



4 December 2018

Dear Shareholder

**Results for Half Year to 30 September 2018**

Total Comprehensive Income for the six months to 30 September 2018 was \$4.1m which is below last years \$8.2m noting however that the six months figure excludes the forecast gain on the sale of our stake in Hellers which is subject to Overseas Investment Office (OIO) approval.

	Six Months to September 2018 (\$m)	Six Months to September 2017 (\$m)
Operating earnings	3.3	2.4
One-Off Items	(2.7)	(0.7)
Gains from public Investments	0.1	5.7
Gains from private Investments*	-	1.4
Profit After Tax	0.7	8.8
Revaluation of investments	2.9	(0.8)
Other reserve movements	0.5	0.2
Total Comprehensive Income	4.1	8.2

\*Until we complete the sale of Hellers we will not recognise the forecast gain of \$4m (depending upon the completion date and completion accounts) in the financial statements.

Rangatira Operating Earnings for the six months to 30 September 2018 were \$3.3 million, an increase of \$0.9 million (38% increase) compared with the corresponding period last year. Hellers performed well during the first half through a combination of better weather, new products and management of profit margins. APC, Bio-Strategy, Polynesian Spa and Rainbows End all had similar results to last year.

Hellers, Polynesian Spa and Rainbows End are all seasonal businesses and make most of their annual profits in the second half. The Hellers contribution to the full year will depend on when the sale is completed. At this stage we expect operating earnings to be similar to last years.

The one-off items include expenses relating the acquisition of Moira Mac by Hellers and costs associated with the sale of Hellers.

The gain from revaluation of investments of \$2.9m reflects a strong performance from our public investments less the reduction in the carrying value of NZ Pastures. We are working with the NZ Pastures Board and other shareholders to improve the performance of this investment.

**Our assessed Net Asset Value is \$14.72 per share.**

Directors have assessed the asset backing of Rangatira's shares, including the mid-point of the additional value above book value of private investment \$14.72 per share assessed at 30 September 2018.

The asset backing takes into account the expected sale proceeds and the costs associated with the sale of Hellers' shares.

A fully imputed interim dividend of 24 cents per share has been declared (last year 24 cents) and will be paid on Monday, 17<sup>th</sup> December 2018. Rangatira shares will trade ex-dividend Monday 10<sup>th</sup> December 2018.

**Sale of Heller's**

In September we agreed to sell our stake in Hellers. This has been an exceptional investment for Rangatira both from a financial perspective and the strong relationship we have had with the Company and its founder Todd Heller. Rangatira first invested in Hellers in 2003 and subsequently increased our stake in 2015.

We undertook a review of our shareholding in Hellers earlier this year, in conjunction with the eventual purchasers we also acquired an Australian food business Moira Mac to be a platform for growth into the Australian market.

The decision to market our shares for sale was for a number of reasons including the size of this holding relative to our total assets and the fact that the next stage of growth for Hellers was entering the Australian market which required significant additional capital and local expertise.

After a competitive process Adamentem, an Australian based Private Equity firm, acquired our shares. The sale is still subject to OIO approvals.

### **We have rebalanced our public equities portfolio**

In November we rebalanced our listed Equity portfolio. We have put together a portfolio of New Zealand and Australasian equities providing us exposure to retirement, infrastructure, tourism, energy, healthcare, logistics, agriculture and technology sectors. This portfolio is expected to provide a running yield of between 4 - 4.5% pa. The portfolio is disclosed in the appendix to this report.

We are currently reviewing our global equity investments, it is likely that we will increase our exposure to global equity investments once the funds from the sale of Heller's are received, however, we will review our options carefully at the time.

### **Shareholder buyback**

Shareholders approved the renewal of the share buyback at the Annual Meeting in July 2018. As at 3 December 2018 we have not acquired any shares in the buyback.

### **Looking forward**

With the sale of Heller's stake, we will have increased capacity to invest in new private investments. Considerable effort in 2019 will be put into finding new businesses suitable for investment.

