RANGATIRA
INVESTMENTS

2018

ANNUAL REPORT

RANGATIRA
INVESTMENTS

Final Dividend

FY2018
18th June 2018
36c per share

Annual Meeting of Shareholders

Monday 30th July 2018
4:30pm

KPMG
Level 9
10 Customhouse Quay
Wellington

COMPANY

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111 The Terrace
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partnersLIFE
Rewarding partnership – for life

NEW ZEALAND PASTURES

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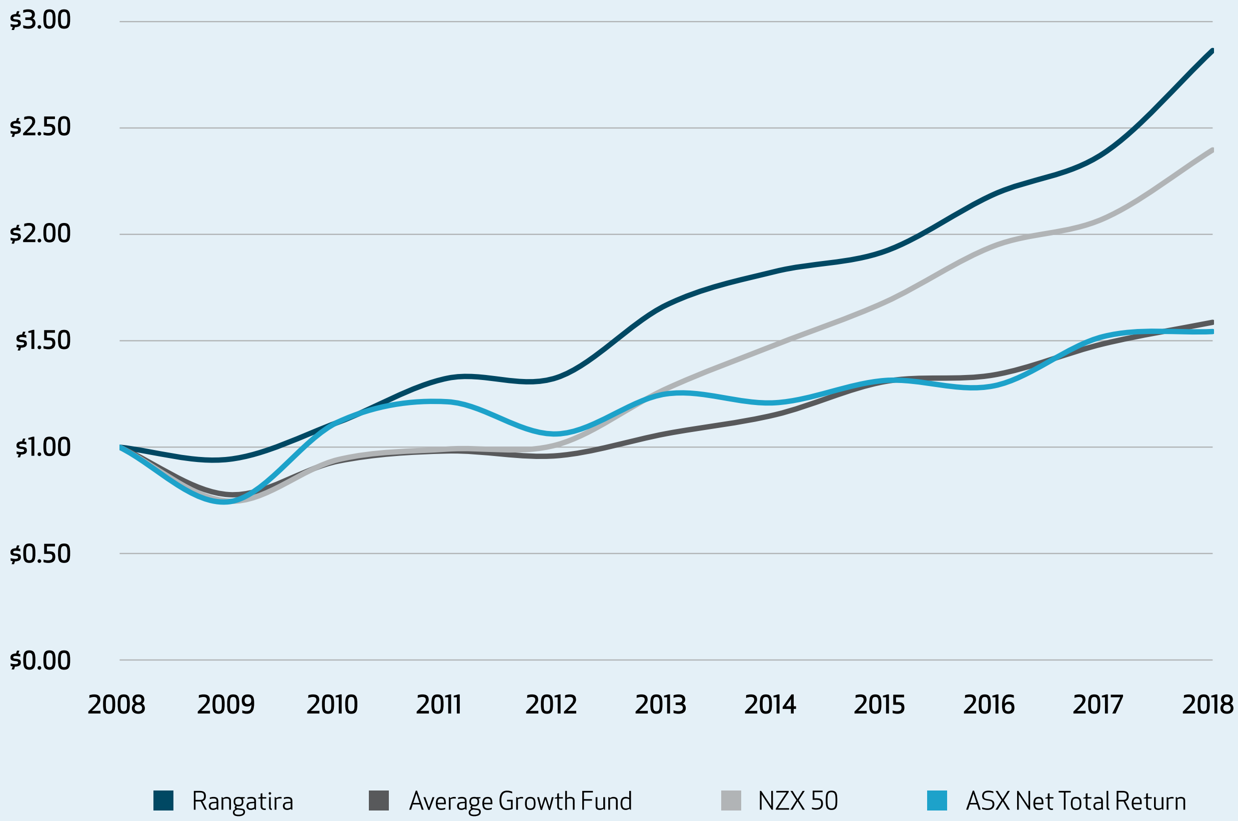
VALAR

	2018	2017
NET ASSET VALUE	$267.1m	$230.1m
TOTAL SHAREHOLDER RETURN	20.3%	8.8%
DIVIDENDS PAID	$9.9m	$9.4m

Value of $1 invested over the last 10 years



GROWING GREAT NEW ZEALAND BUSINESSES

PERMANENT CAPITAL | MIDDLE-MARKET FOCUS | LONG-TERM APPROACH

Rangatira is New Zealand's pioneering middle-market investor. We look to co-invest with ambitious owners and managers to develop iconic 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 building great New Zealand businesses has not.

CHAIR'S REVIEW

Rangatira Investments has had a solid performing year and I am pleased to report a Total Shareholder Return for the year of 20.3%. This result was due to higher returns across a number of investments.

The good return has enabled us to increase the total dividend for 2018 by 11% to 60 cents per share.

The Profit after Tax for the year ending 31 March 2018 was $17.1m. While this represents an increase in the previously reported result of $16.3m, we have restated our 2017 result to $20.2m (in accordance with IFRS 3) to include a one-off $3.9m gain on the acquisition of VWR's laboratory supply operations by Bio-Strategy. This is explained further below.

David Pilkington
Chair

Financial Result

	2018 $m	Restated 2017 $m	Annual Report 2017 $m
Operating earnings	11.4	11.7	11.7
Gains from realisation of investments	7.1	8.6	8.6
Impairment loss on investments	(0.1)	(1.7)	(1.7)
Transaction costs and other one-off items	(1.2)	(2.3)	(2.3)
Gain on purchase of a subsidiary	-	3.9	-
Profit after tax	**17.1**	**20.2**	**16.3**

Operating earnings were slightly lower due to the performance of some of our private investments.

The gains from realisation of investments were due to a rebalancing of the New Zealand public investment portfolio and the sale of PowerbyProxi by Movac.

Rangatira restated the 2017 Financial Statements for the gain on the acquisition of VWR's laboratory supply operations by Bio-Strategy. The gain was $5.5m for Bio-Strategy and Rangatira's share, after non-controlling interests, was $3.9m. Under accounting standards (NZ IFRS 3) we made a provisional estimate of the value of the inventory and tax acquired at 31 March 2017 as the business was only acquired at 1 March 2017. Subsequently, we have determined that the inventory provision has been well in excess of what was required and accordingly we have now restated the 2017 Financial Statements to incorporate these market values.

Total Shareholder Return and Dividend

At Rangatira, our aim is to deliver market competitive returns over the long-term and steadily increase dividends to our shareholders. We are pleased to continue to deliver on that aim, with a Total Shareholder Return of 20.3% for 2018 (2017: 8.8%).

We were also pleased to announce that shareholders will be receiving an increase in the final dividend to 36 cents, bringing our total dividend for the 2018 year to 60 cents, an increase of 11% on last year's total dividend of 54 cents.

