29	269,683	-	149,942	34,310	31,696	46,569	7,166
Net Effect of Derivatives		(1,056)	-	(103,198)	12,140	18,988	32,704	39,366
		268,627	-	46,744	46,450	50,684	79,273	46,532
		(88)	1	319	(22,529)	(7,466)	(6,905)	35,436

Company 2008

	Note	**Carrying Amount $'000**	**Non-Interest Bearing $'000**	**Less than 3 Months $'000**	**3-6 Months $'000**	**6-12 Months $'000**	**1-2 Years $'000**	**2-5 Years $'000**
Cash and Cash Equivalents	15	**2,794**	**1**	**2,391**	**-**	**-**	**-**	**402**
Subordinated Debt – Securitised Assets	21	**19,175**	**-**	**1,706**	**1,703**	**3,353**	**6,103**	**6,310**
Loans and Advances to Customers		**84,987**	**-**	**3,814**	**8,028**	**16,334**	**25,771**	**31,040**
Loans and Advances to Customers – Securitised		**143,620**	**-**	**12,396**	**12,855**	**25,068**	**45,921**	**47,380**
Liability Arising on Securitisation of Assets		**(143,620)**	**-**	**(12,396)**	**(12,855)**	**(25,068)**	**(45,921)**	**(47,380)**
Loans and Advances to Customers	18	**84,987**	**-**	**3,814**	**8,028**	**16,334**	**25,771**	**31,040**
		106,956	**-**	**7,912**	**9,731**	**19,687**	**31,874**	**37,752**
Borrowing	29	**110,743**	**-**	**29,656**	**17,748**	**33,482**	**29,233**	**624**
		(3,787)	**1**	**(21,744)**	**(8,017)**	**(13,795)**	**2,641**	**37,128**

Company 2007

	Note	Carrying Amount $'000	Non-Interest Bearing $'000	Less than 3 Months $'000	3-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000
Cash and Cash Equivalents	15	10,903	1	10,520	-	-	-	382
Subordinated Debt – Securitised Assets	21	15,399	-	651	393	2,913	4,999	6,443
Loans and Advances to Customers		125,744	-	26,811	15,423	20,154	32,788	30,568
Loans and Advances to Customers – Securitised		123,669	-	1,509	8,498	23,064	39,580	51,018
Liability Arising on Securitisation of Assets		(123,669)	-	(1,509)	(8,498)	(23,064)	(39,580)	(51,018)
Loans and Advances to Customers	18	125,744	-	26,811	15,423	20,154	32,788	30,568
		152,046	1	37,982	15,816	23,067	37,787	37,393
Borrowing	29	153,803	-	37,143	39,057	30,618	44,838	2,147
		(1,757)	1	839	(23,241)	(7,551)	(7,051)	35,246

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

Sensitivity Analysis

The following tables show the sensitivity effect of an across the board movement of 1% on interest rates on the profit and loss and equity of the period using the carrying balances at year end, assuming all other variables (except floating interest rates) are held constant. Loans and Advances and borrowings which have fixed interest terms are assumed to show unchanged rates. The effect for derivative instruments is the change in the net interest cash flows on those derivatives attributable to a change in rates.

Group March 2008	Note	Carrying Amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Financial Assets						
Cash and Cash Equivalents	15	**8,126**	**(54)**	**(54)**	**54**	**54**
Trade and Other Receivables	16	**2,963**	**-**	**-**	**-**	**-**
Loans and Advances to Customers	18	**226,975**	**-**	**-**	**-**	**-**
Derivative Financial Instruments		**295**	**(684)**	**-**	**684**	**-**
Financial Liabilities						
Trade and Other Payables	26	**3,890**	**-**	**-**	**-**	**-**
Borrowings	29	**239,793**	**919**	**919**	**(919)**	**(919)**
Total Increase/Decrease			**181**	**865**	**(181)**	**(865)**

Group March 2007	Note	Carrying Amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Financial Assets						
Cash and Cash Equivalents	15	19,126	(128)	(128)	128	128
Trade and Other Receivables	16	2,682	-	-	-	-
Loans and Advances to Customers	18	249,413	-	-	-	-
Derivative Financial Instruments		1,056	(776)	-	776	-
Financial Liabilities						
Trade and Other Payables	26	4,283	-	-	-	-
Borrowings	29	269,683	894	894	(894)	(894)
Total Increase/Decrease			(10)	766	10	(766)

Company March 2008	Note	Carrying Amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Financial Assets						
Cash and Cash Equivalents	15	**2,794**	**(19)**	**(19)**	**19**	**19**
Trade and Other Receivables	16	**3,692**	**-**	**-**	**-**	**-**
Loans and Advances to Customers	18	**84,987**	**-**	**-**	**-**	**-**
Loans and Advances to Customers – Securitised	18	**143,620**	**-**	**-**	**-**	**-**
Liability Arising on Securitisation of Assets	18	**(143,620)**				
Loans and Advances to Customers	18	**84,987**	**-**	**-**	**-**	**-**
Subordinated Debt – Securitised Assets	21	**19,175**	**-**	**-**	**-**	**-**
Financial Liabilities						
Trade and Other Payables	26	**3,866**	**-**	**-**	**-**	**-**
Borrowings	29	**110,743**	**54**	**54**	**(54)**	**(54)**
Total Increase/Decrease			**35**	**35**	**(35)**	**(35)**

Company March 2008	Note	Carrying Amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Financial Assets						
Cash and Cash Equivalents	15	**10,903**	(73)	(73)	73	73
Trade and Other Receivables	16	**3,219**	-	-	-	-
Loans and Advances to Customers	18	**125,744**	-	-	-	-
Loans and Advances to Customers – Securitised	18	**123,669**	-	-	-	-
Liability Arising on Securitisation of Assets	18	**(123,669)**				
Loans and Advances to Customers	18	**125,744**	-	-	-	-
Subordinated Debt – Securitised Assets	21	**15,399**	-	-	-	-
Financial Liabilities						
Trade and Other Payables	26	**4,173**	-	-	-	-
Borrowings	29	**153,803**	136	136	(136)	(136)
Total Increase/Decrease			63	63	(63)	(63)

In managing interest rate risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit.

Capital Management

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

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

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

- A covenant to Perpetual Trust Limited, as Trustee for all debt obligation holders of both Speirs Group Limited and Speirs Securities Limited, that the maximum debt to equity ratio (as defined in the Composite Trust Deed, as amended, between Speirs Group Limited and Perpetual Trust Limited) will not at any time exceed 12:1. At 31 March 2008 the debt to equity ratio (as defined) was 5.12 : 1 (31 March 2007 5.91 : 1).
- A covenant to the Group's bankers restricting the maximum dividends payable to shareholders in any one year to an agreed percentage of qualifying tax paid profits earned. No dividend was paid during the year ended 31 March 2008. A dividend of $262,689 (permissible $282,581) was paid during the year ended 31 March 2007.

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

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Key Sources of Estimation Uncertainty

Impairment of Loans and Advances

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Recovery of deferred tax assets
The recoverability of deferred tax assets is a key area of judgement. Recoverability of these assets is dependent on the Group achieving sufficient taxable profits to utilise the asset. The Group has a long history of profitable trading. The deferred tax asset recognises the probability that the asset will be recouped from future profitable trading.

5 SECURITISATION ARRANGEMENT

The Company is party to a securitisation arrangement with the Bank of New Zealand and Speirs Securities Limited. Under the terms of this arrangement, Speirs Securities Limited purchases the rights to future cash flows from eligible finance receivables from the Company. The purchase of these rights 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 managed through the use of interest rate swaps.

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

The principal components of the arrangement are:

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

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

a. are either Finance Leases or Security Agreements;

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

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

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

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

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

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

(vi) The Company administers the securitisation program on behalf of Speirs Securities Limited in exchange for various fees. The fees earned for that administration in the year ended 31 March 2008 amounted to $3,542,397 (2007 $3,165,111).

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

(viii) Speirs Securities Limited enters into interest rate swap agreements with the Bank of New Zealand concurrently with the issuing of commercial paper required to fund the acquisition of rights to future cash flows of each tranche of eligible recievables. These are supported by standby facilities provided by the Bank of New Zealand (see (ix) 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 (xi) 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 outward cash flows due to Speirs Securities Limited from the acquired rights to future cash flows of Eligible Receivables agreements. Accordingly, liquidity risk associated with funding by way of ninety-day commercial paper is eliminated; and

b. the interest rate cost of borrowing is fixed for the effective life of each tranche and, therefore, is fixed for the acquired cash flows that constitutes the tranche. At balance date Speirs Securities Limited had entered into interest rate swaps with a face value of $130,242,536 (2007 $116,879,340). The carrying value of the interest rate swaps in Speirs Securities Limited's financial statements is fair value of the swaps, $295,000 (receivable) (2007 $1,056,000 (receivable)). While Speirs Securities Limited intends to hold the swaps through to their respective maturities, they are classified as at fair value through the profit or loss for accounting purposes.

(ix) The arrangement provides facilities for Speirs Securities Limited to borrow an agreed limit, currently set at $150,000,000 (2007 $130,000,000), on the wholesale money market. The Bank of New Zealand provides standby facilities to meet any shortfalls, up to a maximum of the $150,000,000 limit, from the wholesale money market should they ever arise.

(x) During the year ended 31 March 2008, the Company sold $100,644,416 (2007 $99,311,231) of rights to future cash flows of Eligible Receivables to Speirs Securities Limited. As the Company retains risks and rewards associated with ownership of the Eligible Receivables it does not derecognise the finance receivables from the financial statements on securitisation. No surplus or deficit was recognised as a result of these sales. At 31 March 2008 the net value of rights to future cash flows of Eligible Receivables sold to and owned by Speirs Securities Limited was $143,620,425 (2007 $123,669,232).

(xi) The Company is required to arrange for the provision of funds on a continuing basis to Speirs Securities Limited by way of subordinated debt. The minimum quantum of that funding 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 assets supporting them. The quantum of subordinated debt required varies marginally from month to month, but normally ranges between 11% and 13% of the accounting value of the Eligible Receivables at any time. The amount of the subordinated debt at 31 March 2008 was $19,174,751 (2007 $15,398,680) (see Note 21).

