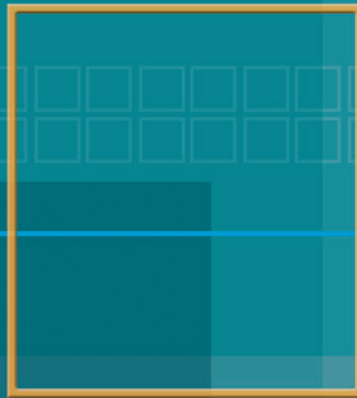




RANGATIRA

"investing in business for growth"

1937



74th ANNUAL REPORT

2011

DIRECTORS

R M Gough OBE

Chairman

P H McKenzie

Deputy Chairman

N Calavrias

D K Gibson

W L Gillanders

I S Knowles

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

New Zealand

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AUDITOR

Deloitte

COMPANY INFORMATION

Information available at www.rangatira.co.nz

SHARE TRADING AND PRICE INFORMATION

Information available at www.unlisted.co.nz

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AUDITOR'S REPORT

NOTICE OF ANNUAL MEETING

Notice is hereby given that the seventy-fourth Annual Meeting of the members of the Company will be held in Chancellor 6, Level 17, James Cook Grand Chancellor Hotel, 147 The Terrace, Wellington, on Monday 25th July 2011 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 2011.
2. To elect two directors, Messrs McKenzie and Pentecost who retire in accordance with the constitution and being eligible, offer themselves for re-election.
3. To confirm the appointment of two directors, Messrs Gibson and Knowles, who were appointed during the year.
4. To reappoint, as auditor, Deloitte until the conclusion of the 75th Annual Meeting of the Company and to authorise the Board of Directors to fix the auditor's remuneration for the ensuing year.
5. To consider and, if thought fit, to pass an ordinary resolution under clause 17.1 of the constitution authorising total ordinary directors' remuneration to be increased from NZ\$310,000 to NZ\$400,000 for the year ending 31 March 2012 and subsequent years until otherwise determined by shareholders in a general meeting.

OTHER BUSINESS

6. 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

7 June 2011

NOTE

Voting

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

Proxies

- a) "A" Shareholders of the Company are entitled to appoint a proxy to attend and vote on their behalf.
- b) A proxy need not be a shareholder in the Company.
- c) Proxies must be received at the Registered Office not later than 4.30 pm Thursday 21st July 2011.

ANNUAL REPORT TO SHAREHOLDERS

The Directors have pleasure in presenting their Annual Report and
Audited Financial Statements for the year ended 31 March 2011

CONSOLIDATED PROFITS AND APPROPRIATIONS

	2011	2010
	\$000	\$000
Profit after tax for the year attributable to shareholders of Rangatira Limited	12,882	4,981
Retained earnings brought forward	77,826	79,044
Less dividend appropriations	(6,908)	(6,199)
Total retained earnings at end of year	83,800	77,826
Equity		
Share capital	17,712	17,712
Retained earnings	83,800	77,826
Revaluation reserve	26,832	26,100
Foreign currency translation reserve	1,508	867
Total equity at end of year	129,852	122,505

DIVIDENDS

The Directors have declared a fully imputed final dividend of 22 cents per share to be paid on 27 June 2011. An interim dividend of 18 cents per share was paid in December 2010. This makes a total of 40 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 McKenzie and Pentecost retire by rotation and being eligible offer themselves for re-election.

Messrs Gibson and Knowles were appointed during the year and seek shareholder approval to their appointment.

REMUNERATION OF DIRECTORS

Rangatira Directors

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

N Calavrias	\$37,000
D K Gibson	–
W L Gillanders	\$65,000
R M Gough	\$82,000
I S Knowles	–
P H McKenzie	\$67,000
G S Pentecost	\$51,000
D A Pilkington	\$50,500

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	5
\$110,001 – \$120,000	4
\$120,001 – \$130,000	2
\$130,001 – \$140,000	2
\$140,001 – \$150,000	3
\$150,001 – \$160,000	1
\$160,001 – \$170,000	2
\$170,001 – \$180,000	2
\$200,001 – \$210,000	1
\$220,001 – \$230,000	1
\$240,001 – \$250,000	2
\$270,001 – \$280,000	1
\$280,001 – \$290,000	1
\$350,001 – \$360,000	1
\$550,001 – \$560,000	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

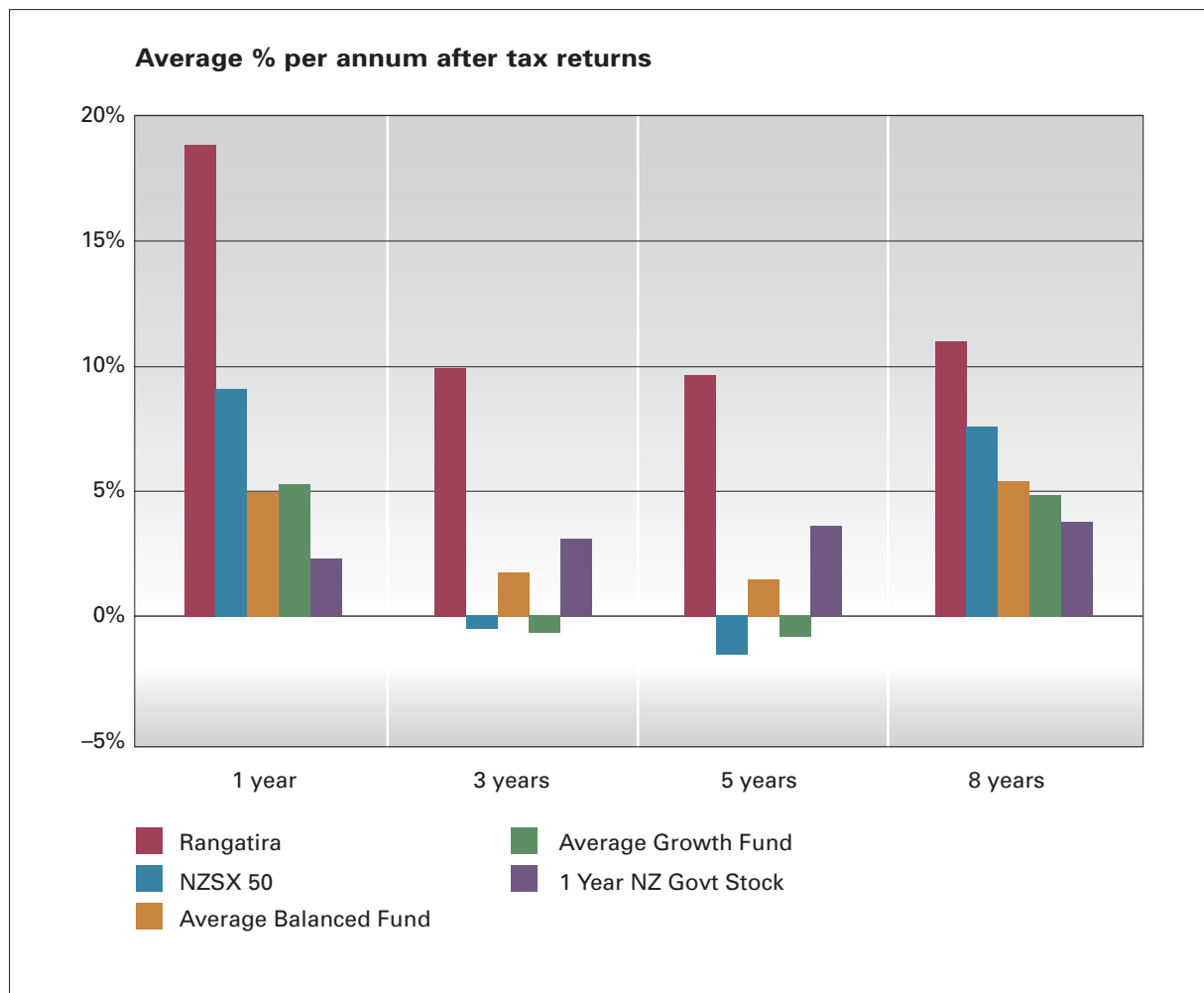
7 June 2011

CHAIRMAN'S REVIEW

The past year has seen reasonable stability in the world's sharemarkets, although growth in most developed economies has remained slow and hesitant. Against this background, Directors consider Rangatira's total return of 18.5% to be fully satisfactory. Both for Rangatira and the companies we have invested in, economic conditions have continued to place extra demands on management. The results achieved reflect a great deal of hard work, and are a credit to the management teams in Rangatira and our private equity companies.

The result continues to give Directors confidence that our diversified, and predominantly private equity, investment strategy is working well. We constantly look to ensure that the spread of risk in our portfolio takes account of the economic environment we see ahead, and we very carefully evaluate each investment decision for its long term potential to contribute to our earnings. Our strategy is probably less aggressive and certainly more conservatively geared than many private equity investment funds, but we believe it will continue to produce good and sustained returns over the long term.

The graph below illustrates Rangatira's comparative performance for the year. It also shows comparative results over the full 8 years since we started measuring and reporting our total return.



CHAIRMAN'S REVIEW (continued)

DIVIDEND AND ASSET BACKING

Rangatira's total dividend declared for the year was 40¢ compared with 38¢ the previous year.

Assessed asset backing at 31 March 2011 was \$9.15 per share (previous year \$8.05).

COMMENTARY ON YEAR TO 31 MARCH 2011

LISTED INVESTMENTS

The return from Rangatira's New Zealand portfolio, including dividends, was 8.4% (0.6% worse than the NZX50 index) while our Australian portfolio returned 12.3% (5.8% better than the Australian ASX200 on a currency-adjusted basis).

Over three years, performance for the New Zealand portfolio was 15.3% ahead of the NZX50, while the Australian portfolio was 8.6% ahead of the ASX200.

During the year we reduced our holding in Woodside Petroleum, and made new investments in BP, Royal Dutch Shell, iShares MSCI China, and iShares MSCI Far East (excluding Japan). BP and Shell give us a wider global spread of resource exposure, while the latter two investments are index-tracking funds that give us an involvement in the growing Asian markets.

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

	2011	2010
	\$m	\$m
New Zealand	10.0	9.6
Australia	32.6	33.2
International	11.1	–
Total	<u>53.7</u>	<u>42.8</u>

PRIVATE EQUITY (UNLISTED) INVESTMENTS

During the year Rangatira's majority-owned subsidiary Tecpak Industries Ltd completed the sale of its business assets, and since the end of the year two other investments, Te Kairanga Wines Ltd and Dunlop Living Ltd, have entered into conditional agreements to sell their business assets. All of these investments have been held for many years.

