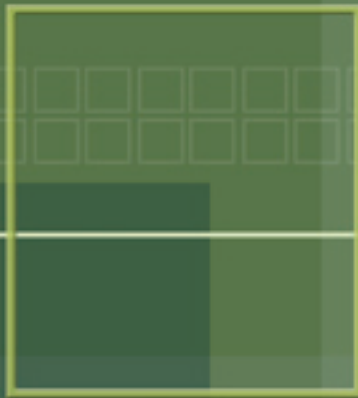
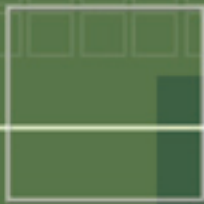




# RANGATIRA

*"investing in business for growth"*

1937



72nd ANNUAL REPORT

2009

# DIRECTORS

R M Gough OBE

*Chairman*

P H McKenzie

*Deputy Chairman*

N Calavrias

W L Gillanders

G S Pentecost

D A Pilkington

## EXECUTIVE

I S Frame

*Chief Executive*

C J Bradshaw

*Investment & Finance Manager*

## REGISTERED OFFICE

Level 10, Solnet House

70 The Terrace

Wellington 6011

New Zealand

P O Box 804

Telephone +64 4 472 0251

Fax +64 4 473 2685

Email [info@rangatira.co.nz](mailto:info@rangatira.co.nz)

## AUDITOR

Deloitte

# CONTENTS

**2**

NOTICE OF ANNUAL MEETING

**3 – 4**

ANNUAL REPORT TO SHAREHOLDERS

**5 – 10**

CHAIRMAN'S REVIEW

**11 – 14**

CHIEF EXECUTIVE'S REPORT

**15**

INCOME STATEMENTS

**15**

STATEMENTS OF RECOGNISED  
INCOME AND EXPENSES

**16**

BALANCE SHEETS

**17 – 18**

CASH FLOW STATEMENTS

**19 – 56**

NOTES TO THE  
FINANCIAL STATEMENTS

**57**

AUDITOR'S REPORT

# NOTICE OF ANNUAL MEETING

Notice is hereby given that the seventy-second Annual Meeting of the members of the Company will be held at The Skyline Restaurant, 1 Upland Road, Kelburn, Wellington, on Monday 27 July 2009 at 4.30 pm for the following purposes:

## BUSINESS

1. To receive the Report of the Directors and Audited Financial Statements for the year ended 31 March 2009.
2. To elect two directors, Messrs Calavrias and Gillanders, who retire in accordance with the constitution and being eligible, offer themselves for re-election.
3. To reappoint, as auditor, Deloitte until the conclusion of the 73rd Annual Meeting of the Company and to authorise the Board of Directors to fix the auditor's remuneration for the ensuing year.

## CONSTITUTION

4. To consider and, if thought fit, to pass the following as a special resolution:

*"That pursuant to section 32(2) of the Companies Act 1993, the constitution of the Company be amended by deleting clauses 8.1 to 8.3 and replacing them with the following:*

**8.1 Company may purchase Shares:** The Company may purchase or otherwise acquire Shares issued by it from one or more Shareholders in accordance with, and subject to, sections 59 to 65, 107, 108 and 110 to 112 of the Act, and may hold the acquired Shares in accordance with sections 67A to 67C of the Act.

**8.2 Treasury Stock:** The transfer of the Company Treasury Stock shall be subject to the provisions of this constitution relating to the issue of Shares."

## OTHER BUSINESS

5. To consider any other business which may properly be submitted to the Annual Meeting.

By order of the Board

C J Bradshaw

Investment & Finance Manager

12 June 2009

## NOTE

### Voting

"A" Shareholders of the Company are entitled to vote on all matters at this Annual Meeting.

"B" Shareholders of the Company are entitled to vote on the constitution amendment (item 4) only.

### Proxies

- a) "A" Shareholders of the Company are entitled to appoint a proxy to attend and vote on their behalf.
- b) "B" Shareholders of the Company are entitled to appoint a proxy to attend and vote on their behalf.
- c) A proxy need not be a shareholder in the Company.
- d) Proxies must be received at the Registered Office not later than 4.30 pm Thursday 23 July 2009.

# ANNUAL REPORT TO SHAREHOLDERS

The Directors have pleasure in presenting their Annual Report and  
Audited Financial Statements for the year ended 31 March 2009

## CONSOLIDATED PROFITS AND APPROPRIATIONS

	<b>2009</b>	2008
	<b>\$000</b>	\$000
Net profit for the year attributable to shareholders of Rangatira Limited	<b>9,036</b>	7,193
Retained earnings brought forward	<b>76,569</b>	76,106
Less dividend appropriations	<b>(6,561)</b>	(6,730)
<b>Total retained earnings at end of year</b>	<b>79,044</b>	76,569
<b>Equity</b>		
Share capital	<b>17,712</b>	17,712
Retained earnings	<b>79,044</b>	76,569
Revaluation reserve	<b>15,122</b>	30,222
Foreign currency translation reserve	<b>(74)</b>	(28)
<b>Total equity at end of year</b>	<b>111,804</b>	124,475

## DIVIDENDS

The directors have declared a fully imputed final dividend of 18 cents per share to be paid on 15 June 2009. An interim dividend of 17 cents per share was paid in December 2008. This makes a total of 35 cents per share for the year, fully imputed.

## CONSOLIDATION

The results incorporate all trading subsidiaries and associates.

## DIRECTORS

In accordance with the provisions of the Company's constitution, Messrs Calavrias and Gillanders retire by rotation and being eligible offer themselves for re-election.

## REMUNERATION OF DIRECTORS

### Rangatira Directors

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

N Calavrias	\$37,000
W L Gillanders	\$65,000
R M Gough	\$82,500
P H McKenzie	\$68,833
G S Pentecost	\$52,000
D A Pilkington	\$48,000

## TRANSACTIONS WITH THE COMPANY

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

## 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	10
\$110,001 – \$120,000	6
\$120,001 – \$130,000	5
\$130,001 – \$140,000	2
\$140,001 – \$150,000	3
\$150,001 – \$160,000	1
\$210,001 – \$220,000	1
\$220,001 – \$230,000	1
\$230,001 – \$240,000	1
\$240,001 – \$250,000	1
\$250,001 – \$260,000	1
\$260,001 – \$270,000	2
\$560,001 – \$570,000	1

## 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 which would not otherwise have been available to them.

## AUDITOR

The company's Auditor through the year was Deloitte.

*On behalf of the Board*

R M Gough

*Chairman*

Wellington

12 June 2009

# CHAIRMAN'S REVIEW

Markets around the world have had a torrid year.

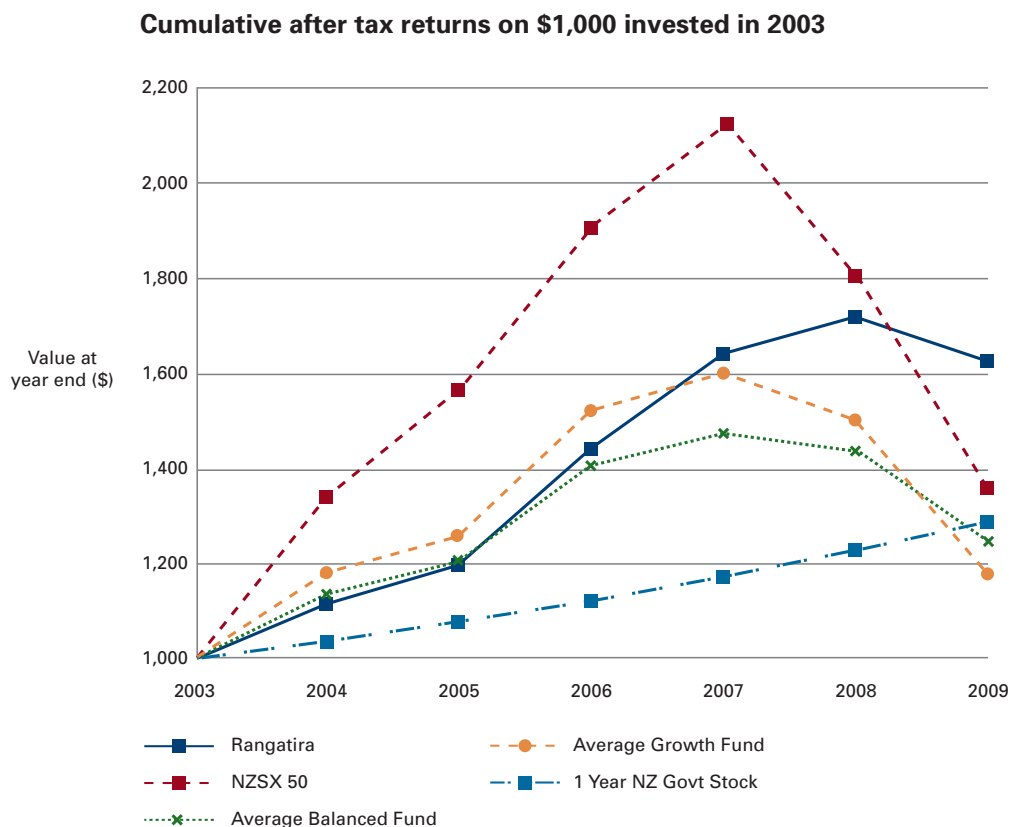
New Zealand and Australia have been caught up in the most severe global decline since the 1930's – with the NZX50 index declining by a further 25.4% after a 15.5% drop the previous year, and the ASX200 falling by 26.1% in NZ dollar terms on top of last year's 8.8% decline.

I commented last year that the strength of our investment strategy was under test as world markets were buffeted by commodity price and credit shocks. The market collapse in October and subsequently has been even greater than we had anticipated.

Against this backdrop Rangatira's total shareholder return of –5.6%, after +4.6% the previous year, has shown considerable resilience.

Our –5.6% result compares with an average of –13.7% for balanced New Zealand investment funds, and –22.3% for growth funds. Our average annual return for the last six years has been +8.7% compared with +4.2% for the average New Zealand balanced fund, and +3.7% for growth funds.

The difference in dollar terms is illustrated by the following graph –



## DIVIDEND AND ASSET BACKING

Rangatira's dividend for the year was 35c compared with 37c the previous year, and assessed asset backing at 31 March 2009 was \$7.09 per share (previous year \$7.91).

## COMMENTARY ON YEAR TO 31 MARCH 2009

### LISTED INVESTMENTS

The return from Rangatira's New Zealand portfolio, including dividends, was -10.8% (14.6% better than the NZX50 index) while our Australian portfolio returned -21.9% (4.2% better than the Australian ASX200 on a currency-adjusted basis).

During the year we sold roughly one quarter of our listed equities, including all of our small \$2.9m international portfolio. We took this decision when the world economy appeared at some risk of sinking into a depression, in order to reduce our debt profile and ensure we can continue to support the development of our existing investments and consider new opportunities.

The following table summarises the spread of our remaining listed investments –

	<b>2009</b>	<b>2008</b>
	<b>\$m</b>	<b>\$m</b>
New Zealand	10.2	15.8
Australia	23.0	36.2
International	–	2.9
Total	<u>33.2</u>	<u>55.9</u>

A little over half of the total portfolio is in major Australian resource companies.

### PRIVATE EQUITY (UNLISTED) INVESTMENTS

Our two largest private equity investments, Heller Tasty and Contract Resources, again had good years with improved profitability. Our other private equity investments generally performed satisfactorily given the economic downturn, although Te Kairanga continued to face major challenges. In aggregate, our Operating Earnings from these investments were 8.9% less than the previous year.

Significant developments in our private equity portfolio were –

#### 1. Te Kairanga Wines Limited

Substantial improvements have been achieved in production efficiency and marketing, but Te Kairanga has continued to face difficulties in achieving target sales levels in a hugely over-supplied wine market. The wine market has also been impacted by the recession, with most consumers trading down.

In parallel with similar support from Peter Hubscher's interests, we supported Te Kairanga during the year with a temporary loan of \$1.2 million. The company's bank requires Te Kairanga to commit to an equity raising, and Te Kairanga's Board is evaluating options and expects to determine its position by the end of June 2009.

#### 2. Vita New Zealand Limited

Vita largely completed its substantial factory rationalisation following the acquisition of Pacific Brands' New Zealand foam, bedding, and underlay businesses. The integration of Pacific Brands' businesses has been achieved within budget, and Vita now has a significantly more efficient cost base, as well as a much improved product range.

### 3. Contract Resources Limited (CRL)

CRL has acquired a refinery-servicing business in the United States to add to its existing operations in that market. The combined business will now account for approximately 20% of CRL's turnover. With technical and financial support from CRL it should be able to expand and capture a valuable share of the North American market.

### 4. Heller Tasty Limited

Despite the recession, Heller Tasty has continued to enjoy growth in sales and profits. Heller is now the brand leader in its key products, and its focus on quality and product innovation, and on providing a high standard of service to its customers, has significantly expanded overall demand for its product categories.

The company has recently committed to a major expansion of its Christchurch factory to handle ongoing growth.

## INVESTMENT STRATEGY

At balance date 20% (33% last year) of our assets were in listed equities, and the remainder in private equity companies. This reduction reflects both the general fall in share markets, and our decision to sell a quarter of our listed equity portfolio.

Our nine private equity investments, together with our remaining listed equities, are spread across a diverse range of industries –

<b>Company</b>	<b>Industry Sector</b>
Auckland Packaging Company Limited	Printing, display and specialised packaging
Contract Resources Limited	Servicing refineries and mining companies
Greenfield Limited	Farm development and land
Heller Tasty Limited	Consumer food products (branded and retailer-label)
Precision Dispensing Systems Limited	Dispensing pump technology
Polynesian Spa Limited	Tourism and leisure
Te Kairanga Wines Limited	Wine
Tecpak Industries Limited	Plastic container manufacturing
Vita New Zealand Limited	Manufacturing – foam, underlay, furniture, beds and bedding
Listed Equities	Banking and insurance Healthcare Industrial Mining and oil/gas production Property Utilities – airports and electricity

In aggregate, we believe these investments have solid prospects for earnings growth in the relatively difficult environment expected over the next few years.

## RESULTS FOR THE YEAR

### (a) Reported Financial Performance

Net profit after tax was \$9.0m (last year \$7.2m).

