GROUP

SPEIRS GROUP LIMITED

REPORT TO SHAREHOLDERS

FOR THE 6 MONTHS ENDED 31 DECEMBER 2011

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Speirs GROUP

Directors' Commentary

Profitability
The corrective actions the directors have taken to restore profitability are having a positive effect with improved profitability in Speirs Foods, the stemming of the significant losses in Speirs Nutritionals and reduced governance costs.

The six months trading results can be summarised as:

	2011 $000	2010 $000	Improvement %
Speirs Foods profit	293	251	16.7
Associates' profit/(loss) (including Speirs Nutritionals)	(131)	(490)	73.3
Corporate governance costs	(168)	(205)	18.0
Net financing costs	(276)	(190)	(45.3)
Overall loss attributable to shareholders	(282)	(634)	55.5

The apparent increase in net financing costs is a result of a differing accounting treatment required for the Convertible Redeemable Preference Shares issued by the company. On a like for like basis the net financing costs are only up 4.0%.

While progress has been made the directors are committed to ensuring the company returns to acceptable levels of profitability as soon as possible.

Speirs Foods Limited
Trading Income for Speirs Foods of $7.108 million was marginally down on last years $7.273 million. However improved operating efficiencies and controls over costs of materials resulted in an improved overall profit margin of 4.1% of sales compared to 3.4% the previous period.

The range of products is still largely salad based and highest sales levels are achieved during the summer months. Sales initiatives are being taken to achieve growth is sales volumes and to provide products that are in demand throughout the year.

Speirs Nutritionals Partners LP (SNP)
As previously advised, SNP have sold the Intellectual Property, Processing Technology and Knowhow associated with its Omega-3 fish oil product and discontinued its manufacturing operations in New Zealand. This has enabled the re-leasing of the factory in Marton towards the end of the current period. Some technical equipment will continue to be sold over the coming months. The net effect of these actions is to stop the losses and write-offs that SNP has incurred in recent years. Revenue will arise from payments receivable when worldwide sales of the Omega-3 product range by the new owner commence. Other Intellectual Property/Knowhow development opportunities continue to be sought by SNP.

Allied Nationwide Finance Limited (In Receivership) ("ANFL") Bonds
Speirs Group holds 2 million perpetual bonds in ANFL. The company has the option to put the bonds to Allied Farmers Limited in September 2013 in return for a payment of $2 million. The full value of these bonds has been written off. No income is currently being received on these bonds.

Corporate
Corporate costs have been further reduced. A new governance structure has been implemented with smaller separate boards for Speirs Foods and Speirs Group.

Outlook

Trading conditions continue to be challenging with few signs of real growth in the food sector. Many of the significant issues which have affected the company significantly in recent years have largely been addressed and the profit impacts absorbed. The focus is now on business improvement and new growth opportunities as the basis for a return to acceptable profitability. The capital structure and term debt of the company will also be reviewed during coming months.

For and on behalf of the Directors,

Keith Taylor
Chairman of Directors
Speirs Group Limited

13 March 2012

FINANCIAL STATEMENTS

Throughout this report, the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and all accompanying notes referring to:

- **The six month period ended, and as at, 31 December 2011 are unaudited;**
- **The financial statements for the year ended, and as at, 30 June 2011 have been audited; and**
- **The six month period ended, and as at, 31 December 2010 are unaudited.**

STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	Notes	***December 2011 $'000***	*June 2011 $'000*	*December 2010 $'000*
Assets				
Current Assets				
Cash and Cash Equivalents	**13**	**317**	245	375
Trade and Other Receivables	**14**	**1,796**	1,107	1,946
Loans and Receivables	**17**	**-**	200	-
Inventories	**15**	**426**	376	648
Total Current Assets		**2,539**	1,928	2,969
Non Current Assets				
Investment in Associates	**16**	**846**	977	538
Loans and Receivables	**17**	**200**	-	808
Deferred Income Tax Asset	**18**	**-**	-	-
Property, Plant & Equipment	**19**	**3,673**	3,858	4,129
Intangibles	**20**	**23**	29	38
Total Non Current Assets		**4,742**	4,864	5,513
Total Assets		**7,281**	6,792	8,482
Liabilities				
Current Liabilities				
Trade and Other Payables	**21**	**1,875**	1,428	2,468
Total Current Liabilities		**1,875**	1,428	2,468
Non Current Liabilities				
Borrowing - Non Current Portion	**22**	**4,639**	4,365	4,861
Total Non Current Liabilities		**4,639**	4,365	4,861
Total Liabilities		**6,514**	5,793	7,329
Equity				
Contributed Capital	**23**	**12,807**	12,757	12,757
Accumulated Deficits		**(12,040)**	(11,758)	(11,604)
Capital & Reserves		**767**	999	1,153
Total Equity and Liabilities		**7,281**	6,792	8,482