The sale of Tecpak's business was concluded during the course of the year at a value above our previous Directors' assessment. The purchaser, Pact Group of Australia, had been increasingly aware of Tecpak's growing presence in the New Zealand and Australian markets and saw the acquisition as a sensible step in developing their own business. From our point of view Tecpak had reached a point where its future growth required significant additional investment, largely for Australia, and Pact Group was in a better position to provide that support. The management team has remained with the business under the new ownership, and we are grateful to them for their work and the growth achieved during the 10 years of Rangatira's involvement.

As shareholders are aware, Te Kairanga has had difficulties for some time and, despite a great deal of hard work, has been unable to find a profitable business model in the face of the global recession and a world-wide glut of wine. We believe the opportunity to become part of the US-based Foley Family Wines business, with access to overseas distribution and links to other Foley Family interests in New Zealand, will be good for both Te Kairanga and for Martinborough. From our point of view, we expect to recover a small part of the impairment charge taken last year. The sale has been approved by Te Kairanga's shareholders, but still requires Overseas Investment Office approval.

With Dunlop Living (previously Vita NZ), it had become clear that further rationalisation was required in the industry to achieve the efficiencies needed to compete with imports, and cope with generally weak market conditions. The move three years ago by Vita NZ to acquire Pacific Brands' NZ foam, flooring, and beds businesses was positive, but it soon became obvious that further industry rationalisation was necessary. After discussions with a number of industry players in Australia and NZ, we concluded a conditional agreement for the NZ Comfort Group (formerly Sleepyhead) to acquire all the business assets of Dunlop Living. The sale is still subject to Commerce Commission approval and the assignment of various property leases and trade licences.

Undertaking sale agreements for three of our private equity investments in one year is coincidental, and reflects the current drive to achieve rationalisation in industries following the global financial crisis. Prior to the crisis, companies were generally focused on achieving organic growth, but with much tighter market conditions there is now increased interest in acquisitions to drive rationalisation and efficiency.

An encouraging outcome has been that the sales of these three investments have all been achieved at levels above the mid-point of Directors' previously assessed valuation ranges. That gives us confidence that our valuation process is sound, and that shareholders can place reasonable reliance on the figures we provide each year. Our process is aimed at assessing a value range for each investment within which we are reasonably confident the business could be sold. Where there is keen interest to purchase one of our businesses we expect to achieve a price above the mid-point of the range.

CHAIRMAN'S REVIEW (continued)

RESULTS FOR THE YEAR

(a) Reported Financial Performance

Net profit after tax was \$12.9m (last year \$5.0m).

	2010/11	2009/10
	\$m	\$m
Operating Earnings	9.8	8.8
Gains from Realisation of Investments	4.3	1.0
Impairment of Investments	–	(4.4)
Loss/Gain from Revaluation of Foreign Loans	–	(0.3)
One-off Restructuring Costs	(0.5)	(0.1)
Non-Cash Deferred Tax Expense	(0.7)	–
Net Profit after Tax	<u>12.9</u>	<u>5.0</u>

The non-cash deferred tax expense relates to the New Zealand Government's removal of the tax allowance for depreciation on buildings. The foreign loan revaluation relates to borrowing by CRL, while the restructuring costs arose from the factory rationalisation undertaken by Dunlop. These items are shown separately to give a clearer picture of the level of Rangatira's underlying Operating Earnings.

(b) Change in Value of Listed Investments

Our listed investments recorded a gain in value for the year of \$0.7m. After adjusting for dividends received, and the realised gain of \$2.2m, the overall gain for the portfolio was \$4.3m (8.0%)

(c) Change in Value of Unlisted Investments

We have assessed the aggregate market value of our unlisted investments at 31 March 2011 to be between \$23m and \$41m above the value at which they are included in our accounts (last year \$9m to \$32m above).

Directors assess the market value of our unlisted investments each year with the assistance of specialist independent advice. The valuations 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 18.5% (last year 18.5%).

	\$ per Share 31 March 2011	\$ per Share 31 March 2010
Asset Backing from Annual Accounts	7.33	6.92
Additional Value of Unlisted Investments*	1.82	1.13
Assessed Asset Backing	<u>9.15</u>	<u>8.05</u>

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

	Return for 2010/11 ¢/share	Return for 2009/10 ¢/share
Change in Assessed Asset Backing	110	96
Dividends Paid (prior year final plus current year interim)	39	35
Total Return	<u>149</u>	<u>131</u>
Total Return on Assessed Asset Backing	<u>18.5%</u>	<u>18.5%</u>

DIVIDEND

The Board has declared a final fully-imputed dividend of 22 cents per share resulting in a total dividend of 40 cents (last year 38 cents). This represents 72% of Operating Earnings (last year 80%), and 55% of reported profit after tax (last year 135%).

OUTLOOK

While New Zealand and Australia remain relatively well placed, the economic outlook in the developed world is markedly less positive than we would have expected after three years of severe recession. There is considerable uncertainty still ahead, and the debt crises in the Eurozone and the huge budget deficits in Japan and the USA are unlikely to be quickly or easily resolved. The strength of our dollar reflects this mix of factors, and the positive view held externally of New Zealand's prospects.

However, recent levels are constraining profitability for many New Zealand businesses.

Given this background, Directors see a risk that earnings for some of Rangatira's investments may come under pressure in the coming year. Group earnings will also be negatively affected by the sale of Tecpak Industries Ltd and Dunlop Living Ltd until replacement investments are made. At this early stage, Rangatira's Operating Earnings for the coming year are expected to be within a range of 10% above to 20% below last year's result.

CHAIRMAN'S REVIEW (continued)

DIRECTORS FEES' AND NEW DIRECTORS

The Board has reviewed Directors' Fees in accordance with our 3-yearly policy. This has involved consideration of changes in fees paid by similar sized companies since our previous review in 2008, as evidenced by the Institute of Directors' surveys, and also of levels paid by specific comparable companies.

Rangatira has a very small management team, and Directors play a vital role in contributing to strategy development and major acquisition and divestment decisions. Maintaining our fees at a competitive level is important in enabling us to continue to attract suitably experienced new Directors.

As part of our succession planning, we have been pleased this year to welcome Keith Gibson back as a Director and to have Sam Knowles accept an invitation to join the Board. Both are required to offer themselves for election by shareholders at this year's Annual Meeting. Their appointment will increase the Board size for a period, but retirements over the next two years will see it return to the level of six Directors that has applied for most of the last three years.

Our recommendation is that the maximum level of Directors' Fees for the coming three years should be increased by 29% from \$310,000 to \$400,000 per annum.

APPRECIATION

Rangatira's result for the latest year reflects the combined efforts of many people, particularly the management, staff, and Directors of our unlisted companies, as well as our own management team and Directors. I sincerely thank all of them on your behalf for their sustained and productive contribution.



Murray Gough

Chairman

7 June 2011

BOARD OF DIRECTORS



Back row L to R: David Pilkington, Keith Gibson and Graeme Pentecost

Front row L to R: Lindsay Gillanders, Peter McKenzie (Deputy Chairman), Murray Gough (Chairman) and Nick Calavrias

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)
D A Pilkington
(appointed 4 April 2011)
P H McKenzie
(retired 4 April 2011)

Dunlop Living Limited

W L Gillanders
R M Gough

Hellers Limited

D A Pilkington (Chairman)

Polynesian Spa Limited

P H McKenzie (Chairman)
G S Pentecost

Precision Dispensing Systems Limited

R M Gough (Chairman)
P H McKenzie

Extec Securities Limited (formerly known as Tecpak Industries Limited)

D A Pilkington (Chairman)

Te Kairanga Wines Limited

R M Gough

Board Committees are as follows:

Audit Committee

G S Pentecost (Chairman)
W L Gillanders
D K Gibson
(appointed 28 March 2011)
P H McKenzie
(retired 28 March 2011)

Remuneration Committee

R M Gough (Chairman)
D K Gibson
(appointed 28 March 2011)
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 commented on the changes during the year. At year end we held shares in 17 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 experienced variable market conditions in New Zealand during the year and overall it was another soft year. The Company has a foothold in the Australian market supplying product from its Auckland factory and will look to further develop that market over the coming year.

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's performance improved significantly over the previous year and there remain further opportunities for improvement in the business. Also, the oil and gas industry worldwide remains buoyant on the back of high oil prices so there is plenty of scope for CRL to achieve further growth in sales. The Company is now expanding into the Middle East with a presence already in Oman, Abu Dhabi and Qatar.

Dunlop Living Limited

(70% owned)



“Dunlop Living is New Zealand’s leading manufacturer of home comfort solutions, supplying upholstered furniture, beds, bedding and carpet cushion to the New Zealand retail market. The company, through its Dunlop Foam & Fibre Division, is New Zealand’s leading producer and processor of polyurethane foam and polyester fibre products. Dunlop Living’s consumer brands include Dunlop Living, Sleepmaker, Simmons Beautyrest and Dunlopillo.”

Dunlop Living traded well during the year considering the distractions of the asset sale process and the disruptions experienced by many retailers resulting from the two major Christchurch earthquakes.

The roll out of the new “Dunlop Living” brand has been very successful, especially in the bedding sector, and this has added significant value to the Company. The installation of new plant to make carpet underlay from scrap foam has been very successful, notwithstanding some teething problems.

The sale of Dunlop Living’s assets to NZ Comfort Group is not essential for the Company, but if the sale proceeds it will be a sensible step towards reducing the cost structure of the industry across Australasia.

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.”

After experiencing severe drought conditions on its farms in 2009/10, GRO had much better growing conditions in the 2010/11 year, although there was a late start due to cold spring conditions. Trading was very good for the second half of the year, but not good enough to recover from the earlier losses.

Most of Greenfield’s farms are now nearly fully developed, and the enhanced fertility levels of the soil are holding up well.

CHIEF EXECUTIVE'S REPORT (continued)

Hellers Limited

(50% owned)



"Hellers 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. Hellers sells mainly through supermarket chains – both as branded product and as house-brands."

Heller's performance for the year was subdued after a strong performance in the previous year. The reasons were diverse, but certainly not helped by the disruptions caused by the September and February earthquakes in Christchurch. While the damage to the Kaiapoi factory was manageable, the effects on staff and their families was significant.

Hellers has a number of initiatives in place to maintain its leadership position in the New Zealand market and over the coming year we look forward to continuing the growth of previous years.

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 had a satisfactory year with patronage showing little change from the previous year. It appears that international tourists have been discouraged by the high NZ dollar and the Christchurch earthquakes. Despite this, the strong growth in visitors from China continues.

While international visitor numbers are likely to remain subdued through the coming year, we expect they will be boosted strongly through September and October as a result of the Rugby World Cup event.

Precision Dispensing Systems Limited

(80% 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 is finally making major progress toward a commercial launch of its Inflex technology in association with its partner in the USA. The product design requirements, necessary to meet the very high food safety and sanitation standards expected of large corporates in the USA market, take a long time to satisfy. This has certainly been the case with the Inflex product, but we are now reasonably confident that this product will be commercially launched sometime in 2012. The next challenge will be to ensure that the Company is self-funding and commercially successful as quickly as possible, and we are now focussed on that.