	2018 Cents per share	2017 Cents per share
Change in assessed Net Assessed Value	208	56
Dividends paid (prior year final plus current year interim)	56	53
Total return	264	109
Total return on assessed Net Asset Value	**20.3%**	**8.8%**

While there is no directly comparable benchmark for the performance of Rangatira, due to our unique mix of private and public investments, combined with a long-term investment view, we do endeavour to compare our performance against other standard benchmarks here in New Zealand. Rangatira has outperformed its benchmark in both year-to-date and 10-year returns. Rangatira's return of 20.3%, for the year end 31 March 2018, is higher than the NZX50 return of 15.6% and the average growth funds return of 6.8%. Rangatira's 10-year compounded annual return is 11.1% p.a. compared with 9.1% for the NZX50 and 5.2% for the average growth funds.

Net Asset Value (NAV)

	2018 $ per share	2017 $ per share
Equity Value from Annual Accounts	12.77	11.70
Additional Value of Unlisted Investments	2.30	1.29
Assessed Net Asset Value	15.07	12.99

The Rangatira Board has assessed the aggregate market value of our private investments at 31 March 2018 to be between $28m and $53m higher than the book value in our accounts (2017: $11m to $34m higher). These valuations have been reviewed by KPMG. The midpoint of this range represents an assessed Net Asset Value of $15.07 per share, based on the total net asset value of $267.1m (2017: $12.99 per share, $230.1m total net asset value). The increase in value has been across most of our private investments.

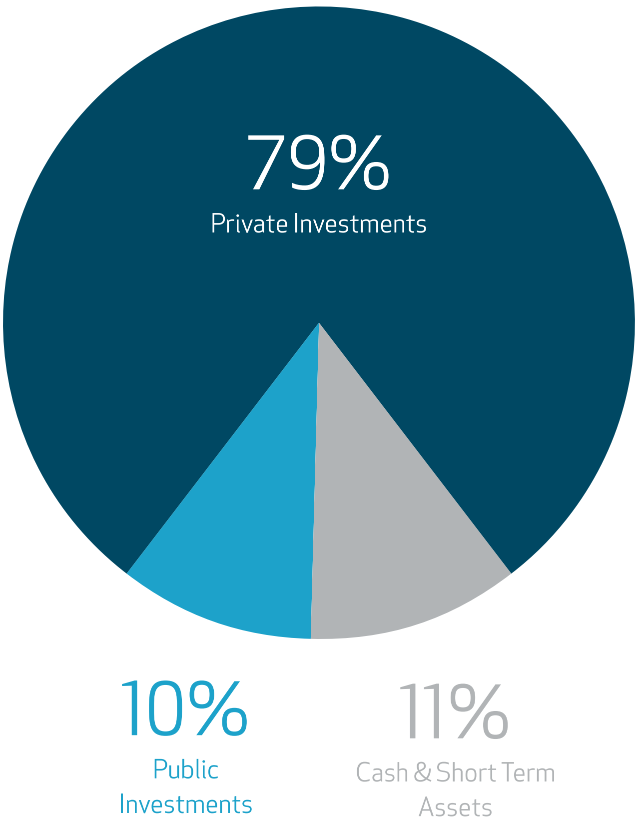
Investment Activity

During the year, we made the following changes to our portfolio:

- Acquired a 50% shareholding in Mrs Higgins
- APC Innovate acquired the business assets of The Display Group
- Invested more funds in venture capital fund, Icon Ventures Fund VI
- Agreed to sell our shareholding in Konnect Net
- Movac, which Rangatira is an investor in, sold its investment in PowerByProxi
- Rangatira rebalanced its New Zealand public investment portfolio which included reducing our shareholding in Xero

We continue to look for high-performing New Zealand businesses to invest in. In particular, we look to deploy our partnership model, where we co-invest with capable owners and managers to pursue long-term growth opportunities. This is the model that we believe appeals to a significant number of family businesses, who constitute the heart of New Zealand's middle market.

Rangatira Investments Portfolio as at 31 March 2018



New Zealand Public 4%

Australian Public 4%

International Public 2%

Share Buyback

We implemented a share buyback programme in August 2014 for a length of three years and in July 2017 shareholders approved extending the share buyback programme for a further five years to 2022. While we have lodged bids to buy back our shares since the start of the programme, to date none of these bids have been accepted. We do however believe our presence in the market has contributed to a steady rise in the share price. Consistent with the programme that we have put into place, we will continue to retain the option to buy back both A and B shares when directors consider the traded value of the shares has fallen below 80% of the assessed Net Asset Value.

Management

In July 2018, we welcome Mark Dossor as Chief Executive of Rangatira. Mark Dossor was the Chief Financial Officer of the Accident Compensation Corporation since 2012. Mark had responsibility for leading ACC's finance function and also led procurement, property and investment management covering an investment fund of $36b.

As we look to drive further value from our investments and expand our search for new investment opportunities, I would like to acknowledge the hard work of my fellow directors and Chris Bradshaw who ably fulfilled the role of acting Chief Executive Officer following the departure of Phil Veal. Together with the management, staff, and directors of our investee companies who drive the performance behind the returns, I thank them for their hard work over the course of the year.

David Pilkington
Chair
18 June 2018

Leigh Hart and Brydon Heller

OUR PRIVATE INVESTMENTS

HELLERS

Hellers is New Zealand's leading producer of smallgoods, bacon and ham and small goods from its modern production facilities in Auckland and Christchurch.

Hellers is one of New Zealand's most iconic brands and a category leader in sausages, bacon and ham. The Hellers story originated in the gold rush of the 1880's when Gorg Heller started supplying miners with smallgoods from a shop in Arrowtown. More recently in 1985, Todd Heller begain as the local butcher in New Brighton, Christchurch to become New Zealand's largest small goods and processed meat producer with over 600 staff and 30 million kg of meat produced in 2017/18.

Hellers is now household name and was voted New Zealand's "Most Trusted Brand" in meat and poultry. In addition, Hellers has consistently been the winner of numerous awards in the smallgoods and bacon categories including New Zealand's Supreme Sausage of the Year award in 2008.

Hellers had a year of two halves, with the wet winter adversely affecting the first-half result.

Its second half performance improved through tighter margin management and a focus on new product development. The prolonged, warm summer across most of New Zealand also led to a lot more barbecues with the Hellers range of products being the meal ingredient of choice for most Kiwis.

New product development and innovation has been a critical factor in Hellers ongoing success and provides future growth opportunities. During the year Hellers expanded into new product categories with the launch of turkey under the Santa Rosa brand and soups under the Hellers brand. This was in addition to new products introduced across Hellers existing product categories.

Hellers continues to grow its presence in the Australian market and is gaining shelf space with key retail supermarket chains. The primary focus is pre-cooked sausages where there is a significant opportunity in the largely untapped Australian market, but this product range will be expanded in the future.

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 hospitals, medical laboratories, academia and industry.

The 2018 year was dominated by the integration of VWR's Australian and NZ laboratory supply businesses into Bio-Strategy. The acquisition effectively doubled the size of the company and the integration involved a lot of hard work by all staff members. Now fully integrated, we expect to see some great results in 2019.

Bio-Strategy has among its 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 large customer base appreciate the wide range of leading products and excellent service, providing a total solution.

