NEW ZEALAND'S FAVOURITE

Interim Report 2017

CONTENTS

KEY HIGHLIGHTS

H1'17 UNDERLYING EBITDA OF

$35.1M

INTERIM DIVIDEND OF

3.45

CENTS PER SHARE

▲ 2%

DOMESTIC MARKET SHARE

BRAND REFRESH

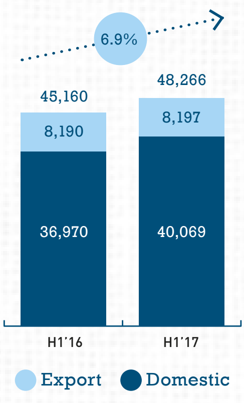
A SMART NEW LOOK FOR TEGEL

NEW EXPORT MARKETS: THE PHILIPPINES

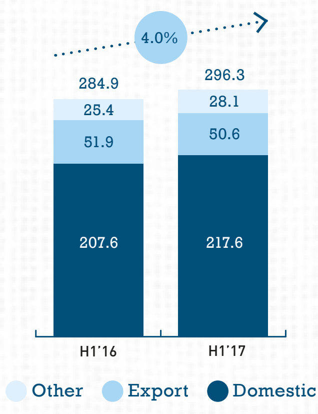
FIRST WAVE OF INNOVATION THROUGH NEW PRODUCTS LAUNCHED DOMESTICALLY

VOLUME AND REVENUE GROWTH

Volume (T)



Revenue ($m)



DIRECTORS REPORT

INVESTING FOR AND DELIVERING GROWTH

Tegel Group Holdings Limited (Tegel) is pleased to present its first interim report as a listed company on the NZX and as a foreign exempt listing on the ASX. For the 26 weeks ended 23 October 2016, Tegel's net profit after tax was $15.1 million, an increase of $9.1 million on the comparative period. The result demonstrates the company is growing and delivering on efficiency initiatives while continuing to invest in the business.

Highlights of the period included:

- Volume of 48 thousand tonnes, up 6.9%
- Revenue of $296.3 million, up 4.0%
- Underlying EBITDA[1] of $35.1 million, down 4.0%
- Net profit after income tax (NPAT) of $15.1 million, up 153.2%
- Interim dividend of 3.45 cents per share
- Tegel brand refresh and innovative new products launched, well received in the market
- Strong performance in the domestic market, market share increased 2%
- Export poultry continues to strengthen with continued growth from customers in Dubai and new customers won in the Philippines. Recent developments allow a wider range of Tegel products to be exported to Australia.

SUMMARY FINANCIALS NZD million	H1'17	H1'16	VARIANCE	VARIANCE %
Domestic poultry volume (tonnes)	**40,069**	36,970	3,099	8.4
Export poultry volume (tonnes)	**8,197**	8,190	7	0.1
Total poultry volume (tonnes)	**48,266**	45,160	3,106	6.9
Revenue	**296.3**	284.9	11.4	4.0
Cost of goods sold (COGS)	**(227.6)**	(213.4)	(14.2)	(6.6)
Gross profit	**68.7**	71.5	(2.8)	(3.9)
Gross profit %	**23.2%**	25.1%	(1.9bps)	
Expenses	**(33.6)**	(34.9)	1.3	3.7
Underlying EBITDA[1]	**35.1**	36.6	(1.5)	(4.0)
Net profit after income tax	**15.1**	6.0	9.1	153.2
Interim Dividend (cents per share)	**3.45**			

1 Underlying EBITDA is a like for like comparison to Pro forma EBITDA in the PFI. Underlying EBITDA refers to earnings before interest, tax, depreciation and amortisation and a number of other adjustments as noted in the reconciliation contained in the financial statements.

Overview

Tegel is pleased to report continued strong growth of the business. Poultry volumes continued their upward momentum, increasing domestically by 8.4% with export volumes remaining solid for a total volume increase of 6.9%. Revenue increased 4.0% to $296.3 million as a result.

While volumes and sales were strong, against a backdrop of soft domestic pricing, underlying EBITDA declined 4.0% to $35.1 million. As a result of expense management and reduced interest expenses from the restructure of the balance sheet following the Initial Public Offering of Tegel on 3 May 2016, NPAT was $15.1 million compared to $6.0 million in the first half of FY16.

On the basis of the strength of the interim results, the Board has declared a fully imputed interim dividend of 3.45 cents per share.

Strategic Objectives

The interim results were achieved through delivering the company's core strategies. Tegel continues to further develop export markets, whilst maintaining its leading position in the domestic market.

The key strategies for continued growth are:

- Developing new product initiatives and growing the overall volume and value of domestic poultry consumption; such as Tegel's Free Range products including Meal Maker and further processed convenience products;
- Increasing sales of value added products by delivering solutions for evolving consumer preferences, for example pre-prepared meal solutions;
- Growing sales in current export markets to new and existing customers through expanding the product range offered and new product development; and
- Identifying and entering new export markets.