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

STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2011

	Notes	***6 months 31 December 2011 $'000***	*12 months 30 June 2011 $'000*	*6 months 31 December 2010 $'000*
Revenue		***7,108***	*13,611*	*7,273*
Movement in Inventory Levels		***50***	*(27)*	*245*
Purchases of Raw Materials		***(2,439)***	*(4,553)*	*(2,658)*
Freight, Packaging & Other		***(2,101)***	*(4,202)*	*(2,149)*
Net Trading Income		**2,618**	4,829	2,711
Interest Income		***14***	*81*	*44*
Interest Expense		***(313)***	*(714)*	*(249)*
Net Interest Expense	7	**(299)**	(633)	(205)
Other Income	8	**68**	140	43
Total Income earned from Financing and Trading Activities		**2,387**	4,336	2,549
Share of Gain/(Loss) of Associates	16	**(131)**	24	(490)
Impairment Loss on Associate	16	**-**	(72)	-
Employee Benefits Expense	9	**(1,744)**	(3,422)	(1,738)
Depreciation and Amortisation	19,20	**(237)**	(607)	(299)
Other Expenses	10	**(557)**	(1,047)	(656)
Profit/(Loss) Before Income Tax		**(282)**	(788)	(634)
Income Tax (Expense)/ Benefit	11	**-**	-	-
Profit/(Loss) After Income Tax		**(282)**	(788)	(634)
Other Comprehensive Income		**-**	-	-
Total Comprehensive Income Attributable to Equity Holders		**(282)**	(788)	(634)
Total Earnings per Share Attributed to Equity Holders of the Company:				
Basic Loss per Share (c/share)	12	**(2.54)**	(7.27)	(5.85)
Diluted Loss per Share (c/share)	12	**(2.54)**	(7.27)	(5.85)

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2011	*Contributed Capital* $'000	*Accumulated Deficits* $'000	*Total Equity* $'000
Balance at 1 July 2011	**12,757**	**(11,758)**	**999**
Comprehensive Income			
Profit/(Loss) for the Period	**-**	**(282)**	**(282)**
Total Comprehensive Income	**-**	**(282)**	**(282)**
Transactions with Owners			
Issue of Ordinary Shares	**50**	**-**	**50**
Total Transactions with Owners	**50**	**-**	**50**
Balance at 31 December 2011	**12,807**	**(12,040)**	**767**

For the year ended 30 June 2011	*Contributed Capital* $'000	*Accumulated Deficits* $'000	*Total Equity* $'000
Balance at 1 July 2009	12,757	(10,970)	1,787
Comprehensive Income			
Profit/(Loss) for the Year	-	(788)	(788)
Total Comprehensive Income	-	(788)	(788)
Balance at 30 June 2011	12,757	(11,758)	999

For the six months ended 31 December 2010	*Contributed Capital* $'000	*Accumulated Deficits* $'000	*Total Equity* $'000
Balance at 1 July 2010	12,757	(10,970)	**1,787**
Comprehensive Income			
Profit/(Loss) for the Period	-	(634)	**(634)**
Total Comprehensive Income	-	(634)	**(634)**
Balance at 31 December 2010	12,757	(11,604)	**1,153**

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

for the six months ended 31 December 2011

	Notes	***6 months 31 December 2011 $'000***	*12 months 30 June 2011 $'000*	*6 months 31 December 2010 $'000*
Cash Flows from Operating Activities				
Interest Received		**14**	81	5
Dividends Received		**5**	10	5
Cash Receipts from Customers		**6,530**	13,543	6,375
Other Income		**63**	128	36
Dividends Paid on Convertible Redeemable Preference Shares		**(142)**	(293)	(143)
Interest Expense		**(87)**	(207)	(106)
Cash Paid to Suppliers and Employees		**(6,520)**	(13,652)	(6,601)
Net Cash from Operating Activities	**24**	**(137)**	(390)	(429)
Cash Flows from Investing Activities				
Proceeds from Sale of Property, Plant and Equipment		**4**	24	22
Repayment of Advances from Speirs Nutritionals		**-**	569	-
Investment in Associates		**-**	(298)	(298)
Acquisition of Intangible Assets		**-**	(38)	(37)
Acquisition of Property, Plant & Equipment		**(45)**	(58)	(29)
Net Cash Flows from Investing Activities		**(41)**	199	(342)
Cash Flows from Financing Activities				
Proceeds from borrowings		**200**	300	500
Repayments of Borrowings		**-**	(510)	-
Issue of Ordinary Shares		**50**	-	-
Net Cash Flows from Financing Activities		**250**	(210)	500
Net Increase / (Decrease) in Cash and Cash Equivalents		**72**	(401)	(271)
Cash and Cash Equivalents at Beginning of Period		**245**	646	646
Cash and Cash Equivalents at Period End	**13**	**317**	245	375

The accompanying notes are an integral part of these financial statements

Speirs GROUP

Notes to the Financial Statements

1 GENERAL INFORMATION

Speirs Group Limited operates as a holding company. 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 Foods Limited was formed on 1 July 2010 and is also a wholly owned subsidiary of Speirs Group Limited and is involved in the production and distribution of fresh food products.

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.

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.

Compliance with International Financial Reporting Standards

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

Entities Reporting

The consolidated financial statements of the 'Group' are for the economic entity comprising Speirs Group Limited, its wholly owned subsidiaries Speirs Foods Limited and Speirs Investments Limited. All entities within the group are registered in New Zealand.

The Group is 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 IFRS and IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

Application of Accounting Policies

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

The accounting policies have been applied consistently by Group entities.

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 subsidiaries Speirs Foods Limited and Speirs Investments Limited. Speirs Group Limited and its wholly owned subsidiaries 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 coupled with the ability to appoint the majority of the directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

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

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.

2.3 Financial Assets

The Group classifies its financial assets in the following category: '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.

Regular purchases and sales of financial assets are recognised on the trade – date - the date on which the Group commits to purchase or sell the asset.

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.

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

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 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 Partners LP and Rosa Foods Limited (associates of Speirs Group Limited), Speirs Investments Limited and Speirs Foods Limited (wholly owned subsidiaries 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.

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.

2.6 Property, Plant and Equipment

Owned Assets

Land is recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the land.

