
RANGATIRA
INVESTMENTS
2019
ANNUAL REPORT

RANGATIRA INVESTMENTS

ANNUAL MEETING of SHAREHOLDERS

Monday 29th July 2019 at 4.30pm

KPMG
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Wellington

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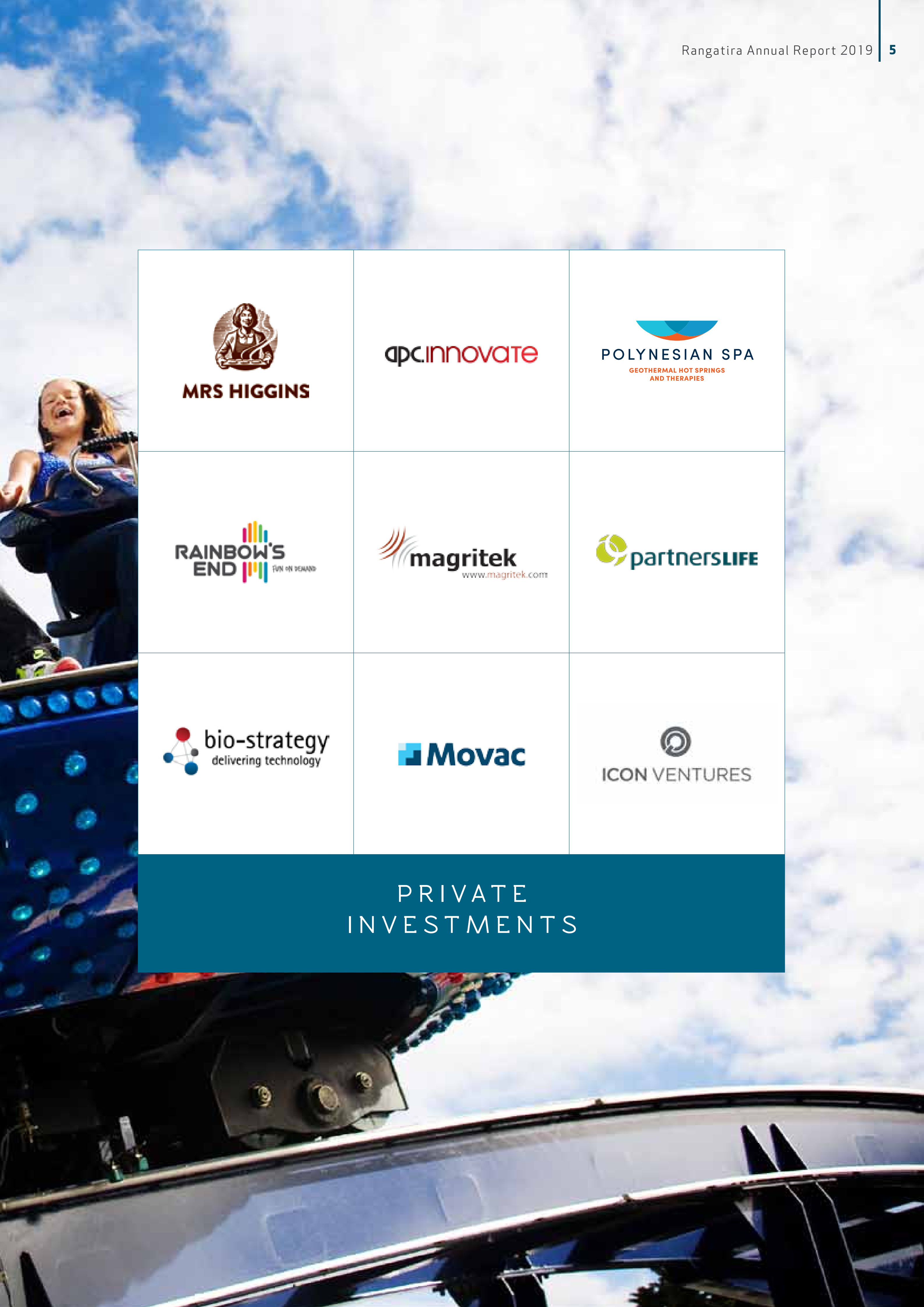


MRS HIGGINS

apc innovate

POLYNESIAN SPA
GEOTHERMAL HOT SPRINGS AND THERAPIES

RAINBOW'S END
FUN ON DEMAND

magritek
www.magritek.com

partnersLIFE

bio-strategy
delivering technology

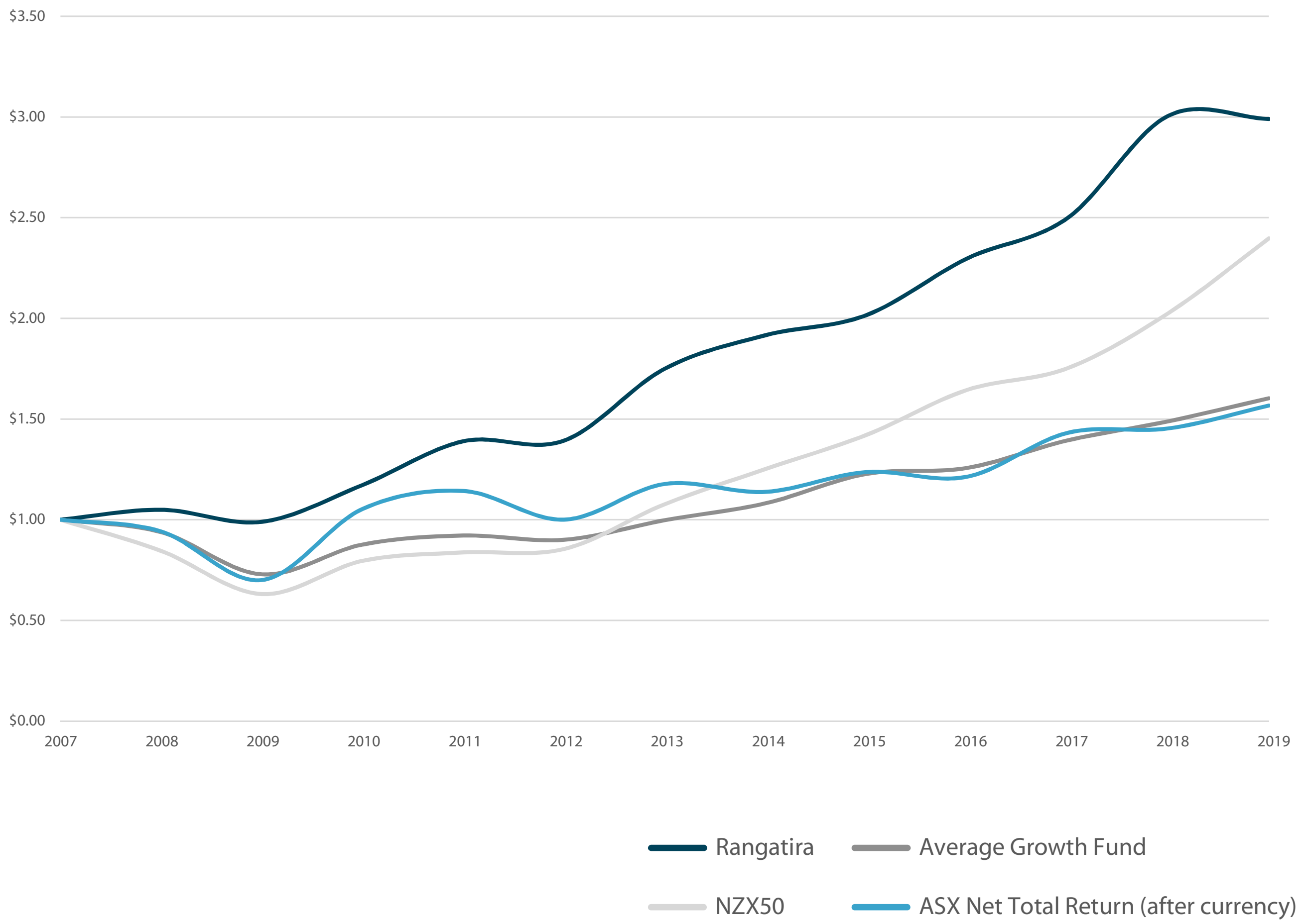
Movac

ICON VENTURES

PRIVATE INVESTMENTS

AT A GLANCE

VALUE OF $1 INVESTED OVER THE LAST 12 YEARS



Rangatira is one of New Zealand's earliest Private Equity investors. We co-invest with ambitious owners and managers to develop New Zealand brands and success stories.

We've been doing this since 1937, and while many things have changed in that time, our commitment to working with and investing for the long-term in New Zealand businesses has not.

INVESTING IN GREAT NEW ZEALAND BUSINESSES

PERMANENT AND FLEXIBLE CAPITAL

LONG TERM PARTNERSHIP

MRS HIGGINS

CHAIR'S REVIEW

INTRODUCTION

The 2019 financial year has been a busy and important one for Rangatira.

We commenced a competitive process for the sale of our stake in Hellers in 2018 and successfully concluded the sale earlier this year following Overseas Investment Office approval. Hellers was a very successful investment for Rangatira, generating a 21 per cent per annum return for each of the 15 years or so that we had been a shareholder. However, the growth of the Hellers investment had also resulted in it becoming an uncomfortably high percentage of our total portfolio. Hellers had also reached a point whereby further growth was largely dependent on an expansion into the Australian market requiring new investment in manufacturing and management resources. Given the extent of our exposure and the risks associated with an expansion into the Australian market we decided it was an opportune time for Rangatira to exit and to crystallise the value that had been created.

The sale marked the conclusion of a very successful partnership with Todd Heller and his family and Nick Harris over the last 15 years.

David Pilkington
Chair

"It has been a wonderful and successful relationship with Rangatira, which has been marked by many milestones from our Auckland factory built in 2005 through to a world-class production facility established in Kaiapoi in 2011. Rangatira was pivotal in our growth including acquisitions such as Hutton's Kiwi, Santa Rosa poultry, Gramart sauces and Walsh's meats."

— *Todd Heller*

Over the last 12 months we have recruited our new Chief Executive, Mark Dossor, and two new Directors, Cathy Quinn ONZM and David Gibson. We are excited by the new capability around the Board table and with the team that Mark has developed since coming on board. Cathy and David both bring extensive investment transaction experience and business contact networks which will position us well for the future as we look for new opportunities.

We commenced a more proactive engagement with shareholders having now met with most of you and presented the portfolio and our future investment approach. We found these forums useful to explain our approach and hear your feedback and expect to hold these regularly in the future.

While the recent operating performance of some of our investment companies has not met expectations, we are confident that we have good management and plans in place to improve on this year. We see that Rangatira is well positioned in the NZ Private Investment market to grow the current portfolio and has a sound platform for future growth. Mark expands on this in more detail in his report.

Over the past year, we have seen significant volatility across both interest rates and stock exchanges. Interest rates universally have fallen. The New Zealand 10-year rate is at long term lows at 1.75 per cent. Late in 2018 the Federal Reserve lifted their neutral stance on rates and indicated further declines would occur to protect against a market downturn.

With this change, we saw most stock exchanges rebound regaining the losses of late 2018 in the first quarter of 2019. We have seen a rebalancing away from growth and technology stocks in a move to yield and value-based stocks. Noting that growth companies have now outperformed value stocks for ten years, we expect that volatility will continue in the listed markets. The current sentiment of declining interest rates will stimulate asset prices and investment in the immediate future. However, when this trend changes asset prices will be negatively impacted.