The Board and Management join me in wishing all shareholders an enjoyable holiday season.



David Pilkington,  
Chair,  
Rangatira Limited

## Appendix A Public Equities

	14-Nov-18	31-Mar-18
	NZ\$m	NZ\$m
<b>New Zealand Public Equities</b>		
Meridian Energy	2.4	2.1
Fisher & Paykel Healthcare	2.0	2.7
Mainfreight	1.5	-
Auckland Airport	1.5	1.2
Infratil	1.4	-
EBOS	1.2	-
Ryman Healthcare	1.1	-
Scales	1.1	-
Green Cross Health	0.7	0.9
Serko	0.5	0.3
IkeGPS	0.4	0.3
Tower	0.2	0.2
Fletcher Building	-	0.8
Contact Energy	-	0.6
<b>Total</b>	<b>14.0</b>	<b>9.1</b>
<b>International Public Equities</b>		
	14-Nov-18	31-Mar-18
	NZ\$m	NZ\$m
Reckitt Benckiser	3.6	3.4
Rio Tinto	3.2	2.9
BHP Billiton	2.9	2.5
Royal Dutch Shell	1.9	1.7
BP	1.6	1.4
Xero	1.4	2.2
Commonwealth Bank	-	2.7
Wesfarmers	-	1.3
<b>Total</b>	<b>14.6</b>	<b>18.0</b>
	14-Nov-18	31-Mar-18
	NZ\$m	NZ\$m
New Zealand Public Equities	14.0	9.1
International Public Equities	14.6	18.0
<b>Total</b>	<b>28.6</b>	<b>27.1</b>

# Condensed Consolidated Income Statement

For the six months ended 30 September 2018

	Note	Group 6 months to 30 Sep 2018 \$000	Group 6 months to 30 Sep 2017 \$000
<b>Continuing operations</b>			
Revenue		59,383	58,183
Other income		137	7,064
Share of profit for the period from associate companies	5	526	173
<b>Total income</b>		<b>60,046</b>	<b>65,420</b>
Depreciation and amortisation expense		(2,471)	(2,070)
Employee benefit expense		(16,185)	(15,558)
Finance costs		(1,069)	(798)
Impairment loss on investments		0	0
Cost of sales		(29,084)	(28,538)
Consulting expense		(298)	(92)
Operating expenses		(8,145)	(8,981)
<b>Profit before tax</b>		<b>2,794</b>	<b>9,383</b>
Tax expense		(864)	(1,170)
<b>Profit after tax from continuing operations</b>		<b>1,930</b>	<b>8,213</b>
<b>Profit for the year from discontinued operations</b>	8	<b>(189)</b>	2,061
<b>Profit after tax</b>		<b>1,741</b>	<b>10,274</b>
<b>Profit attributable to:</b>			
Equity holders of the Parent		698	8,829
Non-controlling interests		1,043	1,445
		<b>1,741</b>	<b>10,274</b>
<b>From continuing and discontinued operations</b>			
Basic and diluted earnings per share (cents)	1	<b>3.9</b>	49.8

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2018

	Group 6 months to 30 Sep 2018 \$000	Group 6 months to 30 Sep 2017 \$000
Other comprehensive income		
Available for sale investments		
- valuation gain/(loss) taken to equity	2,919	3,115
- transferred to income statement on sale	-	(3,918)
Translation of foreign operations	345	-
Associate companies		
- share of reserves of associates	29	-
Movement in cash flow hedge reserve	290	351
Other comprehensive (loss) recognised directly in equity	3,583	(452)
Profit after tax	1,741	10,274
Total comprehensive income for the period after tax	5,324	9,822
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Parent	4,068	8,245
Non-controlling interests	1,256	1,577
	5,324	9,822

