Speirs Group Limited

Annual Report

for the year ended 30 June 2010

Speirs GROUP

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Speirs Group Limited

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REPORTING BY DIRECTORS

GENERAL

Principal activities

This has been a difficult year for Speirs Group Limited.

During the period under review Speirs Group Limited has continued the repositioning of its activities and financial position. In particular:

- Fresh food production and distribution – Speirs Foods. We have established new senior management and returned Speirs Foods to modest profit;
- Functional food research, production and distribution – Speirs Nutritionals Partners LP (59.6% owned). We have restructured the business to a limited partnership associated to Speirs Group (previously it was a subsidiary company), introduced new business partners, established new senior management and further developed the business relationship with Croda Europe; and
- Converted all short term debt to medium term debt.

Subsequent to balance date, it became apparent that some investments had unexpectedly become significantly impaired. Taking the conservative view, the directors have fully provided for the $2.5 million involved.

Directors

At 30 June 2010 the Board of Directors of the Company comprised six non-executive directors:

Nelson Speirs, FCA. Chairman

Donald Speirs, Deputy Chairman

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

David Speirs

Robert Speirs

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

Directors' Statement

Financial Review

Financial Performance

Speirs Group Limited recorded a loss after tax of $5.10 million compared to the profit of $2.00 million reported in the previous year.

Significant factors that impacted upon the financial performance were:

a) Impairment of investments resulting primarily from the failure, subsequent to balance date, of an unrelated NZDX listed company – $2.534m.

b) Continuing costs associated with the Speirs Nutritionals Partnership omega-3 start-up project – $1.689m.

c) Costs incurred by the parent company and associated with the conversion of all debt from short term to medium term, including the full repayment of all short term debt to our bankers – $0.357m

d) Costs associated with the appointment of new senior management to both Speirs Foods and Speirs Nutritionals – $0.168m.

Capital and Debt Structure

A major objective during the year has been to remove the Group's reliance on short term bank funding and replacing it with appropriate medium term funding. A time consuming and expensive exercise, the successful realignment of our funding from short term to medium term has provided the directors with a financial platform that will allow the company to concentrate on driving the company to a return to profitability, rather than to be constantly diverted by day to day funding issues.

Convertible Redeemable Preference Shares and Secured Stock were issued during the year:

	As borrowings	As Equity
Convertible Redeemable Preference Shares	$2.661m	$0.589m
Secured Stock	$1.700m	

The Group now has no financial commitment to bankers.

In July and August 2010 – subsequent to balance date:

a) a two year non-bank mortgage facility of up to $800,000 that may be used at the directors' discretion has been confirmed and formally documented; and
b) associate entity Speirs Nutritionals Partners LP is negotiating to an expected early conclusion a global licence fee offer in relation to its patented intellectual property.

Dividend

The Directors have decided that no dividend be currently payable.

Speirs Foods

Speirs Foods manufactures and distributes fresh foods, mainly fresh salads, to supermarkets and the food service industry across New Zealand.

Salads are, primarily, a summer food. Volumes in the winter months equate only about one third of the company's overall expected annualised volume, with significant escalation in volumes during the summer months of November, December, January, February and into March.

Profits escalate in the summer months not only from increased income from larger sales volumes, but also as a result of reduced costs per kilo of sales resulting from efficiencies of scale arising from much larger production volumes through our food factory.

The net operating contribution of Speirs Foods was $137,000. The result for the fifteen month period ended 30 June 2009 was a loss of $590,000.

Chris Newton, appointed as the new general manager of Speirs Foods in May 2010, has immediately concentrated on cost containment, factory efficiencies and market development. The objective is to build volume throughout the year, particularly in the winter months, while containing production costs within acceptable norms.

Mr Newton has a wide experience in the food industry both in New Zealand and abroad. He is well versed in food processing, distribution and marketing – particularly in supplying food products to supermarkets and the food service industry.

Speirs Nutritionals

Research scientists at the Riddet Institute (a functional food 'research centre of excellence' based at Massey University) have developed the capacity to micro-encapsulate omega-3 fish oils in a manner that enables omega-3 oil to be introduced into a wide range of basic food products while leaving no trace of the 'fishy' after-taste normally associated with omega-3 oil.

Omega-3 oil is recognised by health authorities around the world as an important contributor to a healthy daily diet.

Under the terms of its licence agreement with the Riddet Institute, Speirs Nutritionals has exclusive rights to all new omega-3 research breakthroughs accomplished by the Institute.

A 'second generation' development of the process will allow the product to be stored for long periods in ambient temperatures – instead of having to be stored in chilled conditions as at present. This second generation development has recently been lodged with the authorities for formal world-wide intellectual property recognition.

During the year the formal structure of Speirs Nutritionals was changed to that of a limited partnership with Speirs Group Limited holding a partnership interest of 59.6%. A number of professional investors have taken up a minority partnership position. Speirs Nutritionals is currently considering a further funding issue to its limited partners of up to $500,000.

While Speirs Group's interest is a majority partnership interest, under International Financial Reporting Standards this partnership structure is deemed to be an 'associate' and not a 'subsidiary'. Accordingly, our reporting this year has been altered to reflect the 'associate' status, and the comparative figures for the 2009 and 2008 years have been adjusted to also reflect this change.

The change to a limited partnership will allow certain benefits to flow to the partners as and when Speirs Nutritionals moves into worthwhile profit.

Croda Europe Limited has an exclusive supply arrangement to market our omega-3 emulsions to manufacturers of food products worldwide. Croda Europe is a subsidiary of Croda International Plc, a large and respected publicly listed United Kingdom company with extensive world-wide interests in consumer care ingredients and industrial oleochemicals and additives.

Croda is marketing Speirs Nutritionals-made omega-3 emulsions under a new branded product range – Ωmelife™ – and is actively taking our products to selected food companies in Europe and North America.

It will take time for Croda to successfully penetrate the market. We expect reduced losses to be sustained by Speirs Nutritionals in this coming financial year, as initial sales volumes are achieved and probable financial support received from our marketing partner.

Speirs Nutritionals is currently negotiating to an expected early conclusion a global licence fee offer in relation to its patented intellectual property.

In July 2010 – at the start of our new financial year – Mr Rick Gain assumed the 'managing director' position of Speirs Nutritionals. Mr Gain, a New Zealander, has some twenty years experience as a senior executive with a large and respected global pharmaceuticals company: his responsibility in recent years has been to control extensive operations in South East Asia. We are pleased to welcome Mr Gain into the controlling management role with Speirs Nutritionals.

Investments

The company's principal external investments are with the Allied Farmers Group, arising from the sale of Speirs Finance in September 2008. Speirs Group holds half a million convertible redeemable preference shares in Allied Capital Limited and two million bonds in Allied Nationwide Finance Limited. Allied Capital Limited's only asset is a large parcel of shares in Allied Farmers Limited.

Today's low market value of Allied Farmers Limited shares flows through to the value of our Allied Capital Limited investment. The directors have chosen to recognise the impairment of our whole investment in Allied Capital Limited and accordingly have raised an impairment provision for the full $500,000 book value of those shares; in addition, we have written off $34,000 in associated dividend arrears.

Subsequent to balance date, Allied Nationwide Finance Limited was placed in receivership. Your directors are uncertain as to the future collectability of our investment in bonds issued by Allied Nationwide Finance Limited, or the interest return that the bonds carry. Accordingly, your directors have decided to create an impairment provision for the full $2 million book value of the bonds as recoverability is considered to be doubtful.

Outlook

a) Speirs Foods

The restructure of Speirs Foods is complete, and fresh management installed. We are confident of considerably improved profitability in the coming year.

b) Speirs Nutritionals

The market is developing. Modest sales volumes are expected in the year ahead. The sale of relatively small volumes of omega-3 emulsion products are required to cover on-going costs. A market breakthrough with a large user would immediately transfer into worthwhile profitability. We are confident of the former, and hopeful of the latter.

c) Corporate and overhead Costs

Overhead costs, heavy in the past year as the company has dealt with significant structural and funding changes, will be substantially reduced in the year ahead.

Directors

At the Annual General Meeting of Shareholders, both Derek Walker and David Speirs retire by rotation from their respective positions of Directors of Speirs Group Limited. 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 always served us well. We wish to thank our investors, customers, suppliers and staff for the strong support they have provided during this past twelve month period of considerable change. The loyalty and support of our many friends has been most welcome.

A particular thank you goes to David Speirs who has contributed to the well-being of the company as an employee and executive director for many years. Although he has stepped aside from his management role, David remains a valued director of the company.

Nelson Speirs
Chairman

Derek Walker
Director

13 September 2010

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 six non-executive directors.

The directors meet regularly throughout the year and prior to each meeting receive detailed monthly reports from the chairman and senior management. As appropriate, the Board also receives detailed reports from the various Board Committees. All Directors sit on all 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.

All Directors sit on all Board Committees and all Board Committees are chaired by the Board Chairman.

The Board has the following committees: Audit, Remuneration and Nomination & Ethics.

Audit:

The Audit Committee provides a forum for communication between the Board and the external auditor. 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 the external audit function
- Balance sheet risk and management

Remuneration:

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 53 of this report.

Nomination & Ethics:

The Nomination & 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).

Speirs GROUP

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

as at 30 June 2010

	Notes	Group June 2010 $'000	Group June 2009 $'000 (restated)	Group March 2008 $'000 (restated)	Company June 2010 $'000	Company June 2009 $'000 (restated)	Company March 2008 $'000 (restated)
Assets							
Current Assets							
Cash and Cash Equivalents	13	**646**	-	8,121	**642**	-	2,794
Trade and Other Receivables	14	**1,775**	3,000	3,398	**1,775**	3,000	4,102
Loans and Advances to Customers		**-**	-	76,863	**-**	-	28,176
Taxation Refund Due		**-**	-	400	**-**	-	400
Inventories	15	**403**	473	557	**403**	473	557
Total Current Assets		**2,824**	3,473	89,339	**2,820**	3,473	36,029
Non Current Assets							
Available-for-Sale Investment Securities		**-**	150	170	**-**	150	170
Loans and Advances to Customers		**-**	-	151,744	**-**	-	56,811
Investment Properties		**-**	-	2,100		-	2,100
Investment in Subsidiaries	32	**-**	-	-	**-**	-	-
Investment in Associates	16	**727**	421	930	**4,300**	2,221	1,800
Loans and Receivables	17	**-**	2,500	-	**300**	2,500	-
Deferred Income Tax Asset	18	**-**	-	4,609	**-**	-	4,729
Property, Plant & Equipment	19	**4,410**	4,121	5,168	**4,410**	4,121	5,168
Subordinated Debt Securitised Assets		**-**	-	-	**-**	-	19,175
Assets Leased to Others		**-**	-	4,599	**-**	-	4,599
Other Assets		**-**	-	1,352	**-**	-	1,059
Intangibles	20	**10**	23	2,122	**10**	23	2,122
Total Non Current Assets		**5,147**	7,215	172,794	**9,020**	9,015	97,733
Total Assets		**7,971**	10,688	262,133	**11,840**	12,488	133,762
Liabilities							
Current Liabilities							
Bank Overdraft	13	**-**	2,071	-	**-**	2,071	-
Trade and Other Payables	21	**1,823**	2,319	3,894	**1,823**	2,319	3,876
Borrowing - Current Portion	22	**-**	-	126,082	**-**	-	81,172
Total Current Liabilities		**1,823**	4,390	129,976	**1,823**	4,390	85,048
Non Current Liabilities							
Borrowing - Non Current Portion	22	**4,361**	-	113,711	**2,661**	-	29,571
Guarantee Provided to Speirs Investments Limited	27	**-**	-	-	**2,000**	-	-
Total Liabilities		**6,184**	4,390	243,687	**6,484**	4,390	114,619
Equity							
Contributed Capital	23	**12,757**	12,168	12,168	**12,757**	12,168	12,168
Perpetual Speirs Bonds		**-**	-	13,525	**-**	-	13,525
Accumulated Deficits		**(10,970)**	(5,870)	(7,247)	**(7,401)**	(4,070)	(6,550)
Capital & Reserves		**1,787**	6,298	18,446	**5,356**	8,098	19,143
Total Equity and Liabilities		**7,971**	10,688	262,133	**11,840**	12,488	133,762

The Board of Directors of Speirs Group Limited authorised these financial statements for issue on 13 September 2010.