While we are confident about the future for our current portfolio companies, we are wary that growth may slow in the medium term. GDP growth rates are high across most economies, with the exception of Europe and Japan, but all are slowing against 2018 GDP growth rates. Our new investments need to be into sectors that will be resilient through any slowdown and we will maintain a conservative approach to our asset allocation.

David Pilkington
Chair

CEO'S REPORT

INTRODUCTION

This is my first annual report since joining Rangatira as your CEO.

I have spent my time on the current portfolio companies, meeting our shareholders, similar investors as Rangatira in both New Zealand and Australia and assessing potential investments opportunities.

From this, the underlying premise of Rangatira is unchanged from its purpose in 1937, which was to grow an asset base to provide both income and capital appreciation to its shareholders. We understand though that we need to be able to maintain a consistent and reliable dividend flow acknowledging that close to 70 per cent of our shareholders are charities that rely on this dividend flow.

We are not proposing any marked change from how we have operated in the past and has been responsible for our success to date. Although the world is changing around us, we believe investing for the long term in private businesses in New Zealand will continue to provide returns adequate for the level of risk we are taking.

Results for FY19

	2019 $m	**2018** $m
Operating earnings	9.1	11.3
Net gains and losses from realisations	1.3	1.0
Transaction costs and other one-off items	(3.8)	(1.2)
Total Profit after Tax	**6.6**	**11.1**
Dividend	**$10.6m**	**$10.6m**
	60cps	**60cps**
Net Asset Value – Audited Accounts	**$12.64ps**	**$12.77ps**
Net Asset Value – Director Valuation	**$14.40ps**	**$15.06ps**

Mark Dossor
Chief Executive Officer

We have recorded a profit after tax of $6.6m for the year ended 31 March 2019 (FY18, $11.1m).

The net profit achieved was the outcome of significant activity over the past 12-months that adversely impacted upon the end result.

Operating earnings were impacted by the sale of Hellers, which was concluded at the end of January so only includes ten months of trading. Further, the underlying performance of Bio-Strategy, Rainbow's End, Mrs Higgins and Hellers were all down on last year and expectations. That was partially offset by a better than expected performance from Magritek.

Throughout the year we incurred significant transaction costs associated with the Hellers purchase of Moira Mac, settlement of historical claims associated with the Tuatara sale in 2017, and the sale of our Hellers shares.

Net gains on revaluations included the gain on sale of Hellers and our Listed Investment portfolio offset by a reduction in our holding value of Rainbow's End and NZ Pastures.

By and large, companies have operated within expectations, so the Director's valuations have not changed other than Rainbow's End, Magritek and NZ Pastures.

- Rainbow's End has not seen the growth expected in recent years and, as a consequence, we have reduced our view on the long-term sustainable earnings. In response to this, we are looking at the opportunity to add new experiences on-site using Augmented Reality and digital experiences as well as the traditional theme park attractions. The intention is to attract an additional client set and offer more options through winter when weather impacts visitor numbers.

- Magritek has had strong growth in the last 12 to 18 months on the back of its desktop nuclear magnetic resonance spectrometer (NMR) gaining market acceptance. Currently, it is the leading desktop NMR product on the market. Consequently, we were confident to lift the longer-term outlook and projections that have lifted the underlying valuation.

- Bio-Strategy 2019 earnings were down on expectations, mainly related to the integration of VWR laboratory products, which impacted negatively on performance in Australia. However, we understand the reasons for this and feel that the outlook is not compromised by this result therefore comfortable to maintain the long-term earnings projections.

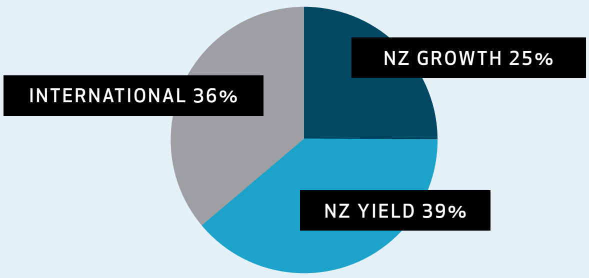
- The underlying value of the properties in NZ Pastures have been impacted by the changing Overseas Investment Office guidelines that have led to a reduction in the number of potential buyers in the market.

Portfolio Activity

As David discussed earlier the major transaction of the year was the sale of Hellers. We did maintain the Hellers Christchurch property which will provide a good yield with a long-term lease to the new owners. We own this in the same proportion (62.5%) as Hellers with Todd and Nick.

Rangatira had the opportunity to purchase additional shares in Magritek from Massey University. Magritek was founded on the science and research of Sir Paul Callaghan and in 2015 merged with a similar company in Germany. Magritek's manufacturing has now been consolidated to Germany, leaving software development activity in New Zealand. Over the last two years they have experienced considerable growth in their core product, a desktop NMR Spectrometer.

We have also reset and increased our public investment portfolio from late last year lifting our investment from $27m to $51m. We have broken this into three portfolios – NZ Growth Companies, NZ Yield Companies and International Portfolio .



Part of this has been to select an international manager to run a portfolio of global stocks as we are not best placed to choose international stocks internally. They are a United Kingdom-based manager who specialises in managing a global equity portfolio. Over time we will transition all of our international stocks to global managers.

The public investment portfolio has performed well recently and has also proved resilient through the December market declines.

Our Current Private Investments

In our private portfolio, we currently have seven holdings and we have split these into yield assets and growth assets.

Yield assets are generally good stable businesses with pretty good economic resilience and low beta so provide a lower growth and risk profile. We expect these to provide Rangatira with a consistent dividend stream and cashflow. We need these companies in our portfolio to ensure we have adequate cash flow to meet the dividend requirements of our shareholders, without depleting the company's capital base. Rainbow's End, APC and Polynesian Spa provide this for our portfolio.

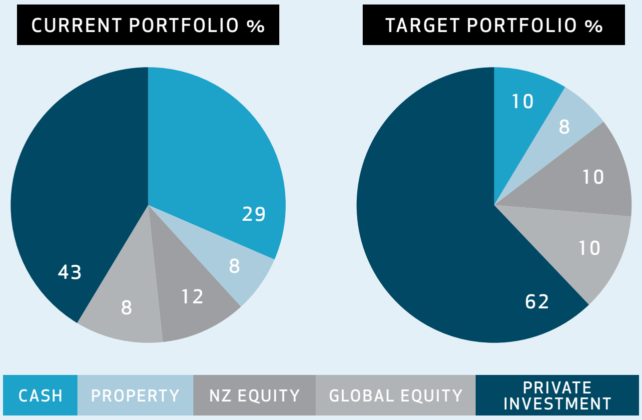
The growth businesses will reinvest surplus cash into growing those businesses and therefore not necessarily provide us with cash flow, but should provide a good capital growth. These assets we would expect to grow well ahead of the risk-free rate each year. These growth businesses will increase the underlying asset base of Rangatira. Magritek, Partners Life, Mrs Higgins and Bio-Strategy are all growth orientated businesses.

In looking for new businesses we will allocate them between yield and growth businesses. It may be that a business that is a growth asset at the time of the investment, becomes a yield asset over time.

Obviously, the risk profile is quite different for yield and growth companies and therefore we have higher return targets for growth businesses.

It is important that we think about the portfolio like this consistently, so we have constructed our listed portfolio consistent with this in order to create both asset growth and dividend flow from those assets.

Our Asset Allocation



Important in any discussion about investing is how to allocate our funds across various asset classes.

Obviously, as a result of the Hellers transaction, we are holding more cash than we have in the past. Some of this has already been used to increase our listed shares along with replacing bank debt within some portfolio companies.

Over the next two to three years we anticipate reinvesting funds back into private businesses. This will create the next platform for Rangatira growth. It is a challenge to find suitable private investments and we expect this transition to take up to three years. While we are holding more cash than normal, we still have over 70 per cent of our portfolio invested in growth assets.

In the interim, it is likely that we will increase exposure to listed assets. Listed assets offer us exposure to businesses that we cannot invest in through private markets, such as utilities and international companies.

Our Investment Approach

First and foremost, we have to be prudent to make the right the selection finding good partners and managers of businesses that understand their sector and have a competitive advantage and a skill to exploit that to provide consistent returns to shareholders.

These opportunities are not plentiful and in today's economic climate and price expectations are higher than in the past. Prices are being driven up as interest rate expectations are flat to declining. We will continue to be cautious as our premise is that it is better to be rewarded adequately for holding cash than take a risk on investments that may carry more risk than reward, or are in a sector that is not suited to our investment approach.

Our key point of difference with most investors today is our reputation and long-term holding period. Accordingly, our preference is to find businesses and owners that better suit a longer-term view than the traditional three to five-year investment cycle.

As a long-term investor, with holding periods of over ten years, we want to find businesses that are resilient to economic cycles, have good exposure to macro and demographic trends, and that have a strong and protectable market position.

Our Team

I have taken the opportunity to bolster the executive team.

Chris Bradshaw, our Chief Financial Officer, celebrated his 20th anniversary with Rangatira this year. We thank him for his loyalty and service to Rangatira over two decades.

As well we have had Chris Westbury, Investment Manager, join us from Cameron Partners and Kurt Purdon, Analyst, join us from PwC.

I remain very conscious of the cost of running Rangatira and expect to keep these costs below one per cent of our assets per annum but recognise that in order to compete and do well in this market we need to have a capable and qualified team.

In closing, I would like to thank the shareholders for their support through the last year and look forward to a rewarding 2019.

Mark Dossor
CEO

L-R Chris Westbury, Kurt Purdon, Mark Dossor, Chris Bradshaw

OUR PRIVATE INVESTMENTS

17.9% OWNERSHIP

MAGRITEK

Magritek designs, manufactures and sells disruptive benchtop Nuclear Magnetic Resonance (NMR) solutions to academic and industry customers.

The Magritek family of Spinsolve benchtop NMR models offers revolutionary high sensitivity and resolution in a compact package in the quest to find more information about molecules. Magritek provides worldwide sales and support through its offices in Germany, USA, UK and New Zealand, and a network of partners. Magritek has consolidated its manufacturing operations to Germany.

Magritek have had another standout year in 2018, increasing the number of Spinsolves sold due to the quality of the products and the service of the team at Magritek. Magritek's order book of undelivered orders continues to be strong.

We have recently agreed to acquire some of Massey University's shares in Magritek which could increase our shareholding to 24% .

50% OWNERSHIP

MRS HIGGINS

Mrs Higgins produce a range of high-quality oven-fresh bakery products including cookies, ready to bake cookie dough, café slices and more. Its products are available from leading distributors, through food outlets, supermarkets, vending machines and convenience stores throughout New Zealand. Mrs Higgins also supplies leading Australian distributors and it is expanding into other export markets.

Mrs Higgins opened a new manufacturing plant in 2018 to provide capacity to meet potential demand for bakery products in New Zealand and expand sales in Australia and Asia. Mrs Higgins is a partnership between Rangatira and the Hasler family. Rangatira's investment in December 2017 positioned Mrs Higgins for growth.

Its major customers are food service distributors, route-trade and supermarkets. Their famous oven fresh cookies are also available through the Mrs Higgins retail store network (operated by franchises).

51.3% OWNERSHIP

POLYNESIAN SPA

Polynesian Spa is New Zealand's leading, award winning thermal spa and hot pool experience. Situated on Rotorua's exclusive lakefront boasting picturesque views, it has established a worldwide reputation for its therapeutic waters which are drawn from geothermal natural springs.

Patronage was down slightly on last year but with a higher average spend per customer. There was strong growth in visitor numbers from India, the US and Canada. Visitor numbers from China softened in line with a weaker inbound Chinese tourism market. The local Rotorua community continues to be a strong supporter.