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2018

September 2018	Share capital \$000	Retained earnings \$000	Available for sale investments revaluation 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	182,889	25,308	349	(102)	226,156	13,387	239,543
Total comprehensive income/(loss) net of tax	-	698	2,919	172	279	4,068	1,256	5,324
Investment by non-controlling interests	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(245)	(245)
Dividends paid to Parent shareholders	-	(6,377)	-	-	-	(6,377)	-	(6,377)
<b>Balance at end of period</b>	<b>17,712</b>	<b>177,210</b>	<b>28,227</b>	<b>521</b>	<b>177</b>	<b>223,847</b>	<b>14,398</b>	<b>238,245</b>

September 2017	Share capital \$000	Retained earnings \$000	Available for sale investments revaluation 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	171,833	17,611	69	46	207,271	11,891	219,162
Total comprehensive income/(loss) net of tax	-	8,829	(803)	218	-	8,244	1,577	9,821
Investment by non-controlling interests	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(246)	(246)
Dividends paid to Parent shareholders	-	(5,668)	-	-	-	(5,668)	-	(5,668)
<b>Balance at end of period</b>	<b>17,712</b>	<b>174,994</b>	<b>16,808</b>	<b>287</b>	<b>46</b>	<b>209,847</b>	<b>13,222</b>	<b>223,069</b>

# Condensed Consolidated Statement of Financial Position

As at 30 September 2018

	Note	Group 30 Sep 2018 \$000	Group 30 Sep 2017 \$000	Group 31 Mar 2018 \$000
<b>Current assets</b>				
Cash and cash equivalents		37,502	40,019	37,846
Trade receivables		12,107	30,841	33,275
Inventories		12,993	44,657	52,391
Tax receivable		522	895	105
Other current financial assets		172	4,532	1,699
Other current assets		1,340	2,762	1,510
<b>Total current assets</b>		<b>64,636</b>	<b>123,706</b>	<b>126,826</b>
<b>Non-current assets</b>				
Property, plant and equipment		50,510	94,778	92,828
Investments in associate companies		10,633	5,409	10,102
Goodwill		19,788	47,444	47,444
Intangible assets		1,300	60,375	61,566
Deferred tax asset		2,089	1,341	3,615
Other non-current financial assets		66,903	55,835	63,556
<b>Total non-current assets</b>		<b>151,223</b>	<b>265,182</b>	<b>279,111</b>
<b>Assets held for sale</b>	8	<b>222,997</b>	-	1,117
<b>Total assets</b>		<b>438,856</b>	<b>388,888</b>	<b>407,054</b>
<b>Current liabilities</b>				
Trade and other payables		12,947	26,030	38,172
Borrowings		24,277	33,299	76,160
Other current financial liabilities		288	314	254
Tax payable		666	510	2,466
Provisions		2,928	6,255	5,788
<b>Total current liabilities</b>		<b>41,106</b>	<b>66,408</b>	<b>122,840</b>
<b>Non-current liabilities</b>				
Borrowings		16,099	72,099	17,223
Provisions		380	328	337
Deferred tax liability		25,459	25,629	25,825
Contingent consideration		-	100	100
Other non-current financial liabilities		41	1,255	1,186
<b>Total non-current liabilities</b>		<b>41,979</b>	<b>99,411</b>	<b>44,671</b>
<b>Liabilities related to assets held for sale</b>	8	<b>117,526</b>	-	-
<b>Total liabilities</b>		<b>200,611</b>	<b>165,819</b>	<b>167,511</b>
<b>Net assets</b>		<b>238,245</b>	<b>223,069</b>	<b>239,543</b>
<b>Equity</b>				
Share capital		17,712	17,712	17,712
Retained earnings		177,210	174,992	182,891
Available for sale investments revaluation reserve	6	28,227	16,808	25,306
Translation of foreign operations reserve		177	46	(102)
Cash flow hedge reserve		521	287	349
Equity holders of the Parent		223,847	209,845	226,156
Attributable to non-controlling interests		14,398	13,224	13,387
<b>Total equity</b>		<b>238,245</b>	<b>223,069</b>	<b>239,543</b>