Signed on behalf of the Board of Directors

Nelson Speirs — *Chairman*

Derek Walker — *Director*

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

	Notes	Group		Company	
		12 months	15 months	**12 months**	15 months
		2010	2009	**2010**	2009
		$'000	$'000	**$'000**	$'000
			(restated)		
CONTINUING ACTIVITIES					
Revenue		**11,734**	14,748	**11,734**	14,748
Movement in Inventory Levels		**(71)**	(84)	**(71)**	(84)
Purchases of Raw Materials		**(4,473)**	(6,596)	**(4,473)**	(6,596)
Freight, Packaging & Other		**(2,401)**	(3,206)	**(2,401)**	(3,206)
Net Trading Income		**4,789**	4,862	**4,789**	4,862
Interest Income		**371**	180	**231**	180
Interest Expense		**(395)**	(63)	**(259)**	(63)
Net Interest Income/(Expense)	**6**	**(24)**	117	**(28)**	117
Other Income	**8**	**347**	149	**347**	450
Total Income earned from Financing and Trading Activities		**5,112**	5,128	**5,108**	5,429
Share of Loss of Associates	**16**	**(582)**	(1,009)	**-**	-
Impairment Gain/(Loss) on Associate	**16**	**(1,112)**	-	**79**	(79)
Loss on Sale of Allied Farmers Shares		**-**	(966)	**-**	(966)
Impairment Loss on Loans and Receivables	**27**	**(2,500)**	-	**(500)**	-
Guarantee Provided to Speirs Investments Limited		**-**	-	**(2,000)**	-
Employee Benefits Expense	**9**	**(3,610)**	(4,188)	**(3,610)**	(4,188)
Depreciation and Amortisation	**19 & 20**	**(565)**	(734)	**(565)**	(734)
Other Expenses	**10**	**(1,843)**	(1,365)	**(1,843)**	(1,980)
Profit/(Loss) Before Income Tax from Continuing Activities		**(5,100)**	(3,134)	**(3,331)**	(2,518)
Income Tax (Expense)/ Benefit	**11**	**-**	185	**-**	185
Profit/(Loss) After Income Tax from Continuing Activities		**(5,100)**	(2,949)	**(3,331)**	(2,333)
DISCONTINUED ACTIVITIES					
Interest Income		**-**	13,939	**-**	15,158
Interest Expense		**-**	(10,056)	**-**	(12,446)
Net Interest Income	**6**	**-**	3,883	**-**	2,712
Fee and Commission Income		**-**	844	**-**	1,834
Fee and Commission Expense		**-**	(2,247)	**-**	(1,970)
Net Fee and Commission Income/(Expense)	**7**	**-**	(1,403)	**-**	(136)
Operating Lease Rentals		**-**	665	**-**	665
Net Gain on Disposal of Sale of Finance Business	**28**	**-**	5,094	**-**	5,268
Other Income	**8**	**-**	370	**-**	221
Total Income earned from Financing and Trading Activities		**-**	8,609	**-**	8,730
Net Impairment Loss on Financial Assets		**-**	(628)	**-**	(628)
Employee Benefits Expense	**9**	**-**	(1,390)	**-**	(1,390)
Depreciation and Amortisation		**-**	(736)	**-**	(736)
Other Expenses	**10**	**-**	(1,984)	**-**	(1,618)
Profit/(Loss) Before Income Tax from Discontinued Activities		**-**	3,871	**-**	4,358
Income Tax Benefit/(Expense)	**11**	**-**	1,078	**-**	1,078
Profit/(Loss) After Income Tax from Discontinued Activities		**-**	4,949	**-**	5,436
Total Profit/(Loss)		**(5,100)**	2,000	**(3,331)**	3,103
Other Comprehensive Income		**-**	-	**-**	-
Movement in Available for Sale Investment Reserve		**-**	966	**-**	966
Actual Loss on Sale on Allied Farmers Shares		**-**	(966)	**-**	(966)
Total Comprehensive Income Attributable to Equity Holders		**(5,100)**	2,000	**(3,331)**	3,103

Total Earnings per Share Attributed to Equity Holders of the Company:	Note	Group ***12 months 2010 Cents***	*15months 2009 Cents (restated)*	Company ***12 months 2010 Cents***	*15 months 2009 Cents*
Basic Earnings per Share	**12**	**(47.06)**	12.71	**(30.74)**	22.88
Diluted Earnings per Share	**12**	**(47.06)**	12.71	**(30.74)**	22.88
Earnings per Share Attributed to Equity Holders of the Company for discontinued activities:					
Basic Earnings per Share	**12**	**-**	39.93	**-**	44.42
Diluted Earnings per Share	**12**	**-**	39.93	**-**	44.42

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

The accompanying notes are an integral part of these financial statements

Speirs GROUP

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2010

Group

	Contributed Capital $'000	Accumulated Deficits $'000	Minority Interest $'000	Total Equity $'000
	Attributable to Equity Holders of the Company			
Balance at 1 July 2009 (as previously reported)	12,168	(6,192)	**(186)**	**5,790**
Impact of Restatement (see Note 31)	-	322	**186**	**508**
Balance at 1 July 2009 (as restated)	12,168	(5,870)	**-**	**6,298**
Comprehensive Income				
Profit/(Loss) for the Year	-	(5,100)	**-**	**(5,100)**
Other Comprehensive Income	-	-	**-**	**-**
Total Comprehensive Income	-	(5,100)	**-**	**(5,100)**
Transactions with Owners				
Equity Element arising from Issue of Convertible Redeemable Preference Shares	589	-	**-**	**589**
Total Transactions with Owners	589	-	**-**	**589**
Balance at 30 June 2010	12,757	(10,970)	**-**	**1,787**

Group

	Share Capital $'000	Perpetual Speirs Bonds $'000	Available for Sale Reserve $'000	Accumulated Deficits $'000	Minority Interest $'000	Total Equity $'000
	Attributable to Equity Holders of the Company					
Balance at 1 April 2008 (as previously reported)	12,168	13,525	-	(7,247)	**537**	**18,983**
Impact of Restatement (see Note 31)	-	-	-	-	**(537)**	**(537)**
Balance at 1 April 2008 (as restated)	12,168	13,525	-	(7,247)	**-**	**18,446**
Comprehensive Income						
Profit/(Loss) for the Period as Restated	-	-	-	2,000	**-**	**2,000**
Movement in Available for Sale Investment Reserve	-	-	966	-	**-**	**966**
Actual Loss on Sale on Allied Farmers Shares	-	-	(966)	-	**-**	**(966)**
Total Comprehensive Income	**-**	**-**	-	2,000	**-**	**2,000**
Transactions with Owners						
Distributions to Bond Holders During the Period	-	-	-	(890)	**-**	**(890)**
Income Tax benefit arising from distribution to Bond Holders	-	-	-	267	**-**	**267**
Issue of Perpetual Speirs Bonds (Equity)	-	14	-	-	**-**	**14**
Transfer of Perpetual Speirs Bonds upon the sale of the Finance business of Speirs Group Limited	-	(13,539)	-	-	**-**	**(13,539)**
Total Transactions with Owners	-	(13,525)	-	(623)	**-**	**(14,148)**
Balance at 30 June 2009	12,168	-	-	(5,870)	**-**	**6,298**

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2010

Company

	Contributed Capital $'000	*Accumulated Deficits* $'000	*Total Equity* $'000
Balance at 1 July 2009	**12,168**	**(4,070)**	**8,098**
Comprehensive Income			
Profit/(Loss) for the Year	-	(3,331)	**(3,331)**
Other Comprehensive Income	-	-	**-**
Total Comprehensive Income	-	(3,331)	**(3,331)**
Transactions with Owners			
Equity Element arising from Issue of Convertible Redeemable Preference Shares	589	-	**589**
Dividends Paid	-	-	**-**
Total Transactions with Owners	589	-	**589**
Balance at 30 June 2010	12,757	(7,401)	**5,356**

Company

	Share Capital $'000	*Perpetual Speirs Bonds* $'000	*Available for Sale Reserve* $'000	*Accumulated Deficits* $'000	*Total Equity* $'000
Balance at 1 April 2008	**12,168**	**13,525**	-	(6,550)	**19,143**
Comprehensive Income					
Profit/(Loss) for the Period	-	-	-	3,103	**3,103**
Movement in Available for Sale Investment Reserve	-	-	966	-	**966**
Actual Loss on Sale on Allied Farmers Shares	-	-	(966)	-	**(966)**
Total Comprehensive Income	-	-	-	3,103	**3,103**
Transactions with Owners					
Distributions to Bond Holders During the Period	-	-	-	890	**890**
Income Tax benefit arising from distribution to Bond Holders	-	-	-	(267)	**(267)**
Issue of Perpetual Speirs Bonds (Equity)	-	14	-	-	**14**
Transfer of Perpetual Speirs Bonds upon the sale of the Finance business of Speirs Group Limited	-	(13,539)	-	-	**(13,539)**
Total Transactions with Owners	-	(13,525)	-	(623)	**(14,148)**
Balance at 30 June 2009	12,168	-	-	(4,070)	**8,098**

The accompanying notes are an integral part of these financial statements

Speirs GROUP

STATEMENT OF CASH FLOWS

for the year ended 30 June 2010		Group		Company	
		12 months	15 months	**12 months**	15 months
	Notes	**June**	June	**June**	June
		2010	2009	**2010**	2009
		$'000	$'000	**$'000**	$'000
			(restated)		
Cash Flows from Operating Activities					
Interest Received		**371**	14,119	**231**	7,531
Rentals from Assets Leased to Others		**-**	655	**-**	655
Dividends Received		**71**	30	**37**	30
Cash Receipts from Customers		**12,159**	14,993	**12,193**	15,245
Other Income		**310**	1,819	**310**	2,940
Income Tax Refunds Received		**-**	400	**-**	400
Interest Expense		**(395)**	(10,119)	**(259)**	(4,702)
Cash Paid to Suppliers and Employees		**(12,070)**	(19,996)	**(12,070)**	(21,218)
Cash costs of sale of the finance business		**-**	(1,304)	**-**	(1,152)
Proceeds from Repayment of Finance Receivables		**-**	61,634	**-**	60,165
Proceeds from Sale of Assets Leased to Others		**-**	1,755	**-**	1,755
Investment in Finance Receivables		**-**	(36,826)	**-**	(36,826)
Investment in Assets for Leasing to Others		**-**	(259)	**-**	(259)
Sale of Rights to Future Cash Flows from Speirs Group Limited to Speirs Securities Limited		**-**	-	**-**	38,270
Payments of Instalments collected by Speirs Group Limited to Speirs Securities Limited		**-**	-	**-**	(38,270)
Net Cash from Operating Activities	**24**	**446**	26,901	**442**	24,564
Cash Flows from Investing Activities					
Proceeds from Assets Held for Re-Lease		**-**	541	**-**	541
Proceeds from Sale of Property, Plant & Equipment		**-**	74	**-**	74
Proceeds from Sale of Investments		**150**	766	**150**	756
Advance to Speirs Nutritionals		**(1,238)**	(1,217)	**(1,238)**	(1,218)
Disposal of Finance business – transfer of finance business related bank balances and associated payments to purchaser		**(750)**	(11,241)	**(750)**	(3,053)
Investment in Associate		**-**	(500)	**-**	(500)
Acquisition of Intangible Assets		**-**	(30)	**-**	(20)
Acquisition of Property, Plant & Equipment		**(841)**	(353)	**(841)**	(436)
Net Cash Flows from Investing Activities		**(2,679)**	(11,960)	**(2,679)**	(3,856)
Cash Flows from Financing Activities					
Proceeds from Borrowings		**4,950**	283,764	**4,950**	21,797
Issue of Perpetual Speirs Bonds		**-**	14	**-**	-
Committed Cash Line Repayment		**-**	(3,000)	**-**	(3,000)
Distribution in relation to Perpetual Bonds		**-**	(890)	**-**	(890)
Repayments of Borrowings		**-**	(304,619)	**-**	(43,092)
Net Cash Flows from Financing Activities		**4,950**	(24,731)	**4,950**	(25,171)
Net Increase / (Decrease) in Cash and Cash Equivalents		**2,717**	(9,790)	**2,713**	(4,463)
Cash and Cash Equivalents at Beginning of Period		**(2,071)**	7,719	**(2,071)**	2,392
Cash and Cash Equivalents at Period End	**13**	**646**	(2,071)	**642**	(2,071)