The following table shows the main components –

	<b>2008/09</b>	<b>2007/08</b>
	<b>\$m</b>	<b>\$m</b>
Operating Earnings	6.6	7.3
Gains from Realisation of Investments	2.0	(0.1)
Gain from Revaluation of Foreign Loans	1.3	0
One-off Restructuring Costs	(0.9)	0
Net Profit after Tax	<u>9.0</u>	<u>7.2</u>

The foreign loan revaluation relates to borrowing by CRL. The restructuring costs arose from the factory rationalisation undertaken by Vita. These two items have been shown separately in order to give a clearer picture of the level of Rangatira's ongoing Operating Earnings.

### (b) Change in Value of Listed Investments

Our listed investments recorded a decline in value for the year of \$15.1m. After adjusting for dividends received and the realised gain of \$2.0m, the overall loss for the portfolio was \$11.1m (-20.4%).

### (c) Change in Value of Unlisted Investments

We have assessed the aggregate market value of our unlisted investments at 31 March 2009 to be between \$2m and \$26m above the value at which they are included in our accounts (last year's assessment was between \$6m and \$25m above).

Directors assess the market value of our unlisted investments each year with the assistance of specialist independent advice. The valuations this year have taken account of the economic downturn and movements in earnings multiples in the market generally, and reflect to the best of our ability the range of values which we believe could be realised in today's market for each investment.

### (d) Total Shareholder Return

Total shareholder return for the year was -5.6% (last year +4.6%).

This return is calculated as follows –

	<b>\$ per Share</b>	<b>\$ per Share</b>
	<b>31 March 2009</b>	<b>31 March 2008</b>
Asset Backing from Annual Accounts	6.31	7.03
Additional Value of Unlisted Investments*	0.78	0.88
Assessed Asset Backing	<u>7.09</u>	<u>7.91</u>

\*using the mid-point of the assessed additional value range.

	<b>Return for 2008/09 ¢/share</b>	<b>Return for 2007/08 ¢/share</b>
Change in Assessed Asset Backing	(82)	1
Dividends Paid (prior year final plus current year interim)	37	38
Total Return	<u>(45)</u>	<u>39</u>
Total Return on Assessed Asset Backing	<u>-5.6%</u>	<u>+4.6%</u>

## DIVIDEND

The Board has declared a final fully-imputed dividend of 18 cents per share resulting in a total dividend of 35 cents (last year 37 cents). This represents 94% of Operating Earnings (last year 90%), and 61% of reported profit after tax (last year 91%).

## OUTLOOK

Directors expect difficult economic conditions to continue for most if not all of the year ahead and believe there is still a real risk of further deterioration. The relative stability of the last several weeks gives hope, however, that a slow recovery may begin in 2010.

While Directors remain cautious about the economic outlook, group Operating Earnings for the year to 31 March 2010 are, at this stage, expected to be similar to those for last year.

## SHARE BUYBACK

Our share price and market quotations on Unlisted have continued around the \$5.50 level which is well below assessed asset backing of more than \$7.00. This level of discount no doubt reflects many factors, but one of the consequences is that a buyback of shares may become an attractive investment option for Rangatira itself.

We have sought advice on the question of a share buyback, and been advised that most listed companies have this power and it would be appropriate for Rangatira to include the ability to buy back its shares in its Constitution.

Directors have accordingly decided to recommend to shareholders that our Constitution be amended to include the power to undertake share buybacks. A resolution to give effect to that is set out in the Notice of Annual Meeting for consideration at the Annual Meeting.

If this resolution is passed, the Directors will be able to undertake a share buyback if at any time they consider it appropriate. Before undertaking a share buyback, however, the Board must first pass a resolution and provide a disclosure document to all shareholders setting out –

1. the nature and terms of the share buyback
2. the nature and extent of any relevant interest of a director
3. details of the Board resolution authorising the share buyback.

There is no immediate intention to undertake a share buyback, but if the resolution is passed, the Board will be in a position to act if at any time it believes that doing so would be in the best interests of shareholders.

## **APPRECIATION**

While a negative result is never welcome, 2009 has been an extremely difficult year for all investment funds and companies. Our result compares well with the market generally and reflects an enormous amount of hard work by the management, staff, and Directors of our unlisted companies, as well as by our own management team and Directors. We are truly fortunate to have capable and dedicated people throughout the group, and I sincerely thank them on your behalf for their work over the past year.



### **Murray Gough**

Chairman

12 June 2009

## **DIRECTORATE**

The Boards of subsidiary companies and major investments during the year include Rangatira directors as follows:-

### **Auckland Packaging Company Limited**

W L Gillanders (Chairman)

### **Contract Resources Holdings Limited**

N Calavrias (Chairman)

P H McKenzie

### **Heller Tasty Limited**

D A Pilkington

### **Polynesian Spa Limited**

P H McKenzie (Chairman)

G S Pentecost

### **Precision Dispensing Systems Limited**

R M Gough (Chairman)

P H McKenzie

### **Tepak Industries Limited**

D A Pilkington

### **Te Kairanga Wines Limited**

R M Gough

### **Vita New Zealand Limited**

W L Gillanders

R M Gough

Board Committees are as follows:

### **Audit Committee**

G S Pentecost (Chairman)

W L Gillanders

P H McKenzie

### **Remuneration Committee**

R M Gough (Chairman)

P H McKenzie

D A Pilkington

# CHIEF EXECUTIVE'S REPORT

It is my pleasure to report on Rangatira's investment activities during the year.

## LISTED INVESTMENTS

The Chairman's Review has outlined the performance of our listed investments, and the significant changes during the year. At year end we held shares in 13 listed companies.

## UNLISTED INVESTMENTS

### **Auckland Packaging Company Limited**

**(100% owned)**



*"Auckland Packaging (APC) is a specialist designer and manufacturer of quality screen printed point-of-sale displays, promotional materials and short-run corrugated cardboard packaging. It prides itself in a high level of customer service and product quality using advanced technology."*

APC's performance for the year was adversely affected by the economic downturn. While its point-of-sale display and promotional business largely achieved targets, its packaging sales to industrial customers were below expectations. We expect the industrial market in the coming year will continue to be soft and management will be focussing on further growing the Company's point-of-sale business, where it is recognised as being the market leader in New Zealand.

### **Contract Resources Holdings Limited**

**(50% owned)**



*"Contract Resources (CRL) provides a range of specialised engineering maintenance, industrial cleaning and other related services to refineries, petrochemical, mineral processing and other industrial plants. Currently its main business is in Australia, USA and New Zealand although it also does projects elsewhere around the world."*

CRL had a busy year with high levels of activity in Australia, and the New Zealand business growing well. On 1 January 2009, the Company acquired the assets of a catalyst handling contractor based in the USA. As part of the deal, CRL placed the acquired assets together with its own USA assets into a new company 80% owned by CRL. This acquisition expands CRL's group turnover by about 20% and provides a sound base for growth in the North American market.

We look forward to another solid performance for CRL in 2009/10, while recognising that the Company's exposure to activity in the international oil and gas markets can give rise to unpredictable fluctuations in workload.

## **Greenfield Rural Opportunities Limited**

**(16% owned)**



*“Greenfield Rural Opportunities (GRO) is a long term investor in rural properties that have potential for development into higher producing farmland. It grows and sells feed, but does not own stock.”*

While GRO continues to acquire and develop rural properties, largely in the Central Otago region, finance and suitably priced land are now less available than previously. However, the Company already owns over 20,000 hectares and this scale of operation is quite satisfactory for the time being.

Farm development activity continues according to plan and the Company’s pasture growth targets are essentially being met. At peak during the lamb fattening season this year, GRO was providing feed for over 120,000 stock units and will average about half this level for the full year. We remain confident about the GRO investment model and its resilience to price fluctuations in the farming sector.

## **Heller Tasty Limited**

**(50% owned)**



*“Heller Tasty is one of New Zealand’s two largest producers of bacon, ham and smallgoods. It is Christchurch-based with production facilities in Kaiapoi and Auckland. Heller Tasty sells mainly through supermarket chains – both as branded product and as house-brands.”*

Heller Tasty achieved strong sales growth during the year, partly due to increasing consumer demand for its products and partly due to higher prices driven by the higher cost of meat ingredients. The Company has performed well for Rangatira over the last four years and its brand development and increasing market share have been a significant success story.

To support growth in demand for “Hellers” products, the Company is currently undertaking a \$15 million expansion of its Christchurch factory. We expect continuing growth in 2010/11.

## **Polynesian Spa Limited**

**(51% owned)**



*“Polynesian Spa is New Zealand’s leading international hot mineral spring spa located on the lakefront in Rotorua. The spa offers a choice of public and private hot mineral bathing pools, a luxury spa and a family spa. The Lake Spa Retreat offers a comprehensive range of spa, body and skin therapies in a luxurious private relaxation haven.”*

Polynesian Spa continues to develop its world-class facilities and range of services. This year it was again voted by the readers of the international Condé Nast Traveller magazine as being in the top ten mineral and health spas in the world – currently the only facility in the Southern Hemisphere to hold this rating.

While the tourism market is difficult at present, with international visitor numbers depressed, the Company is maintaining profitability and attracting increasing numbers of domestic visitors, largely from the Auckland, Waikato and Bay of Plenty regions.

We are confident that the quality of Polynesian Spa’s facilities and services will continue to underpin the Company’s performance through the coming year.

## Precision Dispensing Systems Limited

(79% owned)



*"Precision Dispensing Systems (PDS) is a highly innovative designer and manufacturer of sophisticated pumping and dispensing equipment for the food, hospitality and agricultural sectors."*

PDS continues to work jointly with a large American company to commercialise its technology, and good progress has been made over the last year, although a final commitment has not yet been achieved.

This is Rangatira's only significant venture capital investment and in many ways it typifies the challenges associated with this category of investment – good ideas can take a long time to successfully launch in the market, and even longer amidst the uncertainties of a major global economic downturn. However, we remain confident that the underlying value of the technology will eventually enable PDS's products to be commercialised successfully.

## Tecpak Industries Limited

(79% owned)



*"Tecpak is a Dunedin-based, high technology, injection-moulding company specialising in the design and manufacture of thin-walled plastic containers primarily for the food industry."*

Tecpak experienced a difficult first half with customers delaying decisions due to market uncertainty, and higher resin prices squeezing margins. However, the second half trading was much improved and this augurs well for the 2009/10 year. Half of Tecpak's sales are now into Australia and the lower NZD:AUD exchange rate is expected to provide some benefits.

The Company continues to be recognised in Australia and New Zealand as a leader in the field of high quality containers for consumer branded products in the food industry. During the year some sales were achieved into China and the USA – essentially in response to products that had been launched by Tecpak into the Australian market.

## Te Kairanga Wines Limited

(34% owned)



*"Te Kairanga is one of Martinborough's largest wine producers and is primarily a producer of premium quality Pinot Noir."*

Te Kairanga continues to experience the difficulties existing in the global wine industry – over supply and strong competition. Rangatira continues to work closely with the Company's Chief Executive, Peter Hubscher, and his team to find a successful path forward.

The excellent vintages in 2008 and 2009 have provided good opportunity to lift the value of offering to consumers. However, all wine producers in New Zealand have the same benefit and that has led to an intensely competitive market place. Te Kairanga is very focused on its approach to sales and marketing, with its own sales force selling directly to supermarket and other outlets, and we are optimistic that this will eventually provide the market edge required.

## Vita New Zealand Limited

(70% owned)



*"Vita is New Zealand's leading producer and processor of polyurethane foam, polyester fibre and polystyrene bean products. It is also a major supplier of consumer goods including furniture, beds, bedding and carpet underlay to the New Zealand retail market as well as bonded polyurethane carpet underlay. Vita has four large manufacturing and distribution facilities located in Auckland, Wellington and Christchurch."*

At the end of June 2008, Vita concluded its acquisition of Pacific Brands' New Zealand manufacturing operations. This was a major exercise given that both Vita and the acquired assets were of a similar size. The amalgamation of the two operations and the associated restructuring has gone very well during a period of considerable economic difficulty in the furniture, bedding and flooring industries. The restructuring is expected to be completed midway through the coming year, with a positive impact on the Company's results for the second half.

Vita is now reviewing all of its products and markets against the backdrop of a slower economy, and with the NZ dollar down from the very high levels of recent years, it is confident there is now plenty of scope for growth in market share.

A handwritten signature in black ink, appearing to read "I S Frame".

