

SPEIRS GROUP LIMITED
REPORT TO SHAREHOLDERS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2019

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Directors' Commentary

Overview

The first six months of the 2019/20 financial year produced an overall group profit of \$149,000 compared to a loss of \$199,000 for the previous corresponding period, an improvement of \$348,000. The major contribution to this profit was an increased profit from Speirs Foods (2018) LP. The profit attributable to Speirs Group shareholders, after allowing for the profit attributable to the non-controlling interest in Speirs Foods (2018) LP was \$49,000, compared to a loss of \$225,000 in the previous period, an improvement of \$274,000.

Profitability

The contributions to the overall profit after tax of \$149,000 can be summarised as:

	Six Months 31 December 2019 \$000	Six Months 31 December 2018 \$000
Speirs Foods/Speirs Foods (2018) LP trading profit before interest	418	148
Corporate Income	116	61
Formation Costs of Speirs Foods (2018) LP	-	(109)
Net corporate governance costs	(159)	(113)
Net financing costs	(173)	(168)
Depreciation expense of Speirs Foods Limited in relation to acting as landlord for Speirs Foods (2018) LP	(53)	(18)
Total Profit	149	(199)
Profit attributable to non-controlling Interest	(100)	(26)
Overall profit attributable to ordinary shareholders of Speirs Group Limited	49	(225)

The information appearing in the above table contains non-GAAP (Generally Accepted Accounting Practice) financial information. Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The financial information in the reconciliation table above is extracted from the unaudited financial statements. The directors believe that this non-GAAP financial information is useful for readers of the financial statements as it provides a clear and concise comparative summary of the performance of each of our core activities and investments. Management use similar measures to monitor consolidated financial performance.

Details from each of our core activities and investments are outlined below.

Speirs Foods

The Speirs Foods trading profit attributed to the group before interest for the six-month period was \$418,000 compared to \$148,000 in the corresponding period in the previous year. Revenue was \$9.038 million compared to \$7.921 million in the previous period, an increase of 14%. New products under the "The Whole Mix" brand contributed significantly to the increased revenue and profitability. The Foods business continues to evolve its product line to keep at the forefront of the fresh foods business.

Rosa Foods

Speirs Group sold its 40% shareholding in Rosa Foods Limited in April 2018. The group continues to receive payments under the portion of deferred settlement as they fall due.

Equipment Leasing and Finance Holdings Limited (EL&F)

Speirs Group Limited) holds 1.99% of the equity plus 0.29% preference shares in the diversified finance, leasing, heavy equipment and truck business Equipment, Leasing & Finance Holdings Limited("EL&F").

No adjustment has been made to the Group's carrying value of the investment for the six months ended 31 December 2019.

Dividend

The focus on capital management is to use profit and cash from any divestments to reduce debt within the Group as quickly as possible. The directors have thus decided to not pay an interim dividend for the period.

Outlook

The present focus of the Group is to maximise and grow the value of our remaining two core investments, Speirs Foods, and EL&F, and continuing to strengthen our balance sheet by reducing debt.

For and on behalf of the Directors,

Derek Walker
Chairman of Directors
Speirs Group Limited

29 January 2020

Consolidated Financial Statements

Throughout this interim report, the Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income, and Consolidated Statement of Cash Flows referring to:

- The six month period ended, and as at, 31 December 2019 are unaudited;
- The consolidated financial statements for the year ended, and as at, 30 June 2019 have been audited; and
- The six month period ended, and as at, 31 December 2018 are unaudited.

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	31 December 2019 \$'000	30 June 2019 \$'000	31 December 2018 \$'000
Assets				
Current Assets				
Cash and Cash Equivalents	9	191	251	568
Prepayments		125	18	148
Loans, Advances and Investments	12	675	550	225
Assets Held for Resale		50	50	-
Trade and Other Receivables	10	2,346	1,595	2,065
Inventories	11	1,185	682	858
Total Current Assets		4,572	3,146	3,864
Non-Current Assets				
Investment in Associates		-	8	8
Loans, Advances and Investments	12	2,897	3,094	2,975
Deferred Income Tax Asset		409	409	409
Property, Plant & Equipment		1,987	1,953	2,261
Right of Use Assets		245	-	-
Intangible Assets		111	126	117
Total Non-Current Assets		5,649	5,590	5,770
Total Assets		10,221	8,736	9,634
Liabilities				
Current Liabilities				
Borrowings	14	710	602	1,215
Trade and Other Payables	13	2,565	1,469	2,064
Total Current Liabilities		3,275	2,071	3,279
Non-Current Liabilities				
Borrowings	14	2,668	2,505	2,505
Total Non-Current Liabilities		2,668	2,505	2,505
Total Liabilities		5,943	4,576	5,784
Equity				
Contributed Capital	15	12,925	12,925	12,925
Accumulated Deficits		(9,167)	(9,185)	(9,472)
Equity Attributable to Owners of the Parent		3,758	3,740	3,453
Non-Controlling Interest		520	420	397
Total Equity		4,278	4,160	3,850
Total Equity and Liabilities		10,221	8,736	9,634

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2019

		6 months	12 months	6 months
		31 December	30 June	31 December
		2019	2019	2018
	Notes	\$'000	\$'000	\$'000
Revenue	21	9,034	16,081	7,910
<i>Purchases of Raw Materials</i>		(3,529)	(6,717)	(3,323)
<i>Employee Benefits Expense</i>		(2,497)	(4,610)	(2,272)
<i>Freight, Packaging & Other</i>		(1,890)	(3,025)	(1,524)
Net Trading Income		1,118	1,729	791
Other Income	5	-	112	6
Total Net Income Earned from Operating Activities		1,118	1,841	797
Fair Value Adjustment on Fair Value Through Profit or Loss				
Financial Assets	12	-	344	-
Other Expenses	6	(619)	(1,429)	(680)
Earnings Before Interest, Depreciation and Amortisation		499	756	117
<i>Interest Income</i>		34	79	39
<i>Interest Expense</i>		(207)	(402)	(207)
Net Interest Expense	7	(173)	(323)	(168)
Depreciation and Amortisation		(177)	(292)	(148)
Profit/(Loss) Before Income Tax		149	141	(199)
Income Tax (Expense)/ Benefit		-	-	-
Profit/(Loss) After Income Tax		149	141	(199)
Other Comprehensive Income		-	-	-
Total Comprehensive Income/(Loss)		149	141	(199)
Total Comprehensive Income/(Loss) for the Period				
Attributable to:				
Owners of Speirs Group Limited		49	92	(225)
Non-Controlling Interest		100	49	26
		149	141	(199)
Total Earnings/(Loss) per Share Attributed to Equity Holders of the Company:				
Basic Profit/(Loss) per Share (c/share)	8	0.15	0.27	(2.26)
Diluted Profit/(Loss) per Share (c/share)	8	0.15	0.27	(2.26)