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

1 GENERAL INFORMATION

Speirs Group Limited is involved in the production and distribution of fresh food products. Until 30 September 2008, when the finance division of Speirs Group Limited was sold, Speirs Group also operated a finance company providing funding to borrowers throughout New Zealand. Speirs Investments Limited is a wholly owned subsidiary of Speirs Group Limited and operates as an investment holding company which has issued secured stock to the public.

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on 13 September 2010.

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

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

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

Compliance with International Financial Reporting Standards

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

Entities Reporting

The 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 wholly owned subsidiary Speirs Investments Limited and its investment in associates Speirs Nutritionals Partners LP and Rosa Foods Limited. All entities within the group registered in New Zealand.

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

Statutory Base

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

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

Critical Accounting Estimates

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

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

Judgements made by management in the application of NZ IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

Application of Accounting Policies

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

The accounting policies have been applied consistently by Group entities.

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

The following new standards and amendments to standards are mandatory for financial years commencing after 1 January 2009 and were adopted in these annual financial statements.

NZ IAS 1 (revised), Presentation of financial statements

This revised standard prohibits the presentation of items of income and expense (that is, “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity, all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

NZ IFRS 7, Financial instruments – Disclosures (amendment)

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share

NZ IFRS 8, Operating Segments

NZ IFRS 8 replaces NZ IAS 14, 'Segment reporting". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

2.2 Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of Speirs Group Limited ('company' or 'parent entity'), its wholly owned subsidiary Speirs Investments Limited, its associates Speirs Nutritionals Partners LP and Rosa Foods Limited as at 30 June 2010. Speirs Group Limited, its wholly owned subsidiary and its associates together are referred to in these financial statements as the Group or the consolidated entity.

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

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

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

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

2.3 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 profit and loss component of the statement of comprehensive income.

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 statement of comprehensive income within 'Fair Value Gains / (Losses)', in the period in which they arise.

Loans and Receivables

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

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

Available-for-Sale Financial Assets

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

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

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

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

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

2.4 Compound Financial Instruments

Compound financial instruments issued by the group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.5 Impairment

Available-for-sale assets

The Group assesses at each reporting 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 statement of comprehensive income.

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 statement of comprehensive income.

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 statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

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

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

An impairment loss with respect to goodwill is not reversed.

Impairment of Non-Financial Assets

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

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

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

2.6 Property, Plant and Equipment

Owned Assets

Land and buildings are recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition or the construction of the land and buildings.

Plant and equipment, computer equipment and vehicles 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 statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate assets' costs 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 reporting date.

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

2.7 Intangible Assets

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

Software

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

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

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

2.8 Inventories

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

2.9 Trade Receivables

Trade receivables are initially recognised at fair value and subsequent to initial recognition are measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

2.10 Cash and Cash Equivalents

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

2.11 Share Capital

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

2.12 Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period to which it relates.

Borrowing costs are expensed as incurred.

2.14 Employee Benefits

Bonus Obligations

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

2.15 Provisions

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

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

2.16 Income Tax

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

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

Deferred tax is provided using the statement of financial position 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 reporting 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.

2.17 Revenue Recognition

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

Sales of Goods

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

Interest Income

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments, including loans and advances, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.18 Other Income

Dividend Income

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

2.19 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.

2.20 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.21 Other Approved Financial Reporting Standards

The following new standards, amendments or interpretations to existing standards are not yet effective and have not been early adopted by the Group:

NZ IFRS 9 - Financial Instruments
NZ IFRS 9 (released and approved in December 2009) represents the beginning of re-writing the current financial instruments standard, NZ IAS 39. It reduces the classifications and measurement methods available for financial assets from four to two, being amortised cost or fair value through profit or loss. Further amendments to policies applied under NZ IAS 39 are expected but not yet finalised.

2.22 Goods and Services Tax (GST)

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

2.23 Functional and Presentational Currency

i) Functional and Presentation Currency

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

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss component of the statements of comprehensive income, except when deferred in equity as qualifying cash flow hedges in which case, they are recognised in other comprehensive income.

2.24 Investment in Subsidiaries and Associates

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

2.25 Guarantee Provided to Speirs Investments Limited

The guarantee provided by Speirs Group Limited to pay quarterly interest payments and principal repayment of the secured stock issued by Speirs Investments Limited is recognised in the parent company financial statements at fair value at the date the guarantee was provided and is subsequently measured at the higher of:
- the amount initially recognised less cumulative amortisation using the effective interest method; and
- the present value of the payments expected to be required to settle the obligation.

3 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 estimates and assumptions deemed critical to the Group's results and financial position, based upon materiality and significant judgements and estimates, are discussed below:

Recoverability of Goodwill in Rosa Foods Limited

The recoverability of the goodwill purchased as part of the acquisition of shares in Rosa Foods Limited (an associate company) is dependent upon the future trading profitability of Rosa Foods Limited. The Group has conducted impairment tests over this cash generating unit using cash flow projections based on financial forecasts approved by senior management covering a five year period and an assumed terminal real growth rate of 2% (2009: 2%). The Group has applied a discount rate of 18.80% (2009: 18.80%) to pre tax cash flows. Management believe no reasonably possible changes in the key assumptions would cause the carrying value of the unit to materially exceed the carrying amount.

Recoverability of Allied Capital Limited Convertible Redeemable Preference Shares

The recoverability of the Convertible Redeemable Preference Shares is subject to any proceeds received after the senior debt in Allied Capital Limited has been repaid. Based upon a review of the assets and liabilities of Allied Capital Limited the directors of Speirs Group Limited have determined that a full provision should be raised against this asset.

Recoverability of Allied Nationwide Finance Limited Perpetual Bonds

The recoverability of the Bonds is subject to any proceeds received from the Receiver of Allied Nationwide Finance Limited. For this reason a full provision has been raised against the Bonds.

Recoverability of Investment in Speirs Nutritionals Partners LP

The recoverability of the parent company's investment in Speirs Nutritionals Partners LP is dependent upon the future performance of the Limited Partnership. The directors consider that the investment is not impaired resultant upon the value attributed to the Limited Partnership's licence to the specific patented Intellectual Property and due to future sales forecasts and ongoing contractual negotiations with Croda Europe. There are reasonably advanced negotiations with a European customer who may purchase a significant quantity of omega – 3 emulsion. These potential sales values have been taken into account in the future sales forecasts.

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:

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

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

Corporate The Group has some central operations and corporate costs which are not allocated to business segments. This includes the operations of Speirs Investments Limited

The Group operates predominantly within New Zealand.

Group 12 months June 2010	Note	Speirs Foods $'000	Corporate $'000	Consolidated $'000
External Revenue				
Interest Income	**6**	1	370	371
Trading Income		11,734	-	11,734
Other Income	**8**	-	347	347
Intersegment Revenue / (Eliminations)		-	-	-
Total Segment Revenue		11,735	717	12,452
Share of Loss of Associates		-	(582)	(582)
Impairment Loss on Associates		-	(1,112)	(1,112)
Impairment Loss on Loans and Receivables		-	(2,500)	(2,500)
Overall Segment Result		137	(5,237)	(5,100)
Income Tax Expense	**11**			-
Profit/(Loss) for the Year				(5,100)
Segment Assets		6,144	1,827	7,971
Segment Liabilities		1,653	4,531	6,184
Depreciation and Amortisation	**19,20**	565	-	565
Capital Expenditure		995	-	995

The Group receives Trading Income from two customers who account for 96% of total Trading Income

Group 15 months June 2009	Note	Discontinued Activity Speirs Finance $'000	Continuing Activity Speirs Foods $'000	Continuing Activity Corporate $'000	Consolidated $'000
External Revenue					
Interest Income	6	13,939	-	180	14,119
Fee and Commission Income	7	844	-	-	844
Trading Income		-	14,748	-	14,748
Operating Lease Rentals		665	-	-	665
Sale of Finance Business		-	-	5,094	5,094
Other Income	8	370	32	117	519
Intersegment Revenue / (Eliminations)		91	(91)	-	-
Total Segment Revenue		15,909	14,689	5,391	35,989
Share of Loss of Associates		-	-	(1,009)	(1,009)
Segment Result		(636)	(590)	1,641	415
Income Tax Expense	11				1,263
Profit for the Year					1,678
Segment Assets		-	6,924	3,442	10,366
Segment Liabilities		-	2,243	2,147	4,390
Net Impairment Loss on Financial Assets		628	-	-	628
Depreciation and Amortisation		736	718	16	1,470
Capital Expenditure		71	444	-	515

The Group receives Trading Income from two customers who account for 95% of total Trading Income

5 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 30 June 2010	Loans and Receivables	Other Amortised Cost	Total Carrying Value	Fair Value
	$'000	$'000	$'000	$'000
Trade and Other Receivables	1,767	-	1,767	1,767
Cash and Cash Equivalents	646	-	646	646
	2,413	-	2,413	2,413
Trade and Other Payables	-	1,818	1,818	1,818
Borrowings	-	4,361	4,361	4,361
	-	6,179	6,179	6,179

Group 30 June 2009	Loans and Receivables	Available-For-Sale	Other Amortised Cost	Total Carrying Value	Fair Value
	$'000	$'000	$'000	$'000	$'000
Trade and Other Receivables	2,988	-	-	2,988	2,988
Available-for-Sale Financial Assets *	-	150	-	150	150
Loans and Receivables	2,500	-	-	2,500	2,500
	5,488	150	-	5,638	5,638
Trade and Other Payables	-	-	2,314	2,314	2,314
Bank Overdraft	-	-	2,071	2,071	2,071
	-	-	4,385	4,385	4,385

Group March 2008	Held for Trading	Loans and Receivables	Available-For-Sale	Other Amortised Cost	Total Carrying Value	Fair Value
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and Cash Equivalents	-	8,121	-	-	8,121	8,121
Trade and Other Receivables	-	2,947	-	-	2,947	2,947
Derivative Financial Instruments	295	-	-	-	295	295
Available-for-Sale Financial Assets *	-	-	170	-	170	170
Loans and Advances to Customers	-	228,607	-	-	228,607	226,837
	295	239,675	170	-	240,140	238,370
Trade and Other Payables	-	-	-	3,884	3,884	3,884
Borrowing	-	-	-	239,793	239,793	238,811
	-	-	-	243,677	243,677	242,695

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

Determination of Fair Values

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

Cash and Cash Equivalents – at face value.