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 construction or 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 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.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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 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.

Interest costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

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.

Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever the employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All short-term employee benefit obligations are presented as other payables.

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 recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination 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 and are expected to apply when the related deferred tax is realised or settled.

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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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 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.

2.22 Functional and Presentation 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.

2.23 Investment in Subsidiaries and Associates

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

2.24 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.

2.25 COMPARATIVES

Certain comparatives have been changed to comply with current year presentation.

3 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 to credit risks consist of:

	Group		
	December 2011 $'000	*June 2011 $'000*	*December 2010 $'000*
Cash and Cash Equivalents	**317**	245	375
Trade and Other Receivables	**1,638**	1,060	1,896
Loans and Receivables	**200**	200	808

The following categories are not impaired, contain no past due balances, nor contain any impairment allowances: cash and cash equivalents. A summary of impaired assets, past due assets, and allowances for impairment of loans and advances and trade and other receivables is set out below:

	Loans and Receivables			Trade and Other Receivables		
	December 2011 $'000	*June 2011 $'000*	*December 2010 $'000*	***December 2011 $'000***	*June 2011 $'000*	*December 2010 $'000*
Carrying Amount	**200**	200	808	**1,638**	1,060	1,896
Past Due but not Impaired	**-**	-	-	**44**	3	8
Neither Past Due nor Impaired	**200**	200	808	**1,594**	1,057	1,888
Total Carrying Amount	**200**	200	808	**1,638**	1,060	1,896

- Trade and other receivables totalling $43,928 (30 June 2011: $3,097; 31 December 2010: $7,651) are greater than 90 days overdue but are considered collectable and are not impaired.

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 having supporting credit lines.

Based on current cash flow projections the Directors expect that the 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:

31 December 2011	**Carrying Amount $'000**	**Gross Nominal Cash Flow $'000**	**On Demand $'000**	**Less than 3 Months $'000**	**3-6 Months $'000**	**6-12 Months $'000**	**1-2 Years $'000**	**2-5 Years $'000**
Non-Derivative Assets								
Cash and Cash Equivalents	317	317	317	-	-	-	-	-
Loans and Receivables	200	232	-	5	5	11	211	-
Trade and Other Receivables	1,638	1,638	-	1,638	-	-	-	-
Total	**2,155**	**2,187**	**317**	**1,643**	**5**	**11**	**211**	**-**

31 December 2011	**Carrying Amount $'000**	**Gross Nominal Cash Flow $'000**	**On Demand $'000**	**Less than 3 Months $'000**	**3-6 Months $'000**	**6-12 Months $'000**	**1-2 Years $'000**	**2-5 Years $'000**
Non-Derivative Liabilities								
Trade and Other Payables	1,870	1,870	-	1,870	-	-	-	-
Borrowings	4,639	5,470	-	106	106	213	4,523	522
Total	**6,509**	**7,340**	**-**	**1,976**	**106**	**213**	**4,523**	**522**

30 June 2011	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	245	245	245	-	-	-	-	-
Loans and Receivables	200	217	-	5	5	207	-	-
Trade and Other Receivables	1,060	1,060	-	1,060	-	-	-	-
Total	**1,505**	**1,522**	**245**	**1,065**	**5**	**207**	**-**	**-**

30 June 2011	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	1,423	1,423	-	1,423	-	-	-	-
Borrowings	4,365	5,297	-	101	101	202	678	4,215
Total	**5,788**	**6,720**	**-**	**1,524**	**101**	**202**	**678**	**4,215**

31 December 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	375	375	375	-	-	-	-	-
Loans and Receivables	808	921	-	21	21	42	837	
Trade and Other Receivables	1,896	1,896	-	1,896	-	-	-	-
Total	**3,079**	**3,192**	**375**	**1,917**	**21**	**42**	**837**	**-**

31 December 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	2,463	2,463	-	2,463	-	-	-	-
Borrowings	4,861	6,105	-	113	114	227	933	4,718
Total	**7,324**	**8,568**	**-**	**2,576**	**114**	**227**	**933**	**4,718**

The Group 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'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 31 December 2011, 30 June 2011 and 31 December 2010 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.

The interest rate gap position is calculated based on the earlier of the underlying instruments' maturity date or repricing date. A summary of the interest rate gap positions is as follows:

31 December 2011	**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	317	239	78	-	-	-	-
Loans and receivables	200	-	-	-	-	200	-
	517	**239**	**78**	**-**	**-**	**200**	**-**
Borrowings	4,639	-	-	-	1,190	2,949	500
	4,639	**-**	**-**	**-**	**1,190**	**2,949**	**500**
	(4,122)	**239**	**78**	**-**	**(1,190)**	**(2,749)**	**(500)**

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

30 June 2011	**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	245	145	100	-	-	-	-
Loans and Receivables	200	-	-	-	200	-	-
	445	**145**	**100**	**-**	**200**	**-**	**-**
Borrowings	4,365	-	-	1,190	-	300	2,875
	4,365	**-**	**-**	**1,190**	**-**	**300**	**2,875**
	(3,920)	**145**	**100**	**(1,190)**	**200**	**(300)**	**(2,875)**

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

31 December 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	375	375	-	-	-	-	-
Loans and receivables	808	-	-	-	-	808	
	1,183	**375**	**-**	**-**	**-**	**808**	**-**
Borrowings	4,861	-	-	-	1,700	500	2,661
	4,861	**-**	**-**	**-**	**1,700**	**500**	**2,661**
	(3,678)	**375**	**-**	**-**	**(1,700)**	**308**	**(2,661)**

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

Capital Management

The Group's capital includes share capital and accumulated deficits. 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:

	31 December 2011 $'000	*30 June 2011 $'000*	*31 December 2010 $'000*
Contributed Equity	**12,807**	12,757	12,757
Accumulated Deficits	**(12,040)**	(11,758)	(11,604)
Total Equity Balance at Period End	**767**	999	1,153

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

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes assumptions and estimates that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting 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% (2011: 2%). The Group has applied a discount rate of 18.80% (2011: 18.80%) to pre tax cash flows.