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2019

	Contributed Capital \$'000	Accumulated Deficits \$'000	Total Attributable to Owners of the Parent \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
Balance at 1 July 2019	12,925	(9,185)	3,740	420	4,160
Comprehensive Income					
Profit for the Period	-	49	49	100	149
Total Comprehensive Income	-	49	49	100	149
Transactions with Owners in Their Capacity as Owners					
Dividends on Perpetual Preference Shares	-	(31)	(31)	-	(31)
Total Transactions with Owners	-	(31)	(31)	-	(31)
Balance at 31 December 2019	12,925	(9,167)	3,758	520	4,278

For the year ended 30 June 2019

	Contributed Capital \$'000	Accumulated Deficits \$'000	Total Attributable to Owners of the Parent \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
Balance at 1 July 2018	12,925	(9,498)	3,427	-	3,427
Comprehensive Income					
Profit for the Year	-	92	92	49	141
Total Comprehensive Income	-	92	92	49	141
Transactions with Owners in Their Capacity as Owners					
Transactions with Non- Controlling Interests	-	282	282	371	653
Dividends on Perpetual Preference Shares	-	(61)	(61)	-	(61)
Total Transactions with Owners	-	221	221	371	592
Balance at 30 June 2019	12,925	(9,185)	3,740	420	4,160

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2018

	Contributed Capital \$'000	Accumulated Deficits \$'000	Total Attributable to Owners of the Parent \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
Balance at 30 June 2018	12,925	(9,498)	3,427	-	3,427
Comprehensive Income					
Profit for the Period	-	(225)	(225)	26	(199)
Total Comprehensive Income	-	(225)	(225)	26	(199)
Transactions with Owners in Their Capacity as Owners					
Transactions with Non- Controlling Interests	-	282	282	371	653
Dividends on Perpetual Preference Shares	-	(31)	(31)	-	(31)
Distributions	-	-	-	-	-
Total Transactions with Owners	-	251	251	371	622
Balance at 31 December 2018	12,925	(9,472)	3,453	397	3,850

Consolidated Statement of Cash Flows

For the six months ended 31 December 2019

	6 months 31 December 2019 \$'000	12 months 30 June 2019 \$'000	6 months 31 December 2018 \$'000
Cash Flows from Operating Activities			
Interest Received	34	79	39
Dividends Received	-	225	-
Cash Receipts from Customers	8,282	15,937	7,299
Other Income	-	112	6
Dividends Paid on Redeemable Preference Shares	(112)	(225)	(112)
Interest Expense	(95)	(177)	(95)
Cash Paid to Suppliers and Employees	(8,048)	(15,458)	(7,327)
Net Cash from Operating Activities	61	493	(190)
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Cash Flows from Investing Activities			
Distributions Received – Associate Entities	8	-	-
Proceeds from Non – Controlling Interest	-	326	326
Repayment of Loans	197	130	130
Investment in Short Term Bank Deposits - Net	(125)	(325)	-
Acquisition of Intangibles	-	(40)	(17)
Acquisition of Property, Plant & Equipment	(158)	(96)	(87)
Net Cash Flows from Investing Activities	(78)	(5)	352
Cash Flows from Financing Activities			
Proceeds from Borrowings - Net	-	-	315
Repayments of Borrowings - Net	(12)	(303)	(5)
Dividends Paid on Perpetual Preference Shares	(31)	(61)	(31)
Net Cash Flows from Financing Activities	(43)	(364)	279
Net Increase / (Decrease) in Cash and Cash Equivalents	(60)	124	441
Cash and Cash Equivalents at Beginning of Period	251	127	127
Cash and Cash Equivalents at Period End	191	251	568
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Notes to the Financial Statements

1. General Information

Speirs Group Limited operates as a holding company.

- Speirs Foods Limited is a wholly owned subsidiary of Speirs Group Limited and was involved (until 1 November 2018) in the production and distribution of fresh food products. On 1 November 2018 it sold its operating activities and assets (with the principal exception of land and buildings) to Speirs Foods (2018) LP. From 1 November 2018 the company principally operates as a landlord to Speirs Foods (2018) LP.
- Speirs Foods (2018) LP is a 67% majority owned subsidiary of Speirs Group Limited and is involved (from 1 November 2018) in the production and distribution of fresh food products. On 1 November 2018 it acquired the operating activities and assets (with the principal exception of land and buildings) from Speirs Foods Limited
- Speirs Investments LP is a wholly owned subsidiary of Speirs Group Limited which holds a 2.27% investment in Equipment, Leasing & Finance Holdings Limited.

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

Speirs Group Limited has its ordinary shares listed the Unlisted Securities Exchange trading platform.

2. Significant Accounting Policies

With one exception the principal accounting policies applied in the preparation of these consolidated financial statements are the same as those applied for the year ended 30 June 2019. Please refer to the annual report for the year ended 30 June 2019 on the company's website at www.speirs.co.nz for full disclosure of the applicable significant accounting policies applied in relation to the preparation of these interim financial statements.

The only change to the significant accounting policies relates to the implementation of NZ IFRS 16 Leases adopted by the Group on 1 July 2019.

NZ IFRS 16 Leases

NZ IFRS 16 replaced NZ IAS 17 'Leases' and three related interpretations. It completed the IASB's long-running project to overhaul lease accounting. Leases are now recorded in the Statement of Financial Position in the form of a right-of-use asset and an associated lease liability. NZ IFRS 16 is effective for periods beginning on or after 1 January 2019.

The Group adopted NZ IFRS 16 on 1 July 2019 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying NZ IFRS 16 was recognised as an adjustment to assets and liabilities at the date of initial application. Comparative information was not restated.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right of use assets but to account for the lease expense on a straight line basis over the remaining lease term.