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

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

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

(xv) The Company is required to place amounts related to interest rate swap responsibilities on deposit with a nominated Registered Bank. At 31 March 2008 the amount of Bank of New Zealand deposits pledged in this manner was $401,951 (2007 $382,373).

6 SEGMENT REPORTING

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

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

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

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

Business Segments

Speirs Finance The leasing of vehicles and advances on vehicles and other assets by way of mortgages and security agreements.

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

Speirs Nutritionals Limited A partly owned (63%) (2007: 60%) subsidiary of the Company whose principal activity is the processing and marketing of Omega-3 oil.

Geographical Segments

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

Group 2008	Note	**Speirs Nutritionals $'000**	**Speirs Finance $'000**	**Speirs Foods $'000**	**Unallocated $'000**	**Consolidated $'000**
External Revenue						
Net Interest Income	8	-	10,846	-	-	10,846
Net Fee and Commission Expense	9	-	(1,659)	-	-	(1,659)
Net Trading Income		(199)	-	4,543	-	4,344
Operating Lease Rentals		-	1,322	-	-	1,322
Fair Value Gains / (Losses) on Derivatives		-	(761)	-	-	(761)
Other Income	10	287	187	-	-	474
Intersegment Revenue / (Eliminations)		-	-	351	(351)	-
Total Segment Revenue / (Eliminations)		88	9,935	4,894	(351)	14,566
Segment Result		(1,129)	1,299	46	(2,850)	(2,634)
Income Tax Expense	13					(1,057)
Profit for the Year						(3,691)
Segment Assets		3,717	246,962	6,937	5,060	262,676
Segment Liabilities		306	239,574	1,149	2,664	243,693
Net Impairment Loss on Financial Assets	18	-	2,050	-	-	2,050
Depreciation and Amortisation	22, 23, 24	81	1,723	563	19	2,386
Capital Expenditure		1,349	445	712	-	2,506

Group 2007	Note	Speirs Nutritionals $'000	Speirs Finance $'000	Speirs Foods $'000	Unallocated $'000	Consolidated $'000
External Revenue						
Net Interest Income	8	-	11,411	-	-	11,411
Net Fee and Commission Expense	9	-	(2,619)	-	-	(2,619)
Net Trading Income		-	-	5,165	-	5,165
Operating Lease Rentals		-	1,242	-	-	1,242
Fair Value Gains / (Losses) on Derivatives		-	1,137	-	-	1137
Other Income	10	-	343	66	-	409
Intersegment Revenue / (Eliminations)		-	-	95	(95)	-
Total Segment Revenue/ (Eliminations)		-	11,514	5,326	(95)	16,745
Segment Result		(244)	219	1,052	(2,976)	(1,949)
Income Tax Expense	13					618
Profit for the Year						(1,331)
Segment Assets		3,057	281,370	7,998	5,114	297,539
Segment Liabilities		-	269,728	1,506	2,742	273,976
Net Impairment Loss on Financial Assets	18	-	3,667	-	-	3,667
Depreciation and Amortisation	22, 23, 24	-	1,682	520	19	2,221
Capital Expenditure		1,857	985	1,259	-	4,101

7 FINANCIAL ASSETS AND LIABILITIES

Accounting Classifications and Fair Values

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

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

Group 2007	Note	Trading $'000	Designated at Fair Value $'000	Held-to-Maturity $'000	Loans and Receivables $'000	Available-For-Sale $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Cash and Cash Equivalents	15	-	-	-	19,126	-	-	19,126	19,126
Trade and Other Receivables	16	-	-	-	2,682	-	-	2,682	2,682
Derivative Financial Instruments		1,056	-	-	-	-	-	1,056	1,056
Available-for-Sale Financial Assets *		-	-	-	-	150	-	150	150
Loans and Advances to Customers	18	-	-	-	249,413	-	-	249,413	249,057
		1,056	-	-	271,221	150	-	272,427	272,071
Trade and Other Payables	26	-	-	-	-	-	4,283	4,283	4,283
Borrowing	29	-	-	-	-	-	269,683	269,683	268,656
		-	-	-	-	-	273,966	273,966	272,939

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

Company 2008	Note	Trading $'000	Designated at Fair Value $'000	Held-to-Maturity $'000	Loans and Receivables $'000	Available-For-Sale $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Cash and Cash Equivalents	15	-	-	-	2,794	-	-	2,794	2,794
Trade and Other Receivables	16	-	-	-	3,692	-	-	3,692	3,692
Available-for-Sale Financial Assets		-	-	-	-	170	-	170	170
Investment in Subsidiary *		-	-	-	-	1,800	-	1,800	1,800
Gross Loans and Advances to Customers	18	-	-	-	228,607	-	-	228,607	227,047
Deduct Liability Arising on Securitisation of Assets		-	-	-	(143,620)	-	-	(143,620)	(142,640)
Net Loans and Advances to Customers		-	-	-	84,987	-	-	84,987	84,407
Subordinated Debt – Securitised Assets	21	-	-	-	19,175	-	-	19,175	19,175
	-	-	-	110,648	1,970	-	112,618	112,038	
Trade and Other Payables	26	-	-	-	-	-	3,866	3,866	3,866
Borrowing	29	-	-	-	-	-	110,743	110,743	110,129
		-	-	-	-	-	114,609	114,609	113,995

Company 2007	Note	Trading $'000	Designated at Fair Value $'000	Held-to-Maturity $'000	Loans and Receivables $'000	Available-For-Sale $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Cash and Cash Equivalents	15	-	-	-	10,903	-	-	10,903	10,903
Trade and Other Receivables	16	-	-	-	3,219	-	-	3,219	3,219
Available-for-Sale Financial Assets *		-	-	-	-	150	-	150	150
Investment in Subsidiary *		-	-	-	-	1,200	-	1,200	1,200
Gross Loans and Advances to Customers	18	-	-	-	249,413	-	-	249,413	249,218
Deduct Liability Arising on Securitisation of Assets		-	-	-	(123,669)	-	-	(123,669)	(123,587)
Net Loans and Advances to Customers		-	-	-	125,744	-	-	125,744	125,631
Subordinated Debt – Securitised Assets*	21	-	-	-	15,399	-	-	15,399	15,399
	-	-	-	155,265	1,350	-	156,615	156,502	
Trade and Other Payables	26	-	-	-	-	-	4,173	4,173	4,173
Borrowing	29	-	-	-	-	-	153,803	153,803	153,763
	-	-	-	-	-	157,976	157,976	157,936	-

* As Fair Value cannot be reliably determined, these investments are held at cost less any impairment.

The liability arising on the securitisation of assets is categorised for measurement purposes, but not for presentation purposes, as a liability that is accounted for at other amortised cost.

Determination of Fair Values

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

Cash and Cash Equivalents – at face value.

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

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

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

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

Non-Derivative Financial Liabilities – at net present value.

8 NET INTEREST INCOME

		Group		*Company*	
	Notes	**2008 $'000**	2007 $'000	**2008 $'000**	**2007** $'000
Interest Income					
Cash and Cash Equivalents	15	**811**	1,393	**357**	1,006
Loans and Advances to Customers	18	**31,052**	30,676	**15,543**	19,105
Subordinated Debt – Securitised Assets	21	**-**	-	**2,953**	2,269
Interest Income on Securitised Assets		**-**	-	**15,509**	12,280
Total Interest Income		**31,863**	32,069	**34,362**	34,660
Interest Expense					
Bank Overdraft	29	**551**	5	**551**	6
Interest Expense on Securitised Assets		**-**	-	**15,509**	12,988
Borrowings					
Commercial Paper	29	**9,472**	6,955	**-**	-
Secured Stock	29	**10,698**	12,544	**10,698**	12,544
Subordinated Notes	29	**296**	248	**296**	248
Perpetual Bonds	31	**-**	906	**-**	906
Total Interest Expense		**21,017**	20,658	**27,054**	26,692
Net Interest Income		**10,846**	11,411	**7,308**	7,968

Interest revenue from impaired or restructured financial assets has not been separately disclosed as it is not significant. The only components of interest income and expense that relate to financial assets and liabilities carried at fair value through the profit or loss are the income and expense on derivative assets and liabilities.

9 NET FEE AND COMMISSION INCOME

		Group		*Company*	
	Notes	**2008 $'000**	2007 $'000	**2008 $'000**	**2007** $'000
Fee and Commission Income					
Fees Earned as Administrator – Speirs Securities Limited		**-**	-	**3,542**	3,165
Fees Charged to Customers		**2,983**	2,552	**2,584**	2,504
Total Fee and Commission Income		**2,983**	2,552	**6,126**	5,669
Fee and Commission Expense					
Commission Paid or Payable to Marketing Agents		**4,205**	4,339	**4,205**	4,339
Other Fees Paid or Accured		**437**	832	**70**	444
Total Fee and Commission Expense		**4,642**	5,171	**4,275**	4,783
Net Fee and Commission Income		**(1,659)**	(2,619)	**1,851**	886

10 OTHER INCOME

		Group		Company	
	Notes	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Other Income					
Government Grants		**287**	-	**-**	-
Dividends from Available-for-Sale Equity Securities		**24**	24	**24**	24
Change in Fair Value of Investment Property	19	**(13)**	180	**(13)**	180
Rental Income		**155**	136	**155**	136
Other Income		**21**	69	**423**	69
Total Other Income		**474**	409	**589**	409

11 EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Employee Benefits Expense				
Wages and Salaries	**6,088**	5,822	**6,088**	5,822
Other Personnel Expenses	**539**	486	**504**	486
Total Personnel Expenses	**6,627**	6,308	**6,592**	6,308

12 OTHER EXPENSES

	Group		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Other Expenses				
Fees Paid to Auditors				
Statutory Audit of Financial Statements	**130**	114	**123**	106
Other Assurance Services	**11**	25	**10**	25
Taxation Compliance Services	**52**	113	**52**	113
Impairment of Operating Lease Assets held for re-lease	**215**	1,600	**215**	1,600
Directors Fees	**266**	232	**185**	191
Research	**100**	-	**-**	-
Rental Expenditure	**182**	161	**182**	161
Direct Operating Expenses for Investment Property	**-**	2	**-**	2
Loss on Sale of Assets Leased to Others	**-**	33	**-**	33
Other Expenses	**5,181**	4,243	**4,644**	4,110
Total Other Expenses	**6,137**	6,523	**5,411**	6,341