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 traded well for the year until ownership of the business formally transferred to the Pact Group in December 2010. Trading was assisted by the favourable currency rates against the US dollar for supplies and against the Australian dollar for sales.

Tecpak was a successful investment for Rangatira over the last decade. Its contribution to our group will be missed.

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.”

The global wine market has continued to be very difficult. Reduced demand for higher priced products combined with good growing conditions and substantial new plantings resulted in a global over-supply situation in which Te Kairanga struggled over many years to find a trading solution.

During the year it became obvious that the Board of Te Kairanga needed to find a structural solution for the Company’s funding requirements, and the subsequent sale agreement with Foley Family Wines NZ was as good as could have been expected under the circumstances.

I S Frame

Chief Executive

7 June 2011

Rangatira Group
INCOME STATEMENT
For the year ended 31 March 2011

	Note	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Continuing operations					
Revenue	2	22,333	21,916	10,355	9,759
Other income	3	2,293	1,011	2,228	1,001
Share of profit for the year from associate companies	12	4,668	4,763	–	–
Total income		29,294	27,690	12,583	10,760
Reversal of impairment loss/(impairment loss) on investments	12	300	(4,430)	300	(6,608)
Depreciation expense	11	(1,340)	(1,339)	(7)	(6)
Employee benefit expense	4	(6,943)	(6,740)	(1,160)	(1,120)
Finance costs	4	(302)	(487)	(373)	(228)
Cost of sales	4	(5,591)	(5,763)	–	–
Consulting expense		(75)	(40)	(75)	(37)
Operating expenses	4	(4,507)	(3,780)	(346)	(358)
Profit before tax	4	10,836	5,111	10,922	2,403
Tax expense	6	(2,458)	(1,230)	(352)	(521)
Profit after tax from continuing operations		8,378	3,881	10,570	1,882
Discontinued operations					
Profit after tax from discontinued operations	33	5,728	2,214	–	–
Profit after tax		14,106	6,095	10,570	1,882
Profit attributable to					
Equity holders of the Parent		12,882	4,981	10,570	1,882
Non-controlling interests	23	1,224	1,114		
		14,106	6,095	10,570	1,882
From continuing and discontinued operations					
Basic and diluted earnings per share (cents)	24	72.7	28.1	59.7	10.6
From continuing operations					
Basic and diluted earnings per share (cents)	24	48.0	28.1	59.7	10.6

– The notes on pages 21 to 63 form part of, and should be read in conjunction with, the above statements –

Rangatira Group
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2011

	Note	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Continuing operations					
Other comprehensive income					
Available for sale investments					
– valuation gain taken to equity	21	3,208	11,670	3,255	10,596
– transferred to income statement on sale	21	(2,476)	(692)	(2,476)	(692)
Share of reserves of associates	22	641	941		
Other comprehensive income recognised directly in equity		1,373	11,919	779	9,904
Profit after tax from continuing operations		8,378	3,881	10,570	1,882
Total comprehensive income for the year from continuing operations		9,751	15,800	11,349	11,786
Discontinued operations					
Profit after tax from discontinued operations		5,728	2,214	–	–
Total comprehensive income for the year after tax		15,479	18,014	11,349	11,786
Total comprehensive income attributable to					
Equity holders of the Parent		14,257	16,900	11,349	11,786
Non-controlling interests	23	1,224	1,114		
		15,481	18,014	11,349	11,786

– The notes on pages 21 to 63 form part of, and should be read in conjunction with, the above statements –

Rangatira Group
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2011

	Note	Share capital	Retained earnings	Available for sale investments revaluation reserve	Foreign currency translation reserve	Attributable to equity holders of the Parent	Attributable to non-controlling interests	Total
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Group 2010								
Balance at the beginning of the year		17,712	79,044	15,122	(74)	111,804	9,237	121,041
Total comprehensive income net of tax		–	4,981	10,978	941	16,900	1,114	18,014
Dividends paid to non-controlling interests	23	–	–	–	–	–	(1,104)	(1,104)
Dividends paid to Parent shareholders	26	–	(6,199)	–	–	(6,199)	–	(6,199)
Balance at end of year		17,712	77,826	26,100	867	122,505	9,247	131,752

Group 2011								
Balance at the beginning of the year		17,712	77,826	26,100	867	122,505	9,247	131,752
Total comprehensive income net of tax		–	12,882	732	641	14,255	1,224	15,479
Dividends paid to non-controlling interests	23	–	–	–	–	–	(1,446)	(1,446)
Dividends paid to Parent shareholders	26	–	(6,908)	–	–	(6,908)	–	(6,908)
Balance at end of year		17,712	83,800	26,832	1,508	129,852	9,025	138,877

	Note	Share capital	Retained earnings	Available for sale investments revaluation reserve	Foreign currency translation reserve	Attributable to equity holders of the Parent
		\$000	\$000	\$000	\$000	\$000

Parent 2010						
Balance at the beginning of the year		17,712	64,486	15,918	–	98,116
Total comprehensive income net of tax		–	1,882	9,904	–	11,786
Dividends paid to Parent shareholders	26	–	(6,199)	–	–	(6,199)
Balance at end of year		17,712	60,169	25,822	–	103,703

Parent 2011						
Balance at the beginning of the year		17,712	60,169	25,822	–	103,703
Total comprehensive income net of tax		–	10,570	779	–	11,349
Dividends paid to Parent shareholders	26	–	(6,908)	–	–	(6,908)
Balance at end of year		17,712	63,831	26,601	–	108,144


– The notes on pages 21 to 63 form part of, and should be read in conjunction with, the above statements –

Rangatira Group
STATEMENT OF FINANCIAL POSITION
As at 31 March 2011

	Note	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Current assets					
Cash and cash equivalents		11,159	3,860	315	545
Trade receivables	7	3,798	12,183	747	545
Inventories	8	811	18,920	–	–
Tax receivable	6	443	545	273	–
Other current financial assets	9	16,750	15,250	34,601	38,414
Other current assets	10	859	1,134	–	3
		33,820	51,892	35,936	39,507
Assets classified as held for sale	33	35,527	–	–	–
Total current assets		69,347	51,892	35,936	39,507
Non-current assets					
Property, plant and equipment	11	9,884	24,704	29	23
Investments in associate companies	12	24,339	22,230	13,540	13,240
Investments in subsidiaries	29			11,792	11,792
Goodwill	13	1,826	12,758	–	–
Intangible assets	14	1,000	1,716	–	–
Deferred tax asset	6	959	960	–	–
Other non-current financial assets	9	60,830	51,992	58,335	49,451
Total non-current assets		98,838	114,360	83,696	74,506
Total assets		168,185	166,252	119,632	114,013
Current liabilities					
Trade and other payables	15	2,251	11,079	123	185
Borrowings at amortised cost	16	8,469	6,597	4,472	4,396
Other current financial liabilities	17	199	342	–	–
Current tax payable	6	501	482	–	114
Provisions	18	436	2,198	73	65
		11,856	20,698	4,668	4,760
Liabilities directly associated with assets held for sale	33	7,840	–	–	–
Total current liabilities		19,696	20,698	4,668	4,760
Non-current liabilities					
Borrowings at amortised cost	16	8,147	13,305	6,820	5,550
Deferred tax liability	6	1,465	497	–	–
Total non-current liabilities		9,612	13,802	6,820	5,550
Total liabilities		29,308	34,500	11,488	10,310
Net assets		138,877	131,752	108,144	103,703
Equity					
Share capital	19	17,712	17,712	17,712	17,712
Retained earnings	20	83,800	77,826	63,831	60,169
Available for sale investments revaluation reserve	21	26,832	26,100	26,601	25,822
Foreign currency translation reserve	22	1,508	867	–	–
Equity holders of the Parent		129,852	122,505	108,144	103,703
Attributable to non-controlling interests	23	9,025	9,247	–	–
Total equity		138,877	131,752	108,144	103,703

Approved for issue on behalf of the Board on 2 June 2011

RM Gough



PH McKenzie



– The notes on pages 21 to 63 form part of, and should be read in conjunction with, the above statements –

Rangatira Group
STATEMENT OF CASH FLOW
For the year ended 31 March 2011

	Note	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		17,010	108,837	–	–
Dividends received		4,892	4,853	7,947	7,367
Interest received		1,417	1,870	2,090	2,248
Other income		–	846	116	78
Operating cashflow from discontinued operations		5,655	–	–	–
		28,974	116,406	10,153	9,693
Cash was applied to:					
Payments to suppliers and employees		(16,024)	(99,876)	(1,566)	(1,509)
Tax (paid)/refund		(1,449)	(520)	(820)	513
Interest paid and other costs of finance		(286)	(1,424)	(357)	(242)
		(17,759)	(101,820)	(2,743)	(1,238)
Net cash inflows from operating activities	34	11,215	14,586	7,410	8,455
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of investments		3,110	4,363	5,110	4,153
Proceeds from sale of property, plant and equipment		28	271	–	–
Proceeds from sale of business	33	18,862	–	–	–
Repayment of advances made to related parties		–	–	5,589	2,000
		22,000	4,634	10,699	6,153
Cash was applied to:					
Advances made to related parties		–	–	(300)	(6,137)
Purchase of property, plant and equipment		(3,788)	(2,829)	(13)	(2)
Purchase of investments		(10,488)	(3,714)	(12,388)	(801)
		(14,276)	(6,543)	(12,701)	(6,940)
Net cash inflows/(outflows) from investing activities		7,724	(1,909)	(2,002)	(787)
Cash flows from financing activities					
Cash was provided from:					
Proceeds from borrowings		1,872	304	1,270	–
		1,872	304	1,270	–
Cash was applied to:					
Dividends paid to shareholders of Parent		(6,908)	(6,199)	(6,908)	(6,199)
Dividends paid to non-controlling interests		(1,446)	(1,104)	–	–
Repayment of borrowings		(5,158)	(5,582)	–	(2,100)
		(13,512)	(12,885)	(6,908)	(8,299)
Net cash outflows from financing activities		(11,640)	(12,581)	(5,638)	(8,299)
Net increase in cash held		7,299	96	(230)	(631)
Cash at beginning of year		3,860	3,764	545	1,176
Cash at end of year		11,159	3,860	315	545
Cash and cash equivalents		11,159	3,860	315	545

– The notes on pages 21 to 63 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 2011

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 2 June 2011.

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-oriented 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, and inventories which are valued at the lower of cost and net realisable value.

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 2011, and the comparative information presented in these financial statements for the year ended 31 March 2010.

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 (r). 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*.