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 known assets and liabilities of Allied Capital Limited and the uncertainty therefore surrounding future recoverability of the Preference Shares the directors of Speirs Group Limited have determined that it is appropriate that a full provision remains in place 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. As there is considerable uncertainty surrounding any future recoveries the directors have deemed it appropriate that a full provision remains in place against the Bonds.

Speirs Nutritionals Partners LP

Speirs Group Limited's carrying value of its investment in Speirs Nutritionals Partners LP is based upon the underlying value of the Limited partnership's net assets. The Limited Partnership is currently investigating options for the future in relation to the $900,000 of plant and equipment owned by the Limited Partnership. The Limited Partnership has determined that it will sell or lease the remaining plant and equipment. The process to sell and lease the remaining plant and equipment is currently underway. The underlying value of the Limited partnership's plant and equipment, as recovered through leasing or disposal is uncertain. In the event that the recoverable value of the plant and equipment was lower than its existing carrying value an additional impairment of Speirs Group Limited's investment in the Limited Partnership would be necessary.

5 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 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 6 months 31 December 2011	**Speirs Foods**	**Corporate**	**Reconciliation**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**
External Revenue				
Interest Income	3	11	-	14
Trading Income	7,108	-	-	7,108
Other Income	62	6	-	68
Intersegment Revenue/(Eliminations)	-	433	(433)	-
Total Segment Revenue/(Eliminations)	7,173	450	(433)	7,190
Interest Expense	(23)	(290)	-	(313)
Share of Loss of Associates	-	(131)	-	(131)
Overall Segment Result	293	(142)	(433)	(282)
Income Tax Expense				-
Profit/(Loss) for the 6 Month Period				(282)
Segment Assets	6,285	4,996	(4,000)	7,281
Segment Liabilities	2,492	4,022	-	6,514
Depreciation and Amortisation	237	-	-	237
Capital Expenditure	45	-	-	45

The Group receives Trading Income from two customers who account for 85% of total Trading Income

Group 12 months June 2011	Speirs Foods $'000	Corporate $'000	Reconciliation $'000	Consolidated $'000
External Revenue				
Interest Income	7	74	-	81
Trading Income	13,611	-	-	13,611
Other Income	130	34	-	164
Intersegment Revenue / (Eliminations)	-	396	(396)	-
Total Segment Revenue	13,748	504	(396)	13,856
Interest Expense	(38)	(676)	-	(714)
Share of Loss of Associates	-	-	-	-
Overall Segment Result	229	(621)	(396)	(788)
Income Tax Expense				-
Profit/(Loss) for the Year				(788)
Segment Assets	5,592	5,200	(4,000)	6,792
Segment Liabilities	1,685	4,108	-	5,793
Depreciation and Amortisation	607	-	-	607
Capital Expenditure	42	-	-	42

The Group receives Trading Income from two customers who account for 85% of total Trading Income

Group 6 months 31 December 2010	Speirs Foods $'000	Corporate $'000	Reconciliation $'000	Consolidated $'000
External Revenue				
Interest Income	3	41	-	44
Trading Income	7,273	-	-	7,273
Other Income	37	6	-	43
Intersegment Revenue/(Eliminations)	-	198	(198)	-
Total Segment Revenue/(Eliminations)	7,313	245	(198)	7,360
Interest Expense	(15)	(234)	-	(249)
Share of Loss of Associates	-	(490)	-	(490)
Overall Segment Result	251	(687)	(198)	(634)
Income Tax Expense				-
Profit/(Loss) for the 6 Month Period				(634)
Segment Assets	7,111	5,371	(4,000)	8,482
Segment Liabilities	2,934	4,395	-	7,329
Depreciation and Amortisation	299	-	-	299
Capital Expenditure	65	-	-	65

The Group receives Trading Income from two customers who account for 85% of total Trading Income

6 FINANCIAL ASSETS AND LIABILITIES

Accounting Classifications and Fair Values

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

31 December 2010	**Loans and Receivables**	**Other Amortised Cost**	**Total Carrying Value**	**Fair Value**
	$'000	**$'000**	**$'000**	**$'000**
Cash and Cash Equivalents	**317**	-	**317**	**317**
Loans and Receivables	**200**	-	**200**	**200**
Trade and Other Receivables	**1,638**	-	**1,638**	**1,638**
	2,155	-	**2,155**	**2,155**
Trade and Other Payables	-	**1,870**	**1,870**	**1,870**
Borrowings	-	**4,639**	**4,639**	**4,639**
	-	**6,509**	**6,509**	**6,509**

30 June 2011	**Loans and Receivables**	**Other Amortised Cost**	**Total Carrying Value**	**Fair Value**
	$'000	**$'000**	**$'000**	**$'000**
Trade and Other Receivables	1,060	-	1,060	1,060
Loans and Receivables	200	-	200	200
Cash and Cash Equivalents	245	-	245	245
	1,505	-	1,505	1,505
Trade and Other Payables	-	1,423	1,423	1,423
Borrowings	-	4,365	4,365	4,365
	-	5,788	5,788	5,788