On transition to NZIFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under NZIFRS 16 was 9.00%.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019.

	\$'000
Total operating lease commitments disclosed at 30 June 2019	206
Discounted using incremental borrowing rate	(29)
Total lease liabilities recognised under NZIFRS 16 at 1 July 2019	177

These interim financial statements are presented in accordance with NZ IAS 34 Interim Financial Reporting.

3. Estimates and Judgements

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.

Judgement has been exercised in:

Partial Recognition of a Future Income Tax Benefit

The Group has partially recognised the portion of accumulated tax losses to the extent it is probable that a taxable profit will be available against which to utilise the tax losses. The remaining benefit of tax losses and temporary differences continue to be treated as an unrecognised asset.

Measurement of Fair Value for Equipment Leasing and Finance Holdings

The Group's accounting policies and disclosures for the Investment in Equipment, Leasing & Finance Holdings Limited (EL&F) require the measurement of fair values. For further information about the assumptions made in measuring the fair value of EL&F refer to note 12.

There are no other significant accounting estimates and assumptions deemed critical to the Group's results and financial position.

4. Segment Reporting

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

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

A summarised description of each business unit is shown below:

<i>Speirs Foods</i>	The supply of salad and fresh cut vegetables to retailers and caterers. This segment includes the trading operations of Speirs Foods Limited to 1 November 2018 and Speirs Foods (2018) LP from 1 November 2018. At 31 December 2019 and 2018 as well as at 30 June 2019 the "Speirs Foods" segment assets and liabilities are those of Speirs Foods (2018) LP.
<i>Corporate</i>	The Group has some central operations and corporate costs which are not allocated to business segments. This includes the operations of Speirs Investments LP. From 1 November 2018 Speirs Foods Limited's rental income from Speirs Foods (2018) LP has been included in "Corporate" income and as at 31 December 2019 and 2018, as well as at 30 June 2019 the assets and liabilities of Speirs Foods Limited are now classified as "Corporate" assets and liabilities given that Speirs Foods future role is effectively that of landlord to Speirs Foods (2018) LP.

The Group operates wholly within New Zealand.

Group 6 months 31 December 2019	<i>Speirs Foods</i> \$'000	<i>Corporate</i> \$'000	<i>Consolidation</i> <i>Adjustments</i> \$'000	<i>Consolidated</i> \$'000
External Revenue				
Interest Income	4	34	(4)	34
Revenue	9,034	-	-	9,034
Other Income	-	-	-	-
Intersegment Revenue/(Eliminations)	-	116	(116)	-
Total Segment Revenue/(Eliminations)	9,038	150	(120)	9,068
Interest Expense	(127)	(112)	32	(207)
Overall Segment Result	291	(154)	12	149
Income Tax Expense				-
Loss for the 6 Month Period				149
Segment Assets	6,893	7,101	(3,773)	10,221
Segment Liabilities	4,070	2,534	(661)	5,943
Depreciation and Amortisation	124	53	-	177
Capital Expenditure	149	9	-	158

The Group receives Trading Income from two customers who account for 98% of total Segment Revenue

Group 12 months June 2019

	<i>Speirs Foods</i> <i>\$'000</i>	<i>Corporate</i> <i>\$'000</i>	<i>Consolidation</i> <i>Adjustments</i> <i>\$'000</i>	<i>Consolidated</i> <i>\$'000</i>
External Revenue				
Interest Income	12	79	(12)	79
Revenue	16,081	-	-	16,081
Other Income	180	1,022	(746)	456
Intersegment Revenue / (Eliminations)	(154)	(604)	758	-
Total Segment Revenue	16,119	497	-	16,616
Interest Expense	(189)	(225)	12	(402)
Overall Segment Result	242	319	(420)	141
Income Tax Benefit/(Expense)				-
Profit for the Year				141
Segment Assets	4,884	7,310	(3,458)	8,736
Segment Liabilities	2,214	2,558	(196)	4,576
Depreciation and Amortisation	221	71	-	292
Capital Expenditure	289	-	-	289

The Group receives Trading Income from two customers who account for 99% of total Segment Revenue.

Group 6 months 31 December 2018

	<i>Speirs Foods</i> <i>\$'000</i>	<i>Corporate</i> <i>\$'000</i>	<i>Consolidation</i> <i>Adjustments</i> <i>\$'000</i>	<i>Consolidated</i> <i>\$'000</i>
External Revenue				
Interest Income	5	34	-	39
Revenue	7,910	-	-	7,910
Other Income	6	-	-	6
Intersegment Revenue/(Eliminations)	-	181	(181)	-
Total Segment Revenue/(Eliminations)	7,921	215	(181)	7,955
Interest Expense	(99)	(113)	5	(207)
Overall Segment Result	(60)	42	(181)	(199)
Income Tax Expense				-
Loss for the 6 Month Period				(199)
Segment Assets	6,162	11,398	(7,926)	9,634
Segment Liabilities	3,450	2,883	(549)	5,784
Depreciation and Amortisation	148	-	-	148
Capital Expenditure	87	-	-	87

The Group receives Trading Income from two customers who account for 99% of total Segment Revenue.

5. Other Income

	<i>6 months</i> <i>31 December</i> <i>2019</i> <i>\$'000</i>	<i>12 months</i> <i>30 June</i> <i>2019</i> <i>\$'000</i>	<i>6 months</i> <i>31 December</i> <i>2018</i> <i>\$'000</i>
Bad Debt Recoveries	-	4	6
Other Income	-	108	-
Total Other Income	-	112	6

6. Other Expenses

	<i>6 months</i> <i>31 December</i> <i>2019</i> <i>\$'000</i>	<i>12 months</i> <i>30 June</i> <i>2019</i> <i>\$'000</i>	<i>6 months</i> <i>31 December</i> <i>2018</i> <i>\$'000</i>
Fees Paid to Auditors			
Statutory Audit of Financial Statements	28	57	26
Other Services	-	4	4
Directors Fees - Parent	37	73	37
Directors Fees - Subsidiaries	12	26	13
Establishment Costs of Speirs Foods (2018) LP	-	109	109
Bad Debts Written Off	1	3	-
Impairment of Assets Held for Resale	-	165	-
Loss on Disposal of Property, Plant and Equipment	-	20	-
Insurance	91	125	62
Other Expenses	450	847	429
Total Other Expenses	619	1,429	680