**I S Frame**

Chief Executive

12 June 2009

Rangatira Group  
**INCOME STATEMENTS**  
For the year ended 31 March 2009

	Note	Group 2009 \$000	Group 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Revenue	2	<b>110,577</b>	83,747	<b>8,043</b>	8,293
Other income	3	<b>2,404</b>	(400)	<b>1,968</b>	(61)
Share of profit for the year from associate companies	12	<b>5,025</b>	3,256		
<b>Total income</b>		<b>118,006</b>	86,603	<b>10,011</b>	8,232
Amortisation expense	14	<b>(195)</b>	(226)	–	–
Depreciation expense	11	<b>(4,035)</b>	(3,476)	<b>(2)</b>	(12)
Employee benefit expense	4	<b>(31,684)</b>	(24,380)	<b>(1,151)</b>	(1,131)
Finance costs	4	<b>(2,219)</b>	(1,315)	<b>(827)</b>	(494)
Cost of sales	4	<b>(50,892)</b>	(32,794)	–	–
Consulting expense		<b>(243)</b>	(154)	<b>(55)</b>	(60)
Operating expenses	4	<b>(18,710)</b>	(14,161)	<b>(395)</b>	(364)
<b>Profit before tax</b>	4	<b>10,028</b>	10,097	<b>7,581</b>	6,171
Tax expense	6	<b>(634)</b>	(2,105)	<b>(257)</b>	(592)
<b>Profit after tax</b>		<b>9,394</b>	7,992	<b>7,324</b>	5,579
<b>Profit attributable to</b>					
Equity holders of the Parent		<b>9,036</b>	7,193	<b>7,324</b>	5,579
Minority interests	23	<b>358</b>	799		
		<b>9,394</b>	7,992	<b>7,324</b>	5,579
Basic and diluted earnings per share (cents)	24	<b>51.0</b>	40.6	<b>41.4</b>	31.5

Rangatira Group  
**STATEMENTS OF RECOGNISED INCOME AND EXPENSE**  
For the year ended 31 March 2009

	Note	Group 2009 \$000	Group 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Available for sale investments					
– valuation (loss)/gain taken to equity	21	<b>(6,455)</b>	(2,535)	<b>(6,238)</b>	(2,168)
– transferred (from)/to profit or loss on sale	21	<b>(8,645)</b>	47	<b>(8,645)</b>	47
Share of increments in associates' reserves	12	<b>(46)</b>	16		
Net income recognised directly in equity		<b>(15,146)</b>	(2,472)	<b>(14,883)</b>	(2,121)
Profit after tax		<b>9,394</b>	7,992	<b>7,324</b>	5,579
Total recognised income and expenditure for the year		<b>(5,752)</b>	5,520	<b>(7,559)</b>	3,458
<b>Attributable to</b>					
Equity holders of the Parent		<b>(6,110)</b>	4,721	<b>(7,559)</b>	3,458
Minority interests	23	<b>358</b>	799		
		<b>(5,752)</b>	5,520	<b>(7,559)</b>	3,458

– The notes on pages 19 to 56 form part of, and should be read in conjunction with, the above statements –

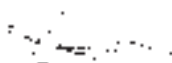
Rangatira Group  
**BALANCE SHEETS**

As at 31 March 2009

	Note	Group 2009 \$000	Group 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
<b>Current assets</b>					
Cash and cash equivalents		3,764	2,890	1,176	893
Trade receivables	7	13,860	9,882	1,043	425
Inventories	8	17,325	14,433	–	–
Tax receivable	6	1,628	868	929	566
Other current financial assets	9	12,440	9,562	34,205	32,095
Other current assets	10	1,302	1,535	3	3
<b>Total current assets</b>		<b>50,319</b>	39,170	<b>37,356</b>	33,982
<b>Non-current assets</b>					
Property, plant and equipment	11	26,576	23,715	27	24
Investments in associate companies	12	24,613	22,438	19,848	19,848
Investments in subsidiaries	29			11,792	11,792
Goodwill	13	12,758	10,766	–	–
Intangible assets	14	1,768	1,954	–	–
Deferred tax asset	6	1,301	993	–	–
Other non-current financial assets	9	42,807	64,356	41,340	62,673
<b>Total non-current assets</b>		<b>109,823</b>	124,222	<b>73,007</b>	94,337
<b>Total assets</b>		<b>160,142</b>	163,392	<b>110,363</b>	128,319
<b>Current liabilities</b>					
Trade and other payables	15	12,600	8,242	208	275
Borrowings at amortised cost	16	6,293	7,145	4,325	4,259
Other current financial liabilities	17	62	82	–	–
Current tax payable	6	190	44	–	–
Provisions	18	461	466	64	49
<b>Total current liabilities</b>		<b>19,606</b>	15,979	<b>4,597</b>	4,583
<b>Non-current liabilities</b>					
Borrowings at amortised cost	16	18,887	16,102	7,650	11,500
Deferred tax liability	6	608	746	–	–
<b>Total non-current liabilities</b>		<b>19,495</b>	16,848	<b>7,650</b>	11,500
<b>Total liabilities</b>		<b>39,101</b>	32,827	<b>12,247</b>	16,083
<b>Net assets</b>		<b>121,041</b>	130,565	<b>98,116</b>	112,236
<b>Equity</b>					
Share capital	19	17,712	17,712	17,712	17,712
Retained earnings	20	79,044	76,569	64,486	63,723
Available for sale investments revaluation reserve	21	15,122	30,222	15,918	30,801
Foreign currency translation reserve	22	(74)	(28)	–	–
Equity holders of the Parent		111,804	124,475	98,116	112,236
Attributable to minority interests	23	9,237	6,090	–	–
<b>Total equity</b>		<b>121,041</b>	130,565	<b>98,116</b>	112,236

Approved for issue on behalf of the Board on 29 May 2009

RM Gough



PH McKenzie



– The notes on pages 19 to 56 form part of, and should be read in conjunction with, the above statements –

Rangatira Group  
**CASH FLOW STATEMENTS**

For the year ended 31 March 2009

	Group 2009 \$000	Group 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Note				
<b>Cash flows from operating activities</b>				
Cash was provided from:				
Receipts from customers	103,699	80,740	–	–
Dividends received	5,550	5,307	5,913	6,787
Interest received	1,139	1,304	1,923	1,917
Other income	151	50	151	84
	<b>110,539</b>	87,401	<b>7,987</b>	8,788
Cash was applied to:				
Payments to suppliers and employees	(95,023)	(73,396)	(1,600)	(1,536)
Tax paid	(1,694)	(1,971)	(649)	(260)
Interest paid and other costs of finance	(2,219)	(1,315)	(852)	(471)
	<b>(98,936)</b>	(76,682)	<b>(3,101)</b>	(2,267)
<b>Net cash inflows from operating activities</b>	<b>11,603</b>	10,719	<b>4,886</b>	6,521
<b>Cash flows from investing activities</b>				
Cash was provided from:				
Proceeds from sale of investments	8,029	1,326	7,977	1,152
Proceeds from sale of property, plant and equipment	239	23	–	–
Repayment of advances made to related parties	–	–	5,319	80
	<b>8,268</b>	1,349	<b>13,296</b>	1,232
Cash was applied to:				
Advances made to related parties	–	–	(4,259)	(1,356)
Purchase of property, plant and equipment	(3,854)	(4,933)	(5)	(1)
Purchase of business	(10,233)	–	–	–
Purchase of investments	(3,071)	(9,126)	(3,224)	(7,045)
	<b>(17,158)</b>	(14,059)	<b>(7,488)</b>	(8,402)
<b>Net cash outflows from investing activities</b>	<b>(8,890)</b>	(12,710)	<b>5,808</b>	(7,170)
<b>Cash flows from financing activities</b>				
Cash was provided from:				
Proceeds from equity issued to minority shareholders	3,300	–	–	–
Proceeds from borrowings	6,242	11,422	–	7,500
	<b>9,542</b>	11,422	–	7,500
Cash was applied to:				
Dividends paid to shareholders of Parent	(6,561)	(6,730)	(6,561)	(6,730)
Dividends paid to minority shareholders	(511)	(488)	–	–
Repayment of borrowings	(4,309)	(1,856)	(3,850)	–
	<b>(11,381)</b>	(9,074)	<b>(10,411)</b>	(6,730)
<b>Net cash (outflows)/inflows from financing activities</b>	<b>(1,839)</b>	2,348	<b>(10,411)</b>	770
<b>Net increase in cash held</b>	<b>874</b>	357	<b>283</b>	121
Cash at beginning of year	2,890	2,533	893	772
<b>Cash at end of year</b>	<b>3,764</b>	2,890	<b>1,176</b>	893
<b>Cash and cash equivalents</b>	<b>3,764</b>	2,890	<b>1,176</b>	893

– The notes on pages 19 to 56 form part of, and should be read in conjunction with, the above statements –

Rangatira Group  
**CASH FLOW STATEMENTS** (continued)  
For the year ended 31 March 2009

	<b>Group</b>	Group	<b>Parent</b>	Parent
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
<b>Cash flow reconciliation</b>				
Profit after tax	<b>9,394</b>	7,992	<b>7,324</b>	5,579
Add/(less) non-cash items:				
Share of retained profit for the year from associate companies	<b>(2,221)</b>	(647)		
Depreciation	<b>4,035</b>	3,476	<b>2</b>	12
Amortisation of intangible assets	<b>195</b>	226	–	–
Increase/(decrease) in deferred tax	<b>(446)</b>	(292)	–	–
(Gain)/loss on revaluation of financial assets at fair value through profit or loss	<b>(23)</b>	441	–	–
	<b>1,540</b>	3,204	<b>2</b>	12
Add/(Less) Movements in other working capital items:				
Change in trade receivables	<b>(3,842)</b>	994	<b>(618)</b>	516
Change in inventories	<b>2,869</b>	(1,784)	–	–
Change in tax receivable	<b>(760)</b>	410	<b>(363)</b>	305
Change in other current assets	<b>233</b>	(128)	–	(3)
Change in trade payables	<b>3,409</b>	1,060	<b>(69)</b>	58
Change in current tax payable	<b>146</b>	16	–	–
Change in provisions	<b>(5)</b>	(1,054)	<b>15</b>	13
	<b>2,050</b>	(486)	<b>(1,035)</b>	889
Less items classified as investing activities:				
Net (gain)/loss on sale of investments	<b>(1,947)</b>	29	<b>(1,968)</b>	41
Other	<b>3</b>	(20)	–	–
	<b>(1,944)</b>	9	<b>(1,968)</b>	41
Less items classified as financing activities:				
Unsettled investment transactions	<b>563</b>	–	<b>563</b>	–
	<b>563</b>	–	<b>563</b>	–
<b>Net cash inflows from operating activities</b>	<b>11,603</b>	10,719	<b>4,886</b>	6,521

– The notes on pages 19 to 56 form part of, and should be read in conjunction with, the above statements –

*Rangatira Group*  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31 March 2009*

**NOTE 1 Significant accounting policies**

---

**REPORTING ENTITY**

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

These financial statements were authorised for issue on 29 May 2009.

**STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit-orientated entities.

The financial statements comply with International Financial Reporting Standards ('IFRS').

**BASIS OF PREPARATION**

The financial statements have been prepared on the basis of historical cost except for the revaluation of certain non-current assets and financial instruments outlined below.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2009, and the comparative information presented in these financial statements for the year ended 31 March 2008.

**FUNCTIONAL AND PRESENTATION CURRENCY**

The financial statements are presented in New Zealand dollars (NZD), which is the Group's functional currency, rounded to the nearest \$'000.

**CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES**

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 (apart from those involving estimations, which are dealt with below).

**Impairment Testing**

There is a need to test for impairment of any tangible or intangible assets as part of accounting policy note (q). The valuation of financial assets and liabilities is subjective and the valuations are done in accordance with accounting policy notes (h), (i) and (j). Some equity investments are held at cost because there is no quoted market price in an active market and the fair value cannot be determined with any accuracy as required under NZ IAS-39: *Financial Instruments: Recognition and Measurement*.

**Valuation of Unlisted Investments**

Unlisted investments are recognised at cost in accordance with NZ IAS-39: *Financial Instruments: Recognition and Measurement*.

Investments categorised as financial assets 'available-for-sale' does 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.

*Rangatira Group*  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
*For the year ended 31 March 2009*

**NOTE 1 Significant accounting policies** *continued*

---

**Te Kairanga Wines Limited (Associate)**

The reporting date for Te Kairanga Wines Limited (an associate) is 30 June, which is 3 months after the Rangatira Group's reporting period. When preparing the financial statements, the financial assets, liabilities and results of Te Kairanga are sourced from management accounts. However, the Directors' view is that the 3 month difference in reporting periods does not materially affect the reported financial assets, liabilities and results of the Rangatira Group.

**KEY SOURCES OF ESTIMATION UNCERTAINTY**

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 underlying 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 particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below.

**Goodwill and Intangible Asset Impairment**

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use 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. The carrying amounts of goodwill and intangible assets in the Group balance sheet are \$12,758,000 and \$1,768,000 respectively. No impairment losses were recognised during the year.

**SIGNIFICANT ACCOUNTING POLICIES**

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

**(a) Principles of consolidation**

The Group financial statements are prepared by combining the financial statements of all the entities that comprise Rangatira Limited (the Parent), its subsidiaries as defined in NZ IAS-27: *Consolidated and Separate Financial Statements*, and its associates as defined in NZ IAS-28: *Investments in Associates*. 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.

In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. The financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such subsidiary.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the financial statements of the Parent. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the Group financial statements and the cost method in the separate Parent financial statements.

In preparing the financial statements, all intercompany balances and transactions, and unrealised profits arising within the Group are eliminated in full.

The interest of minority shareholders is stated at the minority's share of the fair values of the identifiable assets and liabilities on acquisition together with the minority's share of changes in equity since the date of the acquisition.

*Rangatira Group*  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
*For the year ended 31 March 2009*

**NOTE 1 Significant accounting policies** *continued*

---

**(b) Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the purchase 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, plus any costs directly attributable to the business combination. 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.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. 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 is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

**(c) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. The following specific accounting policies are applied for the recognition of revenue:

**(i) Sale of goods**

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

**(ii) Rendering of services**

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at balance date.

**(iii) Dividend revenue and interest revenue**

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.

**(d) 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 buyer.

**(e) Foreign currency transactions**

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 income statement in the period in which they arise.

**(f) Goods and services tax ("GST")**

Revenues, expenses and assets are exclusive of GST, except for receivables and payables which are recognised inclusive of GST as invoiced.

**(g) 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.

*Rangatira Group*  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
*For the year ended 31 March 2009*

**NOTE 1 Significant accounting policies** *continued*

---

**(h) Financial assets**

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

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.

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

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 listed shares and derivatives as financial assets at fair value through profit or loss where the financial asset is held for trading. The listed shares have been acquired principally for the purpose of selling in the near future and the derivatives are not designated and effective as hedging instruments. These financial assets are at fair value, with any resultant gain or loss recognised in profit or loss.

***Available for sale financial assets***

Certain shares and convertible notes are classified as being available for sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the available for sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available for sale revaluation reserve is included in profit or loss for the period. 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. Interest income is recognised by applying the effective interest rate.

***Fair value estimation***

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

The fair value of derivative financial instruments and listed shares is based on quoted market prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

The nominal value less estimated credit risk adjustments of trade receivables is assumed to approximate their fair values.

**(i) Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where, there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted or the fair value in market of the assets have been impacted. For financial assets carried at amortised costs, 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. 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.

*Rangatira Group*  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
*For the year ended 31 March 2009*

**NOTE 1 Significant accounting policies** *continued*

---

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity securities, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

**(j) Financial liabilities**

***Payables***

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.

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

***Borrowings***

All loans and borrowings are initially recognised at fair value net of transaction costs. After initial recognition, these loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated taking into account any issue costs and any discount or premium on drawdown.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount of the financial instrument.

Borrowings are classified as current liabilities (as borrowings at amortised cost) unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**(k) Derivative financial instruments**

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 resulting gain or loss is recognised in the Income Statement immediately. The Group has not designated any derivatives as hedges as defined under hedge accounting. A derivative is presented as non-current if the maturity is over 12 months and current if the maturity is less than 12 months.