31 December 2010	**Loans and Receivables**	**Other Amortised Cost**	**Total Carrying Value**	**Fair Value**
	$'000	**$'000**	**$'000**	**$'000**
Cash and Cash Equivalents	375	-	375	375
Loans and Receivables	808	-	808	808
Trade and Other Receivables	1,896	-	1,896	1,896
	3,079	-	3,079	3,079
Trade and Other Payables	-	2,463	2,463	2,463
Borrowings	-	4,861	4,861	4,861
	-	7,324	7,324	7,324

Determination of Fair Values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Cash and Cash Equivalents – at face value, as this approximates fair value

Trade and Other Receivables – at face value, after allowance for any assessed impairment, as this approximates fair value

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.

7 NET INTEREST EXPENSE

	6 months 31 December 2011 $'000	12 months 30 June 2011 $'000	6 months 31December 2010 $'000
Interest Income			
Cash and Cash Equivalents	**3**	13	5
Loans and Advances	**11**	68	39
Total Interest Income	**14**	81	44
Interest Expense			
Borrowings			
Convertible Redeemable Preference Shares	**146**	293	143
Unwind of Discount on Convertible Redeemable Preference Shares	**74**	214	-
Secured Stock	**60**	170	85
Mortgage	**23**	29	15
On all other borrowings	**10**	8	6
Total Interest Expense	**313**	714	249
Net Interest Expense	**(299)**	(633)	(205)

8 OTHER INCOME

	6 months 31 December 2011 $'000	12 months 30 June 2011 $'000	6 months 31 December 2010 $'000
Rental Income	**24**	67	34
Gain on Sale of Property, Plant and Equipment	**5**	2	2
Other Income	**39**	71	7
Total Other Income	**68**	140	43

9 EMPLOYEE BENEFITS EXPENSE

	6 months 31 December 2011 $'000	12 months 30 June 2011 $'000	6 months 31 December 2010 $'000
Wages and Salaries	**1,667**	3,261	1,655
Other Personnel Expenses	**77**	161	83
Total Personnel Expenses	**1,744**	3,422	1,738

10 OTHER EXPENSES

	6 months 31 December 2011 $'000	12 months 30 June 2011 $'000	6 months 31 December 2010 $'000
Fees Paid to Auditors			
Statutory Audit of Financial Statements - KPMG	**17**	-	-
Statutory Audit of Financial Statements - PwC	**-**	58	32
Under accrual of 2011 Audit Fee - PwC	**12**	-	-
Other Assurance Services - PwC	**-**	3	-
Taxation Compliance Services - PwC	**-**	11	7
Directors Fees	**75**	125	60
Bad Debts Written Off	**-**	6	-
Rental Expenditure	**1**	2	1
Other Expenses	**452**	842	556
Total Other Expenses	**557**	1,047	656

11 INCOME TAX EXPENSE

	6 months 31 December 2011 $'000	*12 months 30 June 2011 $'000*	*6 months 31 December 2010 $'000*
Tax Expense			
Current Tax	-	-	-
Deferred Tax	-	-	-
Income Tax Expense	-	-	-

	6 months 31 December 2011 $'000	*12 months 30 June 2011 $'000*	*6 months 31 December 2010 $'000*
Reconciliation of Effective Tax Rate			
Profit/(Loss) Before Income Tax	**(282)**	(788)	(634)
Income Tax at 28 %(30 June 2011 and 31 December 30%)	**(79)**	(236)	(190)
Loss on Associates	**30**	14	147
Non-deductible Expenses	**63**	99	54
Unrecognised Future Income Tax Benefit	**(14)**	123	(11)
	-	-	-

	6 months 31 December 2011 $'000	*12 months 30 June 2011 $'000*	*6 months 31 December 2010 $'000*
Imputation Credits			
Imputation Credits at Start of Period	**3,945**	4,070	4,070
Income Tax Paid/(Refunds Received)	-	-	-
Imputation Credits Attached to Dividends Received	-	-	-
Imputation Credits Attached to Convertible Redeemable Preference Share Dividends Paid	**(63)**	(125)	(63)
Imputation Credits at Period End	**3,882**	3,945	4,007

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

	6 months 31 December 2011 $'000	*12 months 30 June 2011 $'000*	*6 months 31 December 2010 $'000*
Profit/(Loss) Attributable to Ordinary Shareholders			
Profit/(Loss) for the Period	**(282)**	(788)	(634)
Profit/(Loss) for the Period Attributable to Ordinary Shareholders	**(282)**	(788)	(634)

	6 months **31 December 2011 '000**	*12 months 30 June 2011 '000*	*6 months 31 December 2010 '000*
Weighted Average Number of Ordinary Shares			
Issued Ordinary Shares at beginning of period	**10,835**	10,835	10,835
Issued Ordinary Shares at end of period	**11,335**	10,835	10,835
Weighted Average Number of Ordinary Shares at Period End	**11,085**	10,835	10,835

13 CASH AND CASH EQUIVALENTS

	31 December 2011 $'000	*30 June 2011 $'000*	*31 December 2010 $'000*
Cash at Bank	**239**	145	375
Short Term Deposits – Call	**78**	100	-
Total Cash & Cash Equivalents	**317**	245	375

All cash and cash equivalents are held in registered banks.

The Company has no overdraft facility.