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.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

NOTE 1 Significant accounting policies *continued*

Discontinued operations

On 3 May 2011 the Directors of Dunlop Living Limited entered into a sale agreement to dispose of Dunlop Living Limited's business. The sales agreement is conditional upon a number of factors, including Commerce Commission approval, and is expected to be completed by July 2011. The Dunlop Living Limited business was being actively marketed for sale at 31 March 2011 and the business has been classified and accounted for at 31 March 2011 as assets held for sale in accordance with NZ IFRS-5 Non-current assets held for sale and discontinued operations.

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 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 \$1,826,000 and \$1,000,000 respectively. An impairment loss of \$4,700,000 on goodwill was recognised during the year and is included in profit from discontinued operations.

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*. 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 non-controlling interest is stated at the non-controlling interests' share of the fair values of the identifiable assets and liabilities on acquisition together with the non-controlling interests' 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 2011

NOTE 1 Significant accounting policies *continued*

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, 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 the acquisition of a subsidiary is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any) in the acquiree over the fair value of the identifiable net assets recognised. 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 non-controlling interests shareholders in the acquiree is initially measured at the non-controlling interests' 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 profit or loss in the period in which they arise except for exchange differences on the Group's foreign operations assets and liabilities which are recognised in the Group's foreign currency translation reserve.

(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.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

NOTE 1 Significant accounting policies *continued*

(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.

(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 statement of financial position.

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 the Income Statement.

Available for sale financial assets

Certain shares and convertible notes are classified as being 'available for sale' and are stated at fair value. Investments categorised as '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. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated as a separate component of equity 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 reclassified from equity to profit or loss. 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 date. The fair value of derivative financial instruments and listed shares is based on quoted market prices where available. 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.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

NOTE 1 Significant accounting policies *continued*

(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 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 less the costs to sell the assets have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the cost of capital or the fair value in market of the assets.

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.

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 in other comprehensive income and accumulated as a separate component of equity in the available for sale revaluation reserve.

(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 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.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

NOTE 1 Significant accounting policies *continued*

(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 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.

(m) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(n) 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 to the Income Statement.

Finance 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.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

NOTE 1 Significant accounting policies *continued*

(o) 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.

(p) 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. Amortisation for developments costs is charged on a volume of sales basis. 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.

(q) Goodwill

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

(r) 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.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

NOTE 1 Significant accounting policies *continued*

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 (or 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.

(s) 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.

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 recognised in other comprehensive income or directly to equity, in which case the deferred tax or current tax is also recognised in other comprehensive income or directly in equity, 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.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

NOTE 1 Significant accounting policies *continued*

(t) 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.

(u) Segment reporting

Segment information is presented in respect of the Group's operating segments which are determined by the reports received by the Chief Operating Decision Maker to assess performance, allocate resources and make strategic decisions. The segment reporting reflects the Group's adoption of NZ IFRS-8 Operating Segments.

(v) 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.

(w) 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.

(x) 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.

(y) Standards and interpretations effective in the current period

In the current year, the Group adopted all mandatory new and amended Standards and Interpretations. None of the new and amended Standards and Interpretations had an impact on these financial statements, however the revised NZ IFRS 3 *Business Combinations* (revised 2008) and NZ IAS 27 *Consolidated and Separate Financial Statements* (revised 2008) has resulted in significant changes to the Group's accounting policies and these may have a material impact in future reporting periods.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

NOTE 1 Significant accounting policies *continued*

(z) 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.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Amendments to NZ IAS 24 "Related Party Disclosures"	1 January 2011	31 March 2012
NZ IFRS 9 "Financial Instruments"	1 January 2013	31 March 2014
Revised NZ IFRS 9 "Financial Instruments"	1 January 2013	31 March 2014
Amendments to NZ IFRIC 14 "Prepayments of a Minimum Funding Requirement"	1 January 2011	31 March 2012
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2010		
– Improvements to NZ IFRS 3 and NZ IAS 27	1 July 2010	31 March 2012
– Improvements to other standards	1 January 2011	31 March 2012
Amendments to NZ IFRS 7 Financial Instruments: Disclosures	1 July 2011	31 March 2013
Amendments to NZ IAS 12 "Income Taxes"		
– Deferred Tax: Recovery of Underlying Assets	1 January 2012	31 March 2013
Amendments to NZ IFRS 7 – Appendix E	1 April 2011	31 March 2012
IFRS 10 "Consolidated Financial Statements"	1 January 2013	31 March 2014
IFRS 11 "Joint Arrangements"	1 January 2013	31 March 2014
IFRS 12 "Disclosures of Interests in Other Equities"	1 January 2013	31 March 2014
IFRS 13 "Fair Value Measurements"	1 January 2013	31 March 2014
IAS 27 "Separate Financial Statements" (revised 2011)	1 January 2013	31 March 2014
IAS 28 "Investments in Associates and Joint Ventures" (revised 2011)	1 January 2013	31 March 2014
Amendments to New Zealand Equivalents to International Financial Reporting Standards to Harmonise with International Financial Reporting Standards and Australian Accounting Standards	1 July 2011	31 March 2013
FRS 44 "New Zealand Additional Disclosures"	1 July 2011	31 March 2013

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 2 Revenue

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Note				
Revenue from continuing operations:				
Revenue from the sale of goods	12,463	12,483	–	–
Revenue from the rendering of services	6,440	5,899	93	93
Dividends:				
Subsidiaries			3,213	2,616
Associates			3,500	3,657
Other entities	1,401	1,246	1,243	1,144
Interest revenue:				
Other loans and receivables	39	52	7	13
Related parties	1,990	2,236	2,299	2,236
Total revenue from continuing operations	22,333	21,916	10,355	9,759
Revenue from discontinued operations:				
33				
Revenue from the sale of goods	79,604	89,291	–	–
Interest on bank deposits	121	15	–	–
Total revenue from discontinued operations	79,725	89,306	–	–
Total revenue	102,058	111,222	10,355	9,759

NOTE 3 Other income

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Note				
Other income from continuing operations:				
Gain on disposal of property, plant and equipment	4	–	–	–
Gain on disposal of investments	2,228	1,106	2,228	1,001
Change in fair value of financial assets/liabilities classified as fair value through profit or loss	60	(99)	–	–
Other	1	4	–	–
Total other income from continuing operations	2,293	1,011	2,228	1,001
Other income from discontinued operations:				
33				
Gain on disposal of property, plant and equipment	17	53	–	–
Gain on sale of business	7,639	–	–	–
Net foreign exchange gains/(losses)	324	732	–	–
Change in fair value of financial assets classified as fair value through profit or loss	235	(121)	–	–
Other	–	50	–	–
Total other income from discontinued operations	8,215	714	–	–
Total other income	10,508	1,725	2,228	1,001

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 4 Profit before tax

	Group	Group	Parent	Parent
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Profit before tax has been arrived at after charging the following expenses:				
Cost of sales	5,591	5,763	–	–
Finance costs:				
Interest on loans	302	487	373	228
	302	487	373	228
Employee benefit expense:				
Termination benefits	20	–	–	–
Kiwisaver employer contributions	29	28	3	–
Other employee benefits	6,894	6,712	1,157	1,120
	6,943	6,740	1,160	1,120
Fees paid to auditor:				
Audit of the financial statements	96	104	56	66
Other non-audit services ⁽ⁱ⁾	15	11	–	–
	111	115	56	66
Donations	3	2	–	–
Research and development costs expensed	37	13	–	–
Operating lease rental expense	1,255	1,201	126	125
Repairs and maintenance	490	360	–	–
Freight and travel	275	281	–	–
Other expenses	2,336	1,808	164	167
Total operating expenses	4,507	3,780	346	358

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

An analysis of profit for the year from discontinued operations is included in Note 33

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 5 Income and expenses relating to financial instruments

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Profit for the year includes the following income and expenses arising from movements in the carrying amounts of financial instruments:				
Financial assets at fair value through profit and loss:				
Change in fair value of financial assets at fair value through profit or loss (held for trading)				
Equity investments	60	(99)	-	-
	60	(99)	-	-
Loans and receivables:				
Interest revenue	2 2,029	2,288	2,306	2,249
	2,029	2,288	2,306	2,249
Available for sale investments:				
Dividend revenue	2 1,401	1,246	1,243	1,144
	1,401	1,246	1,243	1,144
Financial liabilities at amortised cost:				
Interest expense	4 302	487	373	228
	302	487	373	228

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 6 Tax expense

	Group	Group	Parent	Parent
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Income tax recognised in profit or loss of continuing operations				
Profit before tax from continuing operations	10,836	5,111	10,922	2,403
Prima facie tax at 30%	3,251	1,533	3,277	721
Tax effects of temporary differences:				
Non deductible expenditure	1,450	1,001	9	1,201
Non assessable income	(2,320)	(1,401)	(2,934)	(1,401)
Unutilised tax losses	57	83	-	-
Effect of change in income tax rate	20	-	-	-
Prior period adjustment	-	14	-	-
Tax expense for continuing operations	2,458	1,230	352	521
Income tax recognised in profit or loss of discontinued operations				
Profit before tax from discontinued operations	3,928	3,113	-	-
Prima facie tax at 30%	1,178	934	-	-
Tax effects of temporary differences:				
Non deductible expenditure	197	4	-	-
Non assessable income	(287)	-	-	-
Prior period adjustment	-	(39)	-	-
Effect of change in income tax rate	51	-	-	-
Tax expense from discontinued operations	1,139	899	-	-
Income tax expense is comprised of:				
Current tax	1,489	1,000	352	521
Deferred tax	969	230	-	-
Tax expense	2,458	1,230	352	521
Current tax assets/(liabilities)				
Tax receivable	443	545	273	-
Tax payable	(501)	(482)	-	(114)
	(58)	63	273	(114)
Deferred tax asset				
Temporary differences	959	960	-	-
	959	960	-	-
Deferred tax liability				
Temporary differences	1,465	497	-	-
	1,465	497	-	-

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 6 Tax expense continued

	Group	Group	Parent	Parent
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Imputation credit account				
Balance at beginning of year	2,910	3,906	512	817
Attached to dividends received	2,605	2,567	2,568	2,567
Taxation paid/(refund)	2,226	87	726	(627)
Attached to dividends paid	(4,364)	(3,650)	(2,877)	(2,245)
Balance at end of year	3,377	2,910	929	512
	Group	Group	Parent	Parent
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Dividend withholding payment account				
Balance at beginning of year	68	228	68	228
Taxation paid	-	239	-	239
Attached to dividends paid	(68)	(399)	(68)	(399)
Balance at end of year	-	68	-	68

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

Group 2010

	Opening	Charged	Closing
	balance	to income	balance
	\$000	\$000	\$000
Gross deferred tax liabilities:			
Property, plant and equipment	608	(111)	497
	608	(111)	497
Gross deferred tax assets:			
Provisions	741	(142)	599
Doubtful debts and impairment losses	150	(118)	32
Foreign currency monetary items	23	36	59
Financial assets at fair value through profit or loss	372	(112)	260
Other	15	(5)	10
	1,301	(341)	960

Group 2011

	Opening	Charged	Closing
	balance	to income	balance
	\$000	\$000	\$000
Gross deferred tax liabilities:			
Property, plant and equipment	497	968	1,465
	497	968	1,465
Gross deferred tax assets:			
Provisions	599	(1)	598
Doubtful debts and impairment losses	32	4	36
Foreign currency monetary items	59	(14)	45
Financial assets at fair value through profit or loss	260	13	273
Other	10	(3)	7
	960	(1)	959

The Parent has no deferred tax assets or liabilities.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 7 Trade receivables

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Trade receivables ⁽ⁱ⁾	2,166	12,045	369	383
Allowance for doubtful debts	–	(123)	–	–
	2,166	11,922	369	383
Other receivables	1,632	261	378	162
	3,798	12,183	747	545

⁽ⁱ⁾ The average credit period on sales of goods is 42 days (2010 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 \$606,000 (relates to over 40 days) (2010: \$1,661,000) 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 58 days (2010: 53 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 (2010: nil).