OWNERSHIP

70.0%

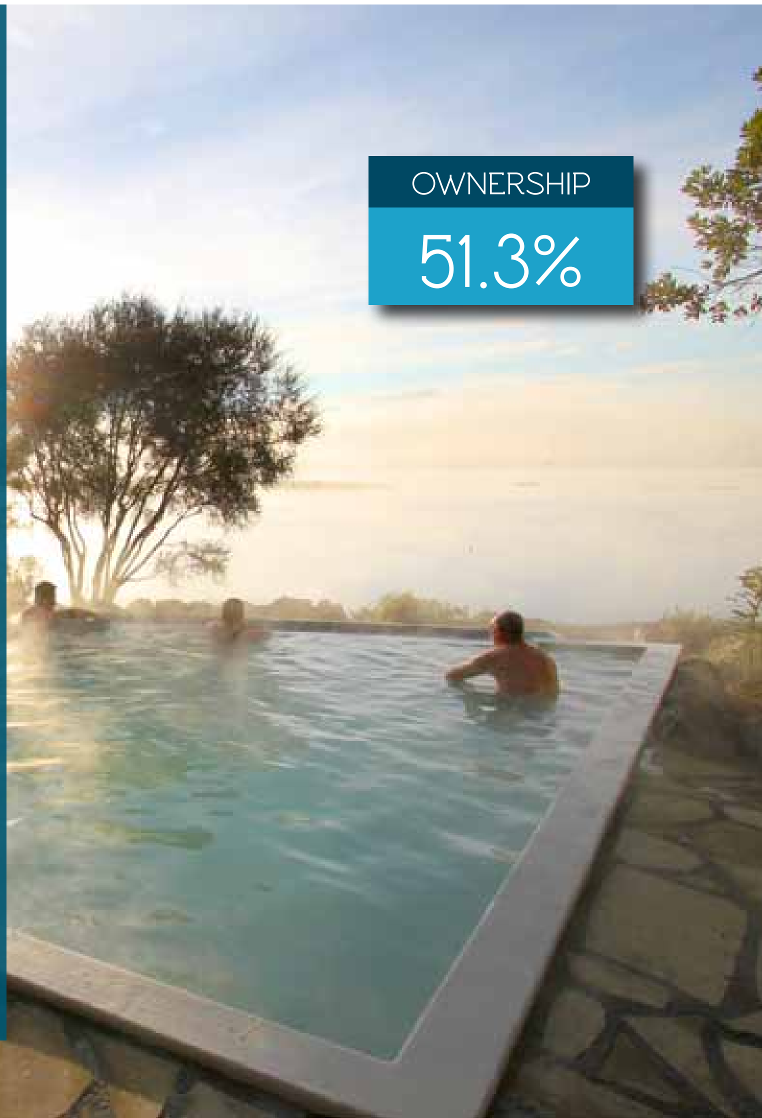
POLYNESIAN SPA

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

Polynesian Spa had another visitor record with over 310,000 visitors through the gates. There were big increases in visitors from the United Kingdom, aided by the Lions Rugby Tour, as well as Australia and Europe. It is also attractive to visitors from China and Korea. It is still strongly supported by the local Rotorua community.

Polynesian Spa continues to invest in new facilities, improving the pools, upgrading the café and reinvigorating the shop. All designed to improve the customer experience.

Polynesian Spa is a successful venture between the Lobb Family and Rangatira Investments which was established in 1972. It has provided good returns to its shareholders and will continue to benefit from the strong growth in the tourism industry in New Zealand.



OWNERSHIP

51.3%

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 and the legendary Log Flume. Rainbows End has opened a number of new attractions in recent years including Kidz Kingdom, AA Driver's Town and the terrifying Stratosfear. The new rides are all part of creating the best experience for its customers.

In 2018, Rainbow's End had 386,000 visitors pass through its gates, this is down from the record 413,000 visitors of 2016, with Auckland's wet weather a major contributor to the fall in attendance.

In March 2018, Rainbow's End welcomed in new Chief Executive Officer, Karen Crabb. Karen has come from a marketing and sales background and is excited to be a leader of such an iconic New Zealand attraction. Rainbows End will continue to offer great entertainment for the whole family and invest in new experiences, ensuring the park remains relevant for customers.

OWNERSHIP

100%

MRS HIGGINS

Mrs Higgins produces a range of high-quality oven-fresh bakery products including soft chewy cookies, ready to bake cookie dough, café slices and more.

These products are available through food outlets, supermarkets, vending machines and convenience stores throughout New Zealand and expanding into export markets.

Rangatira acquired a 50% shareholding in Mrs Higgins in December 2017, with the remaining 50% held by the current owners Markus and Bronwyn Hasler. Rangatira, in partnership with Markus and Bronwyn look to grow Mrs Higgins into an iconic New Zealand business.

Rangatira's investment has assisted in the build of the new state-of-the-art manufacturing plant that opened in February, this will enable Mrs Higgins to meet the growing demand for existing products in New Zealand and expand sales in Australia and Asia. Major customers are food service distributors, the route trade and supermarkets. Their famous oven fresh cookies are also available through the Mrs Higgins retail store network (operated by franchises).

OWNERSHIP

50.0%

APC INNOVATE

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

APC helps to create brand awareness and increase profitability for clients, offering end-to-end solutions from design, production and in-store installation. It also manufactures specialist cardboard packaging.

In April 2018, APC acquired the assets of The Display Group, a manufacturer of permanent point-of-purchase displays in metal, plastics and other substrates. The acquisition extends APC's product range and broadens the customer base. The integration of the two businesses has gone well thanks to the hard work of the very capable APC management.

APC has delivered strong results during the year through its excellent service and quality products, it has been able to continue as a leader in the sector.

OWNERSHIP

100%

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.

In 2017 Magritek has had a standout year, increasing the number of Spinsolves sold by 40% compared with the previous year, due to the quality of the products and diligence of the team at Magritek. In February 2018, Magritek announced that it will be consolidating its manufacturing in Aachan, Germany. This will enable Magritek to increase the efficiency and effectiveness of its production where it is closer to its customers and will support increased volumes as Magritek grows.

OWNERSHIP

17.9%

PARTNERS LIFE

Partners Life provides innovative life insurance, medical insurance, disability insurance, trauma cover, income protection and business risk insurance to New Zealand customers.

Partners Life aims to close the underinsurance gap in New Zealand by providing a superior product and excellent service to its customers. Its network of independent advisers ably supports this. Growth continues with record new premium income and new customers. Partners Life is rated as the number one life insurance provider (Lewers) and number one life product provider (QPR/IRESS) in New Zealand. Partners Life has made the difference to many New Zealanders in their hour of need, having paid over $285m of claims since inception.

Partners Life is in a strong financial position having secured a $200m investment commitment from Blackstone in 2016. A.M. Best has revised and lifted its rating outlook to positive from stable and affirmed Partners Life's Financial Strength Rating of B++ (Good) and its Long-Term Issuer Credit Rating of bbb+ .

In December 2017 Partners Life was a finalist for medium-large workplace at the IBM Best Workplaces Awards.