7. Net Interest Expense

	<i>6 months</i> <i>31 December</i> <i>2019</i> <i>\$'000</i>	<i>12 months</i> <i>30 June</i> <i>2019</i> <i>\$'000</i>	<i>6 months</i> <i>31 December</i> <i>2018</i> <i>\$'000</i>
Interest Income			
Cash and Cash Equivalents	7	5	-
Loans and Advances	27	74	39
Total Interest Income	34	79	39
Interest Expense			
Borrowings			
2021 Redeemable Preference Shares - Dividend	112	225	112
Mortgage	-	2	2
Leases	11	-	-
Debtor Financing	80	170	90
On all other borrowings	4	5	3
Total Interest Expense	(207)	(402)	(207)
Net Interest Expense	(173)	(323)	(168)

8. Earnings/ (Loss) per Share

	<i>6 months</i> <i>31 December</i> <i>2019</i> <i>\$'000</i>	<i>12 months</i> <i>30 June</i> <i>2019</i> <i>\$'000</i>	<i>6 months</i> <i>31 December</i> <i>2018</i> <i>\$'000</i>
Basic and Diluted Profit/(Loss) per Share			
Profit/(Loss) Attributable to Ordinary Shareholders			
Profit/(Loss) for the Period	49	92	(225)
Dividends Paid on Perpetual Preference Shares	(31)	(61)	(31)
Profit/(Loss) for the Period Attributable to Ordinary Shareholders	18	31	(256)
Weighted Average Number of Ordinary Shares			
Issued Ordinary Shares at beginning of period	11,335	11,335	11,335
Issued Ordinary Shares at end of period	11,335	11,335	11,335
Weighted Average Number of Ordinary Shares at Period End	11,335	11,335	11,335
Total Earnings/(Loss) per Share Attributed to Equity Holders of the Company:			
Basic Profit/(Loss) per Share (c/share)	0.15	0.27	(2.26)
Diluted Profit/(Loss) per Share (c/share)	0.15	0.27	(2.26)

9. Cash and Cash Equivalents

	31 December 2019	30 June 2019	31 December 2018
	\$'000	\$'000	\$'000
Cash at Bank	102	71	263
Short Term Deposits – Call	19	35	55
Short Term Deposits – Up to 90 days	70	145	250
Total Cash & Cash Equivalents	191	251	568

All cash and cash equivalents are held in registered banks. The Group has no overdraft facilities.

10. Trade and Other Receivables

31 December 2019

	Gross Amount \$'000	Allowance for Expected Credit Losses \$'000	Carrying Amount \$'000
Trade and Other Receivables			
Trade Receivables	2,346	-	2,346
Total Trade and Other Receivables	2,346	-	2,346

30 June 2019

	Gross Amount \$'000	Allowance for Expected Credit Losses \$'000	Carrying Amount \$'000
Trade and Other Receivables			
Trade Receivables	1,595	-	1,595
Total Trade and Other Receivables	1,595	-	1,595

31 December 2018

	Gross Amount \$'000	Allowance for Expected Credit Losses \$'000	Carrying Amount \$'000
Trade and Other Receivables			
Trade Receivables	2,065	-	2,065
Total Trade and Other Receivables	2,065	-	2,065

11. Inventories

	31 December 2019	30 June 2019	31 December 2018
	\$'000	\$'000	\$'000
Inventories			
Raw Materials and Consumables	1,042	623	739
Finished Goods	143	59	119
Total	1,185	682	858

No inventory is subject to retention of title clauses.

12. Loans, Advances and Investments

	31 December 2019 \$'000	30 June 2019 \$'000	31 December 2018 \$'000
Debt Owing – Rosa Foods Limited	434	434	434
Dividend Owing – Rosa Foods Limited	16	16	241
Debt Owing – Kane Investments Limited	-	197	197
Investment in Equipment, Leasing & Finance Holdings Limited Ordinary Shares	2,328	2,328	2,328
Investment in Equipment, Leasing & Finance Holdings Limited Preference Shares	344	344	344
Short Term Deposits - BNZ	450	325	-
	3,572	3,644	3,544
Provision for Impairment	-	-	(344)
Carrying Value	3,572	3,644	3,200
Current	675	550	225
Non Current	2,897	3,094	2,975
Total	3,572	3,644	3,200

Debt Owing and Dividend Owing – Rosa Foods Limited

As a result of a transaction during the year ended 30 June 2018 Speirs Group Limited received \$434,000 of interest bearing debt and \$241,000 of unpaid ordinary dividends (totalling \$675,000). This debt and unpaid dividends carry a fixed interest rate of 10.00% per annum with the interest payable in arrears on the last business day of each quarter. A scheduled principal repayment of \$225,000 was received on 29 March 2019. At 31 December 2019 the debt and unpaid dividends have scheduled principal repayments of \$225,000 per annum (payable in March 2020 and 2021) although the borrower can partially or fully repay the amounts due early with no penalty being incurred. Both the debt and unpaid dividends are secured by a first ranking charge over all of the ordinary shares on issue in Rosa Foods Limited as well as personal guarantees from the ultimate owners of Rosa Foods Limited.

Debt Owing – Kane Investments Limited

As a result of a transaction during the year ended 30 June 2019 Speirs Foods (2018) LP received \$326,500 of interest bearing debt. The debt carried a fixed interest rate of 8.50% per annum with the interest payable in arrears on the last business day of each quarter. On 21 December 2018 Kane Investments Limited made a voluntary early repayment of \$130,000 leaving a balance owing of \$196,500. On 4 October 2019 Kane Investments Limited made a further and final voluntary early repayment of \$196,500 leaving a balance owing of \$Nil. The borrower had the right to partially or fully repay the amounts due early with no penalty being incurred. The debt was secured by a first ranking charge over all of the assets of Speirs Foods (2018) LP.