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

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
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Ageing of past due but not impaired trade receivables

30–60 days	290	1,155	–	–
61–90 days	105	312	–	–
91–120 days	63	162	–	–
121–150 days	148	15	–	–
151–180 days	–	17	–	–
Total	606	1,661	–	–

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
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Movement in doubtful debts

Balance at beginning of the year	(123)	(230)	–	–
Amounts written off during the year	(87)	(159)	–	–
Amounts recovered during the year	–	33	–	–
Decrease in allowance recognised in profit	210	233	–	–
Balance at the end of the year	–	(123)	–	–

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.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 8 Inventories

	Group	Group	Parent	Parent
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Merchandise held for resale	242	5,094	-	-
Goods in transit	-	890	-	-
Work in progress	105	1,231	-	-
Raw materials	464	11,710	-	-
Other	-	245	-	-
Provision for obsolescence	-	(250)	-	-
	811	18,920	-	-

The cost of inventories recognised as an expense includes \$0.03m (2010 \$0.13m) in respect of write-downs of inventory to net realisable value and has been reduced by nil (2010 nil) in respect of the reversal of such write-downs.

NOTE 9 Other financial assets

	Group	Group	Parent	Parent
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
<i>Loans and receivables</i>				
Current				
Interest bearing loans advanced to:				
Subsidiaries			-	4,556
Associates	15,369	14,968	15,370	14,968
Non-interest bearing loans advanced to:				
Subsidiaries			18,227	18,886
Associates	4	4	4	4
Other parties	1,000	-	1,000	-
Non-current				
Interest bearing loans advanced to:				
Associates	2,150	4,150	2,150	4,150
<i>Financial assets at fair value through profit or loss:</i>				
Current				
Listed shares	339	278	-	-
Foreign currency forward contracts	38	-	-	-
<i>Available for sale investments:</i>				
Non-current				
Listed shares at fair value	53,662	42,824	51,167	40,283
<i>Cost:</i>				
Non-current				
Unlisted shares at cost	5,018	5,018	5,018	5,018
	77,580	67,242	92,936	87,865
Disclosed as:				
Current	16,750	15,250	34,601	38,414
Non-current	60,830	51,992	58,335	49,451
	77,580	67,242	92,936	87,865

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 10 Other current assets

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Prepayments	859	1,134	–	3
	859	1,134	–	3

NOTE 11 Property, plant and equipment

Group 2010

	Buildings at cost \$000	Plant and equipment at cost \$000	Furniture and leasehold improvements at cost \$000	Total \$000
Gross carrying amount				
Gross value at the beginning of the year	12,578	35,395	5,785	53,758
Additions	52	2,306	236	2,594
Disposals	(3,751)	(1,397)	(611)	(5,759)
Work in progress	–	105	–	105
Gross value at the end of the year	8,879	36,409	5,410	50,698

Group 2011

	Buildings at cost \$000	Plant and equipment at cost \$000	Furniture and leasehold improvements at cost \$000	Total \$000
Gross carrying amount				
Gross value at the beginning of the year	8,879	36,409	5,410	50,698
Additions	422	1,173	448	2,043
Disposals	(35)	(13,033)	(1,614)	(14,682)
Reclassified as assets for sale	–	(16,578)	(1,615)	(18,193)
Gross value at the end of the year	9,266	7,971	2,629	19,866

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 11 Property, plant and equipment *continued*

Group 2010	Buildings at cost \$000	Plant and equipment at cost \$000	Furniture and leasehold improvements at cost \$000	Total \$000
Accumulated depreciation and impairment				
Accumulated depreciation at the beginning of the year	6,576	17,253	3,353	27,182
Depreciation expense – continuing operations	339	836	164	1,339
Depreciation expense – discontinued operations	–	2,808	208	3,016
Disposals	(3,759)	(1,246)	(538)	(5,543)
Accumulated depreciation at the end of the year	3,156	19,651	3,187	25,994
Group 2011				
Accumulated depreciation and impairment				
Accumulated depreciation at the beginning of the year	3,156	19,651	3,187	25,994
Depreciation expense – continuing operations	337	826	177	1,340
Depreciation expense – discontinued operations	–	2,456	183	2,639
Disposals	(31)	(8,566)	(1,137)	(9,734)
Reclassified as assets for sale	–	(9,254)	(1,003)	(10,257)
Accumulated depreciation at the end of the year	3,462	5,113	1,407	9,982
Net book value				
As at 31 March 2010	5,723	16,758	2,223	24,704
As at 31 March 2011	5,804	2,858	1,222	9,884

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 2011

NOTE 11 Property, plant and equipment *continued*

Parent 2010	Buildings at cost \$000	Plant and equipment at cost \$000	Furniture and leasehold improvements at cost \$000	Total \$000
Gross carrying amount				
Gross value at the beginning of the year	–	–	94	94
Additions	–	–	2	2
Gross value at the end of the year	–	–	96	96

Parent 2011	Buildings at cost \$000	Plant and equipment at cost \$000	Furniture and leasehold improvements at cost \$000	Total \$000
Gross carrying amount				
Gross value at the beginning of the year	–	–	96	96
Additions	–	–	13	13
Disposals	–	–	(18)	(18)
Gross value at the end of the year	–	–	91	91

Parent 2010	Buildings at cost \$000	Plant and equipment at cost \$000	Furniture and leasehold improvements at cost \$000	Total \$000
Accumulated depreciation and impairment				
Accumulated depreciation at the beginning of the year	–	–	67	67
Depreciation expense	–	–	6	6
Accumulated depreciation at the end of the year	–	–	73	73

Parent 2011	Buildings at cost \$000	Plant and equipment at cost \$000	Furniture and leasehold improvements at cost \$000	Total \$000
Accumulated depreciation and impairment				
Accumulated depreciation at the beginning of the year	–	–	73	73
Depreciation expense	–	–	7	7
Disposals	–	–	(18)	(18)
Accumulated depreciation at the end of the year	–	–	62	62

Net book value				
As at 31 March 2010	–	–	23	23
As at 31 March 2011	–	–	29	29

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 2011

NOTE 12 Investments in associate companies

	Number of shares held 000s	Percentage held		Balance date
		2011	2010	
Associates:				
Contract Resources Holdings Limited	1	50%	50%	31 March
Domett Properties Limited	90	50%	50%	31 March
Hellers 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.

Hellers Limited is a producer of bacon, ham and smallgoods. Hellers Limited 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 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Associates:				
Contract Resources Holdings Limited	16,052	13,612	4,346	4,346
Domett Properties Limited	–	98	141	141
Hellers Limited	7,987	8,520	8,753	8,753
Te Kairanga Wines Limited	300	–	300	–
Total investments in associate companies	24,339	22,230	13,540	13,240

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 12 Investments in associate companies *continued*

	Change in carrying value			
	Group	Group	Parent	Parent
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Book value at the beginning of the year	22,230	24,613	13,240	19,848
Reversal of impairment loss/(impairment loss) on Te Kairanga Wines Limited ¹	300	(4,430)	300	(6,608)
Share of profit before tax of associate companies	7,151	7,155		
Share of associate companies tax expense	(2,483)	(2,392)		
Share of profit for the year	4,668	4,763		
Dividends received from associate companies	(3,500)	(3,657)		
Share of change in retained earnings of associate companies	1,168	1,106		
Share of Hellers Limited foreign currency hedging reserve for the year	21	35		
Share of change in Contract Resources Limited foreign currency translation reserve for the year	620	906		
Total investments in associate companies	24,339	22,230	13,540	13,240

⁽¹⁾ As at 31 March 2011, Te Kairanga Wines Limited's business was actively being marketed for sale. On 3 May 2011, the Directors of Te Kairanga Wines Limited entered into a sales agreement to dispose of Te Kairanga Wines Limited's business. The sales agreement is conditional upon a number of factors, including Overseas Investment Office approval and is expected to be completed by June 2011.

Management has determined the recoverable amount of the asset, as at 31 March 2011, based on the fair value of the assets less costs to sell. It has been determined that the value of the investment in Te Kairanga Wines Limited, at both Group and Parent level, is \$300,000 and the impairment has been reversed accordingly. In addition, Rangatira Limited has a loan of \$1,407,000 which is included in current interest bearing loans to associates in note 9.