IBM **Best Workplaces**
Finalist 2017

Partners Life was named as a finalist in the Medium – Large Workplace category of the 2017 IBM Best Workplaces Awards, based on New Zealand's largest and longest running study of workplace climate and employee engagement.

OWNERSHIP

4.9%

Number 1 Life Product Provider

2017 LEWERS RESEARCH FIVE STAR SATISFACTION AWARD PARTNERS LIFE NEW ZEALAND

we are proud to be the only company to receive a 5 star rating for the 7th year running, from

LEWERS RESEARCH

partnersLIFE
Rewarding partnership – for life

NEW ZEALAND PASTURES

New Zealand Pastures owns and operates a range of sheep and beef farms in the South Island.

A wet and mild winter allowed budgeted stock numbers to outperform target weights combined with good market pricing providing higher than expected income for the first half. The soaring record high daily temperatures over the summer months matched with significantly reduced rainfall resulted in the Minister of Agriculture declaring a drought across the areas in which the New Zealand Pastures properties are located. This drought reduced pasture growth with a corresponding reduction in stock numbers and a negative effect on their second half.

Restructuring taken place in 2016 has enabled New Zealand Pastures to better manage its resources and has had a strong performance on the back of the under budgeted stock levels in 2017/18.

OWNERSHIP

8.9%

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 has a standout year by selling its first investment in Fund 3, PowerByProxi. PowerByProxi is a successful wireless charging technology and solutions business born out of The University of Auckland.

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 87% of the committed capital in 17 companies that include Twitter, Teladoc, Ionic Security, Cradle Point and Delphix. Fund V has made distributions equivalent to 40% of contributed capital to date with distributions of Twitter and Teladoc shares.

Fund VI has invested over 40% of the committed capital in five companies in North America. Over the past 12 months new investments have been made into Alation, Opcity, Quizlet and Ripcord. These join their first investment, Thanx in 2016/17.

VALAR VENTURES

Exposure to New Zealand venture capital through expert managers.

Valar Ventures is a New York based venture capital manager that invests in high-growth New Zealand companies with the capability to scale globally. Valar Ventures major investment was in Xero. During the year Valar distributed its Xero shares to its investors with Rangatira receiving 249,552 shares.

Rangatira has sold 75% of its Xero shares as part of its New Zealand public investments portfolio rebalance.

Rangatira invested in Valar Ventures in 2011.

OUR PUBLIC INVESTMENTS

New Zealand	2018 NZ$m	2017 NZ$m
Fisher & Paykel Healthcare	2.7	3.9
Meridian Energy	2.1	2.1
Auckland International Airport	1.2	1.4
Green Cross Health	0.9	1.2
Fletcher Building	0.8	1.1
Contact Energy	0.6	1.8
Serko	0.3	0.04
IkeGPS	0.3	0.3
Tower	0.2	-
Port of Tauranga	-	2.5
Total	**9.1**	**14.4**

International	2018 NZ$m	2017 NZ$m
Reckitt Benckiser	3.4	3.8
Rio Tinto	2.9	2.6
Commonwealth Bank	2.7	3.4
BHP Billiton	2.5	2.3
Xero	2.2	-
Royal Dutch Shell	1.7	1.5
BP	1.4	1.2
Wesfarmers	1.3	1.5
RCR Tomlinson	-	0.9
Teladoc	-	0.1
Total	**18.0**	**17.2**
Total Public Investments	**27.1**	**31.6**

OUR BOARD OF DIRECTORS

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

David Pilkington (Chair)
- Hellers (Chair)
- Remuneration Committee (Chair)

Keith Gibson (Deputy Chair)
- New Zealand Pastures
- Polynesian Spa
- Remuneration Committee
- Audit Committee

Lindsay Gillanders
- APC Innovate
- Bio-Strategy

Sophie Haslem
- Rainbows End
- Magritek
- Audit Committee (Chair)

Sam Knowles
- Magritek
- Remuneration Committee

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

Rangatira Group

Consolidated Income Statement

For the year ended 31 March 2018

	Note	2018 $000	Restated 2017 $000
Continuing operations			
Revenue	2	**338,068**	291,041
Other income	3	**8,372**	12,767
Total income		**346,440**	303,808
Depreciation and amortisation	10, 12	**(11,296)**	(10,288)
Employee benefit expenses	4	**(68,003)**	(61,883)
Finance costs		**(5,660)**	(5,180)
Impairment loss on investment		**(128)**	(1,750)
Raw materials and consumables used		**(198,884)**	(156,654)
Consulting expenses		**(743)**	(340)
Operating expenses	4	**(33,845)**	(34,121)
Profit before tax		**27,881**	33,592
Tax expense	6	**(6,138)**	(6,830)
Profit after tax		**21,743**	26,762
Profit attributable to:			
Equity holders of the parent		**17,116**	20,186
Non-controlling interests		**4,627**	6,577
		21,743	26,762
Basic and diluted earnings per share (cents)	17	**96.6**	114.0

Rangatira Group

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2018

	2018 $000	Restated 2017 $000
Other comprehensive income/(losses)		
Available for sale investments		
- valuation gain/(loss) taken to equity	**11,633**	7,802
- transferred to income statement on sale	**(3,938)**	(1,452)
Translation of foreign operations	**(317)**	174
Associate companies		
- share of reserves of associates	**75**	(59)
Movement in cash flow hedge reserve	**449**	1,300
Other comprehensive income/(losses) recognised directly in equity	**7,902**	7,765
Profit after tax from continuing operations	**21,743**	26,762
Total comprehensive income for the year after tax	**29,645**	34,527
Total comprehensive income attributable to:		
Equity holders of the parent	**24,944**	27,412
Non-controlling interests	**4,701**	7,116
	29,645	34,527

- The notes on pages 23 to 51 form part of, and should be read in conjunction with, the above statements -

Rangatira Group

Consolidated Statement of Changes In Equity

For the year ended 31 March 2018

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	164,892	11,261	(744)	(17)	193,104	10,930	204,034
Total comprehensive income/(loss)	-	20,186	6,350	813	63	27,412	7,116	34,527
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4,500)	(4,500)
Dividends paid to parent shareholders	-	(9,384)	-	-	-	(9,384)	-	(9,384)
Balance at end of year	**17,712**	**175,694**	**17,611**	**69**	**46**	**211,132**	**13,546**	**224,677**

2018	Note	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	175,694	17,611	69	46	211,132	13,546	224,677
Total comprehensive income/(loss)		-	17,116	7,695	280	(148)	24,943	4,702	29,645
Dividends paid to non-controlling interests		-	-	-	-	-	-	(4,861)	(4,861)
Dividends paid to parent shareholders	18	-	(9,919)	-	-	-	(9,919)	-	(9,919)
Balance at end of year		**17,712**	**182,891**	**25,306**	**349**	**(102)**	**226,156**	**13,387**	**239,543**