# Condensed Consolidated Statement of Cashflow

For the six months ended 30 September 2018

	Note	Group 6 months to 30 Sep 2018 \$000	Group 6 months to 30 Sep 2017 \$000
<b>Cash flows from operating activities</b>			
Cash was provided from:			
- Receipts from customers		171,504	159,584
- Dividends received		492	498
- Interest received		378	166
		172,374	160,248
Cash was applied to:			
- Payments to suppliers and employees		(171,697)	(152,770)
- Tax paid		(3,595)	(3,945)
- Interest paid and other costs of finance		(2,779)	(3,878)
		(178,071)	(160,592)
<b>Net cash (outflows)/inflows from operating activities</b>		<b>(5,697)</b>	<b>(344)</b>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
- Proceeds from sale of investments		2,412	9,858
Proceeds from sale of property, plant and equipment		77	35
		2,489	9,893
Cash was applied to:			
- Purchase of property, plant and equipment		(3,940)	(3,864)
- Purchase of business	7	(26,664)	-
- Purchase of intangible assets		(215)	(101)
- Purchase of investments		(29)	(100)
		(30,848)	(4,065)
<b>Net cash (outflows) from investing activities</b>		<b>(28,359)</b>	<b>5,828</b>
<b>Cash flows from financing activities</b>			
Cash was provided from:			
- Proceeds from borrowings		41,414	5,969
		41,414	5,969
Cash was applied to:			
- Dividends paid to shareholders of Parent		(6,377)	(5,668)
- Dividends paid to non-controlling interests		(245)	(244)
- Repayment of borrowings		(998)	(481)
		(7,620)	(6,393)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>33,794</b>	<b>(424)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(262)</b>	<b>5,060</b>
Cash at beginning of period		37,846	34,959
<b>Cash at end of period</b>		<b>37,584</b>	<b>40,019</b>
<b>Reconciliation to Statement of Financial Position</b>			
Cash and cash equivalents attributable to continuing operations		37,502	-
Cash and cash equivalents attributable to discontinued operations	8	82	-
		<b>37,584</b>	<b>40,019</b>

# Condensed Consolidated Statement of Cashflow (continued)

For the six months ended 30 September 2018

	Group 6 months to 30 Sep 2018 \$000	Group 6 months to 30 Sep 2017 \$000
<b>Cash flow reconciliation</b>		
Profit after tax	1,741	10,274
Add/(less) non-cash items:		
Share of retained loss/(profit) for the year from associate companies	(526)	(173)
Depreciation and amortisation	5,922	5,450
Increase/(decrease) in deferred tax	150	(440)
(Gain)/Loss on revaluation of financial assets at fair value through profit or loss	1,308	(718)
	6,854	4,119
Add/(less) movements in other working capital items:		
Change in trade receivables	3,209	238
Change in inventories	(4,396)	(4,654)
Change in tax receivable	(417)	(76)
Change in other current assets	(812)	(1,570)
Change in trade payables	(9,519)	(1,921)
Change in current tax payable	(1,791)	(1,459)
Change in provisions	887	427
	(12,839)	(9,015)
Less items classified as investing activities:		
Net (gain) on sale of investments	(905)	(5,722)
	(905)	(5,722)
<b>Net cash inflows from operating activities</b>	<b>(5,149)</b>	<b>(344)</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2018

## Note 1 Earnings Per Share

	Group 6 months to 30 Sep 2018	Group 6 months to 30 Sep 2017
<b>From continuing and discontinued operations</b>		
Basic and diluted earnings per share (cents)	3.9	49.8

Diluted earnings per share are the same as basic earnings per share because there are no dilutive equity instruments in the Group.

## Note 2 Dividends Paid

	Group 6 months to 30 Sep 2018	Group 6 months to 30 Sep 2017
Amount paid (cents per share)	36.0	32.0
Amount paid (\$000's)	6,376	5,668

## Note 3 Capital Commitments

	Group 30 Sep 2018 \$000	Group 30 Sep 2017 \$000
Plant, equipment and software	1,028	1,015
Other	2,649	2,649
	3,677	3,664

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

## Note 4 Contingent Liabilities

There are no significant contingent liabilities (2017: nil).