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

Loans and 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 using a valuation technique and approved by directors.

Non-Derivative Financial Liabilities – at net present value.

Company 30 June 2010

	Loans and Receivables $'000	Available-For-Sale $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Trade and Other Receivables	1,767	-	-	1,767	1,767
Cash and Cash Equivalents	642	-	-	642	642
Loans and Receivables	300	-	-	300	300
	2,709		-	2,709	2,709
Trade and Other Payables	-	-	1,818	1,818	1,818
Guarantee to Speirs Investments Limited	-	-	2,000	2,000	2,000
Borrowings	-	-	2,661	2,661	2,661
	-	-	6,479	6,479	6,479

Company 30 June 2009

	Loans and Receivables $'000	Available-For-Sale $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Trade and Other Receivables	2,988	-	-	2,988	2,988
Available-for-Sale Financial Assets *	-	150	-	150	150
Loans and Receivables	2,500	-	-	2,500	2,500
	5,488	150	-	5,638	5,638
Trade and Other Payables	-	-	2,314	2,314	2,314
Bank Overdraft	-	-	2,071	2,071	2,071
	-	-	4,385	4,385	4,385

Company March 2008

	Loans and Receivables $'000	Available-For-Sale $'000	Other Amortised Cost $'000	Total Carrying Value $'000	Fair Value $'000
Cash and Cash Equivalents	2,794	-	-	2,794	2,794
Trade and Other Receivables	3,692	-	-	3,692	3,692
Available-for-Sale Financial Assets	-	170	-	170	170
Gross Loans and Advances to Customers	*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	19,175	-	-	19,175	19,175
	110,648	170	-	110,818	110,238
Trade and Other Payables	-	-	3,866	3,866	3,866
Borrowing	-	-	110,743	110,743	110,129
	-	-	114,609	114,609	113,995

Determination of Fair Values

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

Cash and Cash Equivalents – at face value.

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

Loans and 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 using a valuation technique and approved by directors.

Guarantee to Speirs Investments Limited – at face value.

6 NET INTEREST INCOME/ (EXPENSE)

	Group		Company	
	12 months	15 months	**12 months**	15 months
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
		(restated)		
Interest Income				
Cash and Cash Equivalents	**8**	375	**6**	266
Loans and Advances	**363**	13,744	**225**	5,937
Subordinated Debt – Securitised Assets	**-**	-	**-**	1,328
Interest Income on Securitised Assets	**-**	-	**-**	7,807
Total Interest Income	**371**	14,119	**231**	15,338
Interest Expense				
Bank Overdraft	**94**	372	**94**	372
Interest Expense on Securitised Assets	**-**	-	**-**	7,807
Borrowings				
Commercial Paper	**-**	5,417	**-**	-
Convertible Redeemable Preference Shares	**143**	-	**143**	-
Secured Stock	**144**	4,217	**-**	4,217
Subordinated Notes	**-**	113	**-**	113
On all other borrowings	**14**	-	**22**	-
Total Interest Expense	**395**	10,119	**259**	12,509
Net Interest Income/(Expense)	**(24)**	4,000	**(28)**	2,829
Allocated to Continuing Activities	**(24)**	117	**(28)**	117
Allocated to Discontinued Activities	**-**	3,883	**-**	2,712
Total Net Interest Income/(Expense)	**(24)**	4,000	**(28)**	2,829

Interest revenue from impaired or restructured financial assets has not been separately disclosed as it is not material

7 NET FEE AND COMMISSION INCOME

	Group		Company	
	12 months	15 months	**12 months**	15 months
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
		(restated)		
Fee and Commission Income				
Fees Earned as Administrator – Speirs Securities Limited	**-**	-	**-**	1,148
Fees Charged to Customers	**-**	844	**-**	686
Total Fee and Commission Income	**-**	844	**-**	1,834
Fee and Commission Expense				
Commission Paid or Payable to Marketing Agents	**-**	1,888	**-**	1,888
Other Fees Paid or Accrued	**-**	359	**-**	82
Total Fee and Commission Expense	**-**	2,247	**-**	1,970
Net Fee and Commission Income	**-**	(1,403)	**-**	(136)

8 OTHER INCOME

	Group		Company	
	12 months	15 months	**12 months**	15 months
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
		(restated)		
Other Income				
Dividends from Available-for-Sale Equity Securities	**8**	30	**8**	30
Rental Income	**67**	82	**67**	82
Other Income	**272**	407	**272**	559
Total Other Income	**347**	519	**347**	671
Allocated to Continuing Activities	**347**	149	**347**	450
Allocated to Discontinued Activities	**-**	370	**-**	221
Total Other Income	**347**	519	**347**	671

9 EMPLOYEE BENEFITS EXPENSE

	Group & Company	
	12 months	15 months
	2010	2009
	$'000	$'000
		(restated)
Employee Benefits Expense		
Wages and Salaries	**3,450**	5,408
Other Personnel Expenses	**160**	170
Total Personnel Expenses	**3,610**	5,578
Allocated to Continuing Activities	**3,610**	4,188
Allocated to Discontinued Activities	**-**	1,390
Total Personnel Expenses	**3,610**	5,578

10 OTHER EXPENSES

	Group		Company	
	12 months	15 months	**12 months**	15 months
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
		(restated)		
Other Expenses				
Fees Paid to Auditors				
Statutory Audit of Financial Statements	**53**	55	**53**	55
Other Assurance Services	**-**	10	**-**	10
Taxation Compliance Services	**38**	49	**38**	49
Directors Fees	**150**	224	**150**	224
Loss on Disposal of Sale of Property, Plant & Equipment	**-**	-	**-**	-
Rental Expenditure	**15**	50	**15**	50
Other Expenses	**1,587**	2,961	**1,587**	3,210
Total Other Expenses	**1,843**	3,349	**1,843**	3,598
Allocated to Continuing Activities	**1,843**	1,365	**1,843**	1,980
Allocated to Discontinued Activities	**-**	1,984	**-**	1,618
Total Other Expenses	**1,843**	3,349	**1,843**	3,598

11 INCOME TAX EXPENSE

	Group		Company	
	12 months	15 months	**12 months**	15 months
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
		(restated)		
Tax Expense				
Current Tax	**-**	-	**-**	-
Deferred Tax Expense/(Benefit) **– Note 18**	**-**	(1,263)	**-**	(1,263)
Income Tax Expense/(Benefit)	**-**	(1,263)	**-**	(1,263)
Allocated to Continuing Activities	**-**	(185)	**-**	(185)
Allocated to Discontinued Activities	**-**	(1,078)	**-**	(1,078)
Total Income Tax Expense/(Benefit)	**-**	(1,263)	**-**	(1,263)

	Group	
	12 months	15 months
	2010	2009
	$'000	$'000
		(restated)
Reconciliation of Effective Tax Rate		
Profit/(Loss) Before Income Tax	**(5,100)**	737
Income Tax at 30%	**(1,530)**	221
Loss on Associate - Speirs Nutritionals	**253**	279
Non-deductible Expenses	**77**	3
Tax Exempt Income	**-**	(1,767)
Unrecognised Future Income Tax Benefit	**1,200**	-
Prior Period Adjustments	**-**	1
	-	(1,263)

	Company	
	12 months	15 months
	2010	2009
	$'000	$'000
Reconciliation of Effective Tax Rate		
Profit/(Loss) Before Income Tax	**(3,331)**	1,840
Income Tax at 30%	**(999)**	552
Non-deductible Expenses	**77**	3
Tax Exempt Income	**-**	(1,819)
Prior Year Adjustment	**-**	1
Unrecognised Future Income Tax Benefit	**922**	-
	-	(1,263)

	Group and Company	
	12 months	15 months
	2010	2009
	$'000	$'000
Income Tax Benefit Recognised Directly in Equity		
Distributions made on Perpetual Bonds	**-**	267
Total Income Tax Benefit Recognised Directly in Equity	**-**	267

During the year a change in the NZ corporate tax rate from 30% to 28% was enacted on 27 May 2010 which will be effective from 1 July 2011. This change has had no effect on deferred tax balances as no deferred tax has been recognised in the current period.

	Group and Company	
	12 months	*15 months*
	2010	*2009*
	$'000	*$'000*
Imputation Credits		
Imputation Credits at Beginning of Period	**4,132**	4,520
Income Tax Paid/(Income Tax Refunds Received)	**-**	(400)
Imputation Credits Attached to Dividends Received	**3**	12
Imputation Credits Attached to Convertible Redeemable Preference Share Dividends Paid	**(65)**	-
Imputation Credits at Period End	**4,070**	4,132

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

12 EARNINGS PER SHARE

Basic and Diluted Earnings per Share - Total Activities

	Group		Company	
	12 months	*15 months*	**12 months**	*15 months*
	2010	*2009*	**2010**	*2009*
	$'000	*$'000*	**$'000**	*$'000*
		(restated)		
Profit/(Loss) Attributable to Ordinary Shareholders				
Profit/(Loss) for the Period	**(5,100)**	2,000	**(3,331)**	3,103
Interest Paid on Perpetual Speirs Bonds Classified as Equity, net of tax	**-**	(623)	**-**	(623)
Profit/(Loss)Loss for the Year Attributable to Ordinary Shareholders	**(5,100)**	1,377	**(3,331)**	2,480

		Group and Company	
	Note	**12 months**	*15 months*
		2010	*2009*
Weighted Average Number of Ordinary Shares – Basic and Diluted			
Issued Ordinary Shares	**23**	**10,835**	10,835
Weighted Average Number of Ordinary Shares at Period End – Basic and Diluted		**10,835**	10,835

Basic and Diluted Earnings per Share - Discontinued Activities

	Group		Company	
	12 months	*15 months*	**12 months**	*15 months*
	2010	*2009*	**2010**	*2009*
	$'000	*$'000*	**$'000**	*$'000*
Profit/(Loss) Attributable to Ordinary Shareholders				
Profit/(Loss) for the Period	**-**	4,949	**-**	5,436
Interest Paid on Perpetual Speirs Bonds Classified as Equity, net of tax	**-**	(623)	**-**	(623)
Profit/(Loss)Loss for the Year Attributable to Ordinary Shareholders	**-**	4,326	**-**	4,813

13 CASH AND CASH EQUIVALENTS/BANK OVERDRAFT

	Group			Company		
	30 June 2010 $'000	30 June 2009 $'000 (restated)	31 March 2008 $'000 (restated)	**30 June 2010 $'000**	30 June 2009 $'000	31 March 2008 $'000
Cash and Cash Equivalents						
Cash at Bank/(Bank Overdraft)	**382**	(2,071)	4,693	**378**	(2,071)	2,391
Short Term Deposits – Call	**264**	-	3,026	**264**	-	1
Cash Available to the Company and Group	**646**	(2,071)	7,719	**642**	(2,071)	2,392
Cash at Bank Pledged to Others	**-**	-	402	**-**	-	402
Total Cash & Cash Equivalents/(Bank Overdraft)	**646**	(2,071)	8,121	**642**	(2,071)	2,794

All cash and cash equivalents are held in registered banks.

At 30 June 2010 the Company has no overdraft facility. The Company has positive cash balances at bank. At 30 June 2009 the Company's Bank Overdraft facility was secured by way of a floating charge over all of the Company's assets and undertakings.