Rangatira Group

Consolidated Statement of Financial Position

As at 31 March 2018

	Note	2018 $000	Restated 2017 $000
Current assets			
Cash and cash equivalents		**37,846**	34,959
Trade receivables	7	**33,275**	31,079
Inventories	8	**52,391**	44,594
Tax receivable		**105**	819
Other current financial assets	9	**1,699**	3,737
Other current assets		**1,510**	1,192
Total current assets		**126,826**	116,380
Non-current assets			
Property, plant and equipment	10	**92,828**	96,323
Investments in associate companies		**10,102**	5,236
Goodwill	11	**47,444**	47,444
Intangible assets	12	**61,566**	60,350
Deferred tax asset	6	**3,615**	2,380
Assets held for sale	22	**1,117**	-
Other non-current financial assets	9	**63,556**	60,400
Total non-current assets		**280,228**	272,133
Total assets		**407,054**	388,513

- The notes on pages 23 to 51 form part of, and should be read in conjunction with, the above statements -

Rangatira Group

Consolidated Statement of Financial Position (continued)

As at 31 March 2018

	Note	2018 $000	Restated 2017 $000
Current liabilities			
Trade and other payables	13	**38,172**	28,130
Borrowings	14	**76,160**	35,463
Contingent consideration		**-**	100
Other current financial liabilities	14	**254**	339
Tax payable		**2,466**	1,969
Provisions	15	**5,788**	5,837
Total current liabilities		**122,840**	71,838
Non-current liabilities			
Borrowings	14	**17,223**	64,445
Provisions	15	**337**	319
Deferred tax liability	6	**25,825**	26,005
Contingent consideration		**100**	100
Other non-current financial liabilities	14	**1,186**	1,129
Total non-current liabilities		**44,671**	91,998
Total liabilities		**167,511**	163,836
Net assets		**239,543**	224,677
Equity			
Share capital	16	**17,712**	17,712
Retained earnings		**182,891**	175,694
Available for sale investments revaluation reserve		**25,306**	17,611
Foreign currency translation reserve		**(102)**	46
Cash flow hedge reserve		**349**	69
Equity holders of the Parent		**226,156**	211,132
Attributable to non-controlling interests		**13,387**	13,546
Total equity		**239,543**	224,677

Approved for issue on behalf of the Board on 28 May 2018.

DA Pilkington **DK Gibson**

- The notes on pages 23 to 51 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 2018

	Note	2018 $000	Restated 2017 $000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		**335,774**	289,442
Dividends received		**882**	1,079
Interest received		**631**	267
		337,287	290,788
Cash was applied to:			
Payments to suppliers and employees		**(301,124)**	(261,058)
Tax paid		**(6,342)**	(6,695)
Interest paid and other costs of finance		**(5,092)**	(5,089)
		(312,558)	(272,842)
Net cash inflows from operating activities	26	**24,729**	17,946
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of investments		**14,324**	24,714
Proceeds from sale of property, plant and equipment		**413**	174
		14,737	24,888
Cash was applied to:			
Purchase of property, plant and equipment		**(9,485)**	(10,930)
Purchase of business	25	**-**	(7,063)
Purchase of investments		**(5,690)**	(2,034)
		(15,175)	(20,027)
Net cash inflows/(outflows) from investing activities		**(438)**	4,861
Cash flows from financing activities			
Cash was provided from:			
Proceeds from borrowings		**750**	17,564
		750	17,564
Cash was applied to:			
Dividends paid to shareholders of the parent		**(9,919)**	(9,384)
Dividends paid to non-controlling interests		**(4,861)**	(4,500)
Repayment of borrowings		**(7,274)**	(1,002)
Payment of contingent consideration		**(100)**	(1,786)
		(22,154)	(16,672)
Net cash inflows/(outflows) from financing activities		**(21,404)**	892
Net increase/(decrease) in cash held		**2,887**	23,699
Effect of foreign exchange		**-**	115
Cash at beginning of year		**34,959**	11,145
Cash at end of year		**37,846**	34,959
Cash and cash equivalents		**37,846**	34,959

- The notes on pages 23 to 51 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 2018

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.

There are no new standards, amendments, or interpretations that have been issued and effective, that are expected to have a significant impact.

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.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 1 Reporting Entity And Basis Of Preparation (continued)

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.

Note 2 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognised when the Group has transferred the significant risks and rewards of ownership of the goods to the buyer. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at balance date.

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

	Note	2018 $000	2017 $000
Revenue from the sale of goods		**312,662**	266,974
Revenue from the rendering of services		**23,442**	22,242
Dividends	5	**1,149**	1,346
Interest revenue	5	**632**	268
Rental income		**183**	211
Total revenue		**338,068**	291,041

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.

	Note	2018 $000	2017 $000
Gain on disposal of investments		**8,378**	8,600
Share of profit/(losses) for the year from associate companies		**346**	(2,144)
(Loss)/gain on disposal of property, plant and equipment		**(56)**	(20)
Gain on acquisition of subsidiary	25	**-**	5,515
Other		**(296)**	816
Total other income		**8,372**	12,767

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 4 Profit Before Tax

	2018 $000	2017 $000
Profit before tax has been arrived at after charging the following expenses:		
Employee benefit expense:		
Defined contribution plans	716	306
Kiwisaver employer contributions	1,185	1,018
Other employee benefits	66,101	60,559
Total employee benefit expenses	68,002	61,883
Fees paid to auditors:		
Audit of the financial statements	282	226
Other non-audit services [I]	50	37
Total fees paid to auditors	332	263
Donations	4	7
Operating lease rental expense	3,986	3,126
Repairs and maintenance	5,463	5,406
Freight and travel	11,102	10,959
Other expenses	12,957	14,360
Total operating expenses	33,844	34,121

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

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 5 Income And Expenses Relating To Financial Instruments

	Note	2018 $000	2017 $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		**(908)**	439
		(908)	439
Loans and receivables:			
Interest revenue	2	**632**	268
		632	268
Available for sale investments:			
Dividend revenue	2	**1,149**	1,346
		1,149	1,346
Financial liabilities at fair value through profit and loss:			
Interest rate swaps gain		**26**	124
		26	124
Financial liabilities at amortised cost:			
Interest expense		**(1,841)**	(1,874)
Foreign exchange loss		**(86)**	(164)
		(1,927)	(2,038)

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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.

	2018 $000	2017 $000
Income tax recognised in profit or loss:		
Profit before tax	**27,881**	33,592
Prima facie tax at 28%	**7,806**	9,406
Tax effects of different jurisdictions	**27**	32
Non deductible expenditure	**261**	805
Non assessable income	**(1,743)**	(3,262)
Unutilised tax losses	**-**	(11)
Imputation credits offset	**(102)**	(131)
Prior period adjustment	**(111)**	(9)
Tax expense	**6,138**	6,830
Compromised of:		
Current tax	**4,722**	6,539
Deferred tax	**1,416**	291
Imputation credit account balance at end of year	**3,857**	3,651

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 6 Tax Expense (continued)

2017	Opening balance $000	Charged to income and comprehensive income $000	Business acquisitions $000	Closing balance $000
Gross deferred tax liabilities:				
Property, plant and equipment	9,287	(302)	-	8,985
Intangible assets	16,800	-	-	16,800
Fair value through profit or loss financial assets	97	123	-	220
	26,184	(179)	-	26,005
Gross deferred tax assets:				
Provisions, doubtful debts and impairment losses	1,144	33	1,182	2,359
Other	21	-	-	21
	1,165	33	1,182	2,380

2018	Opening balance $000	Charged to income and comprehensive income $000	Business acquisitions $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	1,235	-	3,594
Other	21	-	-	21
	2,380	1,235	-	3,615

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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.