Polynesian Spa continues to investigate further investment into new facilities such as expansion to the main pool area and improving its premium offerings.

This successful venture between the Lobb Family and Rangatira Investments was established in 1972. It has provided good returns to its shareholders and will continue to benefit from the expected growth in the tourism industry in New Zealand.

100% OWNERSHIP

RAINBOW'S END

An Auckland entertainment icon.

New Zealand's only theme park with over 20 rides including the Stratosfear, Invader, Corkscrew Roller Coaster, Fearfall, Log Flume and Kidz Kingdom. Rainbow's End is regularly updating attractions to provide an excellent day out for visitors. The team are always looking for new ways to improve the visitor experience and will be opening a gaming centre in July 2019.

Rainbow's End remains one of Auckland's premier visitor attraction and in FY19 more than 377,000 visitors passed through the gates.

In March 2018, Karen Crabb joined as Rainbow's End's new Chief Executive Officer, Karen has now had over a year working in the park and is focussed on guest experience. She is ably assisted by the Rainbows End team.

70% OWNERSHIP

BIO-STRATEGY

Bio-Strategy is a specialist distributor of scientific instruments, chemicals and laboratory supplies for life and applied science throughout Australia and New Zealand. Their highly trained staff provide a full range of sales and support for customers in laboratories, academia, hospitals and industry.

In 2018, Bio-Strategy continued to work hard to extract the benefit from the integration of VWR's Australian and NZ laboratory supply businesses into Bio-Strategy. The acquisition effectively doubled the size of the company and increased the product portfolio from a range of suppliers.

Bio-Strategy has a wide range of international suppliers many well-known, market leading brands and is constantly monitoring the latest scientific research so the company can be first to introduce innovative new technologies and suppliers to the Australasian market. Bio-Strategy's large customer base appreciate the company's wide range of leading products and excellent service, providing a total solution.

100% OWNERSHIP

APC INNOVATE

APC Innovate is the market leader in providing innovative solutions for merchandising, point-of-purchase and in-store promotional materials.

APC is a key component of its clients in-store promotion of their products which boosts end customer awareness of these products. Its clients include a wide range of FMCG companies and retailers. APC offers end to end solutions from design, production and in-store installation.

Its product range includes point-of-purchase displays in cardboard, metal, plastics and other substrates. It also manufactures promotional materials and specialist cardboard packaging.

APC continues to deliver consistent earnings as the market leader in its sector. These earnings are a result of its excellent service and quality products.

4.4% OWNERSHIP

PARTNERS LIFE

Partners provides innovative life, disability, trauma, income protection and medical insurance to New Zealanders.

Partners aims to close the underinsurance gap in New Zealand by providing the best possible outcomes to customers by offering them a superior product distributed by financial advisers. Partners strong growth continues with another year of record new customer premium income. They launched their Get Life Right media campaign which challenges the cultural stigmas towards life insurance in the general public by talking about it in a fresh and memorable way.

Partners is rated as the number one provider across the Lewers' survey of financial advisers; new business market share; and independent product ratings. Partners has made the difference to many New Zealanders in their hour of need, having paid over $391m of claims since inception. In March 2019, A.M. Best upgraded Partners Financial Strength Rating to A- (Excellent).

OUR PUBLIC INVESTMENTS

New Zealand	2019 NZ$m	2018 NZ$m
Meridian	4.4	2.1
Infratil	3.7	-
Mercury Energy	3.2	-
Fisher & Paykel Healthcare	2.4	2.7
Mainfreight	1.7	-
Genesis Energy	1.6	-
Auckland Airport	1.6	1.2
Trustpower	1.5	-
Vector	1.4	-
EBOS Group	1.3	-
Scales Corporation	1.2	-
Ryman Healthcare	1.2	-
Contact Energy	0.7	0.6
Green Cross Health	0.6	0.9
TIL Logistics	0.4	-
Serko	0.4	0.3
ikeGPS	0.4	0.3
Tower	0.1	0.2
Pacific Edge	0.1	-
Fletcher Building	-	0.8
Total	28.1	9.1

International	2019 NZ$m	2018 NZ$m
Intermede	7.2	-
Rio Tinto	3.8	2.9
Reckitt Benckiser	3.5	3.4
BHP Billiton	3.4	2.5
Royal Dutch Shell	1.8	1.7
Xero	1.7	2.2
BP	1.6	1.4
Commonwealth Bank	-	2.7
Wesfarmers	-	1.3
Total	23.0	18.0
Total Public Investments	**51.0**	**27.1**

MANAGED FUNDS

Movac Fund 3

Exposure to New Zealand venture capital through expert managers.

Movac is New Zealand's leading venture capital manager. It invests in New Zealand companies with a proven product or service and potential to scale to $100m+ revenue.

Movac Fund 3's standout investment was PowerByProxi, a successful wireless charging technology and solutions business born out of University of Auckland. The Fund has since sold it's interests and distributed proceeds to investors.

Other companies in Fund 3 include 1Above (relieves the symptoms of jetlag), Aroa Biosurgery (regenerative tissue platform), Author-it (content authoring business), and Modlar (online network for Architects).

Icon Ventures - Funds V and VI

Exposure to international venture capital through expert managers.

Icon Ventures is a specialty Silicon Valley venture capital manager, focused on series B and C investments.

Fund V has invested over 95% of the committed capital in 17 companies that include Area 1 Security, Cloud Physics, Delphix, Exabeam, Ionic Security, and Tune Inc Fund V and has made distributions equivalent to 40% of contributed capital to date with distributions of Twitter and Teladoc shares.

Fund VI has invested over 50% of the committed capital in nine companies that include Alation, Button, Datrium, Hound Labs, Quizlet, Rylo, Streamlabs and Timescale.

Intermede

Exposure to international equities through expert managers.

Intermede Investment Partners is a London-based investment manager specialising in global listed shares. Its fund invests in a relatively concentrated portfolio of around 40 high-growth high-return ('best-in-class') stocks.

The firm was established in 2014 by CEO Barry Dargan and three analysts. Since then, its annualised outperformance has totalled over 3% pa over the MSCI All Country World Index, performance consistent with that achieved by Barry Dargan in previous portfolio management roles.

Rangatira invested in Intermede in March 2019.

Rangatira Group

Consolidated Income Statement

For the year ended 31 March 2019

	Note	2019 $000	2018* $000
Continuing operations			
Revenue	2	**117,334**	118,887
Other income	3	**1,036**	2,356
Total income		**118,369**	121,243
Depreciation and amortisation	10, 12	**(4,951)**	(4,719)
Employee benefit expense	4	**(32,695)**	(32,355)
Finance costs		**(1,731)**	(2,076)
Impairment loss on investment		**-**	(128)
Raw materials and consumables used		**(56,100)**	(57,139)
Consulting expense		**(681)**	(743)
Operating expenses	4	**(16,869)**	(17,175)
Profit before tax from continuing operations		**5,342**	6,908
Tax expense	6	**(1,541)**	(1,937)
Profit after tax from continuing operations		**3,801**	4,971
Profit after tax from discontinued operations	30	**5,467**	10,772
Profit after tax		**9,268**	15,743
Profit attributable to:			
Equity holders of the parent		**6,571**	11,116
Non-controlling interests		**2,697**	4,627
		9,268	15,743
Basic and diluted earnings per share (cents)	17	**37.1**	62.8

*The 2018 comparative accounts have been restated to show Hellers Limited as a discontinued operation and for NZIFRS 9

- The notes on pages 26 to 57 form part of, and should be read in conjunction with, the above statements -

Rangatira Group

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	2019 $000	2018* $000
Other comprehensive income/(losses)		
Investments at Fair Value through OCI		
- valuation gain/(loss) taken to reserves	2,159	7,695
Translation of foreign operations	(228)	(317)
Associate companies		
- share of reserves of associates	(79)	75
Movement in cash flow hedge reserve	(349)	449
Other comprehensive income/(losses) recognised directly in equity	1,503	7,902
Profit after tax from continuing operations	3,801	4,971
Profit after tax from discontinued operations	5,467	10,772
Total comprehensive income for the year after tax	10,771	23,645
Total comprehensive income attributable to:		
Equity holders of the parent	8,103	18,944
Non-controlling interests	2,668	4,701
	10,771	23,645

*The 2018 comparative accounts have been restated to show Hellers Limited as a discontinued operation and for NZIFRS 9

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Rangatira Group

Consolidated Statement of Changes In Equity

For the year ended 31 March 2019

2018	Note	Share capital $000	Retained earnings $000	Investments at fair value reserve $000	Cash flow hedge reserve $000	Foreign currency translation reserve $000	Attributable to equity holders of the Parent $000	Attributable to non-controlling interests $000	Total $000
Balance at the beginning of the year		17,712	175,694	17,611	69	46	211,132	13,546	224,677
Total comprehensive income/(loss)		-	11,116	13,695	280	(148)	24,943	4,702	29,645
Dividends paid to non-controlling interests		-	-	-	-	-	-	(4,861)	(4,861)
Dividends paid to parent shareholders		-	(9,919)	-	-	-	(9,919)	-	(9,919)
Dipsosal of FVOCI		-	6,000	(6,000)	-	-	-	-	-
Balance at end of year		**17,712**	**182,891**	**25,306**	**349**	**(102)**	**226,156**	**13,387**	**239,543**

2019	Note	Share capital $000	Retained earnings $000	Investments at fair value reserve $000	Cash flow hedge reserve $000	Foreign currency translation reserve $000	Attributable to equity holders of the Parent $000	Attributable to non-controlling interests $000	Total $000
Balance at the beginning of the year		17,712	182,891	25,306	349	(102)	226,156	13,387	239,543
Total comprehensive income		-	6,571	2,159	(349)	(278)	8,103	2,668	10,771
Dividends paid to non-controlling interests		-	-	-	-	-	-	(1,608)	(1,608)
Dividends paid to parent shareholders	18	-	(10,627)	-	-	-	(10,627)	-	(10,627)
Sale of discontinued operation			-		-	-	-	(15,774)	(15,774)
Disposal of FVOCI		-	3,800	(3,800)	-	-	-	-	-
Balance at end of year		**17,712**	**182,635**	**23,665**	**-**	**(380)**	**223,632**	**(1,327)**	**222,305**

- The notes on pages 26 to 57 form part of, and should be read in conjunction with, the above statements -

Rangatira Group

Consolidated Statement of Financial Position

As at 31 March 2019

	Note	2019 $000	2018 $000
Current assets			
Cash and cash equivalents		**81,875**	37,846
Trade receivables	7	**12,821**	33,275
Inventories	8	**13,022**	52,391
Tax receivable		**-**	105
Other current financial assets	9	**1,630**	1,699
Other current assets		**1,077**	1,510
Total current assets		**110,425**	126,826
Non-current assets			
Property, plant and equipment	10	**49,254**	92,828
Investments in associate companies		**11,073**	10,102
Goodwill	11	**19,788**	47,444
Intangible assets	12	**1,087**	61,566
Deferred tax asset	6	**2,617**	3,615
Assets held for sale		**-**	1,117
Other non-current financial assets	9	**83,020**	63,556
Total non-current assets		**166,839**	280,228
Total assets		**277,264**	407,054

Rangatira Group

Consolidated Statement of Financial Position (continued)

As at 31 March 2019

	Note	2019 $000	2018 $000
Current liabilities			
Trade and other payables	13	**15,981**	38,172
Borrowings	14	**21,558**	76,160
Other current financial liabilities	14	**-**	254
Tax payable		**506**	2,466
Provisions	15	**2,178**	5,788
Total current liabilities		**40,223**	122,840
Non-current liabilities			
Borrowings	14	**5,538**	17,223
Provisions	15	**354**	337
Deferred tax liability	6	**8,844**	25,825
Contingent consideration		**-**	100
Other non-current financial liabilities	14	**-**	1,186
Total non-current liabilities		**14,736**	44,671
Total liabilities		**54,959**	167,511
Net assets		**222,305**	239,543
Equity			
Share capital	16	**17,712**	17,712
Retained earnings		**182,635**	182,891
Investments at fair value reserve		**23,665**	25,306
Foreign currency translation reserve		**(380)**	(102)
Cash flow hedge reserve		**-**	349
Equity holders of the Parent		**223,632**	226,156
Attributable to non-controlling interests		**(1,327)**	13,387
Total equity		**222,305**	239,543

Approved for issue on behalf of the Board on 4 June 2019.