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

	Group			Company		
	30 June 2010	30 June 2009	31 March 2008	**30 June 2010**	30 June 2009	31 March 2008
Cash and Cash Equivalents						
Cash at Bank	**-**	-	**-**	**-**	-	-
Short Term Deposits – Call	**3.15%**	**-**	**8.25%**	**3.15%**	**-**	**8.25%**
Bank Overdraft – Floating Interest Rate	**-**	**(7.08%)**	**-**	**-**	**(7.08%)**	**-**

14 TRADE AND OTHER RECEIVABLES

Group & Company	**30 June 2010**			30 June 2009		
	Gross Amount $'000	**Impairment Allowance $'000**	**Carrying Amount $'000**	Gross Amount $'000 (restated)	Impairment Allowance $'000 (restated)	Carrying Amount $'000 (restated)
Trade and Other Receivables						
Trade Receivables	**998**	-	**998**	1,457	-	1,457
Receivable from Speirs Nutritionals	**769**	-	**769**	1,531	-	1,531
Prepayments	**8**	-	**8**	12	-	12
Total Trade and Other Receivables	**1,775**	-	**1,775**	3,000	-	3,000

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

	Group 31 March 2008			Company 31 March 2008		
	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000	Gross Amount $'000	Impairment Allowance $'000	Carrying Amount $'000
Trade and Other Receivables						
Trade Receivables	**2,634**	-	**2,634**	**2,438**	**-**	**2,438**
Receivable from Speirs Nutritionals	**313**	-	**313**	**313**	**-**	**313**
Receivable from Speirs Securities Limited	**-**	-	**-**	**941**	**-**	**941**
Prepayments	**451**	-	**451**	**410**	**-**	**410**
Total Trade and Other Receivables	**3,398**	-	**3,398**	**4,102**	**-**	**4,102**

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

15 INVENTORIES

	Group & Company		
	30 June 2010 $'000	30 June 2009 $'000 (restated)	31 March 2008 $'000
Inventories			
Raw Materials and Consumables	**329**	400	469
Finished Goods	**74**	73	88
	403	473	557
Inventories stated at Net Realisable Value - current	**403**	473	557
Carrying Amount of Inventories Subject to Retention of Title Clauses	**-**	-	-

16 ASSOCIATE ENTITIES

Overall Summary

Investments Equity Accounted	Group		
	30 June 2010 $'000	30 June 2009 $'000 (restated)	31 March 2008 $'000 (restated)
Share of Rosa Foods Limited	**416**	421	-
Share of Speirs Nutritionals Limited	**-**	-	930
Share of Speirs Nutritionals Partners LP	**311**	-	-
	727	421	930

Share of Loss of Associates	**12 months 30 June 2010 $'000**	15 months 30 June 2009 $'000 (restated)
Share of Loss of Rosa Foods Limited	**(5)**	(79)
Share of Loss of Speirs Nutritionals Limited	**-**	(930)
Share of Loss of Speirs Nutritionals Partners LP	**(577)**	-
	(582)	(1,009)

Investments at Cost	Company		
	30 June 2010 $'000	30 June 2009 $'000 (restated)	31 March 2008 $'000 (restated)
Investment in Rosa Foods Limited	**500**	421	-
Investment in Speirs Nutritionals Limited	**-**	1,800	1,800
Investment in Speirs Nutritionals Partners LP	**3,800**	-	-
	4,300	2,221	1,800

(a) Rosa Foods Limited

On 1 April 2008 the Company purchased 40% of the ordinary shares of Rosa Foods Limited ("Rosa"). Rosa is a Wellington based food manufacturer providing prepared meal products to the supermarket chains. Rosa has a reporting date of 31 March. Financial information for Rosa has been extracted from management accounts for the period ended 30 June 2010. The Company did not receive a dividend from Rosa during the period ended 30 June 2010.

	Group	
	12 months	*15 months*
	30 June	*30 June*
	2010	*2009*
	$'000	*$'000*
Share of deficit of associate	**(5)**	(79)
Taxation expense	**-**	-
Share of deficit after tax of associate	**(5)**	(79)
Less share of dividends received	**-**	-
Less Provision for impairment	**-**	-
Net addition/(deletion) to the investment carrying value	**(5)**	(79)
Share of associate's equity at the beginning of the period	**(79)**	-
Cost of investment in associate – ordinary shares	**400**	400
Cost of investment in associate – 13 % preference shares	**100**	100
	416	421

At 30 June the statement of financial position of Rosa was as follows:

	2010	*2009*
	$'000	*$'000*
Current Assets	**293**	338
Goodwill	**550**	550
Property Plant and Equipment	**535**	618
Total Assets	**1,378**	1,506
Current Liabilities	**299**	386
Non Current Liabilities	**147**	177
Total Liabilities	**446**	563
Net Assets	**932**	943

(b) Speirs Nutritionals Limited

The Company owned 63.38% of the ordinary shares of Speirs Nutritionals Limited ("Speirs Nutritionals"). Speirs Nutritionals principal activity is the processing and marketing of omega-3 oil. Speirs Nutritionals has a reporting date of 30 June. On 31 January 2010 Speirs Nutritionals trading entity was changed from that of a company to that of a Limited Partnership. (see note (c) below) .Financial information for Speirs Nutritionals has been extracted from management accounts for the period ended 31 January 2010. The Company did not receive a dividend from Speirs Nutirionals during the period ended 31 January 2010. Speirs Nutriotinals is not accounted for as a subsidiary as Speirs Group does not have control of Speirs Nutritionals. It does, however, have significant influence.

	Group		
	12 months	*15 months*	*12 months*
	30 June	*30 June*	*31 March*
	2010	*2009*	*2008*
	$'000	*$'000*	*$'000*
		(restated)	*(restated)*
Share of deficit of associate	**-**	(930)	(716)
Taxation expense	**-**	-	-
Share of deficit after tax of associate	**-**	(930)	(716)
Less share of dividends received	**-**	-	-
Net addition/(deletion) to the investment carrying value	**-**	(930)	(716)
Share of associate's equity at the beginning of the period	**-**	(870)	(154)
Cost of investment in associate – ordinary shares	**-**	1,800	1,800
Transfer to Speirs Nutritionals Partners LP	**-**	-	-
	-	-	930

At 30 June 2009 Speirs Nutritionals Limited has unrecognised tax losses of $322,000.

At 30 June the statement of financial position of Speirs Nutritionals was as follows:

	2010	*2009*
	$'000	*$'000*
		(restated)
Current Assets	**-**	83
Intangibles	**-**	1,236
Property Plant and Equipment	**-**	1,376
Total Assets	**-**	2,695
Current Liabilities	**-**	1,961
Non Current Liabilities	**-**	1,242
Total Liabilities	**-**	3,203
Net Liabilities	**-**	(508)

(c)Speirs Nutritionals Partners LP

On 1 February 2010 the Company acquired a 59.61% interest in Speirs Nutritionals Partners LP ("SNPLP") in return for selling the Company's shares in Speirs Nutritionals Limited following a restructuring of the entities within the Group. SNPLP is a Limited Partnership which was formed when Speirs Nutritionals trading entity was changed from that of a company to that of a Limited Partnership. (see note (b) above) . Financial information for SNPLP has been extracted from audited financial statements for the period ended 30 June 2010. Speirs Nutritionals is not accounted for as a subsidiary as Speirs Group does not have control of Speirs Nutritionals. It does, however, have significant influence.

	Group	
	12 months	*15 months*
	30 June	*30 June*
	2010	*2009*
	$'000	*$'000*
Share of deficit of associate	**(577)**	-
Taxation expense	**-**	-
Share of deficit after tax of associate	**(577)**	-
Less share of dividends received	**-**	-
Net addition/(deletion) to the investment carrying value	**(577)**	-
Conversion of loan into equity in SNPLP	**2,000**	-
	1,423	-
Impairment on Acquisition	**(1,112)**	-
	311	-

The impairment on acquisition relates to the recognition of previously unrecognised losses due to the accounting policy which ceased recognising the trading losses of an associate when the net value of the investment in the associate declined to nil.

At 30 June the statement of financial position of SNPLP was as follows:

	2010	*2009*
	$'000	*$'000*
Current Assets	**488**	-
Intangibles	**1,068**	-
Property Plant and Equipment	**1,266**	-
Total Assets	**2,822**	-
Current Liabilities	**1,278**	-
Non Current Liabilities	**1,022**	-
Total Liabilities	**2,300**	-
Net Assets	**522**	-
Speirs Group Share (59.61%)	**311**	-

17 LOANS AND RECEIVABLES

	Group			Company		
	30 June 2010 $'000	30 June 2009 $'000	31 March 2008 $'000	**30 June 2010 $'000**	30 June 2009 $'000	31 March 2008 $'000
Allied Capital Convertible Redeemable Preference Shares	**500**	500	**-**	**500**	500	-
Speirs Investments Limited Unsecured Stock	**-**	-	**-**	**300**	-	-
Allied Nationwide Finance Limited Perpetual Bonds	**2,000**	2,000		**-**	2,000	-
	2,500	2,500	**-**	**800**	2,500	-
Provision for Impairment	**(2,500)**	-	**-**	**(500)**	-	-
	-	2,500	**-**	**300**	2,500	-
Current	**-**	-	**-**	**-**	-	-
Non-Current	**-**	2,500	**-**	**300**	2,500	-
	-	2,500	**-**	**300**	2,500	-

Allied Capital Convertible Redeemable Preference Shares

As part of the sale of the Company's shareholding in Allied Farmers Limited to Allied Capital Limited on 22 May 2009 the Company received 500,000 $1 Convertible Redeemable Preference Shares in Allied Capital Limited. The main terms of issue are that the Convertible Redeemable Preference shares have a coupon rate of 10% per annum. The Convertible Redeemable Preference shares can be converted (at Speirs' option) to either cash or ordinary shares in Allied Capital Limited in the period from 30 May 2011 to 30 May 2012.

Allied Nationwide Finance Limited Perpetual Bonds

As part of the sale of the finance division of Speirs Group Limited on 30 September 2008, the Company received, as part of the consideration 2,000,000 $1 Subordinated Perpetual Bonds in Allied Nationwide Finance Limited. The Allied Nationwide Finance Limited Perpetual Bonds ("The Bonds") have a par value of $1.00 per bond.

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

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

During the year ended 30 June 2010 the Bonds were transferred to a wholly owned subsidiary of Speirs Group Limited, Speirs Investments Limited. Since 30 June 2010 Allied Nationwide Finance Limited has gone into receivership (see note 27). For this reason the directors have decided to fully impair this receivable.

18 DEFERRED INCOME TAX ASSET

Unrecognised Deferred Tax Assets

The Group has a deferred tax asset of $8,684,840 (2009: $7,380,868) which has not been recognised. The asset not recognised is composed of tax losses arising from start up costs relating to a subsidiary and other tax losses which would require taxable profit to realise them in excess of that which can be reliably estimated in the medium term.