13 INCOME TAX EXPENSE

	Group		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Tax Expense				
Current Tax	**-**	-	**-**	-
Effect of Change on Future Income Tax Benefit				
due to change in Company Tax Rate	**561**	-	**573**	-
Write Down of Deferred Tax Asset	**1,000**	-	**1000**	-
Deferred Tax	**(504)**	(618)	**(258)**	(991)
Income Tax Expense/(Benefit)	**1,057**	(618)	**1,315**	(991)

	Group			
	2008	**2008**	2007	2007
	%	**$'000**	%	$'000
Reconciliation of Effective Tax Rate				
(Loss)/Profit Before Income Tax		**(2,634)**		(1,949)
	(33.00%)	**(869)**	(33.00%)	(643)
Unrecognised Tax Losses – Speirs Nutritionals Limited	**14.15%**	**373**	3.98%	78
Non-deductible Expenses	**0.30%**	**8**	0.31%	6
Tax Exempt Income	**(0.00%)**	-	(3.02%)	(59)
Effect of change in tax rate to 30 cents in $	**21.29%**	**561**	-	-
Write Down of Deferred Tax Asset	**37.96%**	**1,000**	-	-
Prior Period Adjustments	**(0.59%)**	**(16)**	-	-
	40.11%	**1,057**	(31.73%)	(618)

	Company			
	2008	**2008**	2007	2007
	%	**$'000**	%	$'000
Reconciliation of Effective Tax Rate				
(Loss)Profit Before Income Tax		**(745)**		(2,842)
	(33.00%)	**(246)**	(33.00%)	(938)
Non-deductible Expenses	**1.06%**	**8**	0.21%	6
Tax Exempt Income	-	-	(2.08%)	(59)
Effect of Change in Tax Rate from 33 cents in				
$ to 30 cents in $	**76.77%**	**572**	-	-
Write Down of Deferred Tax Asset	**134.36%**	**1,000**	-	-
Prior Year Adjustment	**(2.72%)**	**(20)**	-	-
	176.66%	**1,315**	(34.87%)	(991)

	Group and Company	
	2008	2007
	$'000	$'000
Income Tax Recognised Directly in Equity		
Distributions made on Perpetual Bonds	**563**	230
Total Income Tax Recognised Directly in Equity	**563**	230

	Group and Company	
	2008 **$'000**	2007 $'000
Imputation Credits		
Imputation Credits at 1 April	**4,508**	4,736
Income Tax Paid	**-**	(111)
Imputation Credits Attached to Dividends Received	**12**	12
Imputation Credits Attached to Dividends Paid	**-**	(129)
Imputation Credits at 31 March	**4,520**	4,508

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

14 EARNINGS PER SHARE

Basic Earnings per Share

The calculation of basic earnings per share at 31 March 2008 was based on the loss attributable to ordinary shareholders of $**(4,383,000)** (2007: $(1,701,000) and a weighted average number of ordinary shares outstanding of **10,834,585** (2007: 10,564,576), calculated as follows:

	Group	
	2008 **$'000**	2007 $'000
Loss Attributable to Ordinary Shareholders		
Loss for the Year	**(3,240)**	(1,233)
Interest Paid on Perpetual Speirs Bonds Classified as Equity, net of tax	**(1,143)**	(468)
Loss for the Year Attributable to Ordinary Shareholders	**(4,383)**	(1,701)

		Group	
		2008 **$'000**	2007 $'000
Weighted Average Number of Ordinary Shares			
Issued Ordinary Shares at 1 April	30	**10,835**	10,295
Effect of Share Options Exercised – 540,000 exercised on 27 September 2006	30	**-**	270
Weighted Average Number of Ordinary Shares at 31 March		**10,835**	10,565

Diluted Earnings per Share

The calculation of diluted earnings per share at 31 March 2008 was based on the profit attributable to ordinary shareholders of $**(4,383,000)** (2007: $(1,701,000) and a weighted average number of ordinary shares outstanding after adjustment of the effects of all dilutive potential ordinary shares of **10,834,585** (2007: 10,834,585), calculated as follows:

		Group	
		2008 **$'000**	2007 $'000
Weighted Average Number of Ordinary Shares (Diluted)			
Weighted Average Number of Ordinary Shares at 31 March (Basic)	30	**10,835**	10,565
Effect of Share Options on Issue	30	**-**	270
Weighted Average Number of Ordinary Shares at 31 March (Diluted)		**10,835**	10,835

The early execise of options in 2007 would have been antidilutive and as a consequence basic and diluted earnings per shares are the same in both years.

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Cash and Cash Equivalents				
Cash at Bank	**4,698**	7,353	**2,391**	1,679
Short Term Deposits – Call	**1**	8,842	**1**	8,842
Short Term Deposits – Less than 90 Days	**3,025**	2,549	**-**	-
Total Cash & Cash Equivalents Available to the Group	**7,724**	18,744	**2,392**	10,521
Cash at Bank Pledged to Others	**402**	382	**402**	382
Total Cash & Cash Equivalents	**8,126**	19,126	**2,794**	10,903

Short term deposits maturing in less than 90 days had an average maturity of 9 days (2007:10 days).

Funds classified as 'Cash at Bank Pledged to Others' are not available for use by the Group. The nature of such restrictions are set out in note 5. All cash and cash equivalents are held in registered banks.

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

	Group		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Cash and Cash Equivalents				
Cash at Bank	**0.00%**	0.00%	**0.00%**	0.00%
Short Term Deposits – Call	**8.25%**	7.50%	**8.25%**	7.50%
Short Term Deposits – Less than 90 Days	**8.78%**	7.68%	**-**	-
Cash at Bank Pledged to Others	**8.25%**	7.50%	**8.25%**	7.50%

16 TRADE AND OTHER RECEIVABLES

Group	**2008**			2007		
	Gross Amount $'000	**Impairment Allowance $'000**	**Carrying Amount $'000**	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000
Trade and Other Receivables						
Trade Receivables	**2,887**	**-**	**2,887**	2,339	-	2,339
GST Refund Due	**76**	**-**	**76**	343	-	343
Total Trade and Other Receivables	**2,963**	**-**	**2,963**	2,682	-	2,682

Company	**2008**			2007		
	Gross Amount $'000	**Impairment Allowance $'000**	**Carrying Amount $'000**	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000
Trade and Other Receivables						
Trade Receivables	**2,438**	-	**2,438**	2,236	-	2,236
GST Refund Due	-	**-**	-	343	-	343
Receivable from Speirs Nutritionals Limited	**313**	-	**313**	-	-	-
Receivable from Speirs Securities Limited	**941**	-	**941**	640	-	640
Total Trade and Other Receivables	**3,692**	-	**3,692**	3,219	-	3,219

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

17 INVENTORIES

	Group		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Inventories				
Raw Materials and Consumables	**528**	407	**469**	407
Finished Goods	**88**	103	**88**	103
	616	510	**557**	510
Inventories stated at Net Realisable Value	**616**	510	**557**	510
Carrying Amount of Inventories Subject to Retention of Title Clauses	**-**	-	**-**	-

18 LOANS AND ADVANCES TO CUSTOMERS

Group and Company	**2008**			2007		
	Gross Amount $'000	**Impairment Allowance $'000**	**Carrying Amount $'000**	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000
Loans and Advances to Customers						
Finance Leases	**157,826**	**(1,063)**	**156,763**	173,868	(1,941)	171,927
Security Agreements	**51,119**	**(435)**	**50,684**	55,675	(555)	55,120
Other Advances	**19,667**	**(139)**	**19,528**	22,542	(176)	22,366
Total	**228,612**	**(1,637)**	**226,975**	252,08	(2,672)	249,413

Loans and advances to customers are carried at amortised cost.

The Group and Company had not acquired any assets through the enforcement of security during the period (2007: $nil).

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

Group and Company	**2008 %**	2007 %
Loans and Advances to Customers		
Finance Leases	**11.95%**	11.82%
Security Agreements	**12.21%**	12.03%
Other Advances	**11.35%**	11.27%

Group	**2008 %**	**2008 $'000**	2007 %	2007 $'000
Loans and Advances to Customers				
Loans and Advances to Customers – non securitised	**12.10%**	**83,355**	11.96%	125,744
Loans and Advances to Customers - securitised	**11.91%**	**143,620**	10.75%	123,669
Total Loans and Advances to Customers	**11.97%**	**226,975**	11.85%	249,413

Company	**2008 %**	**2008 $'000**	2007 %	2007 $'000
Loans and Advances to Customers				
Loans and Advances to Customers – non securitised	**12.10%**	**84,987**	11.96%	125,744
Liability arising on Securitisation of Assets	**11.91%**	**143,620**	10.75%	123,669
Total Loans and Advances to Customers	**12.10%**	**228,607**	11.96%	249,413

With respect to the Company, Total Loans and Advances to Customers includes $**143,620,425** (2007: $123,669,232) of finance receivables whose rights to the future cash flow streams associated with the finance receivables have been sold to Speirs Securities Limited. Accordingly, the Company has no rights to retain the future cash flows associated with these specific finance receivables, and a liability is recorded on the face of the balance sheet to represent the Company's obligation to deliver the future cash flows to Speirs Securities Limited.