14 TRADE AND OTHER RECEIVABLES

31 December 2011

	Gross Amount $'000	*Impairment Allowance $'000*	*Carrying Amount $'000*
Trade and Other Receivables			
Trade Receivables	**1,638**	**-**	**1,638**
Prepayments	**158**	**-**	**158**
Total Trade and Other Receivables	**1,796**	**-**	**1,796**

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

30 June 2011

	Gross Amount $'000	*Impairment Allowance $'000*	*Carrying Amount $'000*
Trade and Other Receivables			
Trade Receivables	1,060	-	1,060
Prepayments	47	-	47
Total Trade and Other Receivables	1,107	-	1,107

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

31 December 2010

	Gross Amount $'000	*Impairment Allowance $'000*	*Carrying Amount $'000*
Trade and Other Receivables			
Trade Receivables	1,896	-	1,896
Prepayments	50	-	50
Total Trade and Other Receivables	1,946	-	1,946

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

15 INVENTORIES

	31 December 2011 $'000	30 June 2011 $'000	31 December 2010 $'000
Inventories			
Raw Materials and Consumables	**366**	288	493
Finished Goods	**60**	88	155
Total	**426**	376	648

No inventory is subject to retention of title clauses.

16 ASSOCIATE ENTITIES

Overall Summary

Investments Equity Accounted

	31 December 2011 $'000	30 June 2011 $'000	31 December 2010 $'000
Share of Rosa Foods Limited	**412**	427	439
Share of Speirs Nutritionals Partners LP	**434**	550	99
	846	977	538

Share of Profit/(Loss) of Associates	6 months 31 December 2011 $'000	12 months 30 June 2011 $'000	6 months 31 December 2010 $'000
Share of Profit/(Loss) of Rosa Foods Limited	**(15)**	11	23
Share of Profit/(Loss) of Speirs Nutritionals Partners LP	**(116)**	13	(513)
	(131)	24	(490)

(a) Rosa Foods Limited

On 1 April 2008 Speirs Group Limited 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 31 December 2011. The Company did not receive a dividend from Rosa during the period ended 31 December 2011.

	6 months 31 December 2011 $'000	12 months 30 June 2011 $'000	6 months 31 December 2010 $'000
Opening Balance	**427**	416	416
Share of profit/(loss) after tax of associate	**(15)**	11	23
Closing Balance	**412**	427	439

At period end the statement of financial position of Rosa was as follows:

	31 December 2011 $'000	30 June 2011 $'000	31 December 2010 $'000
Current Assets	**358**	352	346
Goodwill	**550**	550	550
Property Plant and Equipment	**627**	648	503
Total Assets	**1,535**	1,550	1,399
Current Liabilities	**454**	391	276
Non Current Liabilities	**161**	202	134
Total Liabilities	**615**	593	410
Net Assets	**920**	957	989

(b)Speirs Nutritionals Partners LP

On 1 February 2010 Speirs Group Limited 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. Subsequently Speirs Group Limited increased its interest to 60.657%. 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. Financial information for SNPLP has been extracted from management accounts. Speirs Nutritionals is not accounted for as a subsidiary as Speirs Group (under the terms of the underlying Partnership Agreement) does not have control of Speirs Nutritionals. It does, however, have significant influence.

	31 December 2011 $'000	*30 June 2011 $'000*	*31 December 2010 $'000*
Share of surplus/(deficit) of associate	**(116)**	13	(513)
Less share of dividends received	**-**	-	-
Net addition/(deletion) to the investment carrying value	**(116)**	13	(513)
Share of associate's equity at the beginning of the period	**550**	311	311
Additional Investment from Speirs Group Limited	**-**	298	298
Adjustment for change of ownership share	**-**	-	3
Impairment on Acquisition or as a Result of Additional Investment	**-**	(72)	-
Closing Balance	**434**	550	99

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 period end the statement of financial position of SNPLP was as follows:

	31 December 2011 $'000	*30 June 2011 $'000*	*31 December 2010 $'000*
Current Assets	**59**	90	162
Intangibles	**-**	-	990
Property Plant and Equipment	**913**	1,082	1,199
Total Assets	**972**	1,172	2,351
Current Liabilities	**57**	265	244
Non Current Liabilities	**200**	-	1,944
Total Liabilities	**257**	265	2,188
Net Assets	**715**	907	163
Speirs Group Share (60.657%)	**434**	550	99

17 LOANS AND RECEIVABLES

	31 December 2011 $'000	*30 June 2011 $'000*	*31 December 2010 $'000*
Allied Capital Convertible Redeemable Preference Shares	**500**	500	500
Receivable from Speirs Nutritionals	**200**	200	808
Allied Nationwide Finance Limited Perpetual Bonds	**2,000**	2,000	2,000
	2,700	2,700	3,308
Provision for Impairment	**(2,500)**	(2,500)	(2,500)
Carrying Value	**200**	200	808
Current	**-**	200	-
Non Current	**200**	-	808
Total	**200**	200	808

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. As the prior ranking liabilities of Allied Capital Limited are likely to exceed the value of Allied Capital Limited's assets the directors of Speirs Group Limited decided to fully impair this receivable. On 29 February 2012 Speirs Group Limited exercised its conversion rights and converted the Allied Capital Convertible Redeemable Preference Shares into an unsecured debt in Allied Capital Limited. The unsecured debt ranks ahead of Allied Capital's shareholders funds.

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 31 December 2011 the interest rate applicable to The Bonds was 10.00%.

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. On 20 August 2010 Allied Nationwide Finance Limited went into receivership. For this reason the directors have decided to fully impair this receivable.