DA Pilkington **DK Gibson**

- The notes on pages 26 to 57 form part of, and should be read in conjunction with, the above statements -

Rangatira Group

Consolidated Statement of Cashflow

For the year ended 31 March 2019

	Note	2019 $000	2018 $000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		119,320	335,774
Dividends received		996	882
Interest received		973	631
		121,289	337,287
Cash was applied to:			
Payments to suppliers and employees		(109,273)	(301,124)
Tax paid		(2,395)	(6,342)
Interest paid and other costs of finance		(2,962)	(5,092)
		(114,630)	(312,558)
Net cash inflows from operating activities	25	6,659	24,729
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of business (net of cash and including related party loans repaid)	30	74,396	-
Proceeds from sale of investments		7,708	14,324
Proceeds from sale of property, plant and equipment		784	413
		82,888	14,737
Cash was applied to:			
Purchase of property, plant and equipment		(1,993)	(9,485)
Purchase of business (net of cash)	29	(26,787)	-
Purchase of investments		(23,770)	(5,690)
		(52,550)	(15,175)
Net cash inflows/(outflows) from investing activities		30,338	(438)
Cash flows from financing activities			
Cash was provided from:			
Proceeds from borrowings		19,267	750
		19,267	750
Cash was applied to:			
Dividends paid to shareholders of the parent		(10,627)	(9,919)
Dividends paid to non-controlling interests		(1,608)	(4,861)
Repayment of borrowings		-	(7,274)
Payment of contingent consideration		-	(100)
		(12,235)	(22,154)
Net cash inflows/(outflows) from financing activities		7,032	(21,404)
Net increase/(decrease) in cash held		44,029	2,887
Cash at beginning of year		37,846	34,959
Cash at end of year		81,875	37,846
Cash and cash equivalents		81,875	37,846

- The notes on pages 26 to 57 form part of, and should be read in conjunction with, the above statements -

Rangatira Group

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

Note 1 Reporting Entity And Basis Of Preparation

Rangatira Limited is an investment company incorporated and domiciled in New Zealand. Its principal activity is investment. The Group consists of Rangatira Limited, its subsidiaries and associates.

The consolidated financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP), the Companies Act 1993, and the Financial Reporting Act 2013. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities, and with International Financial Reporting Standards.

The financial statements are presented in New Zealand dollars. All financial information has been rounded to the nearest thousand, unless otherwise stated.

The measurement basis adopted in the preparation of these financial statements is historical cost, modified by the revaluation of financial instruments as identified in the specific accounting policies below and the accompanying notes.

Accounting policies and standards

Accounting policies that summarise the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the accompanying notes.

The accounting policies adopted have been applied consistently throughout the periods presented in these financial statements.

NZ IFRS 9 Financial Instruments (NZ IFRS 9)

NZ IFRS 9 was effective for the Group from 1 April 2018. NZ IFRS 9 stipulates new requirements for the impairment of financial assets, classification and measurement of financial assets and financial liabilities and general hedge accounting. The main effect of adopting NZ IFRS 9 relates to the classification and measurement of financial assets which is outlined below.

Classification and measurement

There are three measurement classifications under NZ IFRS 9: Amortised cost, Fair Value through Profit or Loss and Fair Value through Other Comprehensive Income. Financial assets are classified into these measurement classifications taking into account the business model within which they are managed, and their contractual cash flow characteristics.

There have been no changes in classification and measurement as a result of the application of the business model and contractual cash flow characteristics tests.

Equity securities through other comprehensive income (FVOCI) represent investments that the Group intends to hold for the long term for strategic purposes (previously classified as available for sale under IAS 39). As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI.

Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss. The Group has adopted NZ IFRS 9 retrospectively this has not impacted the opening retained earnings. The Group has restated comparatives as a result of the adoption.

NZ IFRS 15 Revenue from Contracts with Customers

"IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under NZ IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has assessed all revenue streams existing at the date of transition to the new standard and determined that the impact of NZ IFRS 15 is immaterial. The Group has adopted NZ IFRS 15 using cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (1 April 2018). Accordingly, the information presented for the comparative period has not been restated – i.e. it is presented, as previously reported, under NZ IAS 18, NZ IAS 11 and related interpretations. "

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Accounting estimates and judgements

The preparation of the financial statements requires the Board of Directors and management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Group's accounting policies, management has made the following judgements that have had the most significant effect on the amounts recognised in the financial statements.

Impairment testing

There is a need to test for impairment of any tangible or intangible assets.

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Key sources of estimation uncertainty

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of either the higher of value in use or fair value less costs of disposal of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and compare the net present value of these cash flows using a suitable discount rate to the carrying amount of the cash generating units' assets to determine if any impairment has occurred. Key areas of judgement include deciding the long-term growth rate of the applicable businesses and the discount rate applied to those cash flows.

Determination of fair values

Investments in unlisted equity securities are valued by reference to comparable market transactions or in accordance with the valuation principles set out by The International Private Equity and Venture Capital Association Limited (IPEV), which also ensure compliance with NZ IFRS 13. Valuations are performed by the fund managers and comparable market transactions, and require the use of significant judgement in determining the fair value of investments when no other observable inputs are available.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 2 Revenue

	Note	2019 $000	2018* $000
Revenue from the sale of goods		**86,910**	89,281
Revenue from the rendering of services		**27,195**	27,642
Dividends	5	**1,476**	1,149
Interest revenue	5	**974**	632
Rental income		**779**	183
Total revenue		**117,334**	118,887

The following provide information about the nature and timing of recognition of revenue as required by NZ IFRS 15.

Sale of packaging goods. The revenue is recognised at a point in time, when the goods are delivered to and have been accepted at the customer premises as this is the point control of the goods have passed to the customer.

Access to recreational facilities. Revenue is recognised when the customer enters the recreational facilities.

Shop sales. The revenue is recognised at a point in time, when the goods are delivered to and have been accepted by the customer.

Sales of scientific consumables. The revenue is recognised at a point in time, when the consumables are delivered to and installed at the customer premises.

Instrument sales. The revenue is recognised at a point in time, when the instruments are delivered to and installed at the customer premises.

Service Agreements. Revenue is recognised over time as the services are provided to the customers.

Dividend Income. Dividend revenue is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Interest Revenue. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Rental Income. Rental income is recognised over time, as the leasing service is provided.

Note 3 Other Income

Other gains/losses on the sale of investments and property, plant and equipment are recognised when the risks and rewards have transferred to the acquirer.

	2019 $000	2018* $000
Gain on disposal of investments	**34**	2,362
Share of profit/(losses) for the year from associate companies	**1,113**	346
(Loss)/gain on disposal of property, plant and equipment	**(56)**	(56)
Other	**(55)**	(296)
Total other income	**1,036**	2,356

No gains on disposal of investments for 2019 are shown in other income but are included in the Statement of Comprehensive income under NZIFRS 9.

*The 2018 comparative accounts have been restated to show Hellers Limited as a discontinued operation and for NZIFRS 9

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 4 Profit Before Tax

	2019 $000	2018* $000
Profit before tax has been arrived at after charging the following expenses:		
Employee benefit expense:		
Defined contribution plans	**769**	716
Kiwisaver employer contributions	**422**	410
Other employee benefits	**31,504**	31,228
Total employee benefit expenses	**32,695**	32,354
Fees paid to auditors:		
Audit of the financial statements	**238**	234
Other non-audit services [i]	**114**	38
Total fees paid to auditors	**352**	272
Donations	**6**	4
Operating lease rental expense	**3,472**	3,305
Repairs and maintenance	**1,611**	1,811
Freight and travel	**1,278**	1,321
Other expenses	**10,150**	10,461
Total operating expenses	**16,869**	17,174

[i] The parent company received corporate finance services from KPMG, and subsidiaries received taxation advice.

*The 2018 comparative accounts have been restated to show Hellers Limited as a discontinued operation and for NZIFRS 9

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 5 Income and Expenses Relating to Financial Instruments

	Note	2019 $000	2018* $000
Profit for the year includes the following income and expenses arising from financial instruments:			
Financial assets at fair value through profit and loss:			
Equity investments		**(497)**	(908)
		(497)	(908)
Loans and receivables:			
Interest revenue	2	**974**	632
		974	632
Available for sale investments:			
Dividend revenue	2	**1,476**	1,149
		1,476	1,149
Financial liabilities at fair value through profit and loss:			
Interest rate swaps gain/(loss)		**254**	26
		254	26
Financial liabilities at amortised cost:			
Interest expense		**(1,790)**	(1,841)
Foreign exchange loss		**(304)**	(86)
		(2,094)	(1,927)

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 6 Tax Expense

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items recognised in other comprehensive income or directly to equity, in which case the deferred tax or current tax is also recognised in other comprehensive income or directly in equity. Where it arises from the initial accounting for a business combination, it is taken into account in the determination of goodwill or excess net assets over consideration paid.

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the values used for taxation purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent it is probable it will be utilised.

	2019 $000	2018* $000
Income tax recognised in profit or loss:		
Profit before tax	**5,342**	6,908
Prima facie tax at 28%	**1,496**	1,934
Tax effects of different jurisdictions	**1**	27
Non deductible expenditure	**619**	253
Non assessable income	**(324)**	(64)
Unutilised tax losses	**(32)**	-
Imputation credits offset	**(111)**	(102)
Prior period adjustment	**(108)**	(112)
Tax expense	**1,541**	1,937
Current tax	**1,862**	1,981
Deferred tax	**(321)**	(44)
Imputation credit account balance at end of year	**2,656**	3,857

*The 2018 comparative accounts have been restated to show Hellers Limited as a discontinued operation and for NZIFRS 9

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 6 Tax Expense (continued)

2018	Opening balance $000	Charged to income and comprehensive income $000	Business acquisitions/ disposals $000	Closing balance $000
Gross deferred tax liabilities:				
Property, plant and equipment	8,985	66	-	9,052
Intangible assets	16,800	-	-	16,800
Fair value through profit or loss financial assets	220	(247)	-	(27)
	26,005	(181)	-	25,825
Gross deferred tax assets:				
Provisions, doubtful debts and impairment losses	2,359	535	-	2,894
Tax losses	21	700	-	721
	2,380	1,235	-	3,615

2019	Opening balance $000	Charged to income and comprehensive income $000	Business acquisitions/ disposals $000	Closing balance $000
Gross deferred tax liabilities:				
Property, plant and equipment	9,052	(181)	-	8,871
Intangible assets	16,800	-	(16,800)	-
Fair value through profit or loss financial assets	(27)	-	-	(27)
	25,825	(181)	(16,800)	8,844
Gross deferred tax assets:				
Provisions, doubtful debts and impairment losses	2,894	(408)	(1,140)	1,348
Fair value through profit or loss financial assets	-	139	-	139
Tax losses	721	409	-	1,130
	3,615	140	(1,140)	2,617

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 7 Trade Receivables

The nominal value less estimated credit risk adjustments of trade receivables is assumed to approximate their fair value. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

	2019 $000	2018 $000
Trade receivables [I]	**12,571**	33,353
Allowance for doubtful debts	**(56)**	(98)
	12,515	33,255
GST and other receivables	**306**	20
	12,821	33,275

[I] The average credit period on sales of goods is 23 days (2018: 23 days). No interest is charged on the trade receivables or on the outstanding balances. The Group has provided fully for all receivables over 180 days because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable. Trade receivables between 40 days and 180 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past experience.