The Company has a deferred tax asset of $8,161,875 (2009: $7,495,858) which has not been recognised

Unrecognised Deferred Tax Liabilities

All deferred tax liabilities have been recognised (2009: same)

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Balance at 1 April 2008	Recognised in Profit or Loss	Recognised in Equity	Effect of Sale of Finance Business	Balance at 30 June 2009	Recognised in Profit or Loss	Balance at 30 June 2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
					(restated)		
Trade and Other Payables	-	-	-	-	-	-	-
Derivative Financial Instruments	89	24	-	(113)	-	-	-
Loans and Advances to Customers	(3,220)	(882)	-	4,102	-	-	-
Assets Leased to Others	3	-	-	(3)	-	-	-
Property, Plant and Equipment	(53)	(15)	-	68	-	-	-
Intangible Assets	719	197	-	(915)	**1**	**(1)**	-
Provisions & Allowances	(3)	-	-	3	-	-	-
Other Assets	(135)	(37)	-	172	-	-	-
Tax Loss Carry-Forwards	(2,009)	(550)	(267)	2,825	**(1)**	**1**	-
Net Tax (Assets) / Liabilities	(4,609)	(1,263)	(267)	6,139	-	-	-

Company	Balance at 1 April 2008	Recognised in Profit or Loss	Recognised in Equity	Effect of Sale of Finance Business	Balance at 30 June 2009	Recognised in Profit or Loss	Balance at 30 June 2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loans and Advances to Customers	(3,220)	(860)	-	4,080	-	-	
Assets Leased to Others	3	-	-	(3)	-	-	-
Property, Plant and Equipment	(64)	(17)	-	193	112	**(112)**	-
Intangible Assets	551	147	-	(698)	-	-	-
Provisions & Allowances	(3)	-	-	4	1	**(1)**	-
Other Assets	(135)	(36)	-	260	89	**(89)**	-
Tax Loss Carry-Forwards	(1,861)	(497)	(267)	2,423	(202)	**202**	-
Net Tax (Assets) / Liabilities	(4,729)	(1,263)	(267)	6,259	-	-	-

During the year, as a result of the change in the NZ corporate tax rate from 30% to 28% that was enacted on 27 May 2010 and that will be effective from 1 July 2011. There has been no effect on deferred tax balances as no deferred tax has been recognised in the current period.

19 PROPERTY, PLANT AND EQUIPMENT

Group & Company	Land $'000 (restated)	Buildings $'000 (restated)	Computer Equipment $'000 (restated)	Vehicles $'000 (restated)	Other Plant & Equipment $'000 (restated)	Capital Work in Progress $'000 (restated)	Total $'000 (restated)
Cost or Valuation							
Balance at 1 April 2008	80	2,329	1,614	961	4,846	98	9,928
Additions	-	46	84	54	119	212	515
Disposals / Transfers	-	-	(39)	(362)	(8)	-	(409)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	-	(900)	(292)	(372)	(108)	(1,672)
Balance at 30 June 2009	80	2,375	759	361	4,585	202	8,362
Balance at 1 July 2009	**80**	**2,375**	**759**	**361**	**4,585**	**202**	**8,362**
Additions	**-**	**412**	**280**	**38**	**265**	**-**	**995**
Disposals / Transfers	**-**	**-**	**(128)**	**-**	**-**	**(154)**	**(282)**
Balance at 30 June 2010	**80**	**2,787**	**911**	**399**	**4,850**	**48**	**9,075**
Depreciation and Impairment Losses							
Balance at 1 April 2008	-	181	1,325	427	2,827	-	4,760
Depreciation for the Period	-	98	99	149	483	-	829
Disposals	-	-	(37)	(213)	(2)	-	(252)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	-	(703)	(97)	(296)	-	(1,096)
Balance at 30 June 2009	-	279	684	266	3,012	-	4,241
Balance at 1 July 2009	**-**	**279**	**684**	**266**	**3,012**	**-**	**4,241**
Depreciation for the Year	**-**	**87**	**55**	**41**	**369**	**-**	**552**
Disposals	**-**	**-**	**(128)**	**-**	**-**	**-**	**(128)**
Balance at 30 June 2010	**-**	**366**	**611**	**307**	**3,381**	**-**	**4,665**
Carrying Amounts							
At 1 April 2008	80	2,148	289	534	2,019	98	5,168
At 30 June 2009	80	2,096	75	95	1,573	202	4,121
At 30 June 2010	**80**	2,421	**300**	**92**	**1,469**	**48**	**4,410**

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 staff.

20 INTANGIBLES

Group & Company	30 June 2010 Purchased Software $'000	30 June 2009 Purchased Software $'000 (restated)	31 March 2008 Purchased Software $'000
Cost			
Balance at Beginning of Period	126	6,259	6,230
Additions	-	12	56
Disposals	-	-	(27)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	(6,145)	-
Balance at Period End	**126**	126	6,259
Amortisation and Impairment Losses			
Balance at Beginning of Period	103	**4,137**	3,682
Amortisation for the Period	**13**	**197**	482
Disposals	-	-	(27)
Disposal as part of the sale of the finance business of Speirs Group Limited	-	**(4,231)**	-
Balance at Period End	**116**	**103**	4,137
Carrying Amounts			
At Beginning of Period	23	2,122	2,548
At Period End	**10**	23	2,122

21 TRADE AND OTHER PAYABLES

	Group & Company	
	30 June 2010 $'000	*30 June 2009 $'000 (restated)*
Trade and Other Payables		
Trade Payables	**1,598**	1,238
Provisions	**5**	5
Non-Trade Payables and Accrued Expenses	**220**	1,076
	1,823	2,319

	Group 31 March 2008 $'000	*Company 31 March 2008 $'000*
Trade and Other Payables		
Trade Payables	3,181	3,163
Owing to Speirs Nutritionals Limited	300	300
Provisions	10	10
Non-Trade Payables and Accrued Expenses	403	403
	3,894	3,876

22 BORROWINGS

	Group			Company		
	30 June 2010 $'000	30 June 2009 $'000	31 March 2008 $'000	**30 June 2010 $'000**	30 June 2009 $'000	31 March 2008 $'000
Borrowings						
Secured Stock – Speirs Investments Limited	**1,700**	-	-	**-**	-	-
Convertible Redeemable Preference Shares	**2,661**	-	-	**2,661**	-	-
Secured Stock – Speirs Group Limited	**-**	-	102,079	**-**	-	102,079
Subordinated Notes	**-**	-	2,664	**-**	-	2,664
Commercial Paper	**-**	-	129,050	**-**	-	-
Committed Cash Advance Facility	**-**	-	6,000	**-**	-	6,000
	4,361	-	239,793	**2,661**	-	110,743
Current	**-**	-	126,082	**-**	**-**	81,172
Non-Current	**4,361**	-	113,711	**2,661**	**-**	29,571
	4,361	-	239,793	**2,661**	**-**	110,743

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

	Group			Company		
	30 June 2010 %	30 June 2009 %	31 March 2008 %	**30 June 2010 %**	30 June 2009 %	31 March 2008 %
Borrowings						
Secured Stock – Speirs Investments Limited	**10.00%**	-	-	-	-	-
Convertible Redeemable Preference Shares	**9.00%**	-	-	**9.00%**	-	-
Secured Stock – Speirs Group Limited	-	-	8.90%	-	-	8.90%
Subordinated Notes	-	-	10.39%	-	-	10.39%
Commercial Paper	-	-	7.76%	-	-	-
Committed Cash Advance Facility	-	-	10.30%	-	-	10.30%

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

During the period 3,250,000 convertible redeemable preference shares were issued at $1 each. The convertible redeemable preference shares have a redemption date of 14 December 2013. At the redemption date the holders of the convertible redeemable preference shares have the option in redeeming their shares in cash (on a $ for $ basis) or converting the convertible redeemable preference shares to ordinary shares in the company at a ratio of 3 ordinary shares for every 2 convertible redeemable preference shares held. The convertible redeemable preference shares rank behind all other liabilities of the company but ahead of ordinary shareholders.

23 CONTRIBUTED CAPITAL

Group and Company	Contributed Capital		
	30 June	*30 June*	*31 March*
	2010	*2009*	*2008*
	$'000	*$'000*	*$'000*
Balance at 1 July	**12,168**	12,168	12,168
Equity Element of Convertible Redeemable Preference Shares	**589**	-	-
Balance at Period End	**12,757**	12,168	12,168

The Company has issued Convertible Redeemable Preference Shares (see Note 22). Under NZ IFRS such instruments are required to be discounted using an appropriate discount rate for instruments of similar risk. Any variance between the discounted cash flow calculation and the carrying value is accounted for as a component of Contributed Capital.

Group and Company	Ordinary Shares		
	30 June	*30 June*	*31 March*
	2010	*2009*	*2008*
	'000	*'000*	*'000*
Number of Shares on issue at 1 July	**10,835**	10,835	10,835
Number of Shares on issue at Period End	**10,835**	10,835	10,835

The total authorised number of ordinary shares is **10,834,576** (30 June 2009: 10,834,576). 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.

Dividends

The following dividends were declared and paid by the Group:

	12 months	*15 months*
	30 June	*30 June*
	2010	*2009*
	$'000	*$'000*
$**0.00** per Qualifying Ordinary Share (2009: $0.00)	**-**	-

Subsequent to 30 June 2010, the Directors proposed that no dividend be paid for the year ended 30 June 2010.

24 RECONCILIATION OF PROFIT/ (LOSS) AFTER TAX FOR THE PERIOD TO NET CASH FROM OPERATING ACTIVITIES

	Group		Company	
	12 months	15 months	**12 months**	15 months
	30 June	30 June	**30 June**	30 June
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Reconciliation of Profit/(Loss) After Tax for the Period to Net Cash from Operating Activities				
Profit/(Loss) for the Period	**(5,100)**	2,000	**(3,331)**	3,103
Adjustments for Non-Cash Items:				
Depreciation	**552**	1,273	**552**	1,277
Amortisation of Intangible Assets	**13**	197	**13**	197
Bad Debts Written-off	**-**	1,018	**-**	1,018
Movement in Doubtful Debt Provisions	**-**	(170)	**-**	(170)
Impairment Loss on Loans and Receivables	**2,500**	-	**500**	-
Provision of Guarantee to Speirs Investments Limited	**-**	-	**2,000**	-
Non Cash Items on Sale of Finance Business	**-**	(5,496)	**-**	(6,505)
Share of Associate Losses	**582**	1,009	**-**	-
Impairment Loss on Associate Company	**1,112**	-	**(79)**	79
(Gain) / Loss on Sale of Property Plant and Equipment	**-**	(32)	**-**	(32)
Taxation benefit of Distributions Made on Perpetual Bonds	**-**	267	**-**	267
Loss on Allied Farmers Shares	**-**	966	**-**	966
Movement in Deferred Tax	**-**	(1,263)	**-**	(1,263)
	(341)	(231)	**(345)**	(1,063)
Movement in Other Working Capital Items:				
Change in Inventories	**70**	84	**70**	84
Change in Trade and Other Receivables	**459**	245	**459**	164
Change in Other Assets	**4**	(20)	**4**	77
Change in Loans and Advances to Customers	**-**	24,808	**-**	23,339
Change in Assets Leased to Others	**-**	1,496	**-**	1,496
Change in Trade and Other Payables	**254**	119	**254**	67
Change in Income Tax Liability	**-**	400	**-**	400
Net Cash From Operating Activities	**446**	26,901	**442**	24,564

25 RELATED PARTIES

Transactions with Key Management Personnel

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

Loans to Key Management Personnel

- There are no loans to key management personnel

Key management personnel compensation comprised:

Group and Company	**12 months**	15 months
	30 June	30 June
	2010	2009
	$'000	$'000
Short-Term Employee Benefits	**394**	665
Post-Employment Benefits	**-**	-
Termination Benefits	**81**	-
Other Long-Term Benefits	**-**	-
Share-Based Payments	**-**	-
	475	**665**

Other Transactions with Key Management Personnel

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

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

There were no material transactions or outstanding balances relating to key management personnel.