Loan to Speirs Nutritionals Partners LP

The Company has a loan facility to Speirs Nutritionals Partners LP. The facility is supported by a first charge over the assets of Speirs Nutritionals Partners LP. The interest rate on the loan is 10.50%. The loan matures on 30 June 2013.

18 DEFERRED INCOME TAX ASSET

Unrecognised Deferred Tax Assets

The Group has a deferred tax asset of $7,838,934 (30 June 2011: $7,853,277; 31 December 2010: $8,673,148) which has not been recognised. The asset not recognised is principally composed of tax losses which would require taxable profit to realise them in excess of that which can be reliably estimated in the medium term.

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

31 December 2011	**Balance at 30 June 2011**	**Recognised in Profit or Loss**	**Balance at 31 December 2011**
	$'000	$'000	$'000
Net Tax (Assets) / Liabilities	-	-	-

30 June 2011	Balance at 30 June 2010	Recognised in Profit or Loss	Balance at 30 June 2011
	$'000	$'000	$'000
Net Tax (Assets) / Liabilities	-	-	-

31 December 2010	Balance at 30 June 2010	Recognised in Profit or Loss	Balance at 31 December 2010
	$'000	$'000	$'000
Net Tax (Assets) / Liabilities	-	-	-

19 PROPERTY, PLANT AND EQUIPMENT

31 December 2011	**Land**	**Buildings**	**Computer Equipment**	**Vehicles**	**Other Plant & Equipment**	**Capital Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost or Valuation							
Balance at Start of Period	**80**	**2,794**	**910**	**386**	**4,279**	**6**	**8,455**
Additions	**-**	**13**	**2**	**15**	**11**	**4**	**45**
Disposals	**-**	**-**	**-**	**(16)**	**-**	**-**	**(16)**
Balance at Period End	**80**	**2,807**	**912**	**385**	**4,290**	**10**	**8,484**
Depreciation and Impairment Losses							
Balance at Start of Period	**-**	**484**	**681**	**303**	**3,129**	**-**	**4,597**
Depreciation for the Period	**-**	**59**	**29**	**12**	**130**	**-**	**230**
Disposals	**-**	**-**	**-**	**(16)**	**-**	**-**	**(16)**
Balance at Period End	**-**	**543**	**710**	**299**	**3,259**	**-**	**4,811**
Carrying Amounts							
At Start of Period	**80**	**2,310**	**229**	**83**	**1,150**	**6**	**3,858**
At Period End	**80**	**2,264**	**202**	**86**	**1,031**	**10**	**3,673**

30 June 2011	Land $'000	Buildings $'000	Computer Equipment $'000	Vehicles $'000	Other Plant & Equipment $'000	Capital Work in Progress $'000	Total $'000
Cost or Valuation							
Balance at Start of Period	80	2,787	911	399	4,850	48	9,075
Additions	-	7	4	36	53	-	100
Disposals / Transfers	-	-	(5)	(49)	(624)	(42)	(720)
Balance at Period End	80	2,794	910	386	4,279	6	8,455
Depreciation and Impairment Losses							
Balance at Start of Period	-	366	611	307	3,381	-	4,665
Depreciation for the Year	-	118	75	25	370	-	588
Disposals	-	-	(5)	(29)	(622)	-	(656)
Balance at Period End	-	484	681	303	3,129	-	4,597
Carrying Amounts							
At Start of Period	80	2,421	300	92	1,469	48	4,410
At Period End	80	2,310	229	83	1,150	6	3,858

31 December 2010	Land $'000	Buildings $'000	Computer Equipment $'000	Vehicles $'000	Other Plant & Equipment $'000	Capital Work in Progress $'000	Total $'000
Cost or Valuation							
Balance at Start of Period	80	2,787	911	399	4,850	48	9,075
Additions	-	3	4	21	37	-	65
Disposals	-	-	-	(49)	-	(36)	(85)
Balance at Period End	80	2,790	915	371	4,887	12	9,055
Depreciation and Impairment Losses							
Balance at Start of Period	-	366	611	307	3,381	-	4,665
Depreciation for the Period	-	59	37	13	181	-	290
Disposals	-	-	-	(29)	-	-	(29)
Balance at Period End	-	425	648	291	3,562	-	4,926
Carrying Amounts							
At Start of Period	80	2,421	300	92	1,469	48	4,410
At Period End	80	2,365	267	80	1,325	12	4,129

20 INTANGIBLES

	31 December 2011 Purchased Software	30 June 2011 Purchased Software	31 December 2010 Purchased Software
	$'000	$'000	$'000
Cost			
Balance at Start of Period	**164**	126	126
Additions	**1**	38	37
Disposals	**-**	-	-
Balance at Period End	**165**	164	163
Amortisation and Impairment Losses			
Balance at Start of Period	**135**	116	116
Amortisation for the Period	**7**	19	9
Impairment Loss	**-**	-	-
Balance at Period End	**142**	135	125
Carrying Amounts			
At Start of Period	**29**	10	10
At Period End	**23**	29	38

21 TRADE AND OTHER PAYABLES

	31 December 2011	*30 June 2011*	*31 December 2010*
	$'000	*$'000*	*$'000*
Trade and Other Payables			
Other Trade Payables	**1,263**	1,009	1,938
Provisions	**5**	5	5
Non-Trade Payables and Accrued Expenses	**607**	414	525
	1,875	1,428	2,468

22 BORROWINGS

	31 December 2011	*30 June 2011*	*31 December 2010*
	$'000	*$'000*	*$'000*
Borrowings			
Secured Stock – Speirs Investments	**1,190**	1,190	1,700
Convertible Redeemable Preference Shares	**2,949**	2,875	2,661
Mortgage Facility	**500**	300	500
	4,639	4,365	4,861
Current	**-**	-	-
Non-Current	**4,639**	4,365	4,861
	4,639	4,365	4,861

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

	31 December 2011 %	*30 June 2011 %*	*31 December 2010 %*
Borrowings			
Secured Stock – Speirs Investments Limited	**10.00%**	10.00%	10.00%
Convertible Redeemable Preference Shares	**9.00%**	9.00%	9.00%
Mortgage	**8.25%**	8.95%	8.95%

Secured Stock – Speirs Investments Limited

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%.