Included in the Group's trade receivables balance are debtors that are past due over 30 days at the reporting date with a carrying amount of $1,328,000 (2018: $4,376,000). The Group has not provided for these as there has not been a significant change in credit quality and the Group believes the amounts are still considered recoverable. The Group does not hold any collateral over these balances and the average age of these receivables is 68 days (2018: 73 days).

Before accepting any new customers, the Group uses an assessment criteria for potential customers' credit quality and defines credit limits by customer.

	2019 $000	2018 $000
Ageing of past due but not impaired trade receivables:		
30-60 days	**629**	1,771
61-90 days	**259**	1,544
91-120 days	**306**	696
121-150 days	**129**	256
151-180 days	**5**	109
Total	**1,328**	4,376

	2019 $000	2018 $000
Movement in doubtful debts:		
Balance at beginning of the year	**(98)**	(70)
Amounts provided for during the year	**(13)**	19
(Increase)/decrease in allowance recognised in profit	**55**	(47)
Balance at the end of the year	**(56)**	(98)

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 8 Inventories

Inventories, consisting of merchandise held for resale, manufactured goods, manufacturing work in progress and raw materials are valued at the lower of cost and net realisable value determined on a first-in first-out basis. Costs, including an appropriate portion of direct overhead expenses, are assigned to inventory on-hand on a weighted average basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

	2019 $000	2018 $000
Merchandise held for resale	**12,462**	21,280
Goods in transit	**1,686**	9,011
Work in progress	**118**	2,723
Raw materials	**461**	23,035
Other	**189**	-
Provision for obsolescence	**(1,894)**	(3,658)
	13,022	52,391

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 9 Other Financial Assets

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL, taking into account the business model within which they are managed, and their contractual cash flow characteristics.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at fair value through profit or loss

The Group has classified certain unlisted shares, listed shares and derivatives as financial assets at fair value through profit or loss where the financial asset is held for trading. The listed and unlisted shares have been acquired principally for the purpose of selling in the near future. These financial assets are at fair value, with any resultant gain or loss recognised in the income statement.

Fair Value through Other Comprehensive Income (FVOCI)

Certain shares are classified as being FVOCI and are stated at fair value. These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. Changes in fair value are recognised in other comprehensive income. Dividends are recognised in profit or loss when the Group's right to receive the dividend is established

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The Group uses recent transaction prices and valuations provided by fund managers to estimate the fair value where such prices are not available. IPEV valuation guidelines are used, which also ensures compliance with NZ IFRS 13.

Amortised cost

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

	2019 $000	2018 $000
Financial assets at fair value through profit or loss:		
Listed shares	**1,630**	1,699
Unlisted shares	**2,228**	2,448
Fair Value through Other Comprehensive Income		
Listed shares	**49,407**	25,444
Unlisted shares	**31,385**	35,664
	84,650	65,255
Current	**1,630**	1,699
Non-current	**83,020**	63,556

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 10 Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment, excluding land. Depreciation is calculated on a straight line or diminishing value basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the diminishing value or straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The principal rates (straight line or diminishing value) used are:

- Freehold and leasehold buildings 1–4%
- Plant and equipment 4-60%
- Furniture and leasehold improvements 4-40%
- IT hardware 40-48%

The gain or loss arising on disposal or retirement is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Gross carrying amount	Note	Land and buildings at cost $000	Plant and equipment at cost $000	Furniture and leasehold improvements at cost $000	IT Hardware at cost $000	Total $000
2018*						
Gross value at the beginning of the year		49,843	82,572	13,383	287	146,085
Additions		1,730	5,144	871	87	7,832
Disposals		-	(939)	(153)	(16)	(1,108)
Transfers between categories		-	(31)	88	(57)	-
Gross value at the end of the year		**51,573**	**86,746**	**14,189**	**301**	**152,809**
2019						
Gross value at the beginning of the year		51,573	86,746	14,189	301	152,809
Business acquisitions and disposals	29, 30	(4,021)	(43,806)	(55)	405	(47,477)
Additions		74	778	748	102	1,702
Disposals		-	(269)	(133)	(59)	(461)
Transfers between categories		-	(280)	280	-	-
Gross value at the end of the year		**47,626**	**43,169**	**15,029**	**749**	**106,573**

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Accumulated depreciation and impairment	Note	Land and buildings at cost $000	Plant and equipment at cost $000	Furniture and leasehold improvements at cost $000	IT Hardware at cost $000	Total $000
2018*						
Accumulated depreciation at the beginning of the year		11,800	31,806	6,122	34	49,762
Depreciation expense		1,192	2,149	886	203	4,430
Depreciation Expense - Discontinued Operation		940	5,276	212	-	6,428
Disposals		-	(537)	(88)	(14)	(639)
Accumulated depreciation at the end of the year		**13,932**	**38,694**	**7,132**	**223**	**59,981**
2019						
Accumulated depreciation at the beginning of the year		13,932	38,694	7,132	223	59,981
Business acquisitions and disposals	29, 30	(75)	(6,869)	136	247	(6,561)
Depreciation expense		1,212	2,054	903	128	4,297
Disposals		-	(246)	(118)	(34)	(398)
Accumulated depreciation at the end of the year		**15,069**	**33,633**	**8,053**	**564**	**57,319**
Net book value						
As at 31 March 2018*		37,641	48,052	7,057	78	92,828
As at 31 March 2019		32,557	9,536	6,976	185	49,254

The Group had no impairment losses for property, plant and equipment.

*The 2018 comparative accounts have been restated to show Hellers Limited as a discontinued operation

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 11 Goodwill

Goodwill arising on the acquisition of a subsidiary is recognised as an asset at the date that control is acquired. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any) in the acquiree over the fair value of the identifiable net assets recognised. Goodwill is not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

	2019 $000	2018 $000
Goodwill by subsidiary		
Auckland Packaging Company Limited	**1,826**	1,826
Bio-Strategy Limited	**6,626**	6,626
Domett Properties Limited	**4,615**	4,615
Hellers Limited	**-**	27,656
New Zealand Experience Limited	**6,721**	6,721
Total goodwill	**19,788**	47,444

Goodwill has been allocated for impairment testing purposes to the cash-generating units of each subsidiary. The recoverable amount of goodwill is determined from fair value. The key assumptions applied in the calculation are the expected earnings and an appropriate earnings multiple. Management estimates the earnings multiples using current market assessments and the risks specific to the assets of the cash generating unit. Changes in earnings are based on past practices and expectations of future market changes. Management prepares earnings forecasts based on strategic plans approved by the Board.

Goodwill relating to Hellers Limited of $27,656,000 was disposed of during the year as part of the sale of Hellers Limited (see Note 30).

At 31 March 2019, from the tests conducted, there was no impairment necessitating a writedown of goodwill.

Note 12 Intangibles

Brands, trademarks and recipes are infinite life intangibles and recorded at cost less accumulated impairment losses (if any). Software and development costs are finite life intangibles and are recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation for software is charged on a straight line basis over its estimated useful life. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

The principal rates used for software are 10-50%.

All intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

2018	Brands, trademarks and recipes $000	Software $000	Total $000
Gross carrying amount at the beginning of the year	60,000	639	**60,639**
Additions	-	1,666	**1,666**
Disposals	-	(12)	**(12)**
Gross carrying amount at the end of the year	60,000	2,293	**62,293**
Accumulated amortisation at the beginning of the year	-	289	**289**
Amortisation expense	-	438	**438**
Accumulated amortisation at the end of the year	-	727	**727**

2019			
Gross carrying amount at the beginning of the year	60,000	2,293	**62,293**
Additions	-	291	**291**
Disposals	(60,000)	(544)	**(60,544)**
Gross carrying amount at the end of the year	-	2,040	**2,040**
Accumulated amortisation at the beginning of the year	-	727	**727**
Amortisation expense	-	654	**654**
Disposals	-	(428)	**(428)**
Accumulated amortisation at the end of the year	-	953	**953**
Net book value			
As at 31 March 2018	60,000	1,566	**61,566**
As at 31 March 2019	-	1,087	**1,087**

Impairment testing for intangible assets

The Group tests intangible assets annually for impairment, or more frequently if there are indications that intangible assets might be impaired. The recoverable amounts of each of the intangible assets are determined on a similar basis as for goodwill. The key assumptions underlying the value in use calculations are the same as those applied for the impairment testing of goodwill. The brands and intangibles do not have seperately identifable cash flows from the business' goodwill, therefore have been considered as one cash generating unit.

Intangible assets of $60,114,000 relating to Hellers were disposed of during the year as part of the Hellers sale.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 13 Trade Creditors

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

	2019 $000	2018 $000
Trade creditors [i]	**10,077**	34,415
GST payable	**1,024**	1,661
Accrued interest	**936**	464
Deferred income	**1,526**	1,416
Other payables	**2,418**	216
	15,981	38,172

[i] The average credit period on purchases of certain goods is 35 days (2018: 38 days). No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 14 Borrowings And Other Financial Liabilities

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

All loans and borrowings are initially recognised at fair value less transaction costs, and subsequently at amortised cost using the effective interest rate method.

(A) BORROWINGS	2019 $000	2018 $000
Unsecured at amortised cost		
Current		
Loans from non-controlling interests in subsidiaries	**10,820**	18,071
Non-current		
Loans from non-controlling interests in subsidiaries	**977**	977
Secured at amortised cost		
Current		
Bank loans (i)	**10,731**	57,920
Finance lease liabilities	**7**	169
Non-current		
Bank loans (i)	**4,535**	16,206
Finance lease liabilities	**26**	40
	27,096	93,383
Current portion	**21,558**	76,160
Non-current portion	**5,538**	17,223

(i) Bio-Strategy Holdings Limited's bank loans are secured by a first ranking general security agreement over all of the present and after acquired property and expire in 2020. Bio-Strategy breached its bank covenants during the year and a waiver has been sought by the bank. No action has been taken by the bank but the bank loan has therefore been classified as a current liability.

In February 2019, the Domett Properties Limited's bank loans were repaid in full by unsecured loans from its shareholders. All securities related to these loans were discharged upon payment.

In February 2019 the Hellers Limited's bank loans were repaid in full as part of the sale of Hellers.

NZ Experience Limited's bank loans are secured by a first mortgage over the leasehold interest and a general security agreement over all its assets and expire August 2020.

Polynesian Spa Limited's bank loans are secured by a first mortgage over the leasehold interest and a general security agreement over all its assets, uncalled capital and undertakings of the company and expire in July 2019.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 14 Borrowings And Other Financial Liabilities (continued)

(B) OTHER FINANCIAL LIABILITIES

The Group enters into derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including forward exchange contracts and interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The effective portion of changes in the fair value of derivatives that is designated and qualifies as a cash flow hedge is recognised in other comprehensive income and accumulated in the cash flow hedging reserve.