Allowances for Impairment

Group and Company	2008				2007			
	Finance Leases $'000	Security Agreements $'000	Other Advances $'000	Total $'000	Finance Leases $'000	Security Agreements $'000	Other Advances $'000	Total $'000
Specific Allowances for Impairment								
Balance at 1 April	**1,124**	**293**	**70**	**1,487**	1,185	1,844	196	3,225
Impairment Loss for the Year								
Charge for the Year	**1,277**	**999**	**91**	**2,367**	1,223	523	44	1,790
Reversal of Specific Allowances for Impairment	**(562)**	**(360)**	**(23)**	**(945)**	(751)	(1,110)	(137)	(1,998)
Recoveries	**(372)**	**(67)**	**(11)**	**(450)**	(184)	(429)	(12)	(625)
Write-offs	**(486)**	**(487)**	**(18)**	**(991)**	(349)	(535)	(21)	(905)
Balance at 31 March	**981**	**378**	**109**	**1,468**	1,124	293	70	1,487
Collective Allowances for Impairment								
Balance at 1 April	**817**	**262**	**106**	**1,185**	611	192	95	898
Charge for the Year	**(735)**	**(205)**	**(76)**	**(1,016)**	206	70	11	287
Balance at 31 March	**82**	**57**	**30**	**169**	817	262	106	1,185
Total Allowances for Impairment	**1,063**	**435**	**139**	**1,637**	1,941	555	176	2,672

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

	Group and Company	
Net Impairment Loss on Financial Assets	**2008 $'000**	2007 $'000
Net Movement in Provision for Specific Impairment	**(19)**	(1,738)
Net Movement in Provision for Collective Impairment	**(1,016)**	288
Bad Debts Written Off	**3,227**	5,220
Bad Debts Recovered	**(142)**	(103)
Total	**2,050**	3,667

Finance Lease Receivables

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

Group and Company	2008 $'000	2007 $'000
Gross Investment in Finance Lease Receivables:		
Less than One Year	**75,620**	70,549
Between One and Five Years	**108,610**	131,340
More than Five Years	-	-
	184,230	201,889
Unearned Future Income on Finance Lease Receivables	**(27,467)**	(29,962)
Net Investment in Finance Leases	**156,763**	171,927
The Net Investment in Finance Lease Receivables Comprises:		
Less than One Year	**60,102**	56,732
Between One and Five Years	**96,661**	115,195
More than Five Years	-	-
	156,763	171,927

Restructured Assets

Loans and advances to customers include the following restructured assets:

Group and Company	2008			2007		
	Gross Amount $'000	**Impairment Allowance $'000**	**Carrying Amount $'000**	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000
	160	**(1)**	**159**	232	(1)	231

19 INVESTMENT PROPERTIES

	Group and Company	
	2008 $'000	2007 $'000
Investment Properties		
Balance at 1 April	**2,094**	1,443
Investments in Investment Properties during year	**19**	471
Change in Fair Value	**(13)**	180
Balance at 31 March	**2,100**	2,094

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

Operating Leases

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

	Group and Company	
	2008 $'000	2007 $'000
Less than One Year	**165**	141
Between One and Five Years	**331**	423
More than Five Years	**-**	-
	496	564

20 DEFERRED INCOME TAX ASSET

Unrecognised Deferred Tax Assets

The Group has a long history of profitable trading. The deferred tax asset recognises the probability that the asset will be recouped from future profitable trading.

The Group has a deferred tax asset of $4,608,451. $1,243,000 has not been recognised. The asset not recognised is composed of tax losses arising from start up costs relating to a subsidiary and other tax losses which would require taxable profit to realise them in excess of that which can be reliably estimated in the medium term.

Unrecognised Deferred Tax Liabilities

All deferred tax liabilities have been recognised. **Recognised Deferred Tax Assets and Liabilities**

Deferred tax assets and liabilities are attributable to the following:

Group	Balance at 1 April 2006 $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Balance at 31 March 2007 $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Effect of Change in Company Tax Rate $'000	Balance at 31 March 2008 $'000
Trade and Other Payables	(152)	16	-	(136)	136	-	-	-
Derivative Financial Instruments	113	72	-	383	(286)	-	(9)	89
Loans and Advances to Customers	(4,859)	217	-	(4,642)	1,100	-	322	(3,220)
Assets Leased to Others	57	23	-	80	(77)	-	-	3
Property, Plant and Equipment	(37)	48	-	11	(69)	-	5	(53)
Intangible Assets	720	(29)	-	691	100	-	(72)	719
Provisions & Allowances	(3)	-	-	(3)	-	-	-	(3)
Other Assets	-	(517)	-	(517)	368	-	14	(135)
Write Down of Deferred Tax Asset	-	-	-	-	1,000	-	-	1,000
Tax Loss Carry-Forwards	-	(738)	(231)	(969)	(1,778)	(563)	301	(3,009)
Net Tax (Assets) / Liabilities	(4,263)	(608)	(231)	(5,102)	495	(563)	561	(4,609)

Company	Balance at 1 April 2006 $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Balance at 31 March 2007 $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Change in Company Tax Rate $'000	Balance at 31 March 2008 $'000
Trade and Other Receivables	(152)	16	-	(136)	136	-	-	-
Loans and Advances to Customers	(4,859)	249	-	(4,610)	1,068	-	322	(3,220)
Assets Leased to Others	57	23	-	80	(77)	-	-	3
Property, Plant and Equipment	(37)	(4)	-	(41)	(29)	-	6	(64)
Intangible Assets	720	(55)	-	665	(59)	-	(55)	551
Provisions & Allowances	(3)	-	-	(3)	-	-	-	(3)
Other Assets	-	(548)	-	(548)	400	-	13	(135)
Write Down of Deferred Tax Asset	-	-	-	-	1,000	-	-	1,000
Tax Loss Carry-Forwards	-	(658)	(231)	(889)	(1,696)	(563)	287	(2,861)
Net Tax (Assets) / Liabilities	(4,274)	(977)	(231)	(5,482)	(743)	(563)	573	(4,729)

All deferred tax assets are considered non current assets and are expected to be realised more than 12 months after balance sheet date.

21 SUBORDINATED DEBT – SECURITISED ASSETS

	Company	
	2008	2007
	$'000	$'000
Subordinated Debt		
Gross Subordinated Debt	**19,175**	15,399
Impairment Allowance	**-**	-
Net Subordinated Debt	**19,175**	15,399

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

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

	Company	
	2008	2007
	%	**%**
Subordinated Debt	**16.00%**	16.00%

22 ASSETS LEASED TO OTHERS

Operating Lease Vehicles Leased to Others

	Group and Company	
	2008	2007
	$'000	$'000
Cost		
Balance at 1 April	**5,800**	3,264
Additions	**2,376**	5,107
Disposals	**(2,302)**	(2,571)
Balance at 31 March	**5,874**	5,800
Depreciation		
Balance at 1 April	**724**	586
Depreciation for the Year	**989**	888
Disposals	**(438)**	(750)
Balance at 31 March	**1,275**	724
Impairment Losses		
Balance at 1 April	**-**	-
Impairment Loss	**-**	-
Balance at 31 March	**-**	-
Carrying Amounts		
At 1 April	**5,706**	2,679
At 31 March	**4,599**	5,076

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

	Group and Company	
	2008	**2007**
	$'000	**$'000**
Less than One Year	**403**	2,060
Between One and Five Years	**4,889**	4,372
More than Five Years	**-**	-
	5,292	6,432

23 PROPERTY, PLANT AND EQUIPMENT

Group	Land	Buildings	Computer Equipment	Vehicles	Other Plant & Equipment	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or Valuation							
Balance at 1 April 2006	80	1,296	1,395	1,692	4,194	144	8,801
Additions	-	223	170	624	167	1332	2,516
Disposals / Transfers	-	-	(66)	(1,207)	(11)	(-)	(1,284)
Balance at 31 March 2007	80	1,519	1,499	1,109	4,350	1,476	10,033
Balance at 1 April 2007	80	1,519	1,499	1,109	4,350	1,476	10,033
Additions	-	810	152	313	2,129	51	3,455
Disposals / Transfers	-	-	(34)	(461)	(10)	(1,429)	(1,934)
Balance at 31 March 2008	80	2,329	1,617	961	6,469	98	11,554
Depreciation and Impairment Losses							
Balance at 1 April 2006	-	80	1,101	447	2,053	-	3,681
Depreciation for the Year	-	41	165	278	385	-	869
Disposals	-	-	(66)	(390)	(3)	-	(459)
Balance at 31 March 2007	-	121	1,200	335	2,435	-	4,091
Balance at 1 April 2007	-	121	1,200	335	2,435	-	4,091
Depreciation for the Year	-	60	159	212	461	-	892
Disposals	-	-	(34)	(120)	(10)	-	(164)
Balance at 31 March 2008	-	181	1,325	427	2,886	-	4,819
Carrying Amounts							
At 1 April 2006	80	1,216	294	1,245	2,141	144	5,120
At 31 March 2007	80	1,398	299	774	1,915	1,476	5,942
At 31 March 2008	80	2,148	292	534	3,583	98	6,735

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

Company	Land	Buildings	Computer Equipment	Vehicles	Other Plant & Equipment	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or Valuation							
Balance at 1 April 2006	80	1,296	1,395	1,692	4,211	144	8,818
Additions	-	223	170	624	150	631	1,798
Disposals / Transfers	-	-	(66)	(1,207)	(11)	(-)	(1,284)
Balance at 31 March 2007	80	1,519	1,499	1,109	4,350	775	9,332
Balance at 1 April 2007	80	1,519	1,499	1,109	4,350	775	9,332
Additions	-	810	149	313	506	50	1,828
Disposals / Transfers	-	-	(34)	(461)	(10)	(727)	(1,232)
Balance at 31 March 2008	80	2,329	1,614	961	4,846	98	9,928
Depreciation and Impairment Losses							
Balance at 1 April 2006	-	80	1,101	447	2,053	-	3,681
Depreciation for the Year	-	41	165	278	385	-	869
Disposals	-	-	(66)	(390)	(3)	-	(459)
Balance at 31 March 2007	-	121	1,200	335	2,435	-	4,091
Balance at 1 April 2007	-	121	1,200	335	2,435	-	4,091
Depreciation for the Year	-	60	159	212	402	-	833
Disposals	-	-	(34)	(120)	(10)	-	(164)
Balance at 31 March 2008	-	181	1,325	427	2,827	-	4,760
Carrying Amounts							
At 1 April 2006	80	1,216	294	1,245	2,158	144	5,137
At 31 March 2007	80	1,398	299	774	1,915	775	5,241
At 31 March 2008	**80**	**2,148**	**289**	**534**	**2,019**	**98**	**5,168**

24 INTANGIBLES

Group	2008			2007		
	Intellectual Property	**Purchased Software**	**Total**	Intellectual Property	Purchased Software	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Cost						
Balance at 1 April	**1050**	**6,230**	**7,280**	-	5,942	5,942
Additions	**312**	**167**	**479**	1,050	301	1,351
Disposals	**-**	**(27)**	**(2)**	-	(13)	(13)
Balance at 31 March	**1,362**	**6,370**	**7,732**	1,050	6,230	7,280
Amortisation and Impairment Losses						
Balance at 1 April	**-**	**3,682**	**3,682**	-	3,232	3,232
Amortisation for the Year		**499**	**499**	-	463	463
Disposals	**-**	**(27)**	**(27)**	-	(13)	(13)
Balance at 31 March		**4,154**	**4,154**	-	3,682	3,682
Carrying Amounts						
At 1 April	**1,050**	**2,548**	**3,598**	-	2,710	2,710
At 31 March	**1,362**	**2,216**	**3,578**	1,050	2,548	3,598