Investment in Equipment, Leasing & Finance Holdings Limited Ordinary Shares

On 30 September 2016 a series of transactions saw Speirs Investments Limited Partnership's investment in Advaro convert to being a 2.38% ordinary shareholding in a new entity named Equipment, Leasing & Finance Holdings Limited ("EL&F"). As part of the 30 September 2016 transaction Speirs Investments LP lost the right to appoint a director to the Board of EL&F. For this reason, and given the minority shareholding held by Speirs Investments LP, the investment in EL&F ceased to be an associate entity from 30 September 2016. After that date it is held as a "Fair Value Through Profit or Loss Financial Asset". Subsequent minor share issues by EL&F have seen the investment reduce to 1.98% ordinary shareholder of EL&F. The directors' assessment of the value for this investment is based upon the most recent market transaction and an issue of additional equity during the years ended 30 June 2018 and 2019 as well as an assessment of actual and budgeted earnings multiples for EL&F. The directors consider this valuation approach to represent the fair value of Speirs' 1.98% shareholding in EL&F. Speirs Investments LP holds 1,551,872 (30 June 2019: 1,551,872; 31 December 2018: 1,551,872) ordinary shares in EL&F. The total number of shares on issue in EL&F are 78,264,666 (30 June 2019: 78,264,666; 31 December 2018: 77,989,666).

Investment in Equipment, Leasing & Finance Holdings Limited Preference Shares

On 30 September 2016, in addition to being issued ordinary shares in EL&F, Speirs Investments LP was issued 229,358 preference shares in EL&F. These preference shares can be clawed back by EL&F to cover any additional bad and doubtful debts incurred by EL&F in relation to the receivables ledger that EL&F acquired from Advaro Financial Services Limited as at 30 September 2016 beyond the bad and doubtful debts provisioning held by Advaro as at 30 September 2016. These preference shares are at risk until 30 September 2021. If there is no clawback required the preference shares will be issued to the preference shareholders as ordinary shares in EL&F on a one for one basis. At 31 December 2018 as these shares were at risk for such a period of time such that the recoverability of the carrying amount could not be practicably assessed, the directors decided to fully impair these preference shares as at 31 December 2018.

During the second half of the 2019 financial year the cumulative cash collections since 30 September 2016 have allowed Advaro to assess that the current provision for doubtful debts is sufficient to meet future likely write offs and that no clawback would be necessary. As there is now no risk of future clawback the directors assessed that the fair value of the preference shares at 31 December 2019 and 30 June 2019 should be \$1.50 per share, which is the same value as the existing EL&F ordinary shares at 31 December 2019 and 30 June 2019.

Speirs Investments LP holds 229,358 (30 June 2019: 229,358; 31 December 2018: 229,358) preference shares in EL&F. The total number of shares on issue in EL&F are 78,264,666 (30 June 2019: 78,264,666; 31 December 2018: 77,989,666).

Reconciliation – Six Months Ended 31 December 2019

	Ordinary Shares	Preference Shares	Total
	\$'000	\$'000	\$'000
Investment in Equipment, Leasing & Finance Holdings Limited at 1 July 2019	2,328	344	2,672
Investment in Equipment, Leasing & Finance Holdings Limited at 31 December 2019	2,328	344	2,672

Reconciliation – Year Ended 30 June 2019

	Ordinary Shares	Preference Shares	Total
	\$'000	\$'000	\$'000
Investment in Equipment, Leasing & Finance Holdings Limited at 1 July 2018	2,328	-	2,328
Fair Value Gains on Through Profit or Loss Financial Asset – Year Ended 30 June 2019	-	344	344
Investment in Equipment, Leasing & Finance Holdings Limited at 30 June 2019	2,328	344	2,672

Reconciliation – Six Months Ended 31 December 2018

	Ordinary Shares	Preference Shares	Total
	\$'000	\$'000	\$'000
Investment in Equipment, Leasing & Finance Holdings Limited at 1 July 2018	2,328	-	2,328
Investment in Equipment, Leasing & Finance Holdings Limited at 31 December 2018	2,328	-	2,328

13. Trade and Other Payables

	31 December 2019 \$'000	30 June 2019 \$'000	31 December 2018 \$'000
Trade and Other Payables			
Trade Payables	1,929	857	1,619
Non-Trade Payables and Accrued Expenses	636	612	445
	<u>2,565</u>	<u>1,469</u>	<u>2,064</u>

14. Borrowings

	31 December 2019 \$'000	30 June 2019 \$'000	31 December 2018 \$'000
Borrowings			
Debtor Financing	628	602	1,215
Lease Liabilities	250	-	-
2021 Redeemable Preference Shares	2,500	2,500	2,500
Mortgage Facility	-	5	5
	3,378	3,107	3,720
Current	710	602	1,215
Non-Current	2,668	2,505	2,505
	3,378	3,107	3,720

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

	31 December 2019 %	30 June 2019 %	31 December 2018 %
Borrowings			
Debtor Financing	9.25%	9.75%	9.75%
Lease Liabilities	9.00%	N/A	N/A
2021 Redeemable Preference Shares	9.00%	9.00%	9.00%
Mortgage Facility	N/A	8.00%	8.00%

Debtor Financing – After 1 November 2018

The financing is secured by a first ranking charge over the assets and undertakings of Speirs Foods (2018) LP and an unsecured guarantee from Speirs Group Limited. The facility was entered into on 1 November 2018 and has a minimum non-cancellable period of 270 days. After 270 days has elapsed: (i) Speirs Foods Limited has the right (after giving 90 days' notice to the financier) to terminate the facility; (ii) the financier has the right (after giving 90 days' notice to Speirs Foods Limited) to terminate the facility.

Debtor Financing – Prior to 1 November 2018

The financing was secured by a first ranking charge over the assets and undertakings of Speirs Foods Limited and an unsecured guarantee from Speirs Group Limited. The facility was entered into on 3 December 2013 and has a minimum non-cancellable period of 270 days. After 270 days has elapsed: (i) Speirs Foods Limited had the right (after giving 90 days' notice to the financier) to terminate the facility; (ii) the financier had the right (after giving 90 days' notice to Speirs Foods Limited) to terminate the facility. This facility was terminated when the trading business of Speirs Foods Limited was sold to Speirs Foods (2018) LP on 1 November 2018.

Lease Liabilities

Please see Note 22 for further details of lease liabilities.