**(l) 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, property and equipment 4–60%

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

*Rangatira Group*  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
*For the year ended 31 March 2009*

**NOTE 1 Significant accounting policies** *continued*

---

**(m) Leased assets**

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**Leases**

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Financed leased assets are amortised on a straight-line basis over the estimated useful life of the asset or the lease term, whichever is shorter.

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 from the leased asset are consumed.

**Lease incentives**

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 from the leased asset are consumed.

**(n) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

**(o) Intangible assets**

Trademarks and software are finite life intangibles and are recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation for trademarks and software is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

The principal rates used are:

- Trademarks 10–50%
- Software 10–50%

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

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 FINANCIAL STATEMENTS** *(continued)*  
*For the year ended 31 March 2009*

**NOTE 1 Significant accounting policies** *continued*

---

**(p) Goodwill**

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and 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. Refer also to accounting policy note (q).

**(q) Impairment of 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 extent of 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.

Goodwill and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Any impairment of goodwill is not subsequently reversed.

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.

Where an impairment loss subsequently reverses, other than for goodwill, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(r) Income tax**

***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. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

***Deferred Tax***

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

*Rangatira Group*  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
*For the year ended 31 March 2009*

**NOTE 1 Significant accounting policies** *continued*

---

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

***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 credited or debited directly to equity, in which case the deferred tax or current tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

**(s) Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash flows to be made by the Group in respect of services provided by employees up to reporting date.

**(t) Segment reporting**

Segment information is presented in respect of the Group's business and geographic segments. The primary format business segment is based on the Group's management reporting structure.

**(u) Cash flow statement**

The cash flow statement is prepared exclusive of GST, which is consistent with the method used in the income statement. Cash flows are included in the cash flow statement on a net basis.

Definition of terms used in the cash flow statement:

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.

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.

**(v) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. 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.

**(w) Government grants**

The Group receives grants from various Government agencies in the normal course of business. Government grants have been recognised as income over the period necessary to match them with the costs they are intended to compensate. The grants from government agencies are recognised as revenue in the Income Statement at the same time the associated expenditure is recognised.

*Rangatira Group*  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
*For the year ended 31 March 2009*

**NOTE 1 Significant accounting policies** *continued*

---

**(x) 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 Accounting Standards Review Board but have not been adopted by the Group as they are not yet effective.

Application of the below standards, amendments and interpretations, is not expected to have a material impact on the Group's financial position, results or disclosures in the period of initial application.

***Standards or interpretations not yet effective***

- (i) *NZ IAS 1: Presentation of Financial Statements (effective for periods commencing on or after 1st January, 2009).*

The revised NZ IAS-1 requires the presentation of all recognised income and expenses in one statement (a statement of comprehensive income) or in two statements (an income statement and a statement of comprehensive income), separately from the statement of changes in equity. The revised standard also includes other minor changes to presentation and disclosure requirements.

- (ii) *NZ IFRS 8: Operating Segments (effective for periods beginning on or after 1st January, 2009).*

NZ IFRS-8 replaces NZ IAS-14 'Segment Reporting'. NZ IFRS-8 extends the scope of segment reporting and requires identification of operating segments and disclosures based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. NZ IFRS-8 will only impact the disclosure of the Group's segment reporting note.

- (iii) *NZ IFRS-3 'Business Combinations' (revised) and NZ IAS-27 'Consolidation and Separate Financial Statements' (revised)*

The revised NZ IFRS-3 and NZ IAS-27 together change the accounting treatment for business combinations. Key changes to NZ IFRS-3 affect the recognition and measurement rules for pre-existing contracts, costs incurred in a business combination, and the calculation of goodwill for business combinations achieved in stages. The revised NZ IFRS-3 also provides two options for measurement of minority interest, requires the reassessment and designation of existing contractual arrangements, and restricts subsequent changes to the initial measurement of contingent consideration.

Key changes to the revised NZ IAS-27 include the requirement to record changes in a Parent's ownership interest in a subsidiary that do not result in a loss of control within shareholders' equity and the requirement upon loss of control of a subsidiary to re-measure to fair value the remaining investment in the former subsidiary. By consequential amendment to NZ IAS-28 and NZ IAS-31, the treatment required for loss of control is extended to investments in associates and joint ventures. The revised NZ IAS-27 also requires a Parent to attribute the minority interest's share of total comprehensive income to the minority interest even when this would result in the minority interest having a deficit balance.

The revised NZ IFRS-3 and revised NZ IAS-27 are to be applied prospectively to business combinations and changes in control in reporting periods beginning on or after 1 July 2009. Accordingly no restatements will be required in respect of transactions prior to the date of adoption.

- (iv) *NZ IAS-23 'Borrowing Costs'*

NZ IAS-23 (July 2004) permits an entity to either expense or capitalise borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets. Under NZ IAS-23 (revised), entities are no longer permitted to choose between alternate treatments and must capitalise borrowing costs relating to qualifying assets.

NZ IAS-23 (revised) is generally to be applied prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Accordingly no restatements will be required in respect of transactions prior to the date of adoption.

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 1 Significant accounting policies** *continued*

- (v) *Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008*  
This Standard is a result of the IASB's annual improvements process, and includes amendments to certain recognition, measurement, and presentation requirements of New Zealand Equivalents to International Financial Reporting Standards.
- (vi) *Amendments to NZ IFRS 1 "First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards" and NZ IAS 27 "Consolidated and Separate Financial Statements" – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*  
Amendments to NZ IAS 27 require that dividends received from subsidiaries, jointly controlled entities and associates be recognised in profit or loss when the entity's right to receive the dividend is established, even when the dividend relates to pre-acquisition accumulated profits. The entity is required to consider whether a dividend has given rise to impairment in the carrying value of the instrument. These amendments are to be applied for annual periods beginning on or after 1 January 2009, with early application permitted. These amendments are to be applied prospectively.
- (vii) *Omnibus Amendments (2008)*  
The Omnibus Amendments (2008) are minor clarifications or corrections to the New Zealand specific paragraphs of certain New Zealand equivalents to International Financial Reporting Standards.
- (viii) *Amendments to NZ IAS 39 "Financial Instruments: Recognition and Measurement" – Eligible Hedged Items*  
Amendments to NZ IAS 39 clarify the application of hedge accounting principles to the designation of inflation as a hedged item and to hedging with options. These amendments are to be applied for annual periods beginning on or after 1 July 2009, with early adoption permitted. These amendments are to be applied retrospectively.

Standard	Standard Name	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
NZ IAS-1	<i>Presentation of Financial Statements – Revised Standard</i>	1 January, 2009	31 March, 2010
NZ IFRS-8	<i>Operating Segments</i>	1 January, 2009	31 March, 2010
NZ IAS-23	<i>'Borrowing Costs' – revised 2007</i>	1 January 2009	31 March 2010
NZ IFRS-3	<i>'Business Combinations' – revised 2008</i>	1 July 2009	31 March 2011
NZ IAS-27	<i>'Consolidated and Separate Financial Statements' revised 2008</i>	1 July 2009	31 March 2011
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008		Various	31 March 2010
Amendments to NZ IFRS 1 'First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards' and NZ IAS 27 'Consolidated and Separate Financial Statements' – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate		1 January 2009	31 March 2010
Omnibus Amendments (2008)		1 January 2009	31 March 2010
Amendments to NZ IAS 39 'Financial Instruments: Recognition and Measurement' – Eligible Hedged Items		1 July 2009	31 March 2011

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 1 Significant accounting policies** *continued*

Initial application of the following standards and interpretations are not expected to have any material impact to the financial report of the Group:

Standard	Standard Name	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
NZ IFRIC-13	<i>Customer Loyalty Programmes</i>	1 July 2008	31 March 2010
NZ IFRIC-15	<i>Agreements for the Construction of Real Estate</i>	1 January 2009	31 March 2010
NZ IFRIC-16	<i>Hedges of a Net Investment in a Foreign Operation</i>	1 October 2008	31 March 2010
NZ IFRIC-17	Distributions of Non-Cash Assets to Owners	1 July 2009	31 March 2011
	Amendments to NZ IFRS-2 ' <i>Share-Based Payment</i> ' – <i>Vesting Conditions and Cancellations</i>	1 January 2009	31 March 2011
	Revised Amendments to NZ IAS 32 ' <i>Financial Instruments: Presentation</i> and NZ IAS 1 – <i>Presentation of Financial Statements</i> ' – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009	31 March 2010

**NOTE 2 Revenue**

	Group 2009 \$000	Group 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Revenue from continuing operations consisted of the following items:				
Revenue from the sale of goods	<b>101,010</b>	73,971	–	–
Revenue from the rendering of services	<b>5,775</b>	5,764	<b>92</b>	200
Dividends:				
Subsidiaries			<b>1,062</b>	1,030
Associates			<b>2,804</b>	2,610
Other entities	<b>2,119</b>	2,697	<b>1,996</b>	2,536
Interest revenue:				
Other loans and receivables	<b>125</b>	153	<b>35</b>	62
Related parties	<b>1,548</b>	1,151	<b>2,054</b>	1,855
Other	–	11	–	–
<b>Total revenue</b>	<b>110,577</b>	83,747	<b>8,043</b>	8,293

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 3 Other income**

	<b>Group</b>	Group	<b>Parent</b>	Parent
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
(Loss)/gain on disposal of property, plant and equipment	<b>(3)</b>	20	–	–
Gain/(loss) on disposal of investments	<b>1,947</b>	(29)	<b>1,968</b>	(61)
Change in fair value of financial assets/liabilities classified as fair value through profit or loss	<b>352</b>	(441)	–	–
Other	<b>108</b>	50	–	–
<b>Total other income</b>	<b>2,404</b>	(400)	<b>1,968</b>	(61)

**NOTE 4 Profit before tax**

	<b>Group</b>	Group	<b>Parent</b>	Parent
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Profit before income tax has been arrived at after charging the following expenses:				
Cost of sales	<b>50,892</b>	32,794	–	–
Fees paid to auditors:				
Audit of the financial statements	<b>215</b>	210	<b>84</b>	86
Other non-audit services (i)	<b>30</b>	30	–	–
	<b>245</b>	240	<b>84</b>	86
Finance costs:				
Interest on loans	<b>2,212</b>	1,190	<b>827</b>	494
Interest on finance lease	–	11	–	–
Other interest expense	–	113	–	–
Other finance costs	<b>7</b>	1	–	–
	<b>2,219</b>	1,315	<b>827</b>	494
Employee benefit expense:				
Termination benefits	<b>700</b>	127	–	–
Other employee benefits	<b>30,984</b>	24,253	<b>1,151</b>	1,131
	<b>31,684</b>	24,380	<b>1,151</b>	1,131
Donations	<b>2</b>	1	–	–
Research and development costs expensed	<b>10</b>	–	–	–
Operating lease rental expense	<b>3,366</b>	3,012	<b>113</b>	93
Other expenses	<b>15,332</b>	11,148	<b>282</b>	271
<b>Total operating expenses</b>	<b>18,710</b>	14,161	<b>395</b>	364

(i) A subsidiary received advice on tax and NZ IFRS from Deloitte.

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 5 Income and expenses relating to financial instruments**

	Group 2009 \$000	Group 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Note				
Profit for the year includes the following income and expenses arising from movements in the carrying amounts of financial instruments:				
<b>Financial assets at fair value through profit and loss:</b>				
Change in fair value of financial assets at fair value through profit or loss (held for trading)			-	-
Foreign exchange	478	185		
Equity investments	(126)	(554)		
	<b>352</b>	(369)	-	-
<b>Loans and receivables:</b>				
Interest revenue	2 1,673	1,304	2,089	1,917
	<b>1,673</b>	1,304	<b>2,089</b>	1,917
<b>Available for sale investments:</b>				
Dividend revenue	2 2,119	2,697	5,862	6,176
	<b>2,119</b>	2,697	<b>5,862</b>	6,176
<b>Financial liabilities at fair value through profit and loss:</b>				
Change in fair value of financial liabilities at fair value through profit or loss (held for trading)				
Foreign exchange	-	(72)	-	-
	-	(72)	-	-
<b>Financial liabilities at amortised cost:</b>				
Interest expense	2,219	1,315	827	494
	<b>2,219</b>	1,315	<b>827</b>	494

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 6 Tax expense**

	<b>Group</b>	Group	<b>Parent</b>	Parent
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
<b>Income tax recognised in profit or loss</b>				
Profit before tax	<b>10,028</b>	10,097	<b>7,581</b>	6,171
Prima facie tax at 30% (2008 33%)	<b>3,008</b>	3,332	<b>2,274</b>	2,037
Tax effects of temporary differences:				
Non deductible expenditure	<b>79</b>	285	<b>32</b>	–
Non assessable income	<b>(2,550)</b>	(1,656)	<b>(2,086)</b>	(1,536)
Effect of change in income tax rate to 30% (i)	–	19	–	–
Prior period adjustment	<b>97</b>	125	<b>37</b>	91
Tax expense	<b>634</b>	2,105	<b>257</b>	592

(i) The corporate tax rate in New Zealand was changed from 33% to 30% with effect from 1 April 2008.

**Income tax expense is comprised of:**

Current tax	<b>1,080</b>	2,397	<b>257</b>	592
Deferred tax	<b>(446)</b>	(292)	–	–
Tax expense	<b>634</b>	2,105	<b>257</b>	592

**Current tax assets/(liabilities)**

Tax receivable	<b>1,628</b>	868	<b>929</b>	566
Tax payable	<b>(190)</b>	(44)	–	–
	<b>1,438</b>	824	<b>929</b>	566

**Deferred tax asset**

Temporary differences	<b>1,301</b>	993	–	–
	<b>1,301</b>	993	–	–

**Deferred tax liability**

Temporary differences	<b>608</b>	746	–	–
	<b>608</b>	746	–	–

	<b>2009</b>	2008
	<b>\$000</b>	\$000

**Imputation credit account**

**Rangatira consolidated tax group**

Balance at beginning of year	<b>1,605</b>	1,740
Attached to dividends received	<b>1,895</b>	2,187
Taxation paid	<b>456</b>	273
Attached to dividends paid	<b>(3,139)</b>	(2,595)
<b>Balance at end of year</b>	<b>817</b>	1,605

The Group has \$3,907,000 imputation credits (2008 \$4,468,000).