	2018 $000	2017 $000
Trade receivables [i]	**33,353**	31,125
Allowance for doubtful debts	**(98)**	(70)
	33,255	31,055
GST and other receivables	**20**	24
	33,275	31,079

[i] The average credit period on sales of goods is 23 days (2017: 24 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 $4,276,000 (2017: $11,489,000). 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 73 days (2017: 53 days).

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

	2018 $000	2017 $000
Ageing of past due but not impaired trade receivables:		
30-60 days	**1,771**	9,540
61-90 days	**1,544**	1,120
91-120 days	**696**	450
121-150 days	**256**	310
151-180 days	**109**	69
Total	**4,376**	11,489

	2018 $000	2017 $000
Movement in doubtful debts:		
Balance at beginning of the year	**(70)**	(5)
Amounts provided for during the year	**19**	(70)
(Increase)/decrease in allowance recognised in profit	**(47)**	5
Balance at the end of the year	**(98)**	(70)

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 2018

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.

	2018 $000	2017 $000
Merchandise held for resale	**21,280**	23,783
Goods in transit	**9,011**	3,362
Work in progress	**2,723**	3,005
Raw materials	**23,035**	18,936
Provision for obsolescence	**(3,658)**	(4,492)
	52,391	44,594

Note 9 Other Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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.

Available for sale financial assets

Certain shares are classified as being 'available for sale' and are stated at fair value. Investments categorised as 'available for sale' do not assume that the underlying business is saleable at the reporting date or that its current shareholders have an intention to sell their holding in the near future. Changes in fair value are recognised in other comprehensive income and accumulated in the available for sale revaluation reserve, until the investment is disposed of or is determined to be impaired, and the cumulative changes previously recognised in the reserve are reclassified from equity to the income statement. Dividends are recognised in profit or loss when the Group's right to receive the dividend is established.

Loans and receivables

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

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment throughout the year and at each balance date. Financial assets are impaired where objective evidence suggests an event after the initial recognition has impacted the estimated future cash flows or the fair value less divestment costs. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the cost of capital or the fair value in market of the assets.

	2018 $000	2017 $000
Available for sale investments:		
Listed shares	**25,444**	27,903
Unlisted shares	**35,664**	28,901
Financial assets at fair value through profit or loss:		
Listed shares	**1,699**	3,737
Unlisted shares	**2,448**	3,596
	65,255	64,137
Current portion	**1,699**	3,737
Non-current portion	**63,556**	60,400

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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%
- Furniture and leasehold improvements 4-40%
- Plant and equipment 4-60%
- 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
2017						
Gross value at the beginning of the year		48,924	73,455	13,145	52	135,576
Business acquisition	25	-	983	-	203	1,186
Additions		921	9,392	580	37	10,930
Disposals		(2)	(1,256)	(346)	(3)	(1,607)
Transfers between categories		-	(2)	4	(2)	-
Gross value at the end of the year		**49,843**	**82,572**	**13,383**	**287**	**146,085**
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**

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Accumulated depreciation and impairment	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
2017					
Accumulated depreciation at the beginning of the year	9,694	26,004	5,410	11	41,119
Depreciation expense	2,107	6,867	1,051	31	10,056
Disposals	(1)	(1,065)	(339)	(8)	(1,413)
Accumulated depreciation at the end of the year	**11,800**	**31,806**	**6,122**	**34**	**49,762**
2018					
Accumulated depreciation at the beginning of the year	11,800	31,806	6,122	34	49,762
Depreciation expense	2,132	7,425	1,098	203	10,858
Disposals	-	(537)	(88)	(14)	(639)
Accumulated depreciation at the end of the year	**13,932**	**38,694**	**7,132**	**223**	**59,981**
Net book value					
As at 31 March 2017	38,043	50,766	7,261	253	96,323
As at 31 March 2018	37,641	48,052	7,057	78	92,828

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

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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.

	2018 $000	2017 $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**	27,656
New Zealand Experience Limited	**6,721**	6,721
Total goodwill	**47,444**	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 of the time value of money 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.

At 31 March 2018, 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 are:

- Software 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 2018

2017	Brands, trademarks and recipes $000	Software $000	Total $000
Gross carrying amount at the beginning of the year	60,000	372	**60,372**
Business acquisitions	-	49	**49**
Additions	-	245	**245**
Disposals	-	(27)	**(27)**
Gross carrying amount at the end of the year	60,000	639	**60,639**
Accumulated amortisation at the beginning of the year	-	84	**84**
Amortisation expense	-	232	**232**
Disposals	-	(27)	**(27)**
Accumulated amortisation at the end of the year	-	289	**289**
2018			
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**
Net book value			
As at 31 March 2017	60,000	350	**60,350**
As at 31 March 2018	60,000	1,566	**61,566**

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 12 Intangibles (continued)

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.

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.

	2018 $000	2017 $000
Trade creditors (i)	**34,415**	24,204
GST payable	**1,661**	1,408
Accrued interest	**464**	353
Deferred income	**1,416**	1,915
Other payables	**216**	250
	38,172	28,130

(i) The average credit period on purchases of certain goods is 38 days (2017: 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.

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.

Borrowings

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

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

	2018 $000	2017 $000
Unsecured at amortised cost		
Current		
Loans from non-controlling interests in subsidiaries	**18,071**	16,245
Non-current		
Loans from non-controlling interests in subsidiaries	**977**	977
Secured at amortised cost		
Current		
Bank loans (i)	**57,920**	18,869
Finance lease liabilities	**169**	349
Non-current		
Bank loans (i)	**16,206**	63,457
Finance lease liabilities	**40**	11
	93,383	99,908
Current portion	**76,160**	35,463
Non-current portion	**17,223**	64,445

(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.

Domett Properties Limited's bank loans are secured by a mortgage over the land and buildings and a preferential security interest in all present and after acquired property. These loans were current at March 2018 but were extended in May 2018 to May 2019

Hellers Limited's bank loans are secured by a general security agreement over all its assets and undertakings, and chattels security over some specific items of plant. These loans were current at March 2018 but were extended in May 2018 to May 2019.

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 2018

Note 14 Borrowings And Other Financial Liabilities (continued)

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.

	2018 $000	2017 $000
Derivatives that are designated and effective as hedging instruments carried at fair value:		
Current		
Foreign currency forward contracts	-	58
Interest rate swaps	254	281
Non-current		
Interest rate swaps	1,186	1,129
	1,440	1,468

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.

	2018 $000	2017 $000
Employee benefits - current	5,788	5,837
Make good on lease - non-current	337	319
	6,125	6,156

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 16 Share Capital

	2018 $000	2017 $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.