	2019 $000	2018 $000
Derivatives that are designated and effective as hedging instruments carried at fair value:		
Current		
Interest rate swaps	-	254
Non-current		
Interest rate swaps	-	1,186
	-	1,440

Note 15 Provisions

The provision for employee benefits represents the present value of the Directors' best estimate of the future cost of economic benefits that will be required in the next 12 months for payment of employee entitlements, such as outstanding annual leave, long service leave and collective agreement payments. This estimate has been made on the basis of future expected wage rates for the forthcoming 12 month period.

The provision for make good is the Directors' best estimate of the future cost to make good any damage to the land in removing any movable fixtures at the expiration of the lease.

	2019 $000	2018 $000
Employee benefits - current	**2,178**	5,788
Make good on lease - non-current	**354**	337
	2,532	6,125

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 16 Share Capital

	2019 $000	2018 $000
Ordinary "A" shares (6,165,000 shares) of $1	**6,165**	6,165
Ordinary "B" shares (11,547,000 shares) of $1	**11,547**	11,547
	17,712	17,712

"A" and "B" shares rank equally, except that "B" shares carry restricted voting rights. These are limited to voting on proposals to:

(i) sell the whole of Rangatira Limited's undertaking, or
(ii) alter its constitution.

The "B" shareholders are not entitled to participate in future cash issues unless the "A" shareholders agree. These matters are set out in full in Clause 3 of Rangatira Limited's constitution.

All "A" and "B" shares are fully paid and there are no partly paid shares.

Note 17 Earnings Per Share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. There are no dilutive equity instruments in the Group so basic earnings per share and diluted earnings per share are the same.

	2019 $000	2018 $000
Profit attributable to equity holders of the Parent	**6,571**	11,116
Number of shares	**17,712**	17,712
Earnings per share (cents)	**37.1**	62.8

Note 18 Dividends

	2019	2018
Amount paid (cents per share)	**60.0**	56.0
Amount paid ($000's)	**10,627**	9,919

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 19 Capital Commitments

	2019 $000	2018 $000
Plant and equipment	**263**	120
Other [i]	**1,602**	2,338
	1,865	2,458

[i] Other capital commitments are for investment funds that are under contract but not invested in at balance date.

Note 20 Operating Leases

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits are consumed.

	2019 $000	2018 $000
Non-cancellable operating leases payments		
Within 1 year	2,869	2,711
Greater than 1 year, but less than 5 years	8,177	6,303
Greater than 5 years	11,522	10,613
	22,567	19,627

The Group has entered into a number of operating leases for land and premises for the Group companies. The lease terms vary and there are options to renew. The Group also has operating leases for cars and computer equipment. There are leases between Group companies, which have been removed on consolidation.

Note 21 Contingent Liabilities

There are no significant contingent liabilities (2018: nil).

Note 22 Subsidiary Associate and Joint Venture Companies

The Group financial statements are prepared by combining the financial statements of Rangatira Limited and its subsidiaries as defined in NZ IAS 27 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the financial statements.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Subsequent to initial recognition, investments in associates are accounted for under the equity method in the Group financial statements.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

All subsidiary companies have balance dates of 31 March and are incorporated in New Zealand with the exception of Bio-Strategy Pty Limited, which is incorporated in Australia.

		Percentage owned at 31 March	
	Principal activities	2019	2018
Auckland Packaging Company Limited	Packaging	**100%**	100%
Bio-Strategy Holdings Limited	Distribution of scientific equipment	**70%**	70%
Bio-Strategy Laboratory Products Pty Limited	Distribution of scientific equipment	**70%**	70%
Bio-Strategy Limited	Distribution of scientific equipment	**70%**	70%
Bio-Strategy Pty Limited	Distribution of scientific equipment	**70%**	70%
Domett Properties Limited	Property	**63%**	63%
Global Science 1	Distribution of scientific equipment	**70%**	70%
Global Science 2	Distribution of scientific equipment	**70%**	70%
Global Science GP	Distribution of scientific equipment	**70%**	70%
Global Science LP	Distribution of scientific equipment	**70%**	70%
Hellers Limited	Manufacturing	**0%**	63%
Inflex Systems (I)	Special purpose investment	**85%**	85%
NZ Experience Limited	Special purpose investment	**100%**	100%
Polynesian Spa Limited	Tourism	**51%**	51%
Precision Dispensing Systems Limited (II)	Special purpose investment	**85%**	85%
Rainbow's End Theme Park Limited	Theme park operator	**100%**	100%
Rangatira Ventures Limited	Special purpose investment	**100%**	100%
Tongariro Invt Limited	Special purpose investment	**100%**	100%
Watt Land Company Limited	Trading investment	**100%**	100%

(I) Non trading subsidiaries.

(II) Fully diluted shareholding.

Rangatira had significant influence over the following companies for the period ended March 2018. Accordingly, they are recognised as associate companies and equity accounted (note 3).

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 22 Subsidiary Associate And Joint Venture Companies (continued)

	Principal activities	Percentage owned at 31 March 2019	2018
Magritek Holdings Limited	Scientific equipment manufacturing	**18%**	18%
Mrs Higgins (2004) Limited	Manufacturing	**50%**	50%

On 11 December 2017, Rangatira acquired 50% of Mrs Higgins (2004) Limited and the acquisition was funded entirely by cash. In accordance with NZ IFRS 11, this purchase is treated as an acquisition of an associate company and equity accounting is applied to this investment. The following is a summary of the total consideration paid and the assessment of the fair value of the net assets acquired.

	$000
Consideration	
Cash paid on 11 December 2017	5,320
Deferred consideration	370
Total consideration paid and payable	**5,690**
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2,887
Trade receivables	622
Inventories	304
Deferred tax	10
Property, plant and equipment	550
Trade and other payables	(435)
Provisions	(801)
Total identifiable net assets	**3,137**
Goodwill	2,553
Total consideration paid and payable	**5,690**

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 23 Related Party Transactions

Transactions and Balances with Associates and Key Management Personnel

The transactions and balances below are those between the Parent and its associates and key management personnel.

	2019 $000	2018 $000
Revenue		
Directors' fees received from associates	-	4
Expenses		
Key management personnel expenses - short term	**2,107**	2,813

No debts to associates, key management personnel or other related parties were written off or forgiven during the year (2018: nil).

Note 24 Financial Instruments

(a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Financial and capital management involves ensuring that the Group income, expenses and balance sheet are managed in such a way as to maximise returns to investors. This includes:

- Ensuring that cash flows from dividends and other income are utilised as they come available. This may be by way of capital expenditure for expansion of the business, or simply by debt repayments or by ensuring that cash balances are earning competitive interest rates.
- Ensuring that borrowings are used prudently, minimising interest costs, while at the same time making appropriate decisions about the trade-off between the cost of borrowing and the potential return from investment opportunities.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 14, cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, retained earnings and reserves.

Some of the Group's subsidiaries are subject to externally imposed bank covenants as part of their secured bank loan facilities and Bio-Strategy breached its covenants, as disclosed in note 14.

(b) Foreign Currency Risk Management

The Group's risk mangement practices remain consistent with the prior year. The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the profit or loss in the period in which they arise except for exchange differences on the Group's foreign operations assets and liabilities which are recognised in the Group's foreign currency translation reserve.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 24 Financial Instruments (continued)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date was as follows:

	2019 $000	2018 $000
Assets		
AUD	**18,285**	12,235
GBP	**6,896**	6,405
USD	**10,516**	2,993
Liabilities		
USD	**1,580**	2,475
EUR	**-**	66
AUD	**2,891**	4,580
GBP	**118**	87
CHF	**19**	17

(c) Forward Foreign Exchange Contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts within 50% to 100% of the exposure generated. The Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to 6 months within 40% to 50% of the exposure generated.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

(d) Categories of Financial Instruments

2018	Loans and receivables $000	Fair value through other comprehensive income $000	Fair value through profit or loss $000	Financial liabilities at amortised cost $000	Investments accounted for using the equity method $000	Total $000
Assets						
Cash and cash equivalents	37,846	-	-	-	-	37,846
Trade and other receivables	33,275	-	-	-	-	33,275
Other financial assets	-	61,106	4,147	-	11,219	76,472
Total financial assets	71,121	61,106	4,147	-	11,219	147,593
Total non-financial assets	-	-	-	-	-	259,461
Total assets	71,121	61,106	4,147	-	11,219	407,054
Liabilities						
Trade and other payables	-	-	-	38,172	-	38,172
Borrowings and other financial liabilities	-	-	254	94,669	-	94,923
Total financial liabilities	-	-	254	132,841	-	133,095
Total non-financial liabilities	-	-	-	-	-	34,416
Total liabilities	-	-	254	132,841	-	167,511

2019	Loans and receivables $000	Fair value through other comprehensive income $000	Fair value through profit or loss $000	Financial liabilities at amortised cost $000	Investments accounted for using the equity method $000	Total $000
Assets						
Cash and cash equivalents	81,875	-	-	-	-	81,875
Trade and other receivables	12,821	-	-	-	-	12,821
Other financial assets	-	80,790	3,858	-	11,073	95,721
Total financial assets	94,696	80,790	3,858	-	11,073	190,417
Total non-financial assets	-	-	-	-	-	86,847
Total assets	94,696	80,790	3,858	-	11,073	277,264
Liabilities						
Trade and other payables	-	-	-	15,981	-	15,981
Borrowings and other financial liabilities	-	-	-	27,096	-	27,096
Total financial liabilities	-	-	-	43,077	-	43,077
Total non-financial liabilities	-	-	-	-	-	11,882
Total liabilities	-	-	-	43,077	-	54,959

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 24 Financial Instruments (continued)

(e) Interest Rate Risk

The Group has long term variable rate borrowings, which are used to fund ongoing activities. Management monitors the level of interest rates on an ongoing basis, and from time to time, will lock in fixed rates. The notional principal or contract amounts of the Group's long term variable rate borrowings at balance date were $7,711,000 (2018: $63,927,000).

(f) Credit Risk And Concentrations of Credit Risk

The Group incurs credit risk from trade debtors and transactions with financial institutions. The risk associated with trade debtors is managed with a credit policy, which includes performing credit evaluations on customers. The risk associated with financial institutions is managed by placing cash and short-term investments with registered New Zealand and Australian banks. The Group is not exposed to any other concentrations of credit risk other than trade receivables as disclosed in note 7.

(g) Listed Equity Price Risk And Other Price Risk Sensitivity Analysis

The Group is exposed to listed equity price risks arising from listed equity investments. The fair value through OCI investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

A sensitivity analysis of the exposure to listed equity price risks at reporting date shows if the market price had been 1% higher/lower, while all other variables were held constant, the investment held at fair value reserve would have increased/decreased by $494,070 for the Group.

Investments in unlisted equity securities are, by their nature, less liquid. For the unlisted equity investments carried at fair value, a movement in the net asset valuations of 1% changes the value of the investments held at fair value reserve by $31,385, and the financial assets at fair value through profit and loss by $38,580.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

(h) Fair Value of Financial Instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that includes inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Levels 1, 2 and 3 of the fair value hierarchy during the year ended 31 March 2019 (2018: nil).

2018	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets at fair value through profit and loss				
Shares	1,699	-	2,448	**4,147**
Available for sale financial assets				
Shares	25,442	-	35,664	**61,106**
Total financial assets	27,141	-	38,112	**65,253**

2019	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets at fair value through profit and loss				
Shares	1,629	-	2,229	**3,858**
Fair value through other comprehensive income				
Shares	49,407	-	31,383	**80,790**
Total financial assets	51,036	-	33,612	**84,648**

The Group has investments in unlisted equity securities carried at an estimate of fair value. As there is no quoted market price for these securities, valuation techiniques must be utilised to determine fair value. The valuations are carried out using the IPEV valuation guidelines, which also ensure compliance with NZ IFRS 13.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 24 Financial Instruments (continued)

(i) Liquidity Risk Management

The following tables detail the Group's expected maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be earned or paid on those assets and liabilities except where the Group anticipates that the cash flow will occur in a different period.