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 6 Tax expense** *continued*

	<b>2009</b>	2008
	<b>\$000</b>	\$000
<b>Dividend withholding payment account</b>		
<b>Consolidated tax group</b>		
Balance at beginning of year	4	609
Attached to dividends received	1	13
Taxation paid	311	90
Attached to dividends paid	(88)	(708)
<b>Balance at end of year</b>	<b>228</b>	<b>4</b>

The availability of imputation and dividend withholding payment credits is subject to the requirements of New Zealand tax legislation continuing to be met.

	Opening balance	Charged to income	Closing balance
	\$000	\$000	\$000
<b>Group 2008</b>			
<b>Gross deferred tax liabilities:</b>			
Property, plant and equipment	730	16	746
Other	10	(10)	-
	740	6	746

<b>Gross deferred tax assets:</b>			
Provisions	414	77	491
Doubtful debts and impairment losses	95	5	100
Financial assets at fair value through profit or loss	177	172	349
Other	9	44	53
	695	298	993

	Opening balance	Charged to income	Closing balance
	\$000	\$000	\$000
<b>Group 2009</b>			
<b>Gross deferred tax liabilities:</b>			
Property, plant and equipment	746	(138)	608
	746	(138)	608

<b>Gross deferred tax assets:</b>			
Provisions	491	250	741
Doubtful debts and impairment losses	100	50	150
Foreign currency monetary items	-	23	23
Financial assets at fair value through profit or loss	349	23	372
Other	53	(38)	15
	993	308	1,301

The Parent has no deferred tax assets or liabilities.

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 7 Trade receivables**

	<b>Group</b> <b>2009</b> <b>\$000</b>	Group 2008 \$000	<b>Parent</b> <b>2009</b> <b>\$000</b>	Parent 2008 \$000
Trade receivables (i)	<b>14,070</b>	9,733	<b>1,043</b>	425
Allowance for doubtful debts	<b>(230)</b>	(90)	-	-
	<b>13,840</b>	9,643	<b>1,043</b>	425
GST receivable	-	92	-	-
Other receivables	<b>20</b>	147	-	-
	<b>13,860</b>	9,882	<b>1,043</b>	425

(i) The average credit period on sales of goods is 41 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 default experience.

Included in the Group's trade receivable balance are debtors with a carrying amount of \$3,349,000 (relates to over 40 days) (2008: \$2,315,000 ) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 51 days (2008: 56 days).

The Parent has no trade receivable balances which are past due at the reporting date. There has not been a significant change in credit quality and the Parent believes that the amounts are still considered recoverable. The Parent does not hold any collateral over these balances (2008: nil).

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

<b>Movement in doubtful debts</b>	<b>Group</b> <b>2009</b> <b>\$000</b>	Group 2008 \$000	<b>Parent</b> <b>2009</b> <b>\$000</b>	Parent 2008 \$000
Balance at beginning of the year	<b>(90)</b>	(64)	-	-
Amounts written off during the year	<b>(69)</b>	17	-	-
Amounts recovered during the year	-	3	-	-
(Increase) in allowance recognised in profit	<b>(71)</b>	(46)	-	-
Balance at the end of the year	<b>(230)</b>	(90)	-	-

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. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

**NOTE 8 Inventories**

	<b>Group</b> <b>2009</b> <b>\$000</b>	Group 2008 \$000	<b>Parent</b> <b>2009</b> <b>\$000</b>	Parent 2008 \$000
Merchandise held for resale	<b>5,612</b>	4,030	-	-
Goods in transit	<b>428</b>	440	-	-
Work in progress	<b>1,515</b>	1,638	-	-
Raw materials	<b>9,738</b>	8,318	-	-
Other	<b>242</b>	237	-	-
Provision for obsolescence	<b>(210)</b>	(230)	-	-
	<b>17,325</b>	14,433	-	-

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 9 Other financial assets**

	<b>Group</b>	Group	<b>Parent</b>	Parent
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
<i>Loans and receivables</i>				
<b>Current</b>				
Interest-bearing loans advanced to:				
Subsidiaries			<b>4,556</b>	7,356
Associates	<b>11,884</b>	8,780	<b>11,884</b>	8,781
Non-interest bearing loans advanced to:				
Subsidiaries			<b>17,761</b>	15,955
Associates	<b>4</b>	4	<b>4</b>	4
<b>Non Current</b>				
Interest bearing loans advanced to:				
Associates	<b>4,150</b>	4,150	<b>4,150</b>	4,150
<i>Financial assets at fair value through profit or loss:</i>				
<b>Current</b>				
Listed shares	<b>553</b>	751	-	-
Foreign currency forward contracts	-	27	-	-
<i>Available for sale investments:</i>				
<b>Non Current</b>				
Listed shares at fair value	<b>32,639</b>	54,189	<b>31,173</b>	52,505
<i>Cost:</i>				
<b>Non Current</b>				
Unlisted shares at cost	<b>6,017</b>	6,017	<b>6,017</b>	6,017
	<b>55,247</b>	73,918	<b>75,545</b>	94,768
Disclosed as:				
Current	<b>12,440</b>	9,562	<b>34,205</b>	32,095
Non-current	<b>42,807</b>	64,356	<b>41,340</b>	62,673
	<b>55,247</b>	73,918	<b>75,545</b>	94,768

**NOTE 10 Other current assets**

	<b>Group</b>	Group	<b>Parent</b>	Parent
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Prepayments	<b>1,302</b>	1,474	<b>3</b>	3
Sundry debtors	-	61	-	-
	<b>1,302</b>	1,535	<b>3</b>	3

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 11 Property, plant and equipment**

<b>Group 2008</b>				
	<b>Buildings at cost \$000</b>	<b>Plant and equipment at cost \$000</b>	<b>Furniture and leasehold improvements at cost \$000</b>	<b>Total \$000</b>
<b>Gross carrying amount</b>				
Gross value at the beginning of the year	10,963	26,603	5,560	43,126
Additions	1,616	2,582	190	4,388
Disposals	–	(485)	(39)	(524)
Restatements	–	16	(16)	–
Work in progress	–	665	15	680
Gross value at the end of the year	12,579	29,381	5,710	47,670
<b>Group 2009</b>				
	<b>Buildings at cost \$000</b>	<b>Plant and equipment at cost \$000</b>	<b>Furniture and leasehold improvements at cost \$000</b>	<b>Total \$000</b>
<b>Gross carrying amount</b>				
Gross value at the beginning of the year	12,579	29,381	5,710	47,670
Additions	7	3,600	194	3,801
Disposals	(8)	(835)	(199)	(1,042)
Acquisitions	–	3,293	–	3,293
Restatements	–	(44)	80	36
Gross value at the end of the year	12,578	35,395	5,785	53,758
<b>Group 2008</b>				
	<b>Buildings at cost \$000</b>	<b>Plant and equipment at cost \$000</b>	<b>Furniture and leasehold improvements at cost \$000</b>	<b>Total \$000</b>
<b>Accumulated depreciation and impairment</b>				
Accumulated depreciation at the beginning of the year	5,903	12,292	2,639	20,834
Depreciation expense	316	2,668	492	3,476
Disposals	–	(314)	(41)	(355)
Accumulated depreciation at the end of the year	6,219	14,646	3,090	23,955
<b>Group 2009</b>				
	<b>Buildings at cost \$000</b>	<b>Plant and equipment at cost \$000</b>	<b>Furniture and leasehold improvements at cost \$000</b>	<b>Total \$000</b>
<b>Accumulated depreciation and impairment</b>				
Accumulated depreciation at the beginning of the year	6,219	14,646	3,090	23,955
Depreciation expense	365	3,280	390	4,035
Disposals	(8)	(673)	(127)	(808)
Accumulated depreciation at the end of the year	6,576	17,253	3,353	27,182
<b>Net book value</b>				
As at 31 March 2008	6,360	14,735	2,620	23,715
As at 31 March 2009	6,002	18,142	2,432	26,576

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

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 11 Property, plant and equipment** *continued*

<b>Parent 2008</b>	<b>Buildings at cost \$000</b>	<b>Plant and equipment at cost \$000</b>	<b>Furniture and leasehold improvements at cost \$000</b>	<b>Total \$000</b>
<b>Gross carrying amount</b>				
Gross value at the beginning of the year	–	–	126	126
Additions	–	–	1	1
Gross value at the end of the year	–	–	127	127

<b>Parent 2009</b>	<b>Buildings at cost \$000</b>	<b>Plant and equipment at cost \$000</b>	<b>Furniture and leasehold improvements at cost \$000</b>	<b>Total \$000</b>
<b>Gross carrying amount</b>				
Gross value at the beginning of the year	–	–	127	127
Additions	–	–	5	5
Disposals	–	–	(38)	(38)
Gross value at the end of the year	–	–	94	94

<b>Parent 2008</b>	<b>Buildings at cost \$000</b>	<b>Plant and equipment at cost \$000</b>	<b>Furniture and leasehold improvements at cost \$000</b>	<b>Total \$000</b>
<b>Accumulated depreciation and impairment</b>				
Accumulated depreciation at the beginning of the year	–	–	91	91
Depreciation expense	–	–	12	12
Accumulated depreciation at the end of the year	–	–	103	103

<b>Parent 2009</b>	<b>Buildings at cost \$000</b>	<b>Plant and equipment at cost \$000</b>	<b>Furniture and leasehold improvements at cost \$000</b>	<b>Total \$000</b>
<b>Accumulated depreciation and impairment</b>				
Accumulated depreciation at the beginning of the year	–	–	103	103
Depreciation expense	–	–	2	2
Disposals	–	–	(38)	(38)
Accumulated depreciation at the end of the year	–	–	67	67

<b>Net book value</b>				
As at 31 March 2008	–	–	24	24
As at 31 March 2009	–	–	27	27

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

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 12 Shares in associate companies**

	Number of Shares held 000s	Percentage held		Balance date
		2009	2008	
<b>Associates:</b>				
Contract Resources Holdings Limited	1,060	50%	50%	31 March
Domett Properties Limited	140	50%	50%	31 March
Heller Tasty Limited	250	50%	50%	31 March
Te Kairanga Wines Limited	2,923	34%	34%	30 June

Contract Resources Holdings Limited is a provider of specialist engineering services. Contract Resources Holdings Limited was equity accounted from 21 December 2004.

Domett Properties Limited is a property investment company. Domett Properties Limited was equity accounted from 13 June 2003.

Heller Tasty Limited is a producer of bacon, ham and smallgoods. Heller Tasty was equity accounted from 13 June 2003.

Te Kairanga Wines Limited is a producer of fine wines. Te Kairanga Wines Limited was equity accounted from 1 January 2002.

	Group 2009 \$000	Group 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Contract Resources Holdings Limited	<b>11,238</b>	7,872	<b>4,346</b>	4,346
Domett Properties Limited	<b>67</b>	135	<b>141</b>	141
Heller Tasty Limited	<b>7,876</b>	7,922	<b>8,753</b>	8,753
Te Kairanga Wines Limited	<b>5,432</b>	6,509	<b>6,608</b>	6,608
<b>Total shares in associate companies</b>	<b>24,613</b>	22,438	<b>19,848</b>	19,848

	Change in carrying value			
	Group 2009 \$000	Group 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
At cost at the beginning of the year	<b>19,848</b>	17,816	<b>19,848</b>	17,816
Acquisition of further shares in Domett Properties Limited in a pro rata share issue	-	90	-	90
Acquisition of further shares in Te Kairanga Wines Limited	-	1,942	-	1,942
At cost at the end of the year	<b>19,848</b>	19,848	<b>19,848</b>	19,848
Share of retained earnings at beginning of year	<b>2,618</b>	1,972		
Share of profit before tax of associate companies	<b>7,508</b>	5,665		
Share of associate companies' tax expense	<b>(2,483)</b>	(2,409)		
Share of retained profit for the year	<b>5,025</b>	3,256		
Dividends received from associate companies	<b>(2,804)</b>	(2,610)		
Share of change in retained earnings of associate companies	<b>2,221</b>	646		
Share of Heller Tasty Limited foreign currency hedging reserve for the year	<b>(47)</b>	-		
Share of Contract Resources Limited foreign currency translation reserve at the beginning of the year	<b>(28)</b>	(44)		
Share of change in Contract Resources Limited foreign currency translation reserve for the year	<b>1</b>	16		
<b>Total shares in associate companies</b>	<b>24,613</b>	22,438	<b>19,848</b>	19,848

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 12 Shares in associate companies** *continued*

	<b>Group 2009 \$000</b>	Group 2008 \$000
Summarised financial information of associates:		
Current assets	<b>51,538</b>	37,722
Non-current assets	<b>71,411</b>	56,130
<b>Total assets</b>	<b>122,949</b>	93,852
Current liabilities	<b>(65,398)</b>	(39,453)
Non-current liabilities	<b>(16,729)</b>	(19,464)
<b>Total liabilities</b>	<b>(82,127)</b>	(58,917)
Net assets	<b>40,822</b>	34,935
Revenue	<b>219,786</b>	173,538
Net profit	<b>9,008</b>	5,452
Share of associates' net assets	<b>15,528</b>	13,353
Share of associates' profit	<b>5,025</b>	3,256
Dividends received by the Group from associates	<b>2,804</b>	2,610
Contingent liabilities of associates	-	-
Capital commitments of associates	<b>16,844</b>	683

The Group's share of the capital commitments, other expenditure commitments and contingent liabilities of associates is disclosed in notes 26, 27 and 28.

**Goodwill included in the carrying amount of the Group's investment in associate companies**

	<b>Group 2009 \$000</b>	Group 2008 \$000
On acquisition of associate companies – value at transition date	<b>9,085</b>	9,085
Accumulated impairment	-	-
	<b>9,085</b>	9,085

*Rangatira Group*  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 13 Goodwill**

	<b>Group 2009 \$000</b>	Group 2008 \$000	<b>Parent 2009 \$000</b>	Parent 2008 \$000
Gross carrying amount at the beginning of the year	<b>10,766</b>	10,766	-	-
Additions	<b>1,992</b>	-	-	-
Gross carrying amount at the end of the year	<b>12,758</b>	10,766	-	-
Accumulated impairment losses at the beginning of the year	-	-	-	-
Impairment loss for the year	-	-	-	-
Accumulated impairment losses at the end of the year	-	-	-	-
Net book value at the beginning of the year	<b>10,766</b>	10,766	-	-
Net book value at the end of the year	<b>12,758</b>	10,766	-	-

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Goodwill has been allocated for impairment testing purposes to the cash-generating units of each subsidiary. The recoverable amount of goodwill is determined from a value in use calculation. The key assumptions applied in the calculation are in respect of discount rates, growth rates, expected transaction levels and anticipated cost levels. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the assets of the cash generating unit. The discount rate used is 15%. The growth rates applied are based on industry growth forecasts. Changes in anticipated costs are based on past practices and expectations of future market changes. The nominal growth rate used is 3% consisting of real growth rate of 0% and inflation of 3%. Management prepares 5 year cash flow forecasts based on strategic plans approved by the Board. Management determines a terminal value for the cash generating unit because the assets are part of a perpetual business.