	2018 $000	2017 $000
Profit attributable to equity holders of the Parent	**17,116**	20,186
Number of shares	**17,712**	17,712
Earnings per share (cents)	**96.6**	114.0

Note 18 Dividends

	2018	2017
Amount paid (cents per share)	**56.0**	53.0
Amount paid ($000's)	**9,919**	9,384

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 19 Capital Commitments

	2018 $000	2017 $000
Plant and equipment	**120**	250
Other [i]	**2,338**	3,030
	2,458	3,280

[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.

	2018 $000	2017 $000
Non-cancellable operating leases payments:		
Within 1 year	**2,711**	2,681
Greater than 1 year, but less than 5 years	**6,303**	6,395
Greater than 5 years	**10,613**	11,498
	19,627	20,574

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 (2017: 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.

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.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

	Principal activities	Percentage owned at 31 March 2018	2017
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	**63%**	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 Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 22 Subsidiary Associate And Joint Venture Companies (continued)

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).

		Percentage owned at 31 March	
	Principal activities	**2018**	**2017**
Magritek Holdings Limited	Scientific equipment manufacturing	**18%**	18%
Mrs Higgins (2004) Limited	Manufacturing	**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 2018

Rangatira owns 17% of Konnect Net Limited, and has previously recognised this as an associate company and applied equity accounting. As at 31 March 2018 this investment has been reclassified as held for sale.

On 26 March 2018, Rangatira agreed a sale of its 17% shareholding in Konnect subject to a number of conditions requested by the buyer. On the 30 April 2018 the buyer advised these conditions, including obtaining 100% shareholding in Konnect, had been met and the sale had been completed. The sale price is subject to adjustments following preparation of the completion accounts.

Reclassification of this investment as held for sale required an impairment loss on the value of the investment of $128,000 to be recognised. This has been included in profit or loss for the year.

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.

	2018 $000	2017 $000
Revenue		
Interest received from associates	-	48
Directors' fees received from associates	**4**	21
Expenses		
Key management personnel expenses - short term	**1,490**	1,129

No debts to associates, key management personnel or other related parties were written off or forgiven during the year (2017: 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.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 24 Financial Instruments (continued)

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 as disclosed in note 14. There have been no breaches of the bank covenants during the year.

(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.

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

	2018 $000	2017 $000
Assets		
AUD	**12,235**	16,004
GBP	**6,405**	9,574
HKD	**-**	1,948
USD	**2,993**	4,690
Liabilities		
USD	**2,475**	4,113
EUR	**66**	544
AUD	**4,580**	343
GBP	**87**	39
CHF	**17**	24

(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 2018

(d) Categories Of Financial Instruments

2017	Loans and receivables $000	Available for sale assets $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	34,959	-	-	-	-	34,959
Trade and other receivables	31,079	-	-	-	-	31,079
Other financial assets	-	56,803	7,333	-	5,236	69,372
Total financial assets	-	56,803	7,333	-	5,236	135,410
Total non-financial assets	-	-	-	-	-	253,103
Total assets	-	56,803	7,333	-	5,236	388,513
Liabilities						
Trade and other payables	-	-	-	28,130	-	28,130
Borrowings and other financial liabilities	-	-	304	101,272	-	101,576
Total financial liabilities	-	-	304	129,402	-	129,706
Total non-financial liabilities	-	-	-	-	-	34,130
Total liabilities	-	-	304	129,402	-	163,836

2018	Loans and receivables $000	Available for sale assets $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

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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 $63,927,000 (2017: $21,776,000).

(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 available for sale listed equity 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 available for sale investments' reserve would have increased/decreased by $25,444 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 available for sale investments by $357,776, and the financial assets at fair value through profit and loss by $24,448.

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

(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 2018 (2017: nil).

2017	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets at fair value through profit and loss				
Shares	3,737	-	3,596	**7,333**
Available for sale financial assets				
Shares	27,902	-	28,901	**56,803**
Total financial assets	31,639	-	32,497	**64,136**

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**

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 2018

Note 24 Financial Instruments (continued)

(i) Liquidity Risk Management

The following tables detail the Group's expected maturity for its non-derivative financial assets and liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets and 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
2017						
Non-interest bearing	22,621	320	4,312	1,077	-	**28,330**
Finance lease liability	31	92	226	11	-	**360**
Variable interest rate instruments	4,000	-	1,070	6,550	10,156	**21,776**
Fixed interest rate instruments	-	-	9,273	67,437	2,530	**79,240**
Total financial liabilities	26,652	412	14,881	75,075	12,686	**129,706**
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**

Financial assets	Less than 1 month $000	1-3 months $000	3 months to 1 year $000	1-5 years $000	5+ years $000	Total $000
2017						
Non-interest bearing	64,965	843	38	27	-	65,873
Share investments	-	-	1,931	-	67,441	69,372
Variable interest rate instruments	22	-	143	-	-	165
Total financial assets	64,987	843	2,112	27	67,441	135,410
2018						
Non-interest bearing	69,365	826	97	13	-	70,301
Share investments	-	-	-	-	76,472	76,472
Variable interest rate instruments	496	-	324	-	-	820
Total financial assets	69,861	826	421	13	76,472	147,593

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 25 Business Acquisitions

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under NZ IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with NZ IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess will be recognised in profit or loss.

Acquisition of VWR International Pty Limited and VWR International Gp/Lp

Bio Strategy Holdings, a 70% held subsidiary of Rangatira Limited, acquired 100% of the shares of VWR International Pty Limited, VWR International GP and the partnership interest of VWR International LP on 1 March 2017. The acquisition was funded entirely by cash.

The initial accounting for the business combination was incomplete at the end of the accounting period in which the combination occurred (31 March 2017), therefore provisional amounts for those items for which accounting was incomplete were reported.

During the measurement period, Bio Strategy Holdings retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed at the date of acquisition which, had they been known at that date, would have affected the measurement amounts recognised. The measurement period did not exceed one year form the date of acquisition, in this case 1 March 2018. The impact of the measurement period adjustments is outlined below:

	Provisional amounts recognised $000	Measurement period adjustments $000	Restated acquisition accounting $000
Consideration			
Cash paid on 1 March 2017	8,556	-	**8,556**
Purchase price adjustment	(815)	28	**(787)**
Total consideration paid and payable	**7,741**	**28**	**7,769**
Recognised amounts of identifiable assets acquired and liabilities assumed (provisional)			
Cash and cash equivalents	1,682	-	1,682
Trade receivables	6,965	-	6,965
Inventories	4,241	4,591	8,832
Deferred tax	79	1,103	1,182
Property, plant and equipment	786	-	786
Intangible assets - software	49	-	49
Trade and other payables	(5,447)	(151)	(5,598)
Provisions	(614)	-	(614)
Total identifiable net assets	**7,741**	**5,543**	**13,284**
Gain on bargain purchase	-	(5,515)	(5,515)
Total consideration paid and payable	**7,741**	**28**	**7,769**

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 26 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.