## Note 5 Associate Companies

	Group 6 months to 30 Sep 2018 \$000	Group 6 months to 30 Sep 2017 \$000
Share of (loss)/profit from associate companies	526	173

## Note 6 Available for Sale Investments Revaluation Reserve

Certain shares are classified as being "available for sale" and are held at market value.

# Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 September 2018

## Note 7 Business Acquisition

### 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 acquired subsidiary as at the date of the acquisition

	\$000
<b>Consideration</b>	
Cash paid on 10 July 2018	27,126
Purchase price adjustment on settlement	(462)
<b>Total consideration paid and payable</b>	<b>26,664</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
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)
<b>Total identifiable net assets</b>	<b>6,047</b>
Goodwill	20,617
<b>Total consideration paid and payable</b>	<b>26,664</b>

## Note 8 Discontinued Operations and Assets Held for Sale

On 20 September 2018 the Group entered into an agreement to sell its interest in Hellers Limited and Hellers subsidiaries. This transaction is expected to be completed within a year from reporting date, subject to Overseas Investment Office approval, however the Group considers it probable that this approval will be given. Hellers Limited and Hellers subsidiaries was classified as a disposal group held for sale and as a discontinued operation.

The results of Hellers Limited and its subsidiaries are presented below:

	Group 6 months to 30 Sep 2018 \$000	Group 6 months to 30 Sep 2017 \$000
Revenue	110,915	101,203
Expenses <sup>(i)</sup>	(109,980)	(98,451)
<b>Profit/(loss) for the year before tax from discontinued operations</b>	<b>935</b>	<b>2,752</b>
Tax expense	(1,125)	(691)
<b>Profit/(loss) for the year after tax from discontinued operations</b>	<b>(189)</b>	<b>2,061</b>

(i) This includes expenses incurred by Rangatira in association with the sale of Hellers and expenses incurred by Hellers in the acquisition of Moira Mac's Poultry and Fine Foods Pty Limited (as disclosed in Note 7)

The major classes of assets and liabilities of Hellers Limited and its subsidiaries classified as held for sale are as follows:

	30 Sep 2018 \$000
<b>Assets</b>	
Cash and cash equivalents	82
Trade receivables	20,078
Inventories	46,522
Property, plant and equipment	45,773
Goodwill	48,273
Intangible assets	60,092
Deferred tax asset	1,194
Other assets	982
<b>Total assets held for sale</b>	<b>222,997</b>
<b>Liabilities</b>	
Trade and other payables	23,515
Borrowings	93,423
Other liabilities	588
<b>Total liabilities related to assets held for sale</b>	<b>117,526</b>
<b>Net assets directly associated with disposal group</b>	<b>105,471</b>
<b>Amounts included in reserves</b>	
Translation of foreign operations	(1)
Cash flow hedge reserve	(423)
<b>Reserves of disposal group classified as held for sale</b>	<b>(424)</b>

The net cashflows incurred by Hellers Limited are, as follows:

	6 months to 30 Sep 2018 \$000	6 months to 30 Sep 2017 \$000
Operating activities	(8,159)	(643)
Investing activities	(23,599)	(2,441)
Financing activities	31,735	2,841
<b>Net cash (outflow)/inflow</b>	<b>(23)</b>	<b>(243)</b>

#### Note 9 Subsequent events

On 3 December 2018, the Board declared a fully imputed dividend of 24 cents per share (\$4.3 million). The dividend will be paid to shareholders on 17 December 2018.

#### Note 10 Significant Accounting Policies

The interim financial statements have been prepared using the same accounting policies and methods of computation as used in the preparation of the financial statements for the year ending 31 March 2018. These are described in Rangatira's 2018 Annual Report.



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