The cash generating unit's value was determined by including the goodwill associated with the acquisition of a subsidiary.

At 31 March 2009, there were no indicators of impairment necessitating a write down of goodwill.

**NOTE 14 Other intangible assets**

<b>Group 2008</b>	<b>Trademarks \$000</b>	<b>Software \$000</b>	<b>Development costs \$000</b>	<b>Total \$000</b>
Gross carrying amount at the beginning of the year	32	1,569	1,000	2,601
Additions	21	11	-	32
Gross carrying amount at the end of the year	53	1,580	1,000	2,633
Accumulated amortisation and impairment at the beginning of the year	3	450	-	453
Amortisation expense	24	202	-	226
Accumulated amortisation and impairment at the end of the year	27	652	-	679
Net book value at the beginning of the year	29	1,119	1,000	2,148
Net book value at the end of the year	26	928	1,000	1,954

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 14 Other intangible assets** *continued*

Group 2009	Trademarks \$000	Software \$000	Development Costs \$000	Total \$000
Gross carrying amount at the beginning of the year	53	1,580	1,000	2,633
Additions	1	16	–	17
Disposals	–	(8)	–	(8)
Gross carrying amount at the end of the year	54	1,588	1,000	2,642
Accumulated amortisation and impairment at the beginning of the year	27	652	–	679
Amortisation expense	17	178	–	195
Accumulated amortisation and impairment at the end of the year	44	830	–	874
Net book value at the beginning of the year	26	928	1,000	1,954
Net book value at the end of the year	10	758	1,000	1,768

**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. Software and trademarks are amortised on the basis disclosed in accounting policy note 1 (o).

At 31 March 2009 there were no indicators of impairment necessitating a write down of intangible assets. There are no intangible assets for the Parent.

**NOTE 15 Trade creditors**

	Group 2009 \$000	Group 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Trade creditors (i)	6,955	4,605	185	225
GST payable	319	430	–	–
Accrued interest	25	51	23	50
Other payables	5,301	3,156	–	–
	<b>12,600</b>	8,242	<b>208</b>	275
Current portion	<b>12,600</b>	8,242	<b>208</b>	275
Non current portion	–	–	–	–
	<b>12,600</b>	8,242	<b>208</b>	275

(i) The average credit period on purchases of certain goods is 37 days (2008 26 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 16 Borrowings**

	<b>Group</b> <b>2009</b> <b>\$000</b>	Group 2008 \$000	<b>Parent</b> <b>2009</b> <b>\$000</b>	Parent 2008 \$000
<b>Unsecured at amortised cost</b>				
<b>Current</b>				
Bank overdrafts	<b>1,744</b>	1,618	–	–
Loans from subsidiaries			<b>4,325</b>	4,259
Loans from minority shareholders in subsidiaries	<b>2,650</b>	2,654	–	–
<b>Non-current</b>				
Loans from minority shareholders in subsidiaries	<b>977</b>	977	–	–
<b>Secured at amortised cost</b>				
<b>Current</b>				
Bank overdrafts	<b>4</b>	223	–	–
Bank loans (i)	<b>1,895</b>	2,650	–	–
<b>Non-current</b>				
Bank loans (i)	<b>17,910</b>	15,125	<b>7,650</b>	11,500
	<b>25,180</b>	23,247	<b>11,975</b>	15,759
Disclosed as:				
Current portion	<b>6,293</b>	7,145	<b>4,325</b>	4,259
Non-current portion	<b>18,887</b>	16,102	<b>7,650</b>	11,500
	<b>25,180</b>	23,247	<b>11,975</b>	15,759

(i) The Parent's bank loan requires the security of listed equities with twice the value of the bank loan.

There are no covenants on the loans to and from the Parent to the subsidiaries and associates.

Tecpak Industries Limited's bank loans are secured by a floating charge over its assets. There are covenants on equity ratio, interest cover and debt ratio.

Vita New Zealand Limited's loans are secured by a first debenture over its assets. There are covenants on equity ratio, interest cover and debt ratio.

Polynesian Spa Limited's bank loans are secured by a first mortgage over the leasehold interest and a general security agreement over the assets of the company.

**NOTE 17 Other financial liabilities**

	<b>Group</b> <b>2009</b> <b>\$000</b>	Group 2008 \$000	<b>Parent</b> <b>2009</b> <b>\$000</b>	Parent 2008 \$000
At fair value through profit and loss:				
<b>Current</b>				
Foreign currency forward contracts	<b>62</b>	82	–	–
	<b>62</b>	82	–	–

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 18 Provisions**

	<b>Group</b> <b>2009</b> <b>\$000</b>	Group 2008 \$000	<b>Parent</b> <b>2009</b> <b>\$000</b>	Parent 2008 \$000
At fair value:				
Employee benefits – current	<b>461</b>	466	<b>64</b>	49
	<b>461</b>	466	<b>64</b>	49

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.

**NOTE 19 Share capital**

	<b>Group</b> <b>2009</b> <b>\$000</b>	Group 2008 \$000	<b>Parent</b> <b>2009</b> <b>\$000</b>	Parent 2008 \$000
Ordinary "A" shares (6,165,000 shares)	<b>6,165</b>	6,165	<b>6,165</b>	6,165
Ordinary "B" shares (11,547,000 shares)	<b>11,547</b>	11,547	<b>11,547</b>	11,547
	<b>17,712</b>	17,712	<b>17,712</b>	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 20 Retained earnings**

	<b>Group</b> <b>2009</b> <b>\$000</b>	Group 2008 \$000	<b>Parent</b> <b>2009</b> <b>\$000</b>	Parent 2008 \$000
Note				
<b>Retained earnings</b>				
Balance at beginning of year	<b>76,569</b>	76,106	<b>63,723</b>	64,874
Net profit after tax	<b>9,036</b>	7,193	<b>7,324</b>	5,579
Dividends – Parent entity	25 <b>(6,561)</b>	(6,730)	<b>(6,561)</b>	(6,730)
<b>Total retained earnings</b>	<b>79,044</b>	76,569	<b>64,486</b>	63,723

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 21 Available for sale investments' revaluation reserve**

	<b>Group</b>	Group	<b>Parent</b>	Parent
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
<b>Available for sale investments' revaluation reserve (i)</b>				
Balance at beginning of year	<b>30,222</b>	32,710	<b>30,801</b>	32,922
Revaluation of investments to market valuation	<b>(6,455)</b>	(2,535)	<b>(6,238)</b>	(2,168)
Revaluation reserve applicable to investments realised during the year	<b>(8,645)</b>	47	<b>(8,645)</b>	47
<b>Balance at end of year</b>	<b>15,122</b>	30,222	<b>15,918</b>	30,801

(i) The available for sale investments are listed equities.

**NOTE 22 Foreign currency translation reserve**

	<b>Group</b>	Group	<b>Parent</b>	Parent
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Balance at the beginning of the year	<b>(28)</b>	(44)		
Share of increments in associates' reserves	<b>(46)</b>	16		
<b>Balance at end of year</b>	<b>(74)</b>	(28)		

Exchange differences relating to the translation from the functional currencies of an associate company's foreign subsidiary into New Zealand dollars are brought to account by entries to the foreign currency translation reserve.

**NOTE 23 Minority interests**

	<b>Group</b>	Group	<b>Parent</b>	Parent
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Balance at the beginning of the year	<b>6,090</b>	5,779		
Shares issued to minority shareholders	<b>3,300</b>	-		
Net profit attributable to minority interests	<b>358</b>	799		
Dividends paid to minority shareholders	<b>(511)</b>	(488)		
<b>Balance at end of year</b>	<b>9,237</b>	6,090		

**NOTE 24 Earnings per share**

	<b>Group</b>	Group	<b>Parent</b>	Parent
	<b>2009</b>	2008	<b>2009</b>	2008
Profit after tax (\$000's)	<b>9,036</b>	7,193	<b>7,324</b>	5,579
Number of share (000's)	<b>17,712</b>	17,712	<b>17,712</b>	17,712
Earnings per share (cents)	<b>51.0</b>	40.6	<b>41.4</b>	31.5

There has been no change in the number of shares on issue during the period.

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

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 25 Dividends**

	<b>Group 2009</b>	Group 2008	<b>Parent 2009</b>	Parent 2008
Amount paid (cents per share)	<b>37.0</b>	38.0	<b>37.0</b>	38.0
Amount paid (\$000's)	<b>6,561</b>	6,730	<b>6,561</b>	6,730

**NOTE 26 Capital commitments**

	<b>Group 2009 \$000</b>	Group 2008 \$000	<b>Parent 2009 \$000</b>	Parent 2008 \$000
Plant and equipment	<b>865</b>	1,354	–	–

Capital commitments are for plant and equipment purchases under contract but not paid for or delivered at balance date.

**NOTE 27 Leases**

	<b>Group 2009 \$000</b>	Group 2008 \$000	<b>Parent 2009 \$000</b>	Parent 2008 \$000
<b>Non-cancellable operating leases payments</b>				
Within 1 year	<b>4,279</b>	3,751	<b>132</b>	114
Greater than 1 year, but less than 5 years	<b>10,579</b>	11,343	<b>220</b>	304
Greater than 5 years	<b>2,393</b>	3,232	–	–
	<b>17,251</b>	18,326	<b>352</b>	418

The Group has entered into a number of operating leases for 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.

**NOTE 28 Contingent liabilities**

There are no significant contingent liabilities (2008: Nil).

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 29 Subsidiary companies**

(All subsidiary companies have balance dates of 31 March and are incorporated in New Zealand)

	Principal activities	Percentage owned at 31 March	
		2009	2008
Auckland Packaging Company Limited	Packaging	100%	100%
Bona Venture Limited <sup>(iii)</sup>	Property investment	100%	100%
PDS Limited	Special purpose investment	100%	100%
Peach Products Limited <sup>(i)</sup>	Special purpose investment	50%	50%
Polynesian Spa Limited	Tourism	51%	51%
Precision Dispensing Systems Limited <sup>(ii)</sup>	Pump developer and manufacturer	79%	77%
Romney (No. 11) Limited <sup>(i)</sup>	Special purpose investment	100%	100%
Romney (No. 19) Limited <sup>(i)</sup>	Special purpose investment	100%	100%
Romney (No. 36) Limited	Special purpose investment	100%	100%
Tecpak Industries Limited	Packaging	79%	79%
Tongariro Investments Limited	Special purpose investment	100%	100%
Vita New Zealand Limited	Manufacture of foam and fibre products	70%	80%
Wainui Investments Limited	Special purpose investment	100%	100%
Watt Land Company Limited	Trading investment	100%	100%

<sup>(i)</sup> Non trading subsidiaries

<sup>(ii)</sup> Fully diluted shareholding

<sup>(iii)</sup> In the process of being liquidated

**NOTE 30 Related party transactions**

**Material transactions and balances with subsidiaries and associates**

The transactions and balances below are those between the Parent and its associates and subsidiaries. Transactions between Group subsidiaries are not disclosed.

	Group 2009 \$000	Group 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
<i>Revenue</i>				
Dividend received from subsidiaries			1,062	1,030
Dividend received from associates	2,804	2,610	2,804	2,610
Interest received from subsidiaries			506	704
Interest received from associates	1,548	1,151	1,548	1,151
Directors' fees received from subsidiaries	54	35	54	35
Underwriting and management fees from associates	–	144	–	–
<i>Expenses</i>				
Key management personnel expenses – short term	565	537	565	537
<i>Loans</i>				
Loans to subsidiaries (i)			22,317	23,311
Loans to associates (i)	16,038	12,935	16,038	12,935
Loans from subsidiaries (i)			4,325	4,259

(i) Loans to and from subsidiaries and associates are a mixture of fixed term and on call. The Parent received interest of \$506,000 (2008: \$704,000) from subsidiaries and from associates \$1,548,000 (2008: \$1,151,000) at market interest rates. All the other loans are interest free. Refer note 16 and note 9.

No debts to subsidiaries, associates, key management personnel or other related parties were written off or forgiven during the year (2008: nil).

*Rangatira Group*  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
*For the year ended 31 March 2009*

**NOTE 31 Financial instruments**

---

**(a) Capital risk management**

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

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

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves and retained earnings as disclosed in notes 19, 20, 21 and 22 respectively.

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 16. There have been no breaches of the bank covenants during the year.

**(b) Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the Statement of Accounting Policies.

**(c) Fair value**

Fair value is an estimate of the amount that the asset or liability would be exchanged for in an open market transaction as at balance date. The net fair value of financial assets and liabilities is not materially different from the net carrying amounts disclosed in the financial statements except as disclosed in (d). The methods used for determining the fair values of financial instruments are discussed in the accounting policy notes.

**(d) Fair value of financial instruments not readily determinable**

The fair values of equity in unlisted investments have not been disclosed in the financial statements because their fair values cannot be measured reliably.

The fair values of these equity investments cannot be measured reliably because the market for these equity investments is limited and it is impracticable to obtain comparable market data to perform alternative valuation techniques. In instances where comparable market data is obtained, there are inherent difficulties in performing alternative valuation techniques due to uncertainties surrounding marketability discounts/premiums, cost of capital factors including equity beta's, cash flow forecasts and the appropriate valuation methodology (cost/asset/market/earnings-based).

These equity investments are held for strategic rather than trading purposes and the Group does not actively trade these investments.

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 31 Financial instruments** *continued*

**(e) Foreign currency risk management**

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.