As at 31 March 2010, management determined that there was an impairment loss on Te Kairanga Wines Limited. The loss was determined in line with Group accounting policies. The loss was based on the estimation of the recoverable amount of the asset, which was determined as being \$nil. In determining the recoverable amount of the asset, management had considered both value in use, and fair value less costs to sell. Under both valuation approaches, it was determined that the investment in Te Kairanga Wines Limited at both Group and Parent level was impaired, and was written down accordingly. In addition, Rangatira had a loan of \$1,407,000 to Te Kairanga Wines Limited which was included in current interest bearing loans to associates in Note 9.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

NOTE 12 Investments in associate companies *continued*

	Group 2011 \$000	Group 2010 \$000
Summarised financial information of associates:		
Current assets	61,738	60,176
Non-current assets	86,728	81,597
Total assets	148,466	141,773
Current liabilities	(91,663)	(84,314)
Non-current liabilities	(15,988)	(14,863)
Total liabilities	(107,651)	(99,177)
Net assets	40,815	42,596
Revenue	270,466	240,478
Profit after tax	5,838	8,874
Share of associates' profit after tax	4,668	4,763
Share of associates' net assets	15,254	13,145
Dividends received by the Group from associates	3,500	3,657
Contingent liabilities of associates	–	–
Capital commitments of associates	245	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		
	Group 2011 \$000	Group 2010 \$000
On acquisition of associate companies – value at IFRS transition date	9,085	9,085
Accumulated impairment	–	–
	9,085	9,085

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 13 Goodwill

	Group	Group	Parent	Parent
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Gross carrying amount at the beginning of the year	12,758	12,758	–	–
Goodwill on disposal	(832)	–	–	–
Reclassified as assets for sale	(10,100)	–	–	–
Gross carrying amount at the end of the year	1,826	12,758	–	–
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	12,758	12,758	–	–
Net book value at the end of the year	1,826	12,758	–	–
Goodwill by subsidiary				
Auckland Packaging Company Limited	1,826	1,826		
Dunlop Living Limited ⁽¹⁾	–	10,100		
Tecpak Industries Limited ⁽²⁾	–	832		
Total goodwill	1,826	12,758		

⁽¹⁾ Dunlop Living Limited's goodwill is included in assets held as available for sale note 33

⁽²⁾ Tecpak Industries Limited sold its business during the year see note 33

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% (2010 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 2011, from the tests conducted, there were no indicators of impairment necessitating a writedown of goodwill other than Dunlop Living Limited.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

NOTE 14 Other intangible assets

Group 2010	Trademarks	Software	Development	Total
	\$000	\$000	costs	\$000
	\$000	\$000	\$000	\$000
Gross carrying amount at the beginning of the year	54	1,588	1,000	2,642
Additions	107	23	–	130
Disposals	(53)	(53)	–	(106)
Gross carrying amount at the end of the year	108	1,558	1,000	2,666
Accumulated amortisation at the beginning of the year	44	830	–	874
Amortisation expense – discontinued operations	16	164	–	180
Disposals	(44)	(60)	–	(104)
Accumulated amortisation at the end of the year	16	934	–	950
Net book value at the beginning of the year	10	758	1,000	1,768
Net book value at the end of the year	92	624	1,000	1,716

Group 2011	Trademarks	Software	Development	Total
	\$000	\$000	costs	\$000
	\$000	\$000	\$000	\$000
Gross carrying amount at the beginning of the year	108	1,558	1,000	2,666
Additions	57	48	–	105
Reclassified as assets for sale	(165)	(1,606)	–	(1,771)
Gross carrying amount at the end of the year	–	–	1,000	1,000
Accumulated amortisation at the beginning of the year	16	934	–	950
Amortisation expense – discontinued operations	73	154	–	227
Reclassified as assets for sale	(89)	(1,088)	–	(1,177)
Accumulated amortisation at the end of the year	–	–	–	–
Net book value at the beginning of the year	92	624	1,000	1,716
Net book value at the end of the year	–	–	1,000	1,000

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. Development costs, software and trademarks are amortised on the basis disclosed in accounting policy Note 1 (p).

At 31 March 2011 there were no indicators of impairment necessitating a write down of intangible assets. There are no intangible assets for the Parent.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 15 Trade creditors

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Trade creditors ⁽ⁱ⁾	1,319	7,458	95	177
GST payable	220	438	3	–
Accrued interest	25	9	25	8
Other payables	687	3,174	–	–
	2,251	11,079	123	185
Current portion	2,251	11,079	123	185
Non-current portion	–	–	–	–
	2,251	11,079	123	185

⁽ⁱ⁾ The average credit period on purchases of certain goods is 29 days (2010 42 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.

NOTE 16 Borrowings

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Unsecured at amortised cost				
Current				
Bank overdrafts	–	1,502	–	–
Loans from subsidiaries			4,472	4,396
Loans from non-controlling interests in subsidiaries	1,460	2,873	–	–
Non-current				
Loans from non-controlling interests in subsidiaries	977	977	–	–
Secured at amortised cost				
Current				
Bank overdrafts	3,008	–	–	–
Bank loans ⁽ⁱ⁾	4,000	2,222	–	–
Non-current				
Bank loans ⁽ⁱ⁾	7,170	12,328	6,820	5,550
	16,615	19,902	11,292	9,946
Disclosed as:				
Current portion	8,469	6,597	4,472	4,396
Non-current portion	8,147	13,305	6,820	5,550
	16,616	19,902	11,292	9,946

⁽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.

Auckland Packaging Company Limited's bank loans are secured by a floating charge over all its assets. There are covenants on equity ratio, interest cover and debt ratio. The equity ratio was breached in March 2011. These loans were repaid in May 2011.

Dunlop Living Limited's loans are secured by a first debenture over all 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 all its assets.

Tecpak Industries Limited's bank loans were secured by a floating charge over all its assets. There were covenants on equity ratio, interest cover and debt ratio. These loans were repaid in December 2010.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 17 Other financial liabilities

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
At fair value through profit and loss:				
Current				
Foreign currency forward contracts	199	203	–	–
Interest rate swaps	–	139	–	–
	199	342	–	–

NOTE 18 Provisions

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Employee benefits – current	436	2,198	73	65
	436	2,198	73	65

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

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Ordinary "A" shares (6,165,000 shares)	6,165	6,165	6,165	6,165
Ordinary "B" shares (11,547,000 shares)	11,547	11,547	11,547	11,547
	17,712	17,712	17,712	17,712

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

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

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

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

NOTE 20 Retained earnings

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Balance at beginning of year	77,826	79,044	60,169	64,486
Net profit after tax	12,882	4,981	10,570	1,882
Dividends – Parent entity	(6,908)	(6,199)	(6,908)	(6,199)
Balance at end of year	83,800	77,826	63,831	60,169

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 21 Available for sale investments' revaluation reserve

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Balance at beginning of year	26,100	15,122	25,822	15,918
Revaluation of investments to market valuation	3,208	11,670	3,255	10,596
Revaluation reserve applicable to investments realised during the year and transferred to profit and loss	(2,476)	(692)	(2,476)	(692)
Balance at end of year	26,832	26,100	26,601	25,822

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

NOTE 22 Foreign currency translation reserve

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Balance at the beginning of the year	867	(74)	–	–
Share of increments in associates' reserves	641	941	–	–
Balance at end of year	1,508	867	–	–

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 Non-controlling interests

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Balance at the beginning of the year	9,247	9,237		
Net profit attributable to non-controlling interests	1,224	1,114		
Dividends paid to non-controlling interests	(1,446)	(1,104)		
Balance at end of year	9,025	9,247		

NOTE 24 Earnings per share

	Group 2011	Group 2010	Parent 2011	Parent 2010
From continuing and discontinued operations				
Profit after tax (\$000's)	12,882	4,981	10,570	1,882
Number of share (000's)	17,712	17,712	17,712	17,712
Earnings per share (cents)	72.7	28.1	59.7	10.6
From continuing operations				
Profit after tax (\$000's)	8,378	4,981	10,570	1,882
Attributable to non-controlling interests (\$000's)	(123)	–		
Attributable to Parent equity holders(\$000's)	8,501	4,981	10,570	1,882
Number of share (000's)	17,712	17,712	17,712	17,712
Earnings per share (cents)	48.0	28.1	59.7	10.6

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 2011

NOTE 25 Dividends

	Group 2011	Group 2010	Parent 2011	Parent 2010
Amount paid (cents per share)	39.0	35.0	39.0	35.0
Amount paid (\$000's)	6,908	6,199	6,908	6,199

NOTE 26 Capital commitments

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Plant and equipment	–	205	–	–

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

NOTE 27 Leases

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
Non-cancellable operating leases payments				
Within 1 year	1,207	4,973	88	132
Greater than 1 year, but less than 5 years	2,723	8,381	–	88
Greater than 5 years	1,966	9,251	–	–
	5,896	22,605	88	220

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. The Parent has an operating lease over its premises. The operating leases at 31 March 2010 include \$17,077,000 relating to businesses classified as discontinued operations at 31 March 2011.

NOTE 28 Contingent liabilities

There are no significant contingent liabilities (2010: Nil).

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

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	
		2011	2010
Auckland Packaging Company Limited	Packaging	100%	100%
Dunlop Living Limited ^(iv)	Manufacture of foam and fibre products	70%	70%
Extec Securities Limited ⁽ⁱⁱⁱ⁾	Special purpose investment	79%	79%
PDS Limited	Special purpose investment	100%	100%
Peach Products Limited ⁽ⁱ⁾	Special purpose investment	50%	50%
Polynesian Spa Limited	Tourism	51%	51%
Precision Dispensing Systems Limited ⁽ⁱⁱ⁾	Pump developer and manufacturer	80%	80%
Romney (No. 11) Limited ⁽ⁱ⁾	Special purpose investment	100%	100%
Romney (No. 19) Limited ⁽ⁱ⁾	Special purpose investment	100%	100%
Romney (No. 36) Limited	Special purpose investment	100%	100%
Tongariro Investments Limited	Special purpose investment	100%	100%
Wainui Investments Limited	Special purpose investment	100%	100%
Watt Land Company Limited	Trading investment	100%	100%

⁽ⁱ⁾ Non trading subsidiaries

⁽ⁱⁱ⁾ Fully diluted shareholding

⁽ⁱⁱⁱ⁾ Previously called Tecpak Industries Limited

^(iv) Previously called Vita New Zealand Limited

NOTE 30 Related party transactions

Transactions and balances with subsidiaries and associates

The transactions and balances below are those between the Parent and its associates and subsidiaries.

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010 \$000
<i>Revenue</i>				
Dividend received from subsidiaries			3,213	2,616
Dividend received from associates			3,500	3,657
Interest received from subsidiaries			309	–
Interest received from associates	1,990	2,236	1,990	2,236
Directors' fees received from subsidiaries and associates	81	62	81	62
<i>Expenses</i>				
Key management personnel expenses – short term	552	543	552	543
<i>Loans</i>				
Loans to subsidiaries ⁽ⁱ⁾			18,227	23,442
Loans to associates ⁽ⁱ⁾	17,524	19,122	17,524	19,122
Loans from subsidiaries ⁽ⁱ⁾			4,472	4,396

⁽ⁱ⁾ Loans to and from subsidiaries and associates are a mixture of fixed term and on call. The Parent received interest of \$309,000 (2010: \$432,000) from subsidiaries and \$1,990,000 (2010: \$1,804,000) from associates 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 (2010: nil).

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

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, retained earnings and reserves 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. Auckland Packaging Company Limited breached its bank covenants during the year and the loan has been repaid after year end. There have been no other 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 Note 1 Significant 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 fair value of financial assets and liabilities is not materially different from the 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 2011

NOTE 31 Financial instruments *continued*

(e) Foreign currency risk management

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

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

	Group	Group	Parent	Parent
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Assets				
AUD	33,983	35,222	30,118	30,526
GBP	7,093	–	7,093	–
HKD	1,943	–	1,943	–
USD	2,043	38	2,014	–
EUR	66	141	–	–
Liabilities				
USD	249	1,359	–	–
EUR	16	137	–	–
AUD	225	402	–	–

(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	Average exchange rate		Foreign currency		Contract value (NZD)	
	2011	2010	2011	2010	2011	2010
Buy USD	0.76	0.71	1,741	3,700	2,276	5,245
Buy EUR	0.56	0.49	309	1,225	552	2,489
Sell AUD	0.75	0.81	200	550	265	677

The net value of the outstanding contracts at 31 March 2011 is \$199,000 (2010 \$203,000).