2021 Redeemable Preference Shares

As at 31 December 2019 there are 2,500,000 (30 June 2019: 2,500,000; 31 December 2018: 2,500,000) 2021 Redeemable Preference Shares on issue at \$1 each. The 2021 Redeemable Preference Shares have a scheduled redemption date of 30 September 2021, although Speirs Group Limited has the right to redeem at any time before the scheduled redemption date. The 2021 Redeemable Preference Shares rank behind all other liabilities of Speirs Group Limited but ahead of ordinary and perpetual preference shareholders. The dividend rate on the 2021 Redeemable Preference Shares is 9.00% per annum.

Mortgage Facility

During the 6 months ended 31 December 2019 Speirs Foods Limited terminated its mortgage funding facility. Prior to this discharge the facility was for up to \$500,000 (30 June 2019 and 31 December 2018: \$500,000). The facility had a maturity date of 10 July 2021. The facility was secured by a first mortgage over the properties owned by Speirs Foods Limited, along with a second ranking charge over the assets and undertakings of Speirs Foods Limited and an unsecured guarantee from Speirs Group Limited. The Company was required to respect a Loan to security ratio for which the principal sum should not exceed 49.66% of the value of the security at any time or it could be required to repay such an amount of the principal sum or provide an acceptable additional security to ensure the security margin is not exceeded. As at 30 June 2019 and 31 December 2018 the covenant was respected.

15. Contributed Capital

	31 December 2019 \$'000	30 June 2019 \$'000	31 December 2018 \$'000
Balance at Beginning of Period	12,925	12,925	12,925
Balance at Period End	12,925	12,925	12,925

Ordinary Shares

	Ordinary Shares		
	31 December 2019 '000	30 June 2019 '000	31 December 2018 '000
Number of Shares on issue at Start of Period	11,335	11,335	11,335
Number of Shares on issue at Period End	11,335	11,335	11,335

The total authorised number of ordinary shares is 11,334,576 (30 June 2019: 11,334,576; 31 December 2018 11,334,576). All issued shares were fully paid and entitled to one vote.. There are no preferences or restrictions attached to this class of share. Ordinary shares have no par value.

Perpetual Preference Shares

	Perpetual Preference Shares		
	31 December 2019 \$'000	30 June 2019 \$'000	31 December 2018 \$'000
Number of Shares authorised and on issue at Start of Period	679	679	679
Number of Shares authorised and on issue at Period End	679	679	679

During the year ended 30 June 2012, in accordance with shareholder resolutions passed at a special shareholder meeting, 679,000 perpetual preference shares ("PPS") were issued at \$1 each

The table below sets out some of the key terms of the PPS.

Issue price	\$1.00 each.
Dividends payable by the Company	Dividends are only payable if authorised by the Board. If authorised, dividends are payable at the higher of: (a) 9% per annum; and (b) the average bid and offered swap rate for a one year swap as quoted on the Reuters Screen Page "FISSWAP" (which is currently around 2.4%) plus 5%. No dividends may be authorised by the Board in respect of ordinary shares in the Company unless dividends are authorised in respect of the PPS and all dividends on the PPS, including authorised but unpaid dividends, have been paid. Where a dividend is not authorised in a given period in accordance with the principles set out above, rights to those dividends do not accrue.
Ranking in respect of dividends	Behind the dividends payable on the 2017 and 2021 Redeemable Preference Shares ("RPS"), equally with all other dividends payable on the PPS, and ahead of dividends payable on ordinary shares in the Company and any other shares in the Company that are expressed to rank behind the PPS.
When redeemable	May, at the sole option of the Company, be redeemed by the Company at any time after 10 years from the issue date (i.e. from 2022).
Redemption amount payable by the Company	\$1.00 plus any authorised but unpaid dividends.
When convertible	Convertible at the election of the holder between 5 and 10 years from the date of issue (i.e. between 2017 and 2022).
Rate of conversion	1 PPS converts into 8 ordinary shares in the Company.
Ranking in liquidation	Behind the creditors of the Company, behind the RPS holders, but ahead of ordinary shareholders and any other holders of shares that are expressed to rank behind the RPS.

Dividends

The following dividends were declared and paid by the Company:

	31 December	30 June	31 December
	2019	2019	2018
	\$'000	\$'000	\$'000
0.0c per Ordinary Share (30 June 2019: 0.0c; 31 December 2018: 0.0c)	-	-	-
4.5c per Perpetual Preference Share (30 June 2019: 9.0c per share; 31 December 2018: 4.5c per share).	31	61	31

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

	6 months	12 months	6 months
	31 December	30 June	31 December
	2019	2019	2018
	\$'000	\$'000	\$'000
Reconciliation of Profit/(Loss) for the Period to Net Cash from Operating Activities			
Profit/(Loss) for the Period	49	92	(225)
Adjustments for Non-Cash Items:			
Depreciation on Property, Plant and Equipment	125	267	136
Amortisation of Intangible Assets	14	25	11
Amortisation of Right of Use Assets	38	-	-
Bad Debts Written Off	1	3	-
Profit Share Attributable to Non-Controlling Interest	100	49	26
Impairment of Assets Held for Resale	-	165	-
Loss/(Gain) on Disposal of Property, Plant and Equipment	-	20	-
Gain on Fair Value Through Profit or Loss Financial Asset	-	(344)	-
	327	277	(52)
Movement in Other Working Capital Items:			
Change in Inventories	(503)	(78)	(205)
Change in Dividend Owing – Rosa Foods Limited	-	225	-
Change in Trade and Other Receivables and Prepayments	(859)	(132)	(729)
Change in Trade and Other Payables	1,096	201	796
Net Cash From Operating Activities	61	493	(190)

17. Related Parties

Transactions with Key Management Personnel

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

Key Management Personnel Compensation

	6 Months	12 Months	6 Months
	31 December	30 June	31 December
	2019	2019	2018
	\$'000	\$'000	\$'000
Directors' Fees	49	99	50
Consulting Fees Paid to Key Management Personnel	163	314	164
	212	413	214

At 31 December 2019 the amount of unpaid consulting fees payable to key management personnel was \$20,000 (30 June 2019: \$16,000; 31 December 2018: \$20,000).

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.