Financial liabilities	Less than 1 month $000	1-3 months $000	3 months to 1 year $000	1-5 years $000	5+ years $000	Total $000
2018						
Non-interest bearing	25,895	319	7,187	4,870	-	**38,271**
Finance lease liability	11	-	147	49	-	**207**
Variable interest rate instruments	45,920	-	1,001	7,650	9,356	**63,927**
Fixed interest rate instruments	-	-	9,276	18,884	2,530	**30,690**
Total financial liabilities	71,826	319	17,611	31,453	11,886	**133,095**
2019						
Non-interest bearing	15,745	235	-	-	-	**15,980**
Finance lease liability	-	-	7	26	-	**33**
Variable interest rate instruments	1,800	-	1,001	4,910	-	**7,711**
Fixed interest rate instruments	8,556	-	9,797	1,000	-	**19,353**
Total financial liabilities	26,101	235	10,805	5,936	-	**43,077**

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 25 Cashflow Reconciliation

Definition of terms used in the Statement of Cashflow:

'Cash and cash equivalents' includes cash on hand, demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in the Statement of Financial Position.

'Operating activities' include all transactions and other events that are not investing or financing activities.

'Investing activities' are those activities relating to the acquisition and disposal of current and non-current investments and any other non current assets.

'Financing activities' are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity capital.

	2019 $000	2018 $000
Profit after tax	**9,268**	15,743
Add/(less) non-cash items:		
Share of retained profit for the year from associate companies	**(1,113)**	(346)
Depreciation and amortisation	**4,951**	11,296
Other miscellaneous non-cash items	**56**	295
(Decrease) in deferred tax	**1,001**	(1,415)
Impairment loss on investment	**-**	128
	4,895	9,958
Add/(less) movements in other working capital items:		
Change in trade receivables	**(3,038)**	(2,196)
Change in inventories	**(2,498)**	(7,797)
Change in tax receivable	**105**	714
Change in other current assets	**433**	(318)
Change in trade payables	**5,192**	10,042
Change in current tax payable	**(1,960)**	497
Change in provisions	**(3,593)**	304
Change in other current financial liabilities	**(2,167)**	104
	(7,526)	1,350
Less items classified as investing activities:		
Net gain on sale of investments	**(34)**	(2,378)
Net (gain)/loss on sale of fixed assets	**56**	56
	22	(2,322)
Net cash inflows from operating activities	**6,659**	24,729

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 26 Segmental Information

	Public investments		Private investments		Group	
	2019 $000	2018* $000	2019 $000	2018* $000	2019 $000	2018* $000
Revenue	**1,476**	1,149	**114,884**	117,106	**116,360**	118,255
Segment profit before finance costs, interest revenue and tax	**280**	2,603	**4,706**	5,155	**4,986**	7,758
Interest revenue					**974**	632
Impairment loss on investments					**-**	(128)
Share of profit for the year from associate companies					**1,113**	338
Finance costs					**(1,731)**	(1,691)
Tax					**(1,541)**	(1,937)
Profit after tax from continuing operations					**3,801**	4,971
Segment assets	**51,036**	27,141	**226,228**	379,913	**277,264**	407,054
Segment liabilities	**-**	-	**54,959**	167,511	**54,959**	167,511

Rangatira's internal organisational structure, including regularly reporting to the Chief Operating Decision Maker, is analysed in the format disclosed. Rangatira's risk management, investment analysis and decision making regarding risk and returns are best represented in the segment reporting format disclosed.

Note 27 Subsequent Events

Rangatira Limited has agreed to pay a dividend of 36 cps on 24 June 2019.

Note 28 Standards or Interpretations Not Yet Effective

At the date of authorisation of these financial statements various standards, amendments and interpretations have been issued by the External Reporting Board but have not been adopted by the Group as they are not yet effective.

The impact of the application of the below standards, amendments and interpretations, is being reviewed by each investment.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS 16 'Leases'	**1 January 2019**	**31 March 2020**

*The 2018 comparative accounts have been restated to show Hellers Limited as a discontinued operation and for NZIFRS 9

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 29 Business Acquisitions

Acquisition of Moira Mac's Poultry and Fine Foods Pty Limited

Hellers Australia Pty Ltd, a 100% held subsidiary of Hellers Limited, acquired 100% of the shares of Moira Mac's Poultry and Fine Foods Pty Limited on 10 July 2018. The acquisition was funded entirely by cash.

The fair value of the identifiable net assets and liabilities of the aquired subsidiary as at the date of the acquisition were:

	$000
Consideration	
Cash paid on 10 July 2018	27,126
Purchase price adjustment on settlement	(462)
Total consideration paid and payable	**26,664**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	(123)
Trade receivables	2,120
Inventories	2,728
Deferred tax	184
Property, plant and equipment	5,125
Trade and other payables	(3,987)
Total identifiable net assets	6,047
Goodwill	20,617
Total consideration paid and payable	26,664

Moira Mac Poultry and Fine Foods Pty Limited was sold as part of the sale of Hellers (see Note 30)

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

Note 30 Discontinued Operations

On 4 February 2019 the Group agreed to sell its 62.5% interest in Hellers Limited.

This business was treated as a discontinued operations as at 31 March 2018. The comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

The impact on the Group following the sale of these components is shown below

A. Results from discontinued operations	**2019 $000**	**2018 $000**
Revenue	228,495	219,197
Elimination of inter-segment revenue		
External Revenue	**228,495**	**219,197**
Expenses	223,972	208,645
Elimination of intragroup expenses.	(3,513)	(4,421)
External Expenses	**220,459**	**204,224**
Results from Operating Activities	8,036	14,973
Income Tax	(2,102)	(4,201)
Loss on sale	(468)	
Profit (loss) from Discontinued Operations	**5,466**	**10,772**

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

B. Effect of the disposal on the financial position of the Group	2019 $000
Property, Plant and Equipment	45,264
Goodwill and Intangibles	60,116
Goodwill in Moira Mac	20,617
Inventory	44,595
Trade and Other Receivables	25,612
Cash and Cash Equivalents	9,635
Bank Loans and Debt	(85,554)
Related Party Loans	(31,075)
Current and Deferred Tax Liability	(15,660)
Trade and Other Payables	(31,370)
Net Assets and Liabilities	42,179
Less: NCI	(15,774)
Movement in reserves	(419)
Goodwill and Intangibles	27,656
Parent Share	53,642
Consideration Received, Satisified in Cash	54,921
Gain on Sale	1,279
Less: Transaction costs	(1,747)
(Loss) on Sale of Discontinued Operations	(468)

C. Cashflows from discontinued operations	2019 $000
Cash inflows from operating activities	231,661
Cash applied to operating activities	(226,939)
Net cash inflows from operating activities	4,722
Cash inflows from investing activities	
Cash applied to investing activities	(3,334)
Net cash inflows from investing activities	(3,334)
Cash inflows from financing activities	8,626
Net cash inflows from financing activities	**8,626**
Net cash flows for the year	**10,015**

Independent Auditor's Report

To the shareholders of Rangatira Limited

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Rangatira Limited (the company) and its subsidiaries (the group) on pages 20 to 57:

i. present fairly in all material respects the Group's financial position as at 31 March 2019 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 31 March 2019;

— the consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the year then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to tax services, other assurance services and corporate finance services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/

This description forms part of our independent auditor's report.

KPMG

KPMG
Wellington

4 June 2019

SUPPLEMENTARY INFORMATION

Dividends

The Directors have declared a fully imputed final dividend of 36 cents per share to be paid on 24 June 2019. An interim dividend of 24 cents per share was paid in December 2018. This makes a total of 60 cents per share for the year, fully imputed.

Consolidation

The results incorporate all trading subsidiaries and associates.

Directors

David Pilkington – Chair
Douglas (Keith) Gibson – Deputy Chair
David Gibson
Sophie Haslem
Ian (Sam) Knowles
Catherine Quinn ONZM
Richard Wilks

Directors changes

William (Lindsay) Gillanders retired as a director on 30 July 2018. David Gibson and Catherine Quinn ONZM were appointed as directors on 13 February 2019.

Directors re-election

In accordance with the provisions of the Company's constitution, David Pilkington and Sophie Haslem will retire by rotation and being eligible will offer themselves for re-election.

Remuneration of Directors

Directors of Rangatira Limited were paid fees as Directors of Rangatira Limited during the year as follows:

D K Gibson	$72,750
D E J Gibson[2]	$8,147
W L Gillanders[1]	$33,766
S Haslem	$71,250
I S Knowles	$61,248
D A Pilkington	$103,248
C A Quinn[2]	$8,147
R A Wilks	$61,248

1 Paid from 1 April 2018 to 30 July 2018.
2 Paid from 13 February 2019 to 31 March 2019.

Remuneration of Employees

The number of employees of Rangatira and its subsidiaries, including executive directors of subsidiaries, whose income during the year was in the specified bands, are as follows:

$100,000 - $110,000	7
$110,001 - $120,000	11
$120,001 - $130,000	2
$130,001 - $140,000	2
$150,001 - $160,000	2
$160,001 - $170,000	3
$170,001 - $180,000	3
$180,001 - $190,000	1
$190,001 - $200,000	1
$200,001 - $210,000	1
$220,001 - $230,000	1
$250,001 - $260,000	1
$260,001 - $270,000	1
$270,001 - $280,000	1
$330,001 - $340,000	1
$350,001 - $360,000	1

Transactions with the company

No Director has entered into any transaction with the Company other than in the normal course of business.

Use of company information

During the year, the Board received no notices from Directors of the Company requesting to use Company information received in their capacity as directors that would not otherwise have been available to them.

Auditor

The Company's Auditor through the year was KPMG.

On behalf of the Board

D A Pilkington
Chair

BOARD OF DIRECTORS


David Pilkington - Chair


Keith Gibson - Deputy Chair


David Gibson


Sophie Haslem


Sam Knowles


Cathy Quinn ONZM


Richard Wilks

The boards of subsidiary companies, major investments, and Rangatira board sub-committees during the year included Rangatira Directors as follows:

David Pilkington (Chair)

- Remuneration Committee (Chair)

Keith Gibson (Deputy Chair)

- New Zealand Pastures
- Polynesian Spa
- Renumeration Committee
- Audit Committee

Sophie Haslem

- Rainbows End
- Magritek
- Audit Committee (Chair)

Sam Knowles

- Remuneration Committee
- Magritek

Richard Wilks

- Rainbow's End (Chair)
- Mrs Higgins
- Audit Committee

Rangatira Limited (Rangatira) Annual Report Disclosures under the Takeovers Code (Rangatira Limited) Exemption Notice 2017

BACKGROUND

At the annual general meeting of Rangatira held on 31st July 2017, the shareholders of Rangatira approved the acquisition by Rangatira of up to an aggregate of 600,000 A shares and 600,000 B shares from shareholders during the period from 31 July 2017 to 31 July 2022 (Buyback), on the terms and conditions more fully explained in the explanatory notes accompanying the notice of meeting for the 31 July 2017 meeting.