The Parent has no forward foreign exchange contracts.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

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 at cost	Investments accounted for using the equity method	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2011							
<i>Assets</i>							
Cash and cash equivalents	11,159	–	–	–	–	–	11,159
Trade and other receivables	3,798	–	–	–	–	–	3,798
Other financial assets	18,523	53,662	377	–	5,018	24,339	101,919
Total financial assets	33,480	53,662	377	–	5,018	24,339	116,876
Non-financial assets							51,309
Total assets	33,480	53,662	377	–	5,018	24,339	168,185
<i>Liabilities</i>							
Trade and other payables	–	–	–	2,752	–	–	2,752
Borrowings and other financial liabilities	–	–	199	16,616	–	–	16,815
Total financial liabilities	–	–	199	19,368	–	–	19,567
Total non-financial liabilities							9,741
Total liabilities	–	–	199	19,368	–	–	29,308

Group

	Loans and receivables	Available for sale assets	Designated at fair value	Financial assets and liabilities at amortised cost	Investments at cost	Investments accounted for using the equity method	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2010							
<i>Assets</i>							
Cash and cash equivalents	3,860	–	–	–	–	–	3,860
Trade and other receivables	12,183	–	–	–	–	–	12,183
Other financial assets	19,122	42,824	278	–	5,018	22,230	89,472
Total financial assets	35,165	42,824	278	–	5,018	22,230	105,515
Non-financial assets							60,737
Total assets	35,165	42,824	278	–	5,018	22,230	166,252
<i>Liabilities</i>							
Trade and other payables	–	–	–	11,561	–	–	11,561
Borrowings and other financial liabilities	–	–	342	19,902	–	–	20,244
Total financial liabilities	–	–	342	31,463	–	–	31,805
Total non-financial liabilities							2,695
Total liabilities	–	–	342	31,463	–	–	34,500

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

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 at cost	Investments in associate companies	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2011							
<i>Assets</i>							
Cash and cash equivalents	315	–	–	–		–	315
Trade and other receivables	747	–	–	–		–	747
Other financial assets	36,751	51,167	–	–	16,810	13,540	118,268
Total financial assets	37,813	51,167	–	–	16,810	13,540	119,330
Non-financial assets							302
Total assets	37,813	51,167	–	–	16,810	13,540	119,632
<i>Liabilities</i>							
Trade and other payables	–	–	–	123	–	–	123
Borrowings and other financial liabilities	–	–	–	11,292	–	–	11,292
Total financial liabilities	–	–	–	11,415	–	–	11,415
Total non-financial liabilities							73
Total liabilities	–	–	–	11,415	–	–	11,488

Parent

	Loans and receivables	Available for sale assets	Designated at fair value	Financial assets and liabilities at amortised cost	Investments at cost	Investments in associate companies	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2010							
<i>Assets</i>							
Cash and cash equivalents	545	–	–	–		–	545
Trade and other receivables	545	–	–	–		–	545
Other financial assets	42,564	40,283	–	–	16,810	13,240	112,897
Total financial assets	43,654	40,283	–	–	16,810	13,240	113,987
Non-financial assets							26
Total assets	43,654	40,283	–	–	16,810	13,240	114,013
<i>Liabilities</i>							
Trade and other payables	–	–	–	299	–	–	299
Borrowings and other financial liabilities	–	–	–	9,946	–	–	9,946
Total financial liabilities	–	–	–	10,245	–	–	10,245
Total non-financial liabilities							65
Total liabilities	–	–	–	10,245	–	–	10,310

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

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 \$9,820,000 (2010: \$12,052,000).

(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 2011, 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 \$56,000 (2010: \$98,000). This is lower due to less bank loans in 2011.

As at 31 March 2011, it is estimated that a general increase or decrease of 50 basis points in interest rates would decrease or increase the Parent's profit before income tax and equity by approximately \$34,000 (2010: \$27,000). This is higher due to more bank loans in 2011.

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.

As at 31 March 2011, 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 \$26,000 (2010: \$172,000).

As at 31 March 2011, it is estimated that a general increase or decrease of 1% on opening foreign exchange rates would increase or decrease the Parent's profit before income tax and equity by approximately \$8,000 (2010: \$7,000).

(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. The available for sale 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 \$437,000 (2010: \$426,000) for the Group and \$412,000 for the Parent (2010 \$401,000). 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.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 31 Financial instruments continued

(I) Fair value of financial instruments

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

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

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

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

Group 2010

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<i>Financial assets at fair value through profit and loss</i>				
Shares	278	–	–	278
<i>Available for sale financial assets</i>				
Shares	42,824	–	–	42,824
Total financial assets	43,102	–	–	43,102
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial liabilities	–	342	–	342
Total financial liabilities	–	342	–	342

Group 2011

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<i>Financial assets at fair value through profit and loss</i>				
Shares	339	–	–	339
Derivative financial assets	–	38	–	38
<i>Available for sale financial assets</i>				
Shares	53,662	–	–	53,662
Total financial assets	54,001	38	–	54,039
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial liabilities	–	199	–	199
Total financial liabilities	–	199	–	199

Parent 2010

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<i>Available for sale financial assets</i>				
Shares	40,283	–	–	40,283
Total financial assets	40,283	–	–	40,283

Parent 2011

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<i>Available for sale financial assets</i>				
Shares	51,167	–	–	51,167
Total financial assets	51,167	–	–	51,167

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 31 Financial instruments *continued*

(m) 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.

Group financial liabilities	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
2011							
Non-interest bearing	0.00%	12,107	22	1,100	-	-	13,229
Variable interest rate instruments	5.78%	-	-	3,116	7,608	-	10,724
Fixed interest rate instruments	5.65%	8	2,019	2,075	390	-	4,492
Total financial liabilities		12,115	2,041	6,291	7,998	-	28,445

2010							
Non-interest bearing	0.00%	9,045	8,423	1,100	-	-	18,568
Variable interest rate instruments	5.55%	-	-	2,491	10,722	-	13,213
Fixed interest rate instruments	9.50%	1,194	-	-	-	-	1,194
Total financial liabilities		10,239	8,423	3,591	10,722	-	32,975

Parent financial liabilities	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
2011							
Non-interest bearing	0.00%	4,595	-	-	-	-	4,595
Variable interest rate instruments	4.90%	-	-	-	7,154	-	7,154
Total financial liabilities		4,595	-	-	7,154	-	11,749

2010							
Non-interest bearing	0.00%	4,695	-	-	-	-	4,695
Variable interest rate instruments	3.92%	-	-	-	5,986	-	5,986
Total financial liabilities		4,695	-	-	5,986	-	10,681

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 31 Financial instruments *continued*

(m) 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
2011							
Non-interest bearing	0.00%	9,749	-	-	-	-	9,749
Share investments	0.00%	-	-	-	-	79,531	79,531
Variable interest rate instruments	12.89%	15,738	-	1,900	-	-	17,638
Fixed interest rate instruments	9.50%	-	8,182	-	2,762	-	10,944
Total financial assets		25,487	8,182	1,900	2,762	79,531	117,862

2010							
Non-interest bearing	0.00%	14,258	-	-	-	-	14,258
Share investments	0.00%	278	-	-	-	70,072	70,350
Variable interest rate instruments	12.50%	15,848	-	-	-	-	15,848
Fixed interest rate instruments	3.04%	1,075	-	-	4,907	-	5,982
Total financial assets		31,459	-	-	4,907	70,072	106,438

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
2011							
Non-interest bearing	0.00%	20,294	-	-	-	-	20,294
Share investments	0.00%	-	-	-	-	81,517	81,517
Variable interest rate instruments	12.78%	15,534	-	-	-	-	15,534
Fixed interest rate instruments	9.50%	-	-	-	2,558	-	2,558
Total financial assets		35,828	-	-	2,558	81,517	119,903

2010							
Non-interest bearing	0.00%	19,980	-	-	-	-	19,980
Share investments	0.00%	-	-	-	-	70,333	70,333
Variable interest rate instruments	12.77%	15,127	-	-	-	-	15,127
Fixed interest rate instruments	9.50%	4,592	-	-	4,939	-	9,531
Total financial assets		39,699	-	-	4,939	70,333	114,971

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
For the year ended 31 March 2011

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

NOTE 33 Disposal of businesses

Tecpak Industries Limited and Dunlop Living Limited are treated as discontinued operations.

(a) Disposal of Tecpak Industries Limited's business

On 23 September 2010, the Directors of Tecpak Industries Limited entered into a sale agreement to dispose of Tecpak Industries Limited's business. The proceeds of sale exceeded the carrying amount of the related net assets. The disposal was completed on 17 December 2010, at which date control of the plastic container manufacturing operations passed to the acquirer. Details of the assets and liabilities disposed of are disclosed below.

(b) Plan to dispose of Dunlop Living Limited's business

On 3 May 2011, after year end, the Directors of Dunlop Living Limited entered into a sale agreement to dispose of Dunlop Living Limited's business. The sales agreement is conditional upon a number of factors, including Commerce Commission approval, and is expected to be completed by July 2011. The Dunlop Living Limited business was being actively marketed for sale at 31 March 2011 and the business has been classified and accounted for at 31 March 2011 as assets held for sale in accordance with NZ IFRS-5 (Non-current assets held for sale and discontinued operations). On initial reclassification, the Group has recognised impairment losses of \$4,700,000.