Company	2008			2007		
	Goodwill	**Purchased Software**	**Total**	Goodwill	Purchased Software	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Cost						
Balance at 1 April	**-**	**6,230**	**6,230**	-	5,942	5,942
Additions	**-**	**56**	**56**	-	301	301
Disposals	**-**	**(27)**	**(27)**	-	(13)	(13)
Balance at 31 March	**-**	**6,258**	**6,258**	-	6,230	6,230
Amortisation and Impairment Losses						
Balance at 1 April	**-**	**3,682**	**3,682**	-	3,232	3,232
Amortisation for the Year	**-**	**482**	**482**	-	463	463
Disposals	**-**	**(27)**	**(27)**	-	(13)	(13)
Balance at 31 March	**-**	**4,137**	**4,137**	-	3,682	3,682
Carrying Amounts						
At 1 April	**-**	**2,548**	**2,548**	-	2,710	2,710
At 31 March	**-**	**2,122**	**2,122**	-	2,548	2,548

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

In the previous year the Directors restimated the useful life of the certain IT systems to up to 12 years, to reflect revised expectations. This adjustment had the effect of reducing depreciation by $328,000.

25 OTHER ASSETS

	Group		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Other Assets				
Prepayments	**451**	629	**410**	591
Operating Lease Assets Held for Re-Lease	**1,059**	1,761	**1,059**	1,761
	1,510	2,390	**1,469**	2,352

26 TRADE AND OTHER PAYABLES

	Group		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Trade and Other Payables				
Trade Payables due to Related Parties/Subsidiary Companies	**-**	78	**300**	-
Other Trade Payables	**3,487**	3,586	**3,163**	3,562
Non-Trade Payables and Accrued Expenses	**403**	619	**403**	611
	3,890	4,283	**3,866**	4,173
Current	**3,890**	4,283	**3,866**	4,173
Non-Current	**-**	-	**-**	-
	3,890	4,283	**3,866**	4,173

27 PROVISIONS

Group and Company - The Provision of $10,000 is an allowance for sick pay. There was no movement during the period.

28 SUBSEQUENT EVENTS

There were no material events subsequent to balance date. However, the company has purchased a 40% share in Rosa Foods Limited, costing $500,000. Rosa Foods Limited is a Wellington based food manufacturer providing new products to the supermarket chains.

29 BORROWINGS

	Group		Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Borrowings				
Secured Stock	**102,079**	151,062	**102,079**	151,062
Subordinated Notes	**2,664**	2,741	**2,664**	2,741
Commercial Paper	**129,050**	115,880	**-**	-
CCAF	**6,000**	**-**	**6,000**	**-**
	239,793	269,683	**110,743**	153,803
Current	**126,082**	143,878	**81,172**	106,818
Non-Current	**113,711**	125,805	**29,571**	46,985
	239,793	269,683	**110,743**	153,803

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

	Group		Company	
	2008	2007	**2008**	2007
	%	%	**%**	%
Borrowings				
Secured Stock	**8.90%**	8.23%	**8.90%**	8.23%
Subordinated Notes	**10.39%**	10.00%	**10.39%**	10.00%
Commercial Paper	**7.76%**	7.14%	**-**	-
Committed Cash Advance Facility	**10.30%**	-	**10.30%**	-

The Company's Bank Overdraft facility – Committed Cash Advance Facility (CCAF) was drawn down to $6,000,000 at 31 March 2008 (unused at 31 March 2007), is secured by way of a floating charge over all of the Company's assets and undertakings. This floating charge takes priority over all other borrowings of the Company, but is limited to the amount borrowed from the Bank of New Zealand, (which was limited to $18,940,000 at 31 March 2008 (31 March 2007: $14,000,000)) or $19,183,100 (2007 $19,183,100), whichever is the lesser.

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

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

The Group's Commercial Paper is secured by way of a Security Trust Deed dated 6 March 1998 between the Company, Speirs Securities Limited, Perpetual Trust Limited and a Registered Bank. This represents a fixed and floating charge over all the assets of Speirs Securities Limited.

30 SHARE CAPITAL

Group and Company

	Ordinary Shares	
	2008	2007
	'000	'000
Number of Shares on issue at 1 April	**10,835**	10,295
Issue of Shares – Directors' & Officers' Share Option Scheme	**-**	540
Number of Shares on issue at 31 March	**10,835**	10,835

The total authorised number of ordinary shares is **10,834,576** (2007: 10,834,576) . All issued shares were fully paid and entitled to one vote. There are no preferences or restrictions attached to this class of share.

Dividends

The following dividends were declared and paid by the Group :

	2008	2007
	'000	'000
$0.00 per Qualifying Ordinary Share (2007: $0.03)	**-**	262

Subsequent to 31 March 2008, the Directors proposed that no dividend be paid for 2008.

31 PERPETUAL SPEIRS BONDS

Group and Company

	2008	2007
	'000	'000
Number of Perpetual Speirs Bonds on issue at 1 April	**13,511**	13,383
Issue of Perpetual Speirs Bonds	**14**	128
Redemption of Perpetual Speirs Bonds	**-**	-
Number of Perpetual Speirs Bonds on issue at 31 March	**13,525**	13,511

The total number of Perpetual Speirs Bonds allotted to investors is **13,525,000** (2007: 13,511,000) and were reclassified as Equity on 27 October 2007. The Perpetual Speirs Bonds have a par value of $1.00 per bond (2007: $1.00 per bond). Perpetual Speirs Bonds are issued in perpetuity but may be redeemed by the Company at some future date.

On 27 October 2006 a Special Meeting of Perpetual Speirs Bondholders passed an Extraordinary Resolution authorising Interest to be payable at the discretion of the Directors. Consequent upon the passing of this resolution Speirs Pertpetual Bonds were reclassified from Borrowings to Equity in the Group and Company Balance Sheets.

The interest rate on Perpetual Speirs Bonds is reset annually on the 30th of September at the greater of 10.00% or the one year swap rate plus 4.50%. For the period ended 30 September 2007 the interest rate applicable to Perpetual Speirs Bonds was 12.08%. For the period 1 October 2007 to 30 September 2008 the interest rate applicable to Perpetual Speirs Bonds is 13.16%.

Perpetual Speirs Bonds are Subordinated Debt, as defined in the Composite Trust Deed dated 16 June 1986, and classified as a component of equity for the purposes of financial reporting. It ranks equally with all other Subordinated Debt on issue, including Subordinated Notes, and ranks behind all other liabilities of the Company.

32 RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

	Group		*Company*	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Reconciliation of Profit for the Year to Net Cash from Operating Activities				
Profit/(Loss) for the Year	**(3,691)**	(1,331)	**(2,060)**	(1,851)
Adjustments for Non-Cash Items				
Depreciation	**1,889**	1,757	**1,823**	1,757
Amortisation of Intangible Assets	**498**	463	**482**	463
Bad Debts Written-off	**3,085**	5,220	**3,085**	5,220
Movement in Doubtful Debt Provisions	**(1,035)**	(1,450)	**(1,035)**	(1,450)
Diminution in Operating Lease Assets Held for Re-lease	**215**	1,600	**215**	1,600
Change in Fair Value of Investment Property	**13**	(180)	**13**	(180)
Change in Fair Value of Derivatives	**761**	(1,126)	**-**	-
(Gain) / Loss on Sale of Assets Leased to Others	**-**	33	**-**	33
Taxation benefit of Distributions Made on Perpetual Bonds	**563**	230	**563**	230
Movement in Deferred Tax	**494**	(839)	**753**	(1,208)
	2,792	4,370	**3,839**	4,615
Movement in Other Working Capital Items				
Change in Inventories	**(106)**	4	**(47)**	4
Change in Trade and Other Receivables	**(548)**	107	**(201)**	(242)
Change in Other Assets	**446**	(283)	**523**	69
Change in Loans and Advances to Customers	**20,388**	(17,514)	**18,756**	(17,567)
Change in Assets Leased to Others	**(512)**	(3,336)	**(512)**	(3,336)
Change in Liability Arising on Securitisation of Assets	**-**	-	**19,951**	28,484
Change in Trade and Other Payables	**34**	925	**120**	815
Change in Income Tax Liability	**-**	111	**-**	111
Net Cash From Operating Activities	**22,494**	(15,616)	**42,427**	12,953

33 SHARE-BASED PAYMENTS

On 12 August 1993 the Group established a share option programme that entitled key directors and management personnel to purchase shares in the Company. The programme provided for limited but specified rights to the key personnel to be issued Speirs ordinary shares on the payment by the option holder of $1 per share within an agreed timeframe. The timeframe expired on 30 September 2006.

Options granted under the programme carried no dividend or voting rights.

When exercised, each option was convertible into one ordinary share, and was settled by physical delivery of the shares.

The terms and conditions of options still on issue during the reporting period, and the grant date and the key personnel entitled are:

Grant Date / Key Personnel Entitled	Number of Options Granted	Vesting Conditions	
Option Grant to Donald Patterson Speirs on 16 September 1996	500,000	On payment per share, prior to 30 September 2006, the amount of	$1
Option Grant to David John Speirs on 1 February 1999	40,000	On payment per share, prior to 30 September 2006, the amount of	$1
Total Share Options	**540,000**		

The number and weighted average exercise prices of share options is as follows:

	Weighted Average Exercise Price 2007 $	Number of Options 2007 '000
Outstanding at 1 April 2006	1.00	540,000
Exercised During the Period	1.00	540,000
Outstanding at 31 March 2007	-	-

There are no options outstanding at 31 March 2008.

The weighted average share price at the date of exercise for share options exercised in 2007 was $1.00

Fair Value of Share Options and Employee Expenses

The fair value of the share options (and their subsequent amortisation through the profit or loss) have not being determined due to application of the exemption to NZ IFRS 2 allowed on transition to NZ IFRS for options granted prior to 7 November 2002.