Mortgage Facility

Speirs Foods Limited has a mortgage funding facility for up to $985,000. The facility has a maturity date of 10 July 2014. 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.

Convertible Redeemable Preference Shares

During the year ended 30 June 2010 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

	31 December 2011 $'000	*30 June 2011 $'000*	*31 December 2010 $'000*
Balance at Beginning of Period	**12,757**	12,757	12,757
Issue of 500,000 Ordinary Shares at 10c per share	**50**	-	-
Balance at Period End	**12,807**	12,757	12,757

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.

	Ordinary Shares		
	31 December 2011 '000	*30 June 2011 '000*	*31 December 2010 '000*
Number of Shares on issue at Start of Period	**10,835**	10,835	10,835
Issue of 500,000 Fully Paid Ordinary Shares	**500**	-	-
Number of Shares on issue at Period End	**11,335**	10,835	10,835

The total authorised number of ordinary shares is 11,334,576 (30 June 2011: 10,834,576; 31 December 2010 10,834,576). All issued shares were fully paid. There are no preferences or restrictions attached to this class of share.

Dividends

The following dividends were declared and paid by the Company:

	31 December 2011 '000	*30 June 2011 '000*	*31 December 2010 '000*
$0.00 per Qualifying Ordinary Share (30 June 2011: $0.00; 31 December 2010: $0.00)	**-**	-	-

The Directors have not proposed the payment of any dividend at 31 December 2011.

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

	6 months 31 December 2011 $'000	*12 months 30 June 2011 $'000*	*6 months 31 December 2010 $'000*
Reconciliation of Profit/(Loss) for the Period to Net Cash from Operating Activities			
Profit/(Loss) for the Period	**(282)**	(788)	(634)
Adjustments for Non-Cash Items:			
Depreciation	**230**	588	290
Amortisation of Intangible Assets	**7**	19	9
Bad Debts Written Off	**-**	6	-
Gain on Disposal of Property, Plant and Equipment	**(5)**	(2)	(2)
Unwind of Discount on Convertible Redeemable Preference Shares	**74**	214	-
Share of Associates (Gains)/ Losses	**131**	(24)	490
Impairment Loss on Associate Company	**-**	72	-
	155	85	153
Movement in Other Working Capital Items:			
Change in Inventories	**(50)**	27	(245)
Change in Trade and Other Receivables and Other Assets	**(689)**	(107)	(982)
Change in Trade and Other Payables	**447**	(395)	645
Net Cash From Operating Activities	**(137)**	(390)	(429)

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 were no loans to key management personnel

*Key Management Personnel Compensati*on

	6 Months 31 December 2010 $'000	*12 Months 30 June 2010 $'000*	*6 Months 31 December 2009 $'000*
Short-Term Employee Benefits	**171**	332	175
Termination Benefits	**-**	3	-
	171	335	175

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 period was $10,500. At 31 December 2011 the outstanding balance of the credit facility was $200,000.
- Speirs Foods Limited charged rental during the period to Speirs Nutritionals. The rental charged was $22,232. At 31 December 2011 accounts receivable balance was $2,627.
- Speirs Nutritionals charged Speirs Foods Limited for services provided and charged $17,077. At 31 December 2011 accounts payable balance was $Nil.

- Speirs Foods charged Rosa Foods Limited $157,958 for services provided. At 31 December 2011 accounts receivable balance was $51,791.

- Issued 500,000 ordinary shares of Speirs Group Limited at 10c per share ($50,000) to Keith Taylor (a director of Speirs Group Limited) in accordance with the shareholders resolution dated 28 November 2011.

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 was committed to the following at year end:

31 December 2011	**Property Rentals**	**Capital Expenditure**	**Total**
	$'000	**$'000**	**$'000**
Less than One Year	**-**	**4**	**4**
Between One and Five Years	**-**	**-**	**-**
More than Five Years	**-**	**-**	**-**
	-	**4**	**4**

30 June 2011	**Property Rentals**	**Capital Expenditure**	**Total**
	$'000	**$'000**	**$'000**
Less than One Year	-	-	-
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	-	-

31 December 2010	**Property Rentals**	**Capital Expenditure**	**Total**
	$'000	**$'000**	**$'000**
Less than One Year	-	-	-
Between One and Five Years	-	-	-
More than Five Years	-	-	-
	-	-	-

Contingent Liabilities

The Company and Group have no contingent liabilities.

27 EVENTS AFTER THE REPORTING PERIOD

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

28 DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS

The Group has no such plans in place.

29 NET TANGIBLE ASSETS PER SECURITY

	31 December 2011 $	*30 June 2011 $*	*31 December 2010 $*
Net Tangible Assets Per Security	**0.07**	0.09	0.10

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

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

31 ASSOCIATES AND JOINT VENTURES

The Group has no joint ventures. The Company has Associate entities – see note 16 for full details.