Entities with which Speirs Group Limited is deemed to be related are:

- Speirs Foods Limited (a wholly owned subsidiary);
- Speirs Foods (2018) LP (a Limited Partnership in which Speirs Group has a 67% interest and is therefore a majority owned subsidiary. This Limited Partnership began operating on 1 November 2018);
- Speirs Investments LP (a wholly owned subsidiary);
- Equipment Leasing and Finance Holdings Limited and its subsidiaries (a company in which Speirs Investments LP holds 2.27% of the ordinary shares on issue as well as Speirs Group Limited and Equipment Leasing and Finance Holdings having a common director); and
- Kane Investments Limited (a company which holds a 33% partnership interest in Speirs Foods (2018) LP).

Transactions with related parties during the period ended 31 December 2019 are summarised below:

○ **Speirs Foods Limited**

- Speirs Group Limited received a dividend of \$256,500 (30 June 2019: \$400,000; 31 December 2018: \$120,000) from Speirs Foods Limited. The dividends included an in-specie distribution on 1 July 2019 to Speirs Group Limited of the \$196,500 loan owing to Speirs Foods Limited from Speirs Foods (2018) LP. Prior to the loan being repaid on 4 October 2019 Speirs Group Limited charged Speirs Foods (2018) LP interest on this loan in the amount of \$4,210 (30 June 2019: \$Nil; 31 December 2018: \$Nil).
- Speirs Group Limited charged Speirs Foods Limited \$Nil (30 June 2019: \$22,000; 31 December 2018: \$22,000) in respect of corporate services provided by Speirs Group Limited.
- At 31 December 2019 Speirs Group Limited owed \$Nil (30 June 2019: \$6,773; 31 December 2018: \$180,000) to Speirs Foods Limited.
- At 31 December 2019 Speirs Foods Limited owed \$8,597 (30 June 2019: \$Nil; 31 December 2018: \$Nil) to Speirs Group Limited.
- For comparative information for the year ended 30 June 2019 and the six months ended 31 December 2018:
 - On 1 November 2018 Speirs Foods Limited sold its trading business to Speirs Foods (2018) LP and the majority of Speirs Foods Limited's assets and liabilities (with the principal exception of land and buildings, and the associated mortgage facility which were retained by Speirs Foods Limited). As part of this transaction:
 - Speirs Foods Limited recorded a gain on disposal of plant and equipment of \$1,551,262
 - Received a promissory note for \$1,868,000 issued by Speirs Group Limited from Speirs Foods (2018) LP in part payment for the value of the business and net assets sold to Speirs Foods (2018) LP;
 - Speirs Foods Limited forgave the requirement to repay the promissory note of \$1,868,000 issued by Speirs Group Limited;
 - A one-off loss on disposal of \$153,535 was recognised by Speirs Foods Limited.

○ **Speirs Foods (2018) LP (from 1 November 2018)**

- Speirs Group Limited received a distribution of \$Nil (30 June 2019: \$Nil; 31 December 2018: \$Nil) from Speirs Foods (2018) LP
- Speirs Foods Limited charged rent on land and buildings leased by Speirs Foods (2018) LP of \$82,500 (30 June 2019: \$110,000; 31 December 2018: \$27,500).
- Speirs Group Limited charged Speirs Foods (2018) LP \$33,000 (30 June 2019: \$44,000; 31 December 2018: \$11,000) in respect of corporate services provided by Speirs Group Limited.
- At 31 December 2019 Speirs Foods (2018) LP owed \$Nil (30 June 2019: \$196,500; 31 December 2018: \$196,500) to Speirs Foods Limited. During the period ended 31 December 2018 Speirs Foods Limited charged interest on this loan in the amount of \$Nil (30 June 2019: \$12,496; 31 December 2018: \$4,638).
- For comparative information for the year ended 30 June 2019 and the six months ended 31 December 2018:
 - On 1 November 2018 Speirs Foods 2018(LP)acquired the business of Speirs Foods Limited and the majority of Speirs Foods Limited's assets and liabilities (with the principal exception of land and buildings, and the associated mortgage facility which were retained by Speirs Foods Limited). Immediately after this acquisition a 33%

partnership interest in Speirs Foods (2018) LP was sold for \$653,000. As part of this transaction:

- Speirs Group issued a promissory note in favour of Speirs Foods (2018) LP in the amount of \$1,868,000;
 - The \$1,868,000 promissory note was then transferred to Speirs Foods Limited in part payment for the value of the business and net assets acquired from Speirs Foods Limited;
 - A one-off bargain gain on acquisition of \$153,535 was recognised by Speirs Foods (2018) LP.
- **Speirs Investments LP**
 - Speirs Group Limited provided an interest free loan to Speirs Investments LP in the amount of \$171,846. At 31 December 2019 the balance owed by Speirs Investments LP to Speirs Group Limited was \$171,846 (30 June 2019: \$171,846); 31 December 2018: \$171,846).
 - **Kane Investments Limited**
 - On 1 November 2018 this company acquired a 33% shareholding in Speirs Foods (2018) LP for \$653,000. Of this balance \$326,500 was paid in cash on 1 November 2018 with the balance (\$326,500) being financed by way of a loan from Speirs Foods (2018) LP. This debt carried an interest rate of 8.50% per annum with the interest payable in arrears on the last business day of each quarter. On 21 December 2018 Kane Investments Limited made a voluntary early repayment of \$130,000 leaving a balance owing of \$196,500. On 4 October 2019 Kane Investments Limited made a final voluntary early repayment of \$196,500 leaving a balance owing of \$Nil. The borrower had the right to partially or fully repay the amounts due early with no penalty being incurred. The debt was secured by a first ranking charge over all of the assets of Speirs Foods (2018) LP.
 - At 30 June 2019 Kane Investments Limited owed \$Nil (30 June 2019: \$196,500; 31 December 2018: \$196,500) to Speirs Foods (2018) LP. During the period ended 31 December 2018 Speirs Foods (2018) LP charged interest on this loan in the amount of \$4,210 (30 June 2019: \$12,496; 31 December 2018: \$4,638).

18. Capital Commitments and Contingencies

The Group was committed to the following at year end:

31 December 2019

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

30 June 2019

	<i>Operating Leases \$'000</i>	<i>Capital Expenditure \$'000</i>	<i>Total \$'000</i>
Less than One Year	68	-	68
Between One and Five Years	138	-	138
More than Five Years	-	-	-
	206	-	206

31 December 2018

	<i>Operating Leases \$'000</i>	<i>Capital Expenditure \$'000</i>	<i>Total \$'000</i>
Less than One Year	68	-	68
Between One and Five Years	172	-	172
More than Five Years	-	-	-
	240	-	240

Contingent Liabilities and Contingent Assets

The Group has no contingent liabilities or contingent assets (30 June 2019: Same; 31 December 2018: Same).