34 RELATED PARTIES

Transactions with Key Management Personnel

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

Loans to Key Management Personnel

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

- Director Robert Speirs. At 31 March 2008 the amount owing was $27,418 (31 March 2007 $35,670);
- General Manager Speirs Finance Phil Herbert. At 31 March 2008 the amount owing was $31,437 (31 March 2007 $44,414)

Key management personnel compensation comprised:

Group and Company	**2008 $'000**	2007 $'000
Short-Term Employee Benefits	**939**	885
Post-Employment Benefits	**-**	-
Termination Benefits	**-**	-
Other Long-Term Benefits	**-**	-
Share-Based Payments	**-**	-
	939	885

Other Transactions with Key Management Personnel

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

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

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

Directors and employees may receive up to an additional 1% bonus on secured stock deposit interest rates.

Other Related Party Transactions

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

The Company holds 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, Donald Speirs, Nelson Speirs and David Speirs, and family trusts of which they are trustees, own 155,833 Ordinary Shares in MMM Holdings Limited, amounting to 19.99% of the ordinary share capital of that Company.

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

	Dividend Interest Rate 2008 $	**Carrying Value 2008 '000**	Dividend Interest Rate 2007 $	Carrying Value 2007 '000
Non-Voting, Redeemable Preference Shares	**16.0%**	**150**	16.00%	150
Consumer Credit Advances Funding Facility	**11.7%**	**6,333**	11.04%	6,585
Floor Plan Advances by way of Secured Debenture	**12.0%**	**950**	11.34%	1,450

In addition, the Company leases real estate to MMM Holdings Limited with a value of **$2,211,546** and a rental yield of **7.00%** p.a.

Shares are included in "Available-for-Sale Investment Securities", the Advances and Consumer Credit Funding is included in "Loans and Advances to Customers" and the leased real estate is included in "Investment Properties".

During the year the Company funded consumer credit paper in the amount of **$6,241,000** (2007: $5,694,392)

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

35 CAPITAL COMMITMENTS AND CONTINGENCIES

Commitments

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

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

Group and Company 2007	Property Rentals $'000	Capital Expenditure $'000	Total $'000
Less than One Year	168	259	427
Between One and Five Years	328	-	328
More than Five Years	-	-	-
	496	259	755

Contingent Liabilities

The Group and Company have no contingent liabilities.

36 INVESTMENT IN SUBSIDIARIES

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

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

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

Speirs Nutritionals Limited has a balance date of 31 March.

The trading results of Speirs Nutritionals have been:

	12 months 31 March 2008 $'000	12 months 31 March 2007 $'000
Loss Before Tax	**(1,129)**	(244)

37 IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in note 2.1, these are the Group's first financial statements prepared in accordance with NZ IFRS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2008, the comparative information presented in these financial statements for the year ended 31 March 2007 and the preparation of the opening balance sheet at 1 April 2006 (the Group's date of transition).

In preparing its opening NZ IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements in accordance with its old basis of accounting (NZ FRS). An explanation of how the transition from NZ FRS to NZ IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Two optional exemptions from full retrospective application to NZ IFRS has been applied. The Group and the Company have elected to apply the "Deemed Cost" exemption in respect of land and buildings. The fair value of these assets was last determined on 8 March 2004 by an independent registered professional valuer. To this has been added the cost of additions since that date. This value, depreciated up until the date of transition to NZ IFRS, will form the revised historical cost of these assets and will be depreciated over their remaining useful lives. The carrying value of these assets was $1,296,800 in both the Group and Company's NZ FRS financial statements for the year ended 31 March 2006.

The Group and company have also taken the exemption to apply NZ IFRS 2 to share based payments with an original grant date prior to 7 November 2002. Details of these options are provided in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of Equity

Group	Notes	1 April 2006 NZ FRS $'000	1 April 2006 Effect of Transition to NZ IFRS $'000	1 April 2006 NZ IFRS $'000	31 March 2007 NZ FRS $'000	31 March 2007 Effect of Transition to NZ IFRS $'000	31 March 2007 NZ IFRS $'000
Assets							
Cash and Cash Equivalents		20,383	-	20,383	19,126	-	19,126
Trade and Other Receivables	a	2,394	52	2,446	2,650	32	2,682
Taxation Refund Due		511	-	511	400	-	400
Inventories	b	612	(98)	514	601	(91)	510
Derivative Financial Instruments	c	-	(77)	(77)	-	1,056	1,056
Available-for-Sale Investment Securities	d	150	-	150	150	-	150
Loans and Advances to Customers	e, f	238,168	(1,326)	236,842	250,979	(1,566)	249,413
Investment Properties		1,443	-	1,443	2,094	-	2,094
Deferred Income Tax Asset	m	3,833	430	4263	4,963	139	5,102
Property, Plant & Equipment	b, h	7,750	(2,630)	5,120	8,398	(2,456)	5,942
Intangibles	h	-	2,728	2,728	1,155	2,443	3,598
Assets Leased to Others	a	2,665	(4)	2,661	5,040	36	5,076
Other Assets		2,156	-	2,156	2,390	-	2,390
Total Assets		280,065	(925)	279,140	297,946	(407)	297,539
Liabilities							
Trade and Other Payables	a	2,916	15	2,931	4,213	70	4,283
Provisions	j	-	10	10	-	10	10
Borrowing		265,426	-	265,426	269,683	-	269,683
Total Liabilities		268,342	25	268,367	273,896	80	273,976
Equity							
Share Capital		11,628	-	11,628	12,168	-	12,168
Perpetual Speirs Bonds		-	-	-	13,511	-	13,511
Other Reserves	g, k	569	(569)	-	749	(749)	-
Retained Earnings	n	(474)	(381)	(855)	(3,123)	305	(2,818)
Minority Interest		-	-	-	745	(43)	702
Total Equity		11,723	(950)	10,773	24,050	(487)	23,563
Total Equity and Liabilities		280,065	(925)	279,140	297,946	(407)	297,539

Company	Notes	1 April 2006 NZ FRS $'000	1 April 2006 Effect of Transition to NZ IFRS $'000	1 April 2006 NZ IFRS $'000	31 March 2007 NZ FRS $'000	31 March 2007 Effect of Transition to NZ IFRS $'000	31 March 2007 NZ IFRS $'000
Assets							
Cash and Cash Equivalents		16,225	-	16,225	10,903	-	10,903
Trade and Other Receivables	a	2,285	52	2,337	3,280	(61)	3,219
Taxation Refund Due		511		511	400	-	400
Inventories	b	612	(98)	514	601	(91)	510
Available-for-Sale Investment Securities	d	150	-	150	150	-	150
Investment in Subsidiary		-	-	-	1,200	-	1,200
Loans and Advances to Customers	e, f	143,321	(1,664)	141,657	127,749	(2,005)	125,744
Loans and Advances to Customers - Securitised	i	-	95,185	95,185	-	123,669	123,669
Liability Arising on Securitisation of Assets	i	-	(95,185)	(95,185)	-	(123,669)	(123,669)
Loans and Advances to Customers	e, f, i	143,321	(1,664)	141,657	127,749	(2,005)	125,744
Investment Properties		1,443	-	1,443	2,094	-	2,094
Deferred Income Tax Asset	m	3,833	441	4,274	4,962	520	5,482
Property, Plant & Equipment	b, h	7,750	(2,630)	5,120	7,698	(2,457)	5,241
Intangibles	h	-	2,728	2,728	-	2,548	2,548
Subordinated Debt - Securitised Assets		10,909	338	11,247	14,959	440	15,399
Assets Leased to Others	a	2,665	(4)	2,661	5,040	36	5,076
Other Assets		2,127	-	2,127	2,352	-	2,352
Total Assets		191,831	(837)	190,994	181,388	(1,070)	180,318
Liabilities							
Trade and Other Payables	a	3,394	14	3,408	4,199	(26)	4,173
Borrowing		176,714	-	176,714	153,803	-	153,803
Provisions	j	-	10	10	-	10	10
Total Liabilities		180,108	24	180,132	158,002	(16)	157,986
Equity							
Share Capital		11,628	-	11,628	12,168	-	12,168
Perpetual Speirs Bonds		-	-	-	13,511	-	13,511
Other Reserves	g, k	569	(569)	-	749	(749)	-
Retained Earnings	n	(474)	(292)	(766)	(3,042)	(305)	(3,347)
Total Equity		11,723	(861)	10,862	23,386	(1,054)	22,332
Total Equity and Liabilities		191,831	(837)	190,994	181,388	(1,070)	180,318

Reconciliation of Profit for 2007

	Notes	Group NZ FRS $'000	Group Effect of Transition to NZ IFRS $'000	Group NZ IFRS $'000	Company NZ FRS $'000	Company Effect of Transition to NZ IFRS $'000	Company NZ IFRS $'000
Interest Income	l	27,730	4,339	32,069	18,041	16,619	34,660
Interest Expense		(20,658)	-	(20,658)	(14,412)	(12,280)	(26,692)
Net Interest Income		7,072	4,339	11,411	3,629	4,339	7,968
Fee and Commission Income	f	2,503	49	2,552	5,620	49	5,669
Fee and Commission Expense	l	(832)	(4,339)	(5,171)	(444)	(4,339)	(4,783)
Net Fee and Commission Income		1,671	(4,290)	(2,619)	5,176	(4,290)	886
Sales of Produce		12,120	-	12,120	12,120	-	12,120
Costs of Goods Sold		(6,955)	-	(6,955)	(6,955)	-	(6,955)
Net Trading Divisions Income		5,165	-	5,165	5,165	-	5,165
Operating Lease Rentals		1,242	-	1,242	1,242	-	1,242
Fair Value Gains / (Losses) on Derivatives	c	-	1,137	1,137	-	-	-
Other Income	g	229	180	409	229	(180)	409
Total Income earned from Financing and Trading Activities		15,379	1,366	16,745	15,441	229	15,670
Net Impairment Loss on Financial Assets	e	(3,379)	(288)	(3,667)	(3,379)	(288)	(3,667)
Employee Benefits Expense		(6,308)	-	(6,308)	(6,308)	-	(6,308)
Operating Lease Expense		25	-	25	25	-	25
Depreciation and Amortisation		(2,221)	-	(2,221)	(2,221)	-	(2,221)
Other Expenses		(6,369)	(154)	(6,523)	(6,293)	(48)	(6,341)
Profit Before Income Tax		(2,873)	924	(1,949)	(2,735)	(107)	(2,842)
Income Tax Expense		899	(281)	618	897	94	991
Profit for the Year		(1,974)	643	(1,331)	(1,838)	(13)	(1,851)
Attributable to:							
Equity Holders of the Company		(1,919)	686	(1,233)	(1,838)	(13)	(1,851)
Minority Interests		(55)	(43)	(98)	-	-	-
		(1,974)	643	(1,331)	(1,838)	(13)	(1,851)
Earnings per Share Attributed to Equity Holders of the Company:		Cents	Cents	Cents	Cents	Cents	Cents
Basic Earnings per Share		(22.59)	6.50	(16.09)	(21.83)	(0.12)	(21.95)
Diluted Earnings per Share		(22.59)	6.50	(16.09)	(21.83)	(0.12)	(21.95)

Explanation of Material Adjustments to the Cash Flow Statement for 2007 (Group and Company)

There were no material differences between the Group's and Company's cash flow statement presented under NZ FRS and the cash flow statement presented under NZ IFRS other than the classification of term deposits with an original maturity of less than 90 days as a cash and cash equivalent.