Transactions with related parties are summarised below:

- Speirs Group Limited provided funding to Speirs Nutritionals by way of a term loan facility The interest charge on the credit facility for the five month period ended 30 June 2010 was $32,248. At 30 June 2010 the outstanding balance of the credit facility was $769,349

- Speirs Group Limited provided goods and services to Speirs Nutritionals. The fees charged for goods and services provided was $117,036. At 30 June 2010 accounts payable balance was $38,000.

- Speirs Group Limited charged rent to Speirs Nutritionals for $27,917.

- Speirs Nutritionals charged Speirs Group Limited for services provided and charged $10,786

- Speirs Group charged Rosa Foods Limited $137,648 for services provided

All interest and fees charged Partnership by related parties have been charged at fair market rates

From time to time directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

26 CAPITAL COMMITMENTS AND CONTINGENCIES

Commitments

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

Group and Company 30 June 2010	Property Rentals $'000	Capital Expenditure $'000	Total $'000
Less than One Year	-	150	150
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	150	150

Group and Company 30 June 2009	Property Rentals $'000	Capital Expenditure $'000	Total $'000
Less than One Year	-	200	200
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	200	200

Contingent Liabilities

The Group and Company have no contingent liabilities.

27 EVENTS AFTER THE REPORTING PERIOD

Speirs Foods Limited

On 1 July 2010 Speirs Foods Limited was established as a wholly owned subsidiary of Speirs Group Limited. Prior to this date Speirs Foods had operated as a trading division of Speirs Group Limited.

Mortgage Facility

On 31 July 2010 Speirs Foods Limited received a two year mortgage funding facility for up to $800,000. The facility is secured by a mortgage over the properties owned by Speirs Foods Limited, along with a charge over the assets and undertakings of Speirs Foods Limited and an unsecured guarantee from Speirs Group Limited.

Receivership of Allied Nationwide Finance Limited

On 20 August 2010 Allied Nationwide Finance Limited was placed into receivership. For that reason the directors decided to make a full provision against the 2 million $1 Perpetual Bonds in Allied Nationwide Finance Limited held by Speirs Investments Limited. Dependent upon the out come of the receivership some or all of the monies owing may be recovered in the future.

The Directors of Speirs Group Limited have confirmed their commitment to honour the guarantee given by Speirs Group Limited to Speirs Investments Limited to pay the quarterly interest payments and eventual principal repayment on the secured and unsecured stock issued by Speirs Investments Limited. The sum of $2m has been provided for by the Company as an adjustable subsequent event because placement of ANFL into receivership confirmed the probability of the guarantee having been called at the balance date.

Speirs Nutritionals Partners LP

Associate entity Speirs Nutritionals Partners LP is negotiating to an expected early conclusion a global licence fee offer in relation to its patented intellectual property.

28 GAIN ON DISPOSAL OF FINANCE BUSINESS

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

	Group	Company	Group	Company
	12 Months	12 Months	15 Months	15 Months
	30 June 2010	30 June 2010	30 June 2009	30 June 2009
	$'000	$'000	$'000	$'000
Liabilities Disposed of:				
- Bank Borrowings	-	-	3,000	3,000
- Secured Stock	-	-	81,611	81,611
- Commercial Paper	-	-	129,490	-
- Subordinated Notes	-	-	1,837	1,837
- Other Liabilities	-	-	2,470	2,374
Assets Disposed of:				
- Finance Receivables	-	-	(202,951)	(60,800)
- Finance Receivables – Securitised Assets	-	-	-	(142,151)
- Liability Arising on Securitised Assets	-	-	-	142,151
- Operating Lease Assets	-	-	(2,658)	(2,658)
- Subordinated Debt and Amounts owing from Speirs Securities Limited	-	-	-	(21,036)
- Property, Plant and Equipment	-	-	(606)	(606)
- Intangibles (Software)	-	-	(1,932)	(1,932)
- Investment Properties	-	-	(2,100)	(2,100)
- Other Assets	-	-	(6,350)	(6,067)
- Future income tax benefit	-	-	(6,139)	(6,139)
Equity Disposed of:				
- Perpetual Speirs Bonds	-	-	13,539	13,539
- Shareholder's Funds – Speirs Securities Limited	-	-	(174)	-
Cash and Cash Equivalents Disposed of	-	-	(7,992)	196
Net Liabilities Disposed of	-	-	1,045	1,219
Cash Received on the Sale of the Finance Business	-	-	1,100	1,100
Non Cash Consideration Received on Sale	-	-	4,222	4,222
Total Consideration Received	-	-	5,322	5,322
Direct costs of disposal (including advisors and regulators fees)	-	-	(1,273)	(1,273)
Net Gain Recognised in Statement of Comprehensive Income	-	-	5,094	5,268

29 CASH FLOWS FROM DISCONTINUED ACTIVITIES

The following cash flows were derived from activities which were discontinued as a result of the sale of the finance division of Speirs Group Limited

	Group		Company	
	30 June 2010 $'000	30 June 2009 $'000	**30 June 2010 $'000**	30 June 2009 $'000
Discontinued Cash flows from Operating Activities	**-**	25,303	**-**	24,117
Discontinued Cash flows from Investing Activities	**-**	(10,771)	**-**	(2,583)
Discontinued Cash flows from Financing Activities	**-**	(23,301)	**-**	(25,171)
Total Net Discontinued Cash flows	**-**	(8,769)	**-**	(3,637)

30 FINANCIAL RISK MANAGEMENT

Introduction and Overview

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

- Credit risks
- Liquidity risks
- Market risks

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

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

Risk Management Framework

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

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

Credit Risk

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

Management of Credit Risk

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

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

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

Exposure to Credit Risk

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

	Group			Company		
	June 2010 $'000	June 2009 $'000	March 2008 $'000	**June 2010 $'000**	June 2009 $'000	March 2008 $'000
Cash and Cash Equivalents	**646**	-	8,121	**642**	-	2,794
Trade and Other Receivables	**1,767**	2,988	2,947	**1,767**	2,988	3,692
Loans and Receivables	**-**	2,500	-	**300**	2,500	-
Derivative Financial Instruments	**-**	-	295	**-**	-	-
Loans and Advances to Customers	**-**	-	228,607	**-**	-	84,987
Subordinated Debt – Securitised Assets	**-**	-	-	**-**	-	19,175

The following categories are not impaired, contain no past due balances, nor 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 Receivables**			**Trade and Other Receivables**		
	June 2010 $'000	June 2009 $'000	March 2008 $'000	**June 2010 $'000**	June 2009 $'000	March 2008 $'000
Carrying Amount	**-**	2,500	**-**	**1,767**	2,988	2,947
Past Due but not Impaired	**-**	-	**-**	**6**	147	257
Neither Past Due nor Impaired	**-**	2,500	**-**	**1,761**	2,841	2,690
Total Carrying Amount	**-**	2,500	**-**	**1,767**	2,988	2,947

- Trade and other receivables totalling $6,011 (2008: $146,759) are greater than 90 days overdue but are considered collectable and are not impaired.

Company	**Loans and Receivables**			**Trade and Other Receivables**		
	June 2010 $'000	June 2009 $'000	March 2008 $'000	**June 2010 $'000**	June 2009 $'000	March 2008 $'000
Carrying Amount	**300**	2,500	**-**	**1,767**	2,988	3,692
Past Due but not Impaired	**-**	-	-	6	147	257
Neither Past Due nor Impaired	**300**	2,500	-	1,761	2,841	3,435
Total Carrying Amount	**300**	2,500	**-**	**1,767**	2,988	3,692

Concentrations of Credit Risk

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

The Group manages concentration of credit risk by placing restrictions on the maximum amounts which may be deposited with a Registered Bank.

Liquidity Risk

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

Management of Liquidity Risk

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

The Group mitigates its liquidity risk through the holding of liquid cash reserves and by supporting credit lines.

The Group is in the process of raising first mortgage term finance of up to $800,000 secured on company owned real estate. This funding line has been put in place subsequent to reporting date – see note 27

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

Exposure to Liquidity Risk

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

Group 2010	**Carrying Amount**	**Gross Nominal Cash Flow**	**On Demand**	**Less than 3 Months**	**3-6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-Derivative Assets								
Cash and Cash Equivalents	646	646	646	-	-	-	-	-
Trade and Other Receivables	1,767	1,767	-	1,767	-	-	-	-
Total	**2,413**	**2,413**	**646**	**1,767**	**-**	**-**	**-**	**-**

Group 2010	**Note**	**Carrying Amount**	**Gross Nominal Cash Flow**	**On Demand**	**Less than 3 Months**	**3-6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-Derivative Liabilities									
Trade and Other Payables		1,818	1,818	-	1,818	-	-	-	-
Borrowings		4,361	5,743	-	102	102	205	410	4,924
Total		**6,179**	**7,561**	**-**	**1,920**	**102**	**205**	**410**	**4,924**

Group 2009	**Carrying Amount**	**Gross Nominal Cash Flow**	**On Demand**	**Less than 3 Months**	**3-6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-Derivative Assets								
Trade and Other Receivables	2,988	2,988	-	1,448	-	1,540	-	-
Loans and Receivables	2,500	3,446	-	62	63	125	746	2,450
Total	5,488	6,434	-	1,510	63	1,665	746	2,450

Group 2009	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Liabilities								
Trade and Other Payables	2,314	2,314	-	2,314	-	-	-	-
Bank Overdraft	2,071	2,071	2,071	-	-	-	-	-
	4,385	**4,385**	**2,071**	**2,314**	**-**	**-**	**-**	**-**

Company 2010	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Assets								
Cash and Cash Equivalents	642	642	642	-	-	-	-	-
Trade and Other Receivables	1,767	1,767	-	1,767	-	-	-	-
Loans and Receivables	300	398	-	7	8	15	30	338
Total	**2,709**	**2,807**	**642**	**1,774**	**8**	**15**	**30**	**338**

Company 2010	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Liabilities								
Trade and Other Payables	1,818	1,818	-	1,818	-	-	-	-
Borrowings	2,661	3,489	-	60	60	120	239	3,010
Guarantee to Speirs Investments Limited	2,000	2,650	-	50	50	100	200	2,250
	6,479	**7,957**	**-**	**1,928**	**110**	**220**	**439**	**5,260**

Company 2009	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
Non-Derivative Assets	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and Other Receivables	2,988	2,988	-	2,988	-	-	-	-
Loans and Receivables	2,500	3,446	-	62	63	125	746	2,450
	5,488	**6,434**	**-**	**3,050**	**63**	**125**	**746**	**2,450**
Non-Derivative Liabilities								
Trade and Other Payables	2,314	2,314	-	2,314	-	-	-	-
Bank Overdraft	2,071	2,071	2,071	-	-	-	-	-
	4,385	**4,385**	**2,071**	**2,314**	**-**	**-**	**-**	**-**

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

The above tables show the undiscounted cash flows of the Group and Company's financial liabilities on the basis of their earliest possible contractual maturity.

The gross nominal cash flow disclosed in the above tables is the contractual, undiscounted cash flow on the financial liability.

Market Risk

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

Management of Market Risk

The Group undertakes minimal transactions denominated in foreign currencies. At 30 June 2009 and 31 March 2008 the Group had no foreign currency exposures.

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

Exposure to Interest Rate Risk

Interest rate margin risk arises as a result of mismatches between the repricing dates of advances and debt securities.

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

Group 2010	**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	646	382	264	-	-	-	-
	646	**382**	**264**	**-**	**-**	**-**	**-**
Borrowing	4,361	-	-	-	-	-	4,361
	4,361	**-**	**-**	**-**	**-**	**-**	**4,361**
	(3,715)	**382**	**264**	**-**	**-**	**-**	**(4,361)**

The Directors intend to renegotiate funding lines when the above liabilities arise in 2013.