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

	<b>Group</b> <b>2009</b> <b>\$000</b>	Group 2008 \$000	<b>Parent</b> <b>2009</b> <b>\$000</b>	Parent 2008 \$000
<b>Assets</b>				
AUD	<b>25,418</b>	38,539	<b>21,349</b>	34,264
USD	<b>423</b>	–	–	–
EUR	<b>144</b>	–	–	–
GBP	–	2,872	–	2,872
<b>Liabilities</b>				
USD	<b>1,532</b>	256	–	–
EUR	<b>246</b>	–	–	–
AUD	<b>415</b>	200	–	–
GBP	<b>63</b>	–	–	–

**(f) 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.

The outstanding currency contracts are:

**Group**

	<b>Average Exchange Rate</b>		<b>Foreign Currency</b>		<b>Contract Value (NZD)</b>		<b>Value of contracts at year end exchange rate (NZD)</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Buy USD	<b>0.56</b>	0.75	<b>4,411</b>	3,162	<b>7,913</b>	4,207	<b>7,839</b>	4,226
Buy EUR	<b>0.42</b>	0.52	<b>311</b>	791	<b>735</b>	1,509	<b>741</b>	1,584
Buy SGD	<b>0.76</b>	–	<b>44</b>	–	<b>58</b>	–	<b>64</b>	–
Buy CHF	–	0.83	–	136	–	163	–	154
Buy JPY	–	79.72	–	17,778	–	223	–	220
Sell AUD	–	0.83	–	600	–	722	–	835

The net value of the outstanding contracts at 31 March 2009 is \$62,000.

The Parent has no forward foreign exchange contracts.

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 31 Financial instruments** *continued*

**(g) Categories of financial instruments**

**Group**

	Loans and receivables	Available for sale assets	Designated at fair value	Financial assets and liabilities at amortised cost	Investments accounted for using the equity method	Total
<b>2009</b>						
<i>Assets</i>						
Cash and cash equivalents	3,764	–	–	–	–	3,764
Trade and other receivables	15,488	–	–	–	–	15,488
Other financial assets	16,037	32,640	553	6,017	24,613	79,860
<b>Total financial assets</b>	<b>35,289</b>	<b>32,640</b>	<b>553</b>	<b>6,017</b>	<b>24,613</b>	<b>99,112</b>
Non-financial assets						61,030
<b>Total assets</b>	<b>35,289</b>	<b>32,640</b>	<b>553</b>	<b>6,017</b>	<b>24,613</b>	<b>160,142</b>
<i>Liabilities</i>						
Trade and other payables	–	–	–	12,790	–	12,790
Borrowings and other financial liabilities	–	–	62	25,180	–	25,242
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>62</b>	<b>37,970</b>	<b>–</b>	<b>38,032</b>
Total non-financial liabilities						1,069
<b>Total liabilities</b>	<b>–</b>	<b>–</b>	<b>62</b>	<b>37,970</b>	<b>–</b>	<b>39,101</b>

**Group**

	Loans and receivables	Available for sale assets	Designated at fair value	Financial assets and liabilities at amortised cost	Investments accounted for using the equity method	Total
<b>2008</b>						
<i>Assets</i>						
Cash and cash equivalents	2,890	–	–	–	–	2,890
Trade and other receivables	10,750	–	–	–	–	10,750
Other financial assets	12,934	54,189	778	6,017	22,438	96,356
<b>Total financial assets</b>	<b>26,574</b>	<b>54,189</b>	<b>778</b>	<b>6,017</b>	<b>22,438</b>	<b>109,996</b>
Non-financial assets						53,396
<b>Total assets</b>	<b>26,574</b>	<b>54,189</b>	<b>778</b>	<b>6,017</b>	<b>22,438</b>	<b>163,392</b>
<i>Liabilities</i>						
Trade and other payables	–	–	–	8,286	–	8,286
Borrowings and other financial liabilities	–	–	82	23,247	–	23,329
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>82</b>	<b>31,533</b>	<b>–</b>	<b>31,615</b>
Total non-financial liabilities						1,212
<b>Total liabilities</b>	<b>–</b>	<b>–</b>	<b>82</b>	<b>31,533</b>	<b>–</b>	<b>32,827</b>

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 31 Financial instruments** *continued*

**Parent**

	Loans and receivables	Available for sale assets	Designated at fair value	Financial assets and liabilities at amortised cost	Investments accounted for using the equity method	Total
<b>2009</b>						
<i>Assets</i>						
Cash and cash equivalents	1,176	–	–	–	–	1,176
Trade and other receivables	1,972	–	–	–	–	1,972
Other financial assets	38,355	31,173	–	6,017	19,848	95,393
Total financial assets	41,503	31,173	–	6,017	19,848	98,541
Non-financial assets						11,822
<b>Total assets</b>	41,503	31,173	–	6,017	19,848	110,363
<i>Liabilities</i>						
Trade and other payables	–	–	–	208	–	208
Borrowings and other financial liabilities	–	–	–	11,975	–	11,975
Total financial liabilities	–	–	–	12,183	–	12,183
Total non-financial liabilities						64
<b>Total liabilities</b>	–	–	–	12,183	–	12,247

**Parent**

	Loans and receivables	Available for sale assets	Designated at fair value	Financial assets and liabilities at amortised cost	Investments accounted for using the equity method	Total
<b>2008</b>						
<i>Assets</i>						
Cash and cash equivalents	893	–	–	–	–	893
Trade and other receivables	991	–	–	–	–	991
Other financial assets	36,246	52,505	–	6,017	19,848	114,616
Total financial assets	38,130	52,505	–	6,017	19,848	116,500
Non-financial assets						11,819
<b>Total assets</b>	38,130	52,505	–	6,017	19,848	128,319
<i>Liabilities</i>						
Trade and other payables	–	–	–	275	–	275
Borrowings and other financial liabilities	–	–	–	15,759	–	15,759
Total financial liabilities	–	–	–	16,034	–	16,034
Total non-financial liabilities						49
<b>Total liabilities</b>	–	–	–	16,034	–	16,083

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 31 Financial instruments** *continued*

**(h) 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 \$12,650,000 (2008: \$14,234,000).

Group 2009	Effective interest rate range	Less than 1 Year \$000	1-2 Years \$000	2 Years + \$000	Total \$000
<b>Financial assets</b>					
Non-interest bearing financial assets	0%	19,899	-	61,804	81,703
Other current financial assets	3.50% – 15.60%	13,259	-	-	13,259
Other non-current financial assets	9.50%	-	-	4,150	4,150
<b>Total financial assets</b>		33,158	-	65,954	99,112
<b>Financial liabilities</b>					
Borrowings at amortised cost	4.05% – 8.18%	7,174	7,650	7,900	22,724
Non-interest bearing financial liabilities	0%	15,418	-	-	15,418
<b>Total financial liabilities</b>		22,592	7,650	7,900	38,142
<b>Group 2008</b>					
Group 2008	Effective interest rate range	Less than 1 Year \$000	1-2 Years \$000	2 Years + \$000	Total \$000
<b>Financial assets</b>					
Non-interest bearing financial assets	0%	13,671	-	83,394	97,065
Other current financial assets	12.50%	8,781	-	-	8,781
Other non-current financial assets	9.50%	-	-	4,150	4,150
<b>Total financial assets</b>		22,452	-	87,544	109,996
<b>Financial liabilities</b>					
Borrowings at amortised cost	9.30% – 9.76%	6,567	-	14,234	20,801
Non-interest bearing financial liabilities	0%	9,440	1,346	-	10,786
<b>Total financial liabilities</b>		16,007	1,346	14,234	31,587
<b>Parent 2009</b>					
Parent 2009	Effective interest rate range	Less than 1 Year \$000	1-2 Years \$000	2 Years + \$000	Total \$000
<b>Financial assets</b>					
Non-interest bearing financial assets	0%	20,913	-	57,038	77,951
Other current financial assets	12.50% – 15.6%	16,440	-	-	16,440
Other non-current financial assets	9.50%	-	-	4,150	4,150
<b>Total financial assets</b>		37,353	-	61,188	98,541
<b>Financial liabilities</b>					
Borrowings at amortised cost	4.05%	-	7,650	-	7,650
Non-interest bearing financial liabilities	0%	4,533	-	-	4,533
<b>Total financial liabilities</b>		4,533	7,650	-	12,183

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 31 Financial instruments** *continued*

Parent 2008	Effective interest rate range	Less than 1 Year \$000	1–2 Years \$000	2 Years + \$000	Total \$000
<b>Financial assets</b>					
Non-interest bearing financial assets	0%	17,843	–	78,370	96,213
Other current financial assets	9.90% – 12.5%	16,137	–	–	16,137
Other non-current financial assets	9.50%	–	–	4,150	4,150
<b>Total financial assets</b>		33,980	–	82,520	116,500
<b>Financial liabilities</b>					
Borrowings at amortised cost	9.30%	–	11,500	–	11,500
Non-interest bearing financial liabilities	0%	4,534	–	–	4,534
<b>Total financial liabilities</b>		4,534	11,500	–	16,034

**(i) 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 banks. The Group and Parent are not exposed to any other concentrations of credit risk other than loans to subsidiaries as disclosed in note 9, loans to associates disclosed in note 9 and to trade receivables as disclosed in note 7.

**(j) Sensitivity analysis**

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in interest rates will have an impact on profit.

The analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. The analysis below is prepared assuming the amount of liability outstanding at the balance date was outstanding for the whole year.

As at 31 March 2009, it is estimated that a general increase or decrease of 50 basis points in interest rates would decrease or increase the Group's profit before income tax and equity by approximately \$112,000 (2008: \$98,000). This is higher due to more bank loans in 2009.

The Group holds investments in foreign denominated currencies. Over the longer term, fluctuations in foreign exchange rates will have an impact on profit through realised gains/(losses) on foreign exchange.

The analysis below has been determined based on the exposure to foreign denominated investments at the balance sheet date. The analysis below is prepared assuming the amount of investments and the opening foreign exchange rates at the previous balance sheet date have remained constant up to this balance sheet date.

As at 31 March 2009, it is estimated that a general increase or decrease of 1% on opening foreign exchange rates would increase or decrease the Group's profit before income tax and equity by approximately \$165,000 (2008: \$148,000).

**(k) Listed equity price risk and other price risk sensitivity analysis**

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

The sensitivity analysis has been determined based on the exposure to listed equity price risks at the reporting date. At reporting date, if the market price of equity investments had been 1% higher/lower at balance date while all other variables were held constant, the Available for Sale Investments Reserve would have increased/decreased by \$326,000 (2008: \$542,000) for the Group and \$312,000 for the Parent (2008 \$525,000). There would be no impact on reported income before taxation in the Parent because no equity investments are classified as fair value through profit or loss. The reported income before taxation in the Group would have increased/decreased by \$5,000 (2008: \$7,000) if the inputs to the valuation model of equity investments had been 1% higher/lower while all other variables were held constant.

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 31 Financial instruments** *continued*

**(I) Liquidity risk management**

The following tables detail the Parent's and 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 Parent/Group anticipates that the cash flow will occur in a different period.

<b>Group financial liabilities</b>	<b>Weighted average effective interest rate %</b>	<b>Less than 1 month \$000</b>	<b>1-3 months \$000</b>	<b>3 months to 1 year \$000</b>	<b>1-5 years \$000</b>	<b>5+ years \$000</b>	<b>Total \$000</b>
<b>2009</b>							
Non-interest bearing	0.00%	14,023	295	1,100	-	-	15,418
Finance lease liability	0.00%	-	-	-	-	-	-
Variable interest rate instruments	5.12%	1,983	1,024	1,964	13,945	-	18,916
Fixed interest rate instruments	5.62%	1,191	-	1,141	1,001	2,562	5,895
<b>Total financial liabilities</b>		<b>17,197</b>	<b>1,319</b>	<b>4,205</b>	<b>14,946</b>	<b>2,562</b>	<b>40,229</b>

<b>2008</b>							
Non-interest bearing	0.00%	8,340	-	1,100	1,346	-	10,786
Finance lease liability	0.00%	-	-	-	-	-	-
Variable interest rate instruments	9.41%	1,631	-	4,000	16,912	-	22,543
Fixed interest rate instruments	9.50%	1,194	-	-	-	-	1,194
<b>Total financial liabilities</b>		<b>11,165</b>	<b>-</b>	<b>5,100</b>	<b>18,258</b>	<b>-</b>	<b>34,523</b>

<b>Parent financial liabilities</b>	<b>Weighted average effective interest rate %</b>	<b>Less than 1 month \$000</b>	<b>1-3 months \$000</b>	<b>3 months to 1 year \$000</b>	<b>1-5 years \$000</b>	<b>5+ years \$000</b>	<b>Total \$000</b>
<b>2009</b>							
Non-interest bearing	0.00%	4,533	-	-	-	-	4,533
Finance lease liability	0.00%	-	-	-	-	-	-
Variable interest rate instruments	4.05%	-	-	-	7,960	-	7,960
Fixed interest rate instruments	0.00%	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>4,533</b>	<b>-</b>	<b>-</b>	<b>7,960</b>	<b>-</b>	<b>12,493</b>

<b>2008</b>							
Non-interest bearing	0.00%	4,534	-	-	-	-	4,534
Finance lease liability	0.00%	-	-	-	-	-	-
Variable interest rate instruments	9.30%	-	-	-	13,639	-	13,639
Fixed interest rate instruments	0.00%	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>4,534</b>	<b>-</b>	<b>-</b>	<b>13,639</b>	<b>-</b>	<b>18,173</b>

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 31 Financial instruments** *continued*

**(I) Liquidity risk management**

Group financial assets	Weighted average effective interest rate %	Less than 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	5+ years \$000	Total \$000
<b>2009</b>							
Non-interest bearing	0.00%	19,901	-	-	-	-	19,901
Share investments	0.00%	-	-	-	-	61,802	61,802
Variable interest rate instruments	12.12%	13,393	-	-	-	-	13,393
Fixed interest rate instruments	9.50%	-	-	-	6,515	-	6,515
Total financial assets		33,294	-	-	6,515	61,802	101,611

<b>2008</b>							
Non-interest bearing	0.00%	13,671	-	-	-	-	13,671
Share investments	0.00%	751	-	-	-	82,643	83,394
Variable interest rate instruments	12.50%	8,872	-	-	-	-	8,872
Fixed interest rate instruments	9.50%	-	-	-	6,516	-	6,516
Total financial assets		23,294	-	-	6,516	82,643	112,453