Notes to the Reconciliation of Equity and Profit

The impact on deferred tax and retained profits of the adjustments is described below in note 'm' and 'n' respectively.

The income statement for FRS has been categorised in accordance with groupings used for NZ IFRS the primary adjustments required by NZ IFRS are:

a) The effect of instalments receivable on Assets Leased to Others that are either paid in advance or are in arrears has been transferred to Trade and Other Receivables or Payables.

b) In accordance with NZ IFRS, spare parts of plant and equipment of material value have been transferred from Inventories to Property, Plant & Equipment. The effect is to decrease Inventories and increase property, plant and equipment, by $98,000 at 1 April 2006 and by $91,000 at 31 March 2007.

c) In accordance with NZ IFRS, derivative financial instruments have been recognised as assets or liabilities at fair value.

The effect is to decrease derivative financial instruments and retained earnings by $77,000 at 1 April 2006 and increase by $1,056,000 at 31 March 2007 and to increase fair value gains / (losses) on derivatives by $1,137,000 for the year ended 31 March 2007.

d) Available-for-sale investment securities are ordinarily recognised at fair value. Unlisted equity investments for which a fair value is not reliably determinable such as the Groups investment in MMM Holdings Limited are held at cost less any accumulated impairment losses.

There was no change in the value of available-for-sale investment securities at either 1 April 2006 or 31 March 2007, nor was their any impact on the profit and loss account.

e) In accordance with NZ IFRS, the collective doubtful debt provisioning methodology has been modified so as to only account for losses within the portfolio that have occurred at balance date, but are yet to be specifically identified at balance date.

In accordance with NZ IFRS individual losses that have been identified but not yet realised have been calculated on the basis of net present value using the loans original effective interest rate applied to the expected future cash flows receivable from each individual loss account, if any.

The aggregate effect is to decrease loans and advances to customers and retained earnings by $357,000 at 1 April 2006 and $646,000 at 31 March 2007 and contribute to the increase of impairment losses of $288,000 for the year ended 31 March 2007.

f) Consistent with NZ IFRS, credit establishment fees and directly attributable incremental costs are capitalised and recognised on a yield to maturity basis over the life of the related advance.

The effect is to decrease loans and advances and retained earnings by $968,000 at 1 April 2006 and $919,000 at 31 March 2007, and to increase fee and commission income by $49,000 for the year ended 31 March 2007.

g) Consistent with NZ IFRS, investment properties have been valued at fair value excluding any deduction for disposal costs. Increase/decrease in fair value is reflected in profit and loss. Under NZ FRS changes in the fair value of investment property was recorded within other reserves.

There is no effect on the value of investment properties. The effect of the change is transfer from reserves to $369,000 at 1 April 2006 and $549,000 at 31 March 2007, and to increase other income by $180,000 for the year ended 31 March 2007.

h) Consistent with NZ IFRS, software has been reclassified from property, plant and equipment to intangible assets

The effect is to decrease property, plant and equipment and increase intangible assets by $2,728,000 at 1 April 2006 and $2,548,000 at 31 March 2007.

In addition $106,000 of development costs capitalised in 2007 were expensed on transition to NZ IFRS.

i) Prior to the adoption of NZ IFRS, finance receivables were derecognised in the books of the parent company on securitisation. Under NZ IFRS the Company the company no longer derecognises the assets and associated interest income. It also establishes a liability to recognise its obligations to pass the future cash flows to Speirs Securities Limited. Further, as a result of the re-recognition of finance receivables within the financial statements of the parent company, the provision for recourse contained within subordinated debt is no longer appropriate.

The effect is to increase loans and advances to customers and liability arising on securitisation of assets by $95,185,000 at 1 April 2006 and $123,699,000 at 31 March 2007, and to increase interest income and unwinding of discount on liability arising on securitisation of assets by $12,280,000 for the year ended 31 March 2007 in the books of the parent company.

j) Consistent with NZ IFRS, the Group has established provisions for all employee benefits that accrue to employees during the course of their employment.

The effect is to increase provisions and decrease retained earnings by $10,000 at 1 April 2006 and $10,000 at 31 March 2007 and to increase employee expenses by $nil for the year ended 31 March 2007.

k) In accordance with exemptions available under NZ IFRS, the Group has chosen to 'deem' that land and buildings independently and professionally valued at 8 March 2004 and recorded at that value plus additions since that date and modified only by subsequent appropriate depreciation, be recorded as the 'historical cost' as at 1 April 2006. Accordingly, Revaluation Reserves have been transferred to Retained Earnings amounting to $200,000 at 1 April 2006 and 31 March 2007.

l) In accordance with NZ IFRS, Interest Income has been adjusted to reflect the interest payable by clients to the Group inclusive of the portion on-paid by the Group to the Group's network of lending agents. This cost is reflected in Fee and Commission Expense, being $4,339,000 for the year ended 31 March 2007.

In accordance with NZ IFRS requirement that securitised receivables be recognised in both the Group and the Parent, Interest Income for the Company has been substantially enhanced by the interest earned on securitised Loans and Advances. Interest Expense for the Company has similarly been increased resulting from the cost of unwinding the discount on securitised assets.

m) The above changes increased / (decreased) the deferred tax asset as follows:

		Group		Company	
	Note	1 April 2006 $'000	31 March 2007 $'000	1 April 2006 $'000	31 March 2007 $'000
Derivative Financial Instruments	3	(11)	(381)	-	-
Loans and Advances to Customers	18	438	517	549	662
Subordinated Debt		-	-	(111)	(145)
Provisions	27	3	3	3	3
Increase in Deferred Tax Asset		430	139	441	520

n) The effect of the above adjustments on retained earnings is as follows:

		Group		Company	
	Note	1 April 2006 $'000	31 March 2007 $'000	1 April 2006 $'000	31 March 2007 $'000
Derivative Financial Instruments	3	(77)	1,056	-	-
Loans and Advances to Customers	18	(1,326)	(1,566)	(1,664)	(2,005)
Provisions	27	(10)	(10)	(10)	(10)
Development Costs written off		-	(64)	-	-
Deferred Tax Asset	20	430	139	441	520
Subordinated Debt		-	-	3384	40
Other Reserves		569	749	569	749
Other immaterial items		33	1	34	1
Increase/(Decrease) in Retained Earnings		(381)	305	(292)	(305)

PRICEWATERHOUSECOOPERS

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Auditors' Report

To the shareholders of Speirs Group Limited

We have audited the financial statements on pages 12 to 62. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 31 March 2008 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 17 to 25.

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 2008 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 judgments made by the Directors in the preparation of the financial statements; and

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

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

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

PRICEWATERHOUSECOOPERS

Auditors' Report
Speirs Group Limited

Fundamental Uncertainty

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

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 62:

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

  (ii) comply with International Financial Reporting Standards; and

  (iii) give a true and fair view of the financial position of the Company and Group as at 31 March 2008 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 16 June and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants | Wellington

Statutory Information

PRINCIPAL ACTIVITIES

Speirs Group Limited operates two commercial divisions:

Speirs Finance – whose principal activity is asset, backed financing

Speirs Foods – whose principal activity is fresh food production and distribution

In addition, the company has a 63% shareholding in Speirs Nutritionals Limited which is engaged in the development and manufacture of Omega-3 emulsion.

DIRECTORS' SHAREHOLDINGS

The number of shares held by Directors of the Company:	Beneficial Holdings	Non-Beneficial Holdings
David Speirs	100,000	171,388
Nelson Speirs	1,072,679	705,489
Linda Robertson	-	-
Robert Speirs	33,787	-
Donald Speirs	1,011,524	642,273
Trevor Roberts	17,600	-
Derek Walker	-	-
Nelson Speirs and Donald Speirs (as Co-Trustees)	-	1,383,145

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

DISCLOSURE OF INTERESTS BY DIRECTORS

Derek Walker

- A director of The Bio Commerce Centre Limited (and subsidiary), a minor shareholder in Speirs Nutritionals Limited.
- A shareholder in Xenos Limited, a minor supplier to Speirs Foods.