Group 2009	**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**
Loans and Receivables	2,500	-	-	-	-	500	2,000
	2,500	**-**	**-**	**-**	**-**	**500**	**2,000**
Bank Overdraft	2,071	-	2,071	-	-	-	-
	2,071	**-**	**2,071**	**-**	**-**	**-**	**-**
	429	**-**	**(2,071)**	**-**	**-**	**500**	**2,000**

Company 2010	**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	642	378	264	-	-	-	-
Loans and Receivables	300	-	-	-	-	-	300
	942	**378**	**264**	**-**	**-**	**-**	**300**
Borrowings	2,661	-	-	-	-	-	2,661
Guarantee to Speirs Investments Limited	2,000	-	-	-	-	-	2,000
	(3,719)	378	264	-	-	-	(4,361)

The Directors intend to renegotiate funding lines when the above liabilities arise in 2013.

Company 2009	**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**
Loans and Receivables	2,500	-	-	-	-	500	2,000
	2,500	**-**	**-**	**-**	**-**	**500**	**2,000**
Bank Overdraft	2,071	-	2,071	-	-	-	-
	429	-	(2,071)	-	-	500	2,000

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

Capital Management

The Group's capital includes share capital, reserves and accumulated deficits. In the year ended 31 March 2008 capital also included Perpetual Speirs Bonds. These Bonds were disposed of as part of the sale of the finance division of Speirs Group Limited on 30 September 2008.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. To achieve this the Directors and management monitor such matters as profitability and capital held on a monthly basis.

The Group's equity at the reporting dates comprises:

	30 June 2010 $'000	*30 June 2009 $'000 (restated)*	*31 March 2008 $'000 (restated)*
Contributed Equity	**12,757**	12,168	12,168
Perpetual Speirs Bonds	**-**	-	13,525
Accumulated Deficits	**(10,970)**	(5,870)	(7,247)
Total Equity Balance at Period End	**1,787**	6,298	18,446

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

31 RESTATEMENT

As a result of the change in structure of Speirs Nutritionals from that of a limited company to that of a limited partnership, a review was made as to the appropriateness of accounting for Speirs Nutritionals as a subsidiary,. As a result it was established that it was more correct to treat Speirs Nutritionals as an associate entity rather than as a subsidiary. The prior year balances have been corrected to reflect the correction of this error.

The material impacts of the restatement are set out below:.

<u>**Group**</u>	30 June 2009	30 June 2009	31 March 2008	31 March 2008
Statement of Financial Position	(as reported)	(as restated)	(as reported)	(as restated)
Assets	$'000	$'000	$'000	$'000
Trade and Other Receivables	1,460	3.000	2,963	3,398
Inventories	503	473	616	557
Loans and Advances to Customers	-	-	226,975	228,607
Investment in Associates	-	-	-	930
Property Plant and Equipment	5,497	4,121	6,735	5,168
Intangibles	1,259	23	3,578	2,122
Liabilities				
Trade and Other Payables	2,507	2,319	3,890	3,894
Borrowings	1,433	-	-	-
Statement of Comprehensive Income – Continuing Activities				
Movement in Inventory Levels	(113)	(84)		
Purchases of Raw Materials	(6,610)	(6,596)		
Freight Packaging and Other	(3,444)	(3,206)		
Interest expense	(220)	(63)		
Other Income	578	149		
Share of Loss of Associates	(79)	(1,009)		
Employee Benefits Expense	(4,296)	(4,188)		
Depreciation and Amortisation	(1,150)	(734)		
Other Expenses	(2,807)	(1,365)		
Earnings per Share (c/share) Attributed to Equity Holders of the Company (Basic and Diluted)	9.74	12.71		

	30 June 2009	30 June 2009	31 March 2008	31 March 2008
	(as reported)	(as restated)	(as reported)	(as restated)
	$'000	$'000	$'000	$'000
Statement of Cash Flows				
Receipts from Customers	15,245	14,993		
Other Income	1,949	1,552		
Interest Expense	(10,276)	(10,119)		
Cash Paid to Suppliers and Employees	(21,383)	(19,246)		
Advance to Speirs Nutritionals	-	(1,217)		
Acquisition of Proprty, Plant and Equipment	(656)	(455)		
Proceeds from Borrowings	285,322	283,764		

Company	30 June 2009	30 June 2009	31 March 2008	31 March 2008
Statement of Financial Position	(as reported)	(as restated)	(as reported)	(as restated)
Assets	$'000	$'000	$'000	$'000
Investment in Subsidiary	1,800	-	1,800	-
Investment in Associates	421	2,221	-	1,800

32 INVESTMENT IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance accounting policy 2.2.

All subsidiaries are incorporated in New Zealand.

Name of Entity	**Principal Activity**	**Equity Holding**	
		2010	**2009**
Speirs Investments Limited	Investment holding company	100%	-

AUDITORS' REPORT

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
113-119 The Terrace
P O Box 243
Wellington 6140
New Zealand
Telephone +64 4 462 7000
Facsimile +64 4 462 7001
www.pwc.com/nz

Auditors' Report
to the shareholders of Speirs Group Limited

We have audited the financial statements on pages 8 to 49. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2010 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 14 to 19.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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 30 June 2010 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

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

Basis of Opinion

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

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

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

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

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

Speirs GROUP

PRICEWATERHOUSECOOPERS

Auditors' Report
Speirs Group Limited

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 8 to 49:

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

(ii) comply with International Financial Reporting Standards; and

(ii) give a true and fair view of the financial position of the Company and Group as at 30 June 2010 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 13 September 2010 and our unqualified opinion is expressed as at that date.

Chartered Accountants　　　　Wellington

This audit report relates to the financial report of Speirs Group Limited for the year ended 30 June 2010 included on the Company's website. The Company's Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the financial report since it was initially presented on the website.

STATUTORY INFORMATION

Principal activities

Speirs Group Limited operates one commercial division, Speirs Foods, whose principal activity is fresh food production and distribution

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	1,047,678	705,489
Robert Speirs	33,787	-
Donald Speirs	900,523	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

Governance positions held by directors

Director	Entity	Relationship
Nelson Speirs	Speirs Group Limited & Associated Companies	Director (Chair)
	MMM Holdings Limited	Director (Chair)
	The Bio Commerce Centre Limited & Associated Companies	Director
	Allied Nationwide Finance Limited & Associated Company	Director
	Allied Capital Limited	Director
Donald Speirs	Speirs Group Limited	Director
Trevor Roberts	Speirs Group Limited	Director
	Kiely Thompson Caisley, Solicitors	Consultant
	Transparency International NZ Inc	Director
Derek Walker	Palmerston North Airport Limited	Director (Chair)
	NZ Windfarms Limited& Associated Companies	Director (Chair)
	The Bio Commerce Centre Limited & Associated Companies	Director (Chair)
	Quotable Value Limited & Associated Companies	Director
	Speirs Group Limited	Director
	Third Bearing Limited	Director
	TBL Investments Limited	Director
	Elmira Consulting Limited	Director
	Manawatu Health Homes Limited	Director
	Central Energy Trust	Trustee (Chair)
Robert Speirs	Speirs Group Limited	Director
	MMM Holdings Limited	Director
David Speirs	Speirs Group Limited & Associated Company	Director

Transfers of interests in Speirs Group Limited shares by directors during the year

- Nil

Directors' remuneration

Directors' remuneration (including an allowance for the use of Company vehicles) received, or due and receivable during the year ended 30 June 2010, is as follows:

Name	Salary/Consultants Fees and Use of Company Motor Vehicle	Directors Fees	Total Remuneration	
Nelson Speirs	$15,000	$35,000	$ 50,000	Non Independent Director
Donald Speirs	$ 15,000	$25,000	$ 40,000	Non Independent Director
Derek Walker	$ Nil	$20,000	$20,000	Independent Director
Trevor Roberts	$Nil	$ 20,000	$ 20,000	Independent Director
Robert Speirs	$Nil	$ 20,000	$ 20,000	Non Independent Director
David Speirs	$ 204,000	$Nil	$ 204,000	Non Independent Director

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

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

At 30 June 2010, there were no loans to directors

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 during the year ended 30 June 2010 were:

- $110,000 - $119,999 **1**
- $130,000 - $139,999 **1**

Auditors

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

Speirs GROUP

STATUTORY DISCLOSURE IN RELATION TO SHAREHOLDERS

Twenty largest shareholders at 30 June 2010

	Fully Paid Ordinary Shares	*Percentage of Issued Voting Capital*
Nelson Speirs *	**1,047,678**	**9.67%**
Donald Speirs *	**900,523**	**8.31%**
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%**
M Le Moigne	**109,385**	**1.01%**
Nelson Speirs, Donald Speirs	**100,000**	**0.92%**
David Speirs *	**100,000**	**0.92%**
Custodial Services Limited	**87,390**	**0.81%**
M W Speirs	**82,994**	**0.77%**
Nelson Speirs, Donald Speirs and Mary Speirs	**82,927**	**0.77%**
E D Fogarty	**78,889**	**0.73%**
E A Wallace	**73,787**	**0.68%**
Presbyterian Support Central	**66,002**	**0.61%**
N D Waites	**63,000**	**0.58%**
M B Beale	**60,059**	**0.56%**
	6,315,402	**58.29%**

* See note under Directors' shareholdings on page 53

Shareholder Statistics at 30 June 2010

Ordinary Shares	*Holders*	*%*	*Shares*	*%*
1 to 999	33	5.21	15,020	0.14
1,000 to 4,999	314	49.53	727,181	6.71
5,000 to 9,999	107	16.88	749,078	6.91
10,000 to 99,999	168	26.49	3,622,943	33.44
100,000 and over	12	1.89	5,720,354	52.80
	634	100.00	10,834,576	100.00

Substantial Security Holders at 6 September 2010

The following information is provided in compliance with Section 26 of the Securities Markets Act 1988 and is stated as at 6 September 2010. 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	3,136,312	28.95%
Donald Speirs	2,925,941	27.01%
John Wilson	1,391,869	12.85%
Brian Ogden	752,719	6.95%
AEL Advances Limited	743,400	6.86%

DIRECTORY

Directors

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

Non-Executive Directors

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

Donald Speirs, *Deputy Chairman*

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

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

Robert Speirs

David Speirs

Registered Office

Lower High Street, Marton
P O Box 318, Palmerston North
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 Offices

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

Bankers

Bank of New Zealand

Solicitors

Chapman Tripp

AGM NOTICE

Notice is hereby given that the Annual Meeting of Shareholders of Speirs Group Limited ("the Company") will be held at 10 am on Wednesday, 27 October 2010 at Caccia Birch House, 130 Te Awe Awe Street, Palmerston North.

Morning tea 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 30 June 2010, 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 David Speirs and Derek Walker 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 increase to $130,000 (from $120,000), 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, *Chairman*

Palmerston North, New Zealand

13 September 2010

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 10 am on Wednesday 27 October 2010.

The Registered Office of the Company is Lower High Street, Marton (P O Box 318, Palmerston North).

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.

EXPLANATORY NOTES

Election of Directors – resolutions 1 and 2

David Speirs and Derek Walker retire from the Board by rotation. Being eligible, they both offer themselves for re-election to the Board.

David Speirs

David Speirs has completed 19 years in an executive role in the Foods division of Speirs Group Limited, and 14 years as a director of the company. David joined the board of Speirs Group Limited in 1996.

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

Derek Walker has broad experience in governance with a number of public and private companies both past and present. Derek has completed one term as a director of Speirs Group Limited, bringing independence and experience to the board table.