19. Events After the Reporting Period

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

20. Net Tangible Assets per Ordinary Share

	31 December 2019	30 June 2019	31 December 2018
	\$	\$	\$
Net Tangible Assets Per Ordinary Share	0.32	0.32	0.29

21. Revenue

The following table summarises some key characteristics of the Group's revenue streams.

	31 December 2019	30 June 2019	31 December 2018
Geographical Region	New Zealand - 100% of Revenue	New Zealand - 100% of Revenue	New Zealand - 100% of Revenue
Type of Goods	Salads and fresh cut vegetables	Salads and fresh cut vegetables	Salads and fresh cut vegetables
Customers/Sales Channels	Supermarket Chains – 98% of Revenue	Supermarket Chains – 99% of Revenue	Supermarket Chains – 99% of Revenue
Timing of Transfer of Goods	Revenue from goods or services transferred to customers at a point in time – 100% of Revenue	Revenue from goods or services transferred to customers at a point in time – 100% of Revenue	Revenue from goods or services transferred to customers at a point in time – 100% of Revenue
Transaction Pricing	Each good sent to customers is individually priced on the associated invoice. Any payment discounts available to customers is netted off revenue in the month in which the sale took place.	Each good sent to customers is individually priced on the associated invoice. Any payment discounts available to customers is netted off revenue in the month in which the sale took place.	Each good sent to customers is individually priced on the associated invoice. Any payment discounts available to customers is netted off revenue in the month in which the sale took place.
Timing of Revenue Recognition	When the customer takes undisputed control of the goods. This occurs when the goods are delivered to the customer.	When the customer takes undisputed control of the goods. This occurs when the goods are delivered to the customer.	When the customer takes undisputed control of the goods. This occurs when the goods are delivered to the customer.
Payment Terms	Generally, 30 days after the goods have been supplied. There are no subsequent performance obligations.	Generally 30 days after the goods have been supplied. There are no subsequent performance obligations.	Generally 30 days after the goods have been supplied. There are no subsequent performance obligations.
Key Assumptions and Judgements in Relation to Revenue Recognition	None	None	None
Credit Risk Associated with Revenue	Minimal	Minimal	Minimal
Obligation to Provide a Credit Note for Returned Goods	Only in relation to goods which arrive in a damaged condition. These equate to approximately 1% of all sales made. At balance date the obligations to provide a credit note for returned goods was immaterial.	Only in relation to goods which arrive in a damaged condition. These equate to approximately 1% of all sales made. At balance date the obligations to provide a credit note for returned goods was immaterial.	Only in relation to goods which arrive in a damaged condition. These equate to approximately 1% of all sales made. At balance date the obligations to provide a credit note for returned goods was immaterial.

22. Leasing

The Group has leases for motor vehicles, forklifts and some IT equipment. The lease liabilities are secured over the related underlying assets.

Lease liabilities are presented in the Consolidated Statement of Financial Position within Borrowings (see Note 14) as follows:

	<i>31 December</i> <i>2019</i> <i>\$'000</i>	<i>30 June</i> <i>2019</i> <i>\$'000</i>	<i>31 December</i> <i>2018</i> <i>\$'000</i>
Lease Liabilities (current)	82	-	-
Lease Liabilities (non-current)	168	-	-
	250	-	-

Future minimum lease payments are as follows:

Minimum Lease Payments Due

31 December 2019	Within	1 to 5	After 5	Total
	1 Year	Years	Years	
	\$'000	\$'000	\$'000	\$'000
Lease Payments	102	188	-	290
Finance Charges	(20)	(20)	-	(40)
Net Present Values	82	168	-	250

30 June 2019	Within	1 to 5	After 5	Total
	1 Year	Years	Years	
	\$'000	\$'000	\$'000	\$'000
Lease Payments	-	-	-	-
Finance Charges	-	-	-	-
Net Present Values	-	-	-	-

31 December 2018	Within	1 to 5	After 5	Total
	1 Year	Years	Years	
	\$'000	\$'000	\$'000	\$'000
Lease Payments	-	-	-	-
Finance Charges	-	-	-	-
Net Present Values	-	-	-	-

Lease Payments Not Recognised as a Liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis.

23. Financial Assets and Liabilities

Accounting Classifications and Fair Values

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

Group 31 December 2019	Fair Value	Financial	Financial	Total
	Through	Assets at	Liabilities	Carrying
	Profit or	Amortised	at	Value
	Loss	Cost	Amortised	
	\$'000	\$'000	Cost	\$'000
	\$'000	\$'000	\$'000	\$'000
Trade and Other Receivables	-	2,346	-	2,346
Loans, Advances and Investments	2,672	900	-	3,572
Cash and Cash Equivalents	-	191	-	191
	2,672	3,437	-	6,109
Trade and Other Payables	-	-	2,348	2,348
Borrowings	-	-	3,378	3,378
	-	-	5,726	5,726

Group 30 June 2019

	Fair Value Through Profit or Loss \$'000	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total Carrying Value \$'000
Trade and Other Receivables	-	1,595	-	1,595
Loans, Advances and Investments	2,672	972	-	3,644
Cash and Cash Equivalents	-	251	-	251
	2,672	2,818	-	5,490
Trade and Other Payables	-	-	1,379	1,379
Borrowings	-	-	3,107	3,107
	-	-	4,486	4,486

The financial instrument classifications in the prior period are in accordance with NZ IAS 39 as follows:

Group 31 December 2018

	Available for Sale \$'000	Loans and Receivables \$'000	Financial Liabilities at Amortised Cost \$'000	Total Carrying Value \$'000
Trade and Other Receivables	-	2,065	-	2,065
Loans, Advances and Investments	2,328	872	-	3,200
Cash and Cash Equivalents	-	568	-	568
	2,328	3,505	-	5,833
Trade and Other Payables	-	-	1,974	1,974
Borrowings	-	-	3,720	3,720
	-	-	5,694	5,694

Determination of Fair Values

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

All Group financial assets at fair value through profit or loss are Level 3 financial assets.