Parent financial assets	Weighted average effective interest rate %	Less than 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	5+ years \$000	Total \$000
<b>2009</b>							
Non-interest bearing	0.00%	20,914	-	-	-	-	20,914
Share investments	0.00%	-	-	-	-	57,037	57,037
Variable interest rate instruments	12.81%	12,011	-	-	-	-	12,011
Fixed interest rate instruments	9.50%	4,592	-	-	4,938	-	9,530
Total financial assets		37,517	-	-	4,938	57,037	99,492

<b>2008</b>							
Non-interest bearing	0.00%	17,843	-	-	-	-	17,843
Share investments	0.00%	-	-	-	-	78,370	78,370
Variable interest rate instruments	11.87%	11,696	-	-	-	-	11,696
Fixed interest rate instruments	9.50%	4,592	-	-	4,939	-	9,531
Total financial assets		34,131	-	-	4,939	78,370	117,440

**Note 32 Registered address and incorporation**

Rangatira Limited is incorporated in New Zealand

Rangatira Limited's registered address is:

Level 10, Solnet House  
70 The Terrace  
Wellington 6011  
New Zealand

*Rangatira Group*  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2009

**NOTE 33 Acquisition of business**

<b>Date of acquisition</b>	<b>Acquirer</b>	<b>Business acquired</b>	<b>Principal activity</b>	<b>Acquisition price NZ\$'000</b>
27 June 2008	Vita New Zealand Limited, a subsidiary of Rangatira Limited	Dunlop Foams & Flooring and Sleepmaker Bedding (New Zealand divisions)	Manufacturer and wholesaler of bedding, carpet underlay and polyurethane foam	9,577
				9,577

**Dunlop Foams & Flooring and Sleepmaker Bedding (New Zealand divisions)**

<b>Analysis of assets and liabilities acquired</b>	<b>Book value NZ\$'000</b>	<b>Fair value adjustment NZ\$000</b>	<b>Fair value of acquisition NZ\$000</b>
<b>Current assets:</b>			
Cash and bank balances	1	–	1
Trade and other receivables	135	–	135
Inventories	5,761	–	5,761
<b>Non-current assets:</b>			
Plant and equipment	3,129	164	3,293
<b>Current liabilities:</b>			
Trade and other payables	(949)	–	(949)
<b>Non-current liabilities:</b>			
Deferred tax liabilities			
Contingent liabilities			
	8,077	164	8,241

**Cost of acquisition**

The cost of acquisition of Dunlop Foams & Flooring and Sleepmaker Bedding (New Zealand divisions) was paid in cash.

**Net cash outflow on acquisition**

	<b>2009 NZ\$'000</b>
Total purchase consideration	9,577
Less: non-cash considerations for Dunlop Foams & Flooring and Sleepmaker Bedding (New Zealand divisions)	–
Consideration paid in cash	9,577
Less: cash and bank balances acquired	1
	9,576

**Goodwill arising on acquisition**

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Dunlop Foams & Flooring and Sleepmaker Bedding (New Zealand divisions). In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Dunlop Foams & Flooring and Sleepmaker Bedding (New Zealand divisions). These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured and they do not meet the definition of identifiable intangible assets.

The Company also acquired the customer lists and customer relationships of Dunlop Foams & Flooring and Sleepmaker Bedding (New Zealand divisions) as part of the acquisition. These assets could not be reliably measured and separately recognised from goodwill because they are not capable of being separated from the Company and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts.

Rangatira Group  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
For the year ended 31 March 2008

**NOTE 33 Acquisition of business** *continued*

	<b>2009</b> <b>\$'000</b>
Fair value of assets acquired attributable to Group	(8,241)
Purchase consideration	9,577
Professional fees associated with acquisition capitalised to goodwill	656
Goodwill on acquisition	1,992

**Impact of acquisition on the results of the Group**

Included in the Group profit for the year is a loss of \$81,870 attributable to the additional business generated by Dunlop Foams & Flooring and Sleepmaker Bedding (New Zealand divisions).

The Group considers it impracticable to disclose:

(a) the revenue of the combined entity for the period as though the acquisition date effected during the period had been the beginning of that period.

(b) the profit or loss of the combined entity for the period as though the acquisition date effected during the period had been the beginning of the period.

The business acquired was not a stand alone business and was restructured and integrated into the existing business during the year. The Directors consider that to make assumptions on when such a restructure and integration may have occurred during the year if the business had been acquired as at 1 April 2008 and the consequential impact on trading post such events is not practicable.

**NOTE 34 Segmental information**

Segment result	Listed equity investments		Unlisted investments		Group	
	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000
Total income	<b>4,079</b>	2,621	<b>108,902</b>	80,726	<b>112,981</b>	83,347
Segment result before finance costs and tax	<b>3,752</b>	2,101	<b>8,495</b>	9,311	<b>12,247</b>	11,412
Finance costs					<b>(2,219)</b>	(1,315)
Tax					<b>(634)</b>	(2,105)
Net surplus after tax before minority interests					<b>9,394</b>	7,992
Segment assets	<b>32,640</b>	54,188	<b>127,502</b>	109,204	<b>160,142</b>	163,392
Segment liabilities	<b>1,615</b>	3,921	<b>37,486</b>	28,905	<b>39,101</b>	32,826
Total shares in associate companies	–	–	<b>24,613</b>	22,438	<b>24,613</b>	22,438
Share of retained profit of associate companies for the year	–	–	<b>5,025</b>	3,256	<b>5,025</b>	3,256
Acquisition of segment assets	–	–	<b>6,925</b>	14,059	<b>6,925</b>	14,059
Depreciation and amortisation of segment assets	<b>4</b>	4	<b>4,226</b>	3,698	<b>4,230</b>	3,702

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

Listed equities are investments listed on stock exchanges in NZ, Australia and UK. Unlisted investments are investments not listed on any stock exchange. The Board is of the view that a secondary segment reporting format does not aid decision making and so no secondary segment is disclosed.

**NOTE 35 Subsequent events**

Rangatira Limited has agreed to pay a dividend of 18 cps on 15 June 2009.

# AUDITOR'S REPORT



## TO THE SHAREHOLDERS OF RANGATIRA LIMITED AND GROUP

We have audited the financial statements on pages 15 to 56. The financial statements provide information about the past financial performance and financial position of Rangatira Limited and Group as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 19 to 29.

This report is made solely to the company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an 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 company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of Rangatira Limited and Group as at 31 March 2009 and of the results of their operations and cash flows for the year ended on that date.

### Auditor's Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board of Directors.

### Basis of Opinion

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

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to Rangatira Limited and Group's circumstances, consistently applied and adequately disclosed.

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

Other than in our capacity as auditor and the provision of taxation services, we have no relationship with or interests in Rangatira Limited or any of its subsidiaries or associates.

### Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by Rangatira Limited and Group as far as appears from our examination of those records, and
- the financial statements on pages 15 to 56 :
  - comply with generally accepted accounting practice in New Zealand,
  - comply with International Financial Reporting Standards, and
  - give a true and fair view of the financial position of Rangatira Limited and Group as at 31 March 2009 and of the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 29 May 2009 and our unqualified opinion is expressed as at that date.

CHARTERED ACCOUNTANTS  
WELLINGTON, NEW ZEALAND

This audit report relates to the financial statements of Rangatira Limited and Group ("Rangatira") for the year ended 31 March 2009 included on Rangatira's website. Rangatira's Board of Directors is responsible for the maintenance and integrity of Rangatira's website. We have not been engaged to report on the integrity of Rangatira's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 29 May 2009 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## COMPARATIVE FINANCIAL SUMMARY

For the Year Ended 31 March 2009

	<b>2009</b>	2008	2007	2006	2005
	<b>\$000</b>	\$000	\$000	\$000	\$000
	<b>NZ IFRS</b>	NZ IFRS	Old GAAP	Old GAAP	Old GAAP
<b>EARNINGS</b>					
Net profit before tax	<b>10,028</b>	10,097	12,285	11,651	8,121
Tax expense	<b>(634)</b>	(2,105)	(3,018)	(2,041)	(1,918)
Net profit attributable to shareholders of Rangatira Limited	<b>9,036</b>	7,193	8,124	9,610	6,203
Dividends	<i>(1)</i> <b>6,200</b>	6,553	6,553	6,022	5,491
<b>SHAREHOLDERS' FUNDS</b>					
Share capital	<b>17,712</b>	17,712	17,712	17,712	17,712
Retained earnings	<b>79,044</b>	76,569	74,007	71,905	68,804
Other reserves	<b>15,048</b>	30,194	32,710	30,075	16,839
	<b>111,804</b>	124,475	124,429	119,965	103,355
<b>STATISTICS</b>					
Earnings per share, cents	<b>51</b>	41	46	50	32
Dividends per share, cents	<i>(1)</i> <b>35</b>	37	37	34	31
Group asset backing per share, \$	<b>6.31</b>	7.03	7.03	6.76	5.84

*(1) Dividends include the final dividend of 18 cents per share which was not provided in the Financial Statements.*

## SHAREHOLDER INFORMATION

### COMPANY INFORMATION

Rangatira has a website for information on the Company. The website address is [www.rangatira.co.nz](http://www.rangatira.co.nz)

### SHARE TRADING AND PRICE INFORMATION

Shareholders can trade their shares on "Unlisted". Information on how to trade shares and current share quotes is available at [www.unlisted.co.nz](http://www.unlisted.co.nz).

# SHAREHOLDINGS IN LISTED COMPANIES

(As at 31 March)

## NEW ZEALAND SHARES

	2009 NZ\$m	2008 NZ\$m
Fisher & Paykel Healthcare	2.2	2.0
Fletcher Building	2.2	3.0
Kiwi Income Property Trust	2.1	2.7
Sky City	1.4	1.7
Contact Energy	1.2	1.7
Auckland Airport	0.7	1.0

## AUSTRALIAN AND UK SHARES

	2009 NZ\$m	2008 NZ\$m
B H P	8.9	10.8
Woodside Petroleum	5.1	7.0
Rio Tinto	2.9	6.1
Fosters	2.0	1.9
QBE Insurance	1.7	1.9
Commonwealth Bank	1.4	1.7
Wesfarmers	0.7	1.2



## JR MCKENZIE TRUST

ESTABLISHED IN 1940

In the year to March 2009 the Trust made 581 grants totalling over \$3.2 million to charitable organisations working to make life better for New Zealanders facing hardship, adversity and social exclusion. As usual, most grants aided the ongoing work of groups assisting people with all kinds of disabilities, young people at risk of becoming law breakers or depressed, victims and perpetrators of family violence, children with learning difficulties, people recovering from mental health problems, frail elderly people in the community, families in poverty, and so on.

The Trust has several funding programmes, making mostly small grants to regional organisations, and somewhat larger donations to national organisations and networks. It also supports innovation in the community and voluntary sector.

The Deaf Development Fund makes grants and scholarships in support of the Deaf community.

In addition, the Trust reserves some funds to focus on selected areas of social need, involving not only grant making but other complementary activity. One example is See Here!, an initiative focused on improving the well being of children with vision and hearing problems. Another is Te Kāwai Toro, which supports a small number of Māori community organisations to run multi-year projects focused on whānau development. An important aim of this programme is to increase our own networks with, and relevance to, Māori communities.

The largest grant that the Trust makes each year is to the J R McKenzie Youth Education Fund, which makes small grants

to families in adverse situations for children's education-related costs. The Fund, which holds its own Rangatira shares as well, is entirely operated by Rotary volunteers.

The Trust has nearly completed its five-year review, and is planning some changes to the way that it operates. With more information now available about philanthropy and charities in New Zealand, we have a better picture of where we fit in the overall picture. Of all giving to community sector organisations in New Zealand, the Trust's donations now make up less than one quarter of one percent. (It's not that the Trust has shrunk, it's that other funding sources have come into being over time.) The Trust's reputation – based on the McKenzie Family's thoughtful generosity – and its relative freedom from the restrictions faced by many other funding bodies, are arguably as important as its financial resources.

The Board plans to use all of these more purposely, and narrow its focus, in order to help create a society in which there are fewer marginalised people and less need for social services. Changes will be introduced in 2010.

We very much appreciate the diligence and wisdom of Rangatira Ltd's directors and staff, whose contribution to the sustenance of the McKenzie legacy of generosity is vital. We are also grateful for the active support of the Rotary movement who assist with publicising the Trust and assessing grant applications; and the thousands of people in our community who strive to make life better for New Zealanders facing hardship, adversity and social exclusion.

## GENEROSITY

The McKenzie family's generosity is a great example to all New Zealanders; whether wealthy or not, we can all assist fellow citizens who are in less fortunate circumstances.

There are many terrific organisations that turn private donations into public good.

For those who would like to use the J R McKenzie Trust as a way to support community organisations, it is possible to make donations to our secondary source of income – the Jayar Charitable Trust. Your donations add to the capital base of this investment body, and the distributions they generate increase the J R McKenzie Trust's grants; so donations are "a gift that keeps on giving".

### J R MCKENZIE TRUSTEES ARE:

John McKenzie – *Chair*

Radha Balakrishnan

Julia Carr

Pania Ellison

Warren Lindberg

Darryn Russell

David Vance

### *Regional Chairs:*

Neville Caird – Dunedin

Patrick Cummings – Hamilton

Lyn Holmes – Christchurch

Eric Keys – Auckland

Tricia Walbridge – Wellington

Charles Wilson – Auckland North

For more information about Jayar, the J R McKenzie Trust and the groups it supports, visit the Trust's website:

[www.jrmckenzie.org.nz](http://www.jrmckenzie.org.nz)

or contact:

*Iain Hines or Alison Glen*

*P O Box 10 006*

*Wellington*

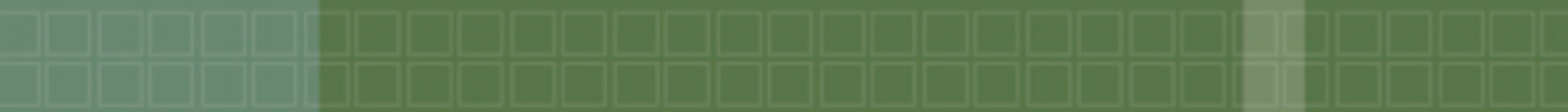
*Phone: (04) 472 8876*

*Fax: (04) 472 5367*

*Email: [info@jrmckenzie.org.nz](mailto:info@jrmckenzie.org.nz)*

**Iti noa ana, he pito mata.**

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



RANGATIRA

*"investing in business for growth"*