DIRECTORS' REMUNERATION

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

Name	Salary/Consultants Fees and Use of Company Motor Vehicle	Directors Fees	Total Remuneration	
Nelson Speirs	$203,000	$Nil	$ 203,000	Non Independent Director
Donald Speirs *	$ 58,000	$ 48,000	$ 106,000	Non Independent Director
Derek Walker	$ Nil	$25,000	$ 25,000	Independent Director
Trevor Roberts	$Nil	$ 40,000	$ 40,000	Independent Director
Robert Speirs	$Nil	$ 30,000	$ 30,000	Non Independent Director
John Wilson **	$Nil	$ 11,667	$ 11,667	Independent Director
Linda Robertson	$Nil	$ 37,500	$ 37,500	Independent Director
David Speirs	$ 220,000	$Nil	$ 220,000	Non Independent Director

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

** John Wilson retired as a director at the annual shareholders' meeting on 31 July 2007.

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

MATERIAL PARTICULARS OF EXECUTIVE DIRECTORS' EMPLOYMENT CONTRACTS

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

Nelson Speirs: Nelson Speirs continues his role as Executive Chairman of the Company. This role is approximately 80% of a full time role. The remuneration payable to Nelson Speirs has been reviewed by the Remuneration Committee. The terms (in brief) of Nelson Speirs' employment contract are as follows:

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

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

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

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

USE OF COMPANY INFORMATION BY DIRECTORS

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

DIRECTORS' LOANS

Robert Speirs borrowed funds from the company in the ordinary course of business to fund the purchase of a motor vehicle. At 31 March 2008 the principal outstanding was $27,418.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

EMPLOYEE REMUNERATION

Remuneration and other benefits exceeding $100,000 paid to employees (other than executive directors) were:

$260,000 - $269,999	1
$150,000 - $159,999	1
$140,000 - $149,999	2
$120,000 - $129,999	2
$110,000 - $119,999	3
$100,000 - $109,999	2

AUDITORS

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

TWENTY LARGEST SHAREHOLDERS AT 31 MAY 2008

	Fully Paid Ordinary Shares	Percentage of Issued Voting Capital
Nelson Speirs *	1,072,679	9.90%
Donald Speirs *	1,011,524	9.34%
AEL Advances Limited	743,400	6.86%
Nelson Speirs, Brian Ogden	705,489	6.51%
Donald Speirs, John Wilson	642,273	5.93%
Nelson Speirs, Donald Speirs	521,222	4.81%
Donald Speirs, Nelson Speirs, John Wilson	421,790	3.89%
Donald Speirs, Nelson Speirs, John Wilson	257,206	2.37%
David Speirs, Rebecca Speirs	171,388	1.58%
N Z Commercial Finance Brokers Limited	139,830	1.29%
M Le Moigne	109,385	1.01%
Nelson Speirs, Donald Speirs	100,000	0.92%
David Speirs *	100,000	0.92%
Nelson Speirs, Donald Speirs and Mary Speirs	82,927	0.77%
M W Speirs	80,727	0.75%
E D Fogarty	78,889	0.73%
E A Wallace	73,787	0.68%
N D Waites	63,000	0.58%
M B Beale	58,667	0.54%
R G Myers	58,459	0.54%
	6,492,642	59.92%

* See note under Directors' shareholdings on page 65

SHAREHOLDER STATISTICS AT 31 MAY 2008

Ordinary Shares	Holders	%	Shares	%
1 to 1,000	61	9.29	40,741	0.38
1,001 to 5,000	343	52.21	900,681	8.31
5,001 to 10,000	118	17.96	956,899	8.83
10,001 to 100,000	124	18.87	3,140,069	28.98
100,001 and over	11	1.67	5,796,186	53.50
	657	100.00	10,834,576	100.00

SUBSTANTIAL SECURITY HOLDERS AT 31 MAY 2008

The following information is provided in compliance with Section 26 of the Securities Markets Act 1988 and is stated as at 31 March 2008. The total number of voting securities of Speirs Group Limited at that date was 10,834,576.

Substantial Security Holder	Number of Shares in Which Relevant Interest is Held	Percentage of Voting Securities
Nelson Speirs	3,161,313	29.18%
Donald Speirs	3,036,942	28.03%
John Wilson	1,391,869	12.85%
Brian Ogden	752,719	6.95%
AEL Advances Limited	743,400	6.86%

20 LARGEST PERPETUAL SPEIRS BONDHOLDERS AT 31 MAY 2008

	Bonds Held	Percentage of Bonds on Issue
B R Mathieson	682,000	5.04%
M H Allan	681,500	5.04%
M J Allan	590,000	4.36%
FNZ Custodians Limited	377,500	2.79%
E M & I W Faulkner	200,000	1.48%
B B Harford	200,000	1.48%
Estate D K Harford	189,000	1.40%
I R Liddington	125,000	0.92%
F H Cockrell, A J Cockrell & J A Fluker	120,000	0.89%
C W Henderson	112,000	0.83%
C A Tapsell	110,000	0.81%
J G Clapham	100,000	0.74%
P M Wilson	100,000	0.74%
G B Goffin	100,000	0.74%
J H Bibby and V C Bibby	100,000	0.74%
P G Edmonds and S M Edmonds	100,000	0.74%
M E Luckin & P E Jones	100,000	0.74%
P J Stevens and W H Stevens	100,000	0.74%
Waiapu Board of Diocesan Trustees Incorporated	100,000	0.74%
Te Whiti Nominees Limited	85,000	0.63%
	4,272,000	31.59%

PERPETUAL SPEIRS BONDHOLDER STATISTICS AT 31 MAY 2008

Perpetual Speirs Bonds	Holders	%	Bonds	%
1,000 to 5,000	285	38.15	996,000	7.36
5,001 to 10,000	179	23.96	1,554,000	11.49
10,001 to 100,000	272	36.41	7,536,500	55.72
100,001 and over	11	1.48	3,439,000	25.43
	748	100.00	13,525,000	100.00

Directory

DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Donald Speirs, *Deputy Chairman*

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

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

Robert Speirs

Linda Robertson, B Com, Dip Bank

EXECUTIVE DIRECTORS

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

David Speirs, *Executive Director*

REGISTERED OFFICE

Level 3, Farmers' Mutual House

55 The Square, Palmerston North

P O Box 400, Palmerston North

Freephone:	0800 654 545
Telephone:	06 350 6000
Facsimile:	06 350 6020

SECURITIES REGISTRAR

Computershare Investor Services Limited

Private Bag 92119

Auckland 1020

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

DIVISIONAL AND BRANCH OFFICES

Speirs Finance Investments

Level 3, Farmers' Mutual House

55 The Square, Palmerston North

P O Box 400, Palmerston North

Telephone:	0800 654 545
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 773 477
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

ADVISORS/SERVICE SUPPLIERS

Auditors

PricewaterhouseCoopers

Solicitors

Chapman Tripp and Gibson Sheat

Bankers

Bank of New Zealand

Trustee for Debt Obligation Holders

Perpetual Trust Limited

AGM Notice

Notice is hereby given that the Annual Meeting of Shareholders of Speirs Group Limited ("the Company") will be held at 4.00 p.m. on Monday, 25 August 2008 at the Speirs Centre, Palmerston North Boys' High School, Featherston Street, Palmerston North.

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

BUSINESS

1 **Annual Report:** To receive and consider the Annual Report for the year ended 31 March 2008, including the financial statements and the auditors' report.

2 **Election of Directors:** To consider and, if thought fit, to elect Directors to the Board of Directors of the Company ("the Board") as Resolutions 1 and 2. In accordance with the Company's constitution Donald Speirs and Linda Robertson retire from the Board by rotation. As they are eligible, they both offer themselves for election. Each of these appointments will be voted on separately.

3 **Directors' Fees:** To consider and, if thought fit, to pass the following Resolution 3 as an ordinary resolution:

"That the maximum total amount of Directors' fees payable annually to all Directors taken together remain at $200,000, such sum to be divided among the Directors as the Directors from time to time deem appropriate."

4 **Reappointment of Auditors:** To record the re-appointment of PricewaterhouseCoopers as Auditors of the Company and to consider and, if thought fit, to pass the following Resolution 4 as an ordinary resolution:

"That the Board be authorised to fix the auditors' fees and expenses from time to time."

5 **Other business:** To transact any other business which may be properly submitted to the Annual Meeting.

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

By order of the Board

Nelson Speirs

Nelson Speirs, *Executive Chairman*

Palmerston North, New Zealand

16 June 2008

NOTES

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

2 **Voting Exclusions:** In accordance with the NZAX Listing Rules, none of the Directors who will be entitled to be paid Directors' fees, or any of their Associated Persons, may vote on Resolution 3. That voting prohibition will not prevent a person who is disqualified from voting, who has been appointed as a proxy or voting representative by another person who is not disqualified from voting under the NZAX Listing Rules, from voting in respect of the securities held by that other person in accordance with the express instructions (excluding to exercise discretion on how to vote) of that other person.

3 **Proxies:** A Shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote on the Shareholder's behalf. A proxy need not be a Shareholder of the Company. If you wish you may appoint as your proxy the Chairman of the meeting. A proxy form is enclosed for each Ordinary Shareholder. Proxy forms, to be effective, must be received at the Registered Office of the Company, together with the Power of Attorney or other authority under which they are signed (if any), not later than 48 hours before the time of the meeting. The meeting will be held at 4pm on Monday 25 August 2008.

The Registered Office of the Company is on Level 3, Farmers' Mutual House, 55 The Square, Palmerston North (P O Box 400).

4 **Resolution Requirements:** An ordinary resolution is a resolution passed by a simple majority of votes of Shareholders who are entitled to vote at the Annual Meeting and who exercise their right to vote.

5 **Speirs Bondholders:** Speirs Bond holders are welcome to attend the Annual Meeting as non-voting participants.

EXPLANATORY NOTES

Election of directors - resolutions 1 and 2

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

Linda Robertson, B Com, Dip Bank, CTP, M Inst D, GAICD

Linda was appointed as a Director by the Board in November 2006.

With over 22 years experience in the New Zealand financial sector incorporating a breadth of experience in the financial and capital markets, Linda has gained broad financial and managerial experience at a senior level. She has extensive management experience in corporate finance, capital markets, treasury and risk management.

Linda also has previous governance experience having been a director of New Zealand Post, Chairman of the Finance and Risk Committee for New Zealand Post, Chairman of the New Zealand Post Pension Plan and was also a Director of Kiwi Bank. She is currently a Director of Catalyst Risk Management Limited and Nature Unplugged Limited.

Linda has a Post Graduate Diploma in Banking from Massey University and a Bachelor of Commerce from the University of Canterbury. She is a member of the New Zealand Institute of Directors, a Graduate Member of the Australian Institute of Company Directors, a member of the Australian Compliance Institute and a member of the Institute of Finance Professionals New Zealand.

Linda is currently Group Treasurer of Meridian Energy Limited.

Donald Speirs

Donald Speirs is a joint founder of the Company, and has been a director of the Company since its inception in 1966. He is experienced in both the Finance and Food industries. Donald Speirs' role is primarily related to corporate governance matters, as well as strategy planning and development and on-going consulting with senior management in both Speirs Finance and Speirs Foods.