	2018 $000	2017 $000
Profit after tax	**21,743**	21,247
Add/(less) non-cash items:		
Share of retained profit for the year from associate companies	**(346)**	2,144
Depreciation and amortisation	**11,296**	10,288
Other miscellaneous non-cash items	**295**	(1,077)
(Decrease) in deferred tax	**(1,415)**	(212)
Impairment loss on investment	**128**	1,750
	9,958	12,893
Add/(less) movements in other working capital items:		
Change in trade receivables	**(2,196)**	(2,169)
Change in inventories	**(7,797)**	(6,385)
Change in tax receivable	**714**	(169)
Change in other current assets	**(318)**	(386)
Change in trade payables	**10,042**	473
Change in current tax payable	**497**	516
Change in provisions	**304**	506
Change in other current financial liabilities	**104**	-
	1,350	(7,614)
Less items classified as investing activities:		
Net gain on sale of investments	**(8,378)**	(8,600)
Net (gain)/loss on sale of fixed assets	**56**	20
	(8,322)	(8,580)
Net cash inflows from operating activities	**24,729**	17,946

Rangatira Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

Note 27 Segmental Information

	Public equity investments		Private investments		Group	
	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000
Revenue	**1,149**	1,346	**336,287**	289,427	**337,436**	290,773
Segment profit before finance costs, interest revenue and tax	**3,471**	3,024	**29,220**	33,859	**32,691**	36,883
Interest revenue					**632**	268
Impairment loss on investments					**(128)**	(1,750)
Share of profit for the year from associate companies					**346**	(2,144)
Finance costs					**(5,660)**	(5,180)
Tax					**(6,138)**	(6,830)
Profit after tax					**21,743**	26,762
Segment assets	**27,143**	31,639	**379,911**	356,874	**407,054**	388,513
Segment liabilities	**-**	-	**167,511**	163,836	**167,511**	163,836

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 28 Subsequent Events

Rangatira Limited has agreed to pay a dividend of 36 cps on 18 June 2018.

Note 29 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 reviewd 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 15 'Revenue from Contracts with Customers'	**1 January 2018**	**31 March 2019**
NZ IFRS 9 'Financial Instruments'	**1 January 2018**	**31 March 2019**
NZ IFRS 16 'Leases'	**1 January 2019**	**31 March 2020**

KPMG

Independent Auditor's Report

To the shareholders of Rangatira

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Rangatira (the company) and its subsidiaries (the Group) on pages 17 to 51:

i. present fairly in all material respects the Group's financial position as at 31 March 2018 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 and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 March 2018;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of 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 taxation and other assurance 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 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 report, or any of the opinions we have formed.

KPMG

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the group, 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
28 May 2018

SUPPLEMENTARY INFORMATION

Dividends

The Directors have declared a fully imputed final dividend of 36 cents per share to be paid on 18 June 2018. An interim dividend of 24 cents per share was paid in December 2017. This makes a total of 60 cents per share for the year, fully imputed.

Consolidation

The results incorporate all trading subsidiaries and associates.

Directors re-election

In accordance with the provisions of the Company's constitution, Mr Gillanders and Mr Knowles will retire by rotation and being eligible Mr Knowles will offer himself for re-election.

Remuneration of Directors

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

D K Gibson	$86,250
W L Gillanders	$88,250
S Haslem	$92,045
I S Knowles	$59,006
D A Pilkington	$130,448
R A Wilks	$82,000

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	18
$110,001 - $120,000	16
$120,001 - $130,000	5
$130,001 - $140,000	8
$140,001 - $150,000	6
$150,001 - $160,000	2
$160,001 - $170,000	4
$170,001 - $180,000	4
$180,001 - $190,000	7
$190,001 - $200,000	3
$200,001 - $210,000	2
$210,001 - $220,000	3
$220,001 - $230,000	1
$250,001 - $260,000	1
$270,001 - $280,000	1
$310,001 - $320,000	1
$390,001 - $400,000	1
$490,001 - $500,000	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

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.

	Disclosure requirements	Disclosure
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 2018.
	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.

	Disclosure requirements	Disclosure
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 2018 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 Louise 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%**

International Funders for Indigenous Peoples Pacific Regional Hui

JR MCKENZIE TRUST

In 2017, the J R McKenzie Trust provided over $4.1m in funding to 21 organisations to undertake important mahi in their communities. The Trust thanks the Directors and staff of Rangatira Investments for their stellar efforts in continuing to work hard to generate significant returns for the community.

This funding all goes towards realising the Trust's strategic vision of creating a socially just and inclusive Aotearoa New Zealand. The Trust is committed to enabling longer term change; building a society where fewer people are in vulnerable situations, and where there is less need for health and social services over time. The Trust has three focus areas for its funding: Disadvantaged Children and their Families, Māori Development and Issues of Social Justice.

The Trust also seeks to support forums that are relevant to its body of work. In the past year, it was pleased to support the International Funders for Indigenous Peoples for its Pacific Regional Hui held in Ōtaki. The Trust also supported the Social Enterprise World Forum which provided valuable opportunities to increase learnings of social justice issues, social enterprise predictions, and much more.

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

"Iti noa ana,
he pito mata.

With care,
a small kumara
will produce
a harvest."

J R McKenzie
Trust

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

RESPONSIVE GRANTS **FOCUS**

31% **Māori development**

35% **Disadvantaged children & their families**

34% **Social justice & inclusion**

The new Hopsice to go on the old Woburn site

TE OMANGA HOSPICE

Te Omanga Hospice provides palliative care and support to people, and their families, living with a terminal or life limiting illness in the Hutt Valley. Their services are delivered by an interdisciplinary team of specialist doctors, nurses, therapist and specially trained volunteers.

Te Omanga Hospice
Te Whare Manaaki Tangata

Biddy Harford, Chief Executive of Te Omanga Hospice turns over the first sod of the the new Hospice

They offer a holistic approach, caring for their patients wellbeing and the wellbeing of their family. Their breadth of service includes physical; emotional, spiritual, cultural, social, and psychological support.

People often comment on the compassionate care they have received from the Hospice. Biddy Harford, Chief Executive of Te Omanga says, "it's about helping people live every moment in whatever way is important to them." This could mean granting a last wish, celebrating a much awaited wedding or providing time and space for family members to be together.

As a Charitable Trust, the Hospice relies on the generosity of its community to fund its services. Te Omanga continues to benefit from Rangatira shares gifted by their generous Founder Sir Roy McKenzie.

Right now, Te Omanga is facing one of their biggest challenges, to raise $10 million to rebuild their earthquake-prone Hospice. Biddy comments, "it is very true to say the community needs the Hospice just as much as the Hospice needs the community".

For more information on the work that Te Omanga Hospice do or you would like to contribute, visit www.teomanga.org.nz

DIRECTORY

Board

D A Pilkington - Chair

D K Gibson - Deputy Chair

W L Gillanders

S Haslem

I S Knowles

R A Wilks

EXECUTIVE

M Dossor (from July 2018) - Chief Executive Officer

C J Bradshaw - Chief Financial Officer

COMPANY

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RANGATIRA
INVESTMENTS