(c) Analysis of profit for the year from discontinued operations

The combined results of the discontinued operations (Tecpak Industries Limited and Dunlop Living Limited) included in the Income Statement are shown below:

	Group 2011 \$000	Group 2010 \$000
Profit for the year from discontinued operations		
Revenue	79,726	89,306
Other income	576	714
	80,302	90,020
Expenses	(76,374)	(86,907)
Profit before tax	3,928	3,113
Tax expense	(1,139)	(899)
Profit after tax from discontinued operations	2,789	2,214
Impairment loss on goodwill of discontinued operation	(4,700)	–
Gain on disposal of a subsidiary's business	7,639	–
Profit for the year from discontinued operations	5,728	2,214

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 33 Disposal of businesses *continued*

(d) Analysis of cashflow for the year from discontinued operations

	Group 2011 \$000
<hr/>	
Analysis of cash flow from discontinued operations	
Operating activities net cash flow	5,655
Investing activities net cash flow	14,967
Financing activities net cash flow	(11,788)
Net cashflows	8,834

(e) Disposal of Tecpak Industries Limited and Dunlop Living Limited businesses

	Group 2011 \$000
<hr/>	
Analysis of assets and liabilities sold	
Current assets:	
Prepayments	174
Trade and other receivables	10,858
Inventories	16,474
Non-current assets:	
Goodwill	6,232
Plant and equipment	14,500
Intangible assets	594
Current liabilities:	
Trade and other payables	(8,804)
Provisions	(1,118)
Net assets disposed of :	38,910
Gain on disposal	7,639
Total consideration	46,549
Consideration	
Assets classified as held for sale	35,527
Liabilities directly associated with assets held for sale	(7,840)
Cash	18,862
Total consideration	46,549

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 34 Cash flow reconciliation

	Group 2011 \$000	Group 2010 \$000	Parent 2011 \$000	Parent 2010
Profit after tax	14,106	6,095	10,570	1,882
Add/(less) non-cash items:				
Share of retained profit for the year from associate companies	(1,168)	(1,106)		
Impairment loss/(gain) on investments	4,400	4,430	(300)	6,608
Depreciation – continuing operations	1,340	4,355	7	6
Depreciation – discontinued operations	2,639	–	–	–
Amortisation of intangible assets	227	180	–	–
Increase/(decrease) in deferred tax	969	230	–	–
Loss/(gain) on revaluation of financial assets at fair value through profit or loss	(143)	280	–	–
	8,264	8,369	(293)	6,614
Add/(Less) Movements in other working capital items:				
Change in trade receivables	(2,473)	1,677	(202)	498
Change in inventories	1,635	(1,595)	–	–
Change in tax receivable	102	1,083	(387)	1,043
Change in other current assets	101	168	3	–
Change in trade payables	(24)	(1,521)	(62)	(21)
Change in current tax payable	19	292	–	–
Change in provisions	(644)	1,737	9	–
	(1,284)	1,841	(639)	1,520
Less items classified as investing activities:				
Net gain on sale of investments	(2,228)	(1,106)	(2,228)	(1,001)
Net gain on sale of business	(7,639)	–	–	–
Net gain on sale of fixed assets	(4)	–	–	–
Other	–	(53)	–	–
	(9,871)	(1,159)	(2,228)	(1,001)
Less items classified as financing activities:				
Unsettled investment transactions	–	(560)	–	(560)
	–	(560)	–	(560)
Net cash inflows from operating activities	11,215	14,586	7,410	8,455

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 35 Segmental information

Segment result	Listed equity investments		Unlisted investments		Group	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Revenue from continuing operations	3,608	2,247	16,696	17,381	20,304	19,628
Revenue from discontinued operations	–	–	79,726	89,306	79,726	89,306
Total revenue	3,608	2,247	96,422	106,687	100,030	108,934
<i>Continuing operations</i>						
Segment profit before finance costs, interest revenue and tax	3,101	1,855	1,040	1,122	4,141	2,977
Interest revenue					2,029	2,288
Impairment loss on investments					300	(4,430)
Share of profit for the year from associate companies					4,668	4,763
Finance costs					(302)	(487)
Tax					(2,458)	(1,230)
Profit after tax from continuing operations					8,078	3,881
<i>Discontinued operations</i>						
Segment result before finance costs, interest revenue and tax			4,693	4,467	4,693	4,467
Interest revenue					121	15
Finance costs					(886)	(1,369)
Tax					(1,139)	(899)
Loss on remeasurement to fair value less costs to sell					(4,700)	–
Gain on disposal of a subsidiary's business					7,639	–
Profit after tax from discontinued operations					5,728	2,214
Profit after tax from continuing and discontinued operations					13,806	6,095
Segment assets	53,662	42,824	114,523	123,428	168,185	166,252
Segment liabilities	2,239	1,494	27,069	33,006	29,308	34,500
Total shares in associate companies	–	–	24,339	22,230	24,339	22,230
Share of profit of associate companies for the year	–	–	4,668	4,763	4,668	4,763
Acquisition of segment assets	–	–	2,148	2,724	2,148	2,724
Depreciation and amortisation of segment assets	4	4	1,336	1,335	1,340	1,339

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

Listed equities are investments listed on stock exchanges in Australia, Hong Kong, NZ, UK and US. Unlisted investments are investments not listed on any stock exchange.

Rangatira Group
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2011

NOTE 35 Segmental information *continued*

Reconciliation of segment result to Income Statement

	2011	2010
	\$000	\$000
Revenue per segment reporting	20,304	19,628
Interest revenue	2,029	2,288
Revenue per Income Statement	22,333	21,916

Geographical information

The Group's revenue from external customers and information on its non-current segment assets (Property, plant and equipment, goodwill and intangible assets) by geographical location are detailed below:

	Revenue from		Non-current assets	
	external customers		2011	2010
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
New Zealand	21,424	21,087	12,710	39,178
Australia	909	829	-	-
Total	22,333	21,916	12,710	39,178

NOTE 36 Subsequent events

Rangatira Limited has agreed to pay a dividend of 22 cents per share on 27 June 2011.

On 3 May 2011 the Directors of Dunlop Living Limited entered into a sale agreement to dispose of Dunlop Living Limited's business. The sales agreement is conditional upon a number of factors, including Commerce Commission approval, and is expected to be completed by July 2011. The Dunlop Living Limited business was being actively marketed for sale at 31 March 2011 and the business has been classified and accounted for at 31 March 2011 as assets held for sale in accordance with NZIFRS5 (Non-current assets held for sale and discontinued operations). On initial reclassification, the Group has recognised impairment losses of \$4,700,000

On 3 May 2011, the Directors of Te Kairanga Wines Limited entered into a sales agreement to dispose of Te Kairanga Wines Limited's business. The sales agreement is conditional upon a number of factors, including Overseas Investment Office approval and is expected to be completed by June 2011.

AUDITOR'S REPORT

Deloitte.

TO THE SHAREHOLDERS OF RANGATIRA LIMITED

Report on the Financial Statements

We have audited the financial statements of Rangatira Limited and Group on pages 16 to 63, which comprise the consolidated and separate statement of financial position as at 31 March 2011, and the consolidated and separate income statement, statement of comprehensive income, statement of changes in equity and statement of cashflow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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' Responsibility for the Financial Statements

The Board of Directors are responsible for the preparation of financial statements, in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the financial position of Rangatira Limited and Group as at 31 March 2011 and of the results of their operations and cash flows for the year ended on that date.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the financial statements on pages 16 to 63:

- 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 2011, and their financial performance and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2011:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by Rangatira Limited and Group as far as appears from our examination of those records.



Chartered Accountants
2 June 2011
Wellington, New Zealand

This audit report relates to the financial statements of Rangatira Limited and Group ("Rangatira") for the year ended 31 March 2011 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 2 June 2011 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 2011

	2011	2010	2009	2008	2007
	\$000	\$000	\$000	\$000	\$000
	NZ IFRS	NZ IFRS	NZ IFRS	NZ IFRS	Old GAAP
EARNINGS					
Profit after tax attributable to shareholders of Rangatira Limited	12,882	4,981	9,036	7,193	8,124
Dividends	⁽¹⁾ 7,085	6,731	6,200	6,553	6,553
SHAREHOLDERS' FUNDS					
Share capital	17,712	17,712	17,712	17,712	17,712
Retained earnings	83,800	77,826	79,044	76,569	74,007
Other reserves	28,340	26,967	15,048	30,194	32,710
	129,852	122,505	111,804	124,475	124,429
STATISTICS					
Earnings per share, cents	73	28	51	41	46
Dividends per share, cents	⁽¹⁾ 40	38	35	37	37
Group asset backing per share, \$	7.33	6.92	6.31	7.03	7.03

⁽¹⁾ Dividends include the final dividend of 22 cents per share which was not provided in the Financial Statements.

SHAREHOLDINGS IN LISTED COMPANIES

(As at 31 March)

NEW ZEALAND SHARES

	2011 NZ\$m	2010 NZ\$m
Fletcher Building	3.4	3.0
Fisher & Paykel Healthcare	2.2	2.3
Sky City	1.6	1.6
Kiwi Income Property Trust	1.2	1.2
Auckland Airport	0.9	0.8
Contact Energy	0.7	0.7

AUSTRALIAN SHARES

	2011 NZ\$m	2010 NZ\$m
B H P Billiton	13.4	11.9
Rio Tinto	7.6	6.6
Woodside Petroleum	3.5	6.7
Commonwealth Bank	2.5	2.5
Fosters	2.5	2.2
QBE Insurance	1.8	2.0
Wesfarmers	1.3	1.2

INTERNATIONAL SHARES

	2011 NZ\$m	2010 NZ\$m
Royal Dutch Shell	4.2	–
BP	2.9	–
iShares – MSCI All Asia excl Japan Index Fund	2.0	–
iShares – MSCI China Index Fund	1.9	–



JR MCKENZIE TRUST

ESTABLISHED IN 1940

In the year to March 2011 the Trust made 25 grants totalling over \$2.9m to charitable organisations working to make life better for New Zealanders facing hardship, adversity and social exclusion. This amount includes Chair's grants and several one-off grants.

Our vision is for a more socially just and inclusive Aotearoa New Zealand.

The J R McKenzie Trust wants to contribute to longer term change – this means building a society where fewer people are in dire straits, and where there is less need for health and social services over time.

The Board has set two principal areas for the next five years:

DISADVANTAGED CHILDREN AND THEIR FAMILIES

Children are disproportionately affected by poverty and disadvantage. Acting early with children who have a high chance of not doing well, and their caregivers, is more effective than leaving things to later.

MAORI DEVELOPMENT

Māori are the first people of our nation, and an increasing proportion of the population. Many health and social indicators show that Māori trail non-Māori. While the disparities have closed in some areas, there is still much to do. Successful Māori development is a gain for all New Zealanders.

We especially support these ways of working:

- Tino rangitanga and/or self-determined development activities
- Advocacy and other works towards systemic change in society
- Encouraging participation, especially from those often left out
- Working with other organisations.

The Trust has shifted away from making many small annual grants to fewer, larger multi-year grants.

For example, for the financial year ended 31st March 2010 the new grants/commitments totalled 486 with an average grant of \$6,200; for the financial year ended 31st March 2011 the new grants/commitments was 22 with an average grant of \$122,900.

Each year we also make a grant 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 Deaf Development Fund makes grants and scholarships in support of the deaf community.

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:

Radha Balakrishnan – *Chair*

Julia Carr

Pania Ellison

Warren Lindberg

David Vance

Chris McKenzie

Che Wilson

Regional Chairs:

Charles Wilson – Auckland North

Eric Keys – Auckland

Patrick Cummings – Hamilton

Tricia Walbridge – Wellington

Lyn Holmes – Christchurch

Neville Caird – Dunedin

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

www.jrmckenzie.org.nz

or contact:

Iain Hines or Alison Glen

P O Box 10 006

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Iti noa ana, he pito mata

With care, a small kumara will produce a harvest.



RANGATIRA

"investing in business for growth"