The Takeovers Panel granted to Rangatira an exemption from the Takeovers Code so that the Code Shareholders (listed in the Appendix) are exempted from rule 6(1) of the Takeovers Code in respect of any increased percentage of voting rights held or controlled by any of them as a result of the Buyback. The disclosures below are required by the Takeovers Code (Rangatira Limited) Exemption Notice 2017 (Exemption Notice).

	Disclosure requirements	**Disclosure**
a	A summary of the terms of the Buyback, as approved at the AGM on 31 July 2017.	Rangatira intends to make one or more offers (Offer) to shareholders of Rangatira to acquire up to an aggregate of: • 600,000 A shares in Rangatira; and • 600,000 B shares in Rangatira On the following terms: • The consideration for each Share will be determined by the board from time to time, however will not exceed 80% of the assessed asset backing value of each Share as set out in the last public statement of that assessed asset backing value made by Rangatira prior to the Offer; and • The Offer(s) will be made between 31 July 2017 and 31 July 2022, however Rangatira will not be obliged to make Offers and may cease doing so at any time. Rangatira will pay the price for each share acquired under the Buyback within five business days after the date of each acquisition. The Shares acquired by Rangatira will be held as treasury shares until the Shares acquired equal 5% of the number of shares of the same class previously in issue.

b	A statement, as at the end of the financial year to which the report relates, of:		
	i	the number of voting securities on issue acquired under the Buyback;	No securities were acquired in the year ending 31 March 2019.
	ii	the number of voting securities on issue that are held or controlled by the Code Shareholders, and the percentage of all voting securities on issue that that number represents;	2,338,617 A Shares being 37.93% of the total A shares on issue.
	iii	the percentage of all voting securities on issue that are held or controlled, in aggregate, by the Code Shareholders and the Code Shareholders' associates;	37.93% of the total A shares on issue.
	iv	the maximum percentage of all voting securities on issue that could be held or controlled by the Code Shareholders if Rangatira acquires the approved maximum number of voting securities;	42.02%
	v	the maximum percentage of all voting securities on issue that would be held or controlled, in aggregate, by the Code Shareholders and the Code Shareholders' associates if Rangatira acquires the approved maximum number of voting securities;	42.02%
	vi	in relation to each of the matters referred to in paragraphs (i) to (v), any change, since the notice of meeting containing the resolution to approve the Buyback or the last annual report, as the case may be, to: A. the Code Shareholder under clauses 6 to 8 of the Exemption Notice; and B. the number, percentage, or maximum percentage, as the case may be, of voting securities held or controlled as a result of that change of the Code Shareholder.	There have been no relevant changes since the date of the resolution approving the Buyback.
c	The assumptions on which the particulars referred to in paragraph (b) are based.		The information in this table assumes that: • the number of voting securities in Rangatira is the number of voting securities on issue at the end of Rangatira's 31 March 2019 financial year **(calculation date)**; • there is no change in the total number of voting securities on issue between the calculation date and the end of the Buyback period, other than as a result of the Buyback; • the Code Shareholders do not participate in the Buyback; and Rangatira acquires the approved maximum number of its own voting securities.

APPENDIX

CODE SHAREHOLDERS

Shareholder	The maximum percentage of all voting securities on issue that could be held or controlled by the Code Shareholder if Rangatira acquires the approved maximum number of voting securities
Gibson Family	
Anna Elizabeth Gibson	0.99%
Douglas Keith Gibson	1.14%
Douglas Keith Gibson, Robyn May Gibson and William Duncan Macdonald (as trustees of a family trust)	0.48%
Nicola Kate Gibson	0.99%
Robyn May Gibson	7.06%
Robyn May Gibson, Douglas Keith Gibson and Ian Gary MacKegg (as trustees of a family trust)	1.80%
Sarah Louise McLennan	0.99%
McKenzie Family	
Ruth Anne McKenzie	6.37%
Christopher McKenzie	1.86%
David McKenzie	1.84%
John Allan McKenzie and Jennifer Mary McKenzie (holding on behalf of Ethan Cecil Roy McKenzie)	1.03%
John Allan McKenzie and Jennifer Mary McKenzie (holding on behalf of Alberta Louis Helen McKenzie)	1.03%
Aubrey Meredith Bloomfield	1.03%
Sibyl Ella May Bloomfield	1.03%
Others	
Christopher McKenzie and Sarah Louise McLennan (as trustees of the JR McKenzie Trust)	7.23%
Christopher McKenzie and Sarah Louise McLennan (as trustees of the JR McKenzie Deaf Development)	1.80%
Nga Manu Trust (a charitable trust registered under the Charitable Trusts Act 1957)	5.35%
Total	**42.02%**

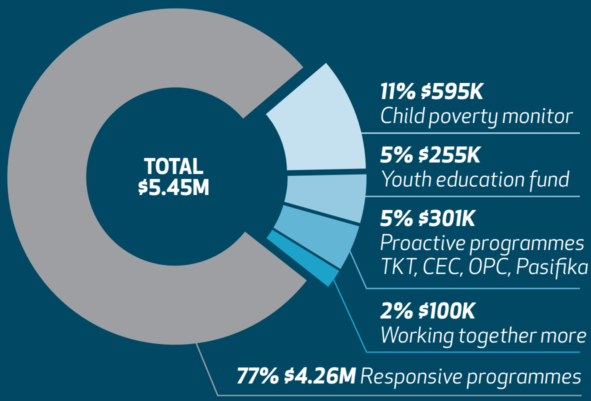
Principal Charitable Shareholder

JR MCKENZIE TRUST

Moira Clunie and Joey Macdonald - inaugural staff members of The National Rainbow Knowledge and Training Hub

J R McKenzie Trust

"Iti noa ana, he pito mata. With care, a small kumara will produce a harvest."

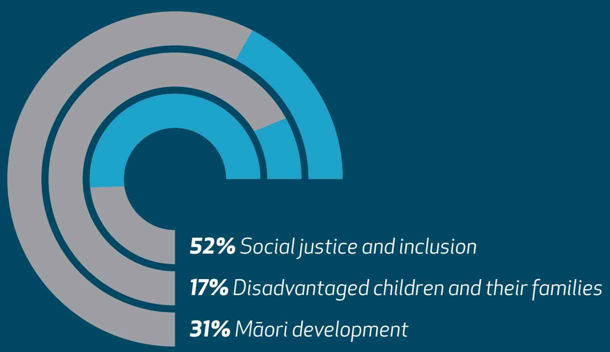


FINANCIAL YEAR DATA *ending March 2018*	**2017-2018**
Grants and other community support	$5.1M
Proactive project support	$522K
Operating costs incl. salaries and Pete McKenzie Project	$900K
Total J R McKenzie Trust assets	$121.3M

Our Responsive Grant

197 applications received
15% successful
19 major new grants
10 grants of up to **$30K** for 1 year

$313K largest
$145K average
$7.6K smallest



CREATING A SOCIALLY JUST AND INCLUSIVE AOTEAROA NEW ZEALAND

Kia hua mai he whenua ka toko i te tika me te pono hei korowai mō Aotearoa

In 2018, the J R McKenzie Trust provided funding of over $5.45m to support organisations to undertake important mahi in their communities. This funding all goes towards realising the Trust's strategic vision of creating a socially just and inclusive Aotearoa New Zealand through commitment to three focus areas: Disadvantaged Children and Their Families; Māori Development; and Other Issues of Social Justice.

This year, the Trust was pleased to introduce the Opportunities, Partnerships and Collaboration (OPC) Fund, designed to proactively facilitate collaboration and partnership with other funders, community organisations and government agencies to enable a greater collective impact. The inaugural partnership realised through the OPC Fund was with Ara Taiohi, the Ministry of Youth Development and The Tindall Foundation.

This collaboration has supported the establishment phase of The National Rainbow Knowledge and Training Hub, a project designed to build LGBTQI+ competency training for mainstream organisations working with young people.

The Trust saw a changing of the guard in 2018, with long-serving Chair, Patrick Cummings, passing the mantle to social justice and equity advocate, Manaia King. Joan Smith has stepped into the role of Deputy Chair. The Trust counts itself fortunate to have the expertise of these skilled leaders, and that of all Trustees, at its disposal.

For more information about the J R McKenzie Trust and its grantees, visit www.jrmckenzie.org.nz

Charitable Shareholder

OUTWARD BOUND NEW ZEALAND

"Outward Bound was singlehandedly the most life-changing experience of my life. It has helped me in ways I didn't even realize until months after leaving the course. The ability to adapt and the ability to love those who aren't the same as me"

Tayla, Cook 650

Outward Bound's range of adventure-based personal development courses delivered in Anakiwa in the Marlborough Sounds, are designed for New Zealanders from all walks of life, and act as a catalyst for positive change. By supporting people of all ages, cultures, abilities and backgrounds to reach their full potential, Outward Bound's vision is to create better people, better communities, and a better world.

Outward Bound is blessed with the generous support of Rangatira who directly fund 52 scholarships annually for the Ka Mahi Scholarship Programme and deliver additional funding for our adapted courses for physically and intellectually impaired students.

Each year the Ka Mahi programme provides young Kiwis aged 18-25yrs the chance to attend a 21 day Classic course. The programme is guided by the principle that every young person should be able to access the opportunity to experience adventure and challenge, develop character and compassion, and learn leadership skills and service ethics, regardless of financial ability.

Over the past 60 years, with the support of generous supporters like Rangatira, hundreds of under-resourced Kiwi youth have had the opportunity to realise their full potential.

For more information about Outward Bound's Ka Mahi Scholarship Programme, head to outwardbound.co.nz or contact their enrolments team on 0800 688 927.

The new Te Omanga Hospice, Lower Hutt, Wellington, Opened April 2019
Photo by Paul McCredie, Supplied by CCM Architects

Charitable Shareholder

TE OMANGA HOSPICE

While Te Omanga Hospice celebrates 40 years of service to the community this year, their new hospice will ensure they continue to be there for those who need their services for the next 40 years and beyond.

“Our new hospice has been purpose-built to meet the needs of people living with terminal and life limiting illnesses. It is a haven and place of refuge for families facing one of the most challenging times in their life,” says Biddy Harford, Chief Executive of Te Omanga Hospice.

Biddy talks about the journey they have been on to open the new hospice. “We have lived and breathed this project for seven years following the Christchurch earthquakes, when the hospice was deemed earthquake-prone. After making the difficult decision to rebuild the hospice on the same site, our vision has only been brought to reality by the tremendous efforts of so many involved in the project.”

The new hospice building was officially opened in April 2019 by Robyn Gibson, daughter of Sir Roy and Shirley Lady McKenzie, and Peter Cooper, son of Marion and Max Cooper. Roy and Shirley, and Marion and Max, founded Te Omanga Hospice in 1979.

As a Charitable Trust, the community has funded the rebuild of the hospice, along with the day-to-day operation of the hospice through generous donations. Te Omanga continues to benefit from Rangatira shares gifted by Sir Roy McKenzie.

“The rebuild of our hospice has always been about the community; Te Omanga leaving a legacy for the people of the Hutt Valley. I am truly humbled and incredibly grateful for the support we have received,” says Biddy.

Robyn Gibson and Biddy Harford in front of the plaque unveiled by Robyn and Peter Cooper at the official opening of the new hospice building

Te Omanga Hospice
Te Whare Manaaki Tangata

DIRECTORY

BOARD

D A Pilkington - Chair
D K Gibson - Deputy Chair
D E J Gibson
S Haslem
I S Knowles
C A Quinn ONZM
R A Wilks

EXECUTIVE

M Dossor - Chief Executive Officer
C J Bradshaw - Chief Financial Officer

COMPANY

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Email: info@rangatira.co.nz
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www.usx.co.nz

RANGATIRA
INVESTMENTS