Operational Highlights

Tegel successfully grew its domestic market share by 2% in the reporting period. Through the year to date the company has invested in the Tegel brand, with new pack designs, corporate branding and media campaigns to provide growth across existing product and new product ranges. New advertisements were launched for television, internet, radio, billboards and bus stops in New Zealand. The company increased investment in new product development. This delivered additional growth through sales of value added meal solutions such as chicken kebabs, free range products and ready to cook meals.

Looking at exports, the recent announcement permitting a wider range of products to be exported to Australia will allow the company to accelerate export sales over the next few years. Growth will be achieved through a considered approach with respect to identifying product gaps and sustainability of margins. Tegel anticipates its first raw poultry sales into Australia in the second half of this financial year. During the period, existing customer growth continued in Dubai. Through entering new offshore markets with strategic partners, supported by New Zealand's global reputation for producing high quality poultry products, the company recently secured its first sales orders into the Philippines.

Underlining the strategic focus, the business has continued to invest in agriculture and processing assets that are supporting sales growth, efficiency gains and savings. During the period Tegel installed a breast deboner in New Plymouth. This has quickly demonstrated its capability. As a result, the company has brought forward the same investment in its Henderson plant into the FY17 financial year.

Tegel has also invested in a new state of the art breeder farm in Christchurch during the first half of the year. Meanwhile, the installation of new automatic cut up machinery in New Plymouth will improve efficiency and yield.

NZraised FREE RANGE

CAGE FREE NZ FARMED

Financial Review

REVENUE NZD million	H1'17	H1'16	VARIANCE	VARIANCE %
Domestic poultry	**217.6**	207.6	10.0	4.8
Export poultry	**50.6**	51.9	(1.3)	(2.5)
Other revenue[1]	**28.1**	25.4	2.7	10.6
Total revenue	**296.3**	284.9	11.4	4.0

1 Other revenue includes sales of eggs, day-old chicks, feed and offal. Smallgoods were previously classified as Other revenue but are now classified into Domestic poultry and Export poultry for both H1'17 and H1'16.

Revenue increased by 4.0% compared to the first half of 2016 driven by strong domestic volumes from contract gains made in FY16 and in the first half of FY17. Other revenue increased by 10.6% mainly as a result of higher feed sales. Gross Profits declined by 3.9% for the 26 weeks ending 23 October 2016 as a result of soft domestic pricing. The anticipated fall in margin in the first half took effect. Prices are expected to recover in the second half.

Tegel efficiently contained its cost of sales to the extent of the volumes produced. Expenses within the business were well controlled at 3.7% lower than H1'16 primarily through lower administration costs. Following the change in capital structure from the IPO, the business reduced its net finance costs to $3.5 million from $17.8 million in H1'16. As a result Tegel's overall NPAT was $15.1 million, $9.1 million higher than the comparative period.

Adjusting the bottom line for a number of items including listing related costs, depreciation, net finance costs, fair value adjustments and foreign exchange, resulted in an underlying EBITDA of $35.1 million, down 4.0% from $36.6 million in H1'16.

NZD million	H1'17	H1'16
Underlying EBITDA	**35.1**	36.6
Corporate governance structural changes due to IPO	**–**	(0.5)
Unrealised foreign exchange revaluations	**(0.3)**	(1.2)
Fair value adjustment to Biological Assets	**(0.2)**	–
Employee share option expense	**(0.1)**	–
Settlement of historical legal claim & other legal costs	**(0.1)**	–
EBITDA	**34.4**	34.9
Depreciation	**(7.9)**	(7.3)
Amortisation	**(1.6)**	(1.7)
Net finance costs	**(3.5)**	(17.8)
Net profit before income tax	**21.4**	8.1
Income tax	**(6.3)**	(2.1)
Net profit after income tax	**15.1**	6.0

The balance sheet continues to be strong, with improved working capital, enabling Tegel to consider both internal and external opportunities. Inventory levels at 23 October 2016 were higher than the end of April 2016 primarily through increased raw materials and finished goods. This will support higher sales as the company moves into its busy Christmas and summer season.

Tegel's IPO in May of this year resulted in $283.9 million of capital raised. $130.0 million of borrowings have been repaid. New arrangements for borrowing facilities have been negotiated. These include a facility of $120.0 million and a working capital facility of $40.0 million with significantly improved interest rates. These facilities will expire in November 2018.

Outlook

Maintaining first half momentum, volume and revenue are expected to continue to grow ahead of FY16 in both New Zealand and international markets. While soft pricing in the domestic market has continued longer than anticipated due to excess volumes in the market, the longer term view is that the domestic market will return to more rational volume levels.

Contributing to the anticipated strong forecast for the second half of the year is the extra trading week, the continuation of additional volumes from contracts secured in the first half, the upside associated with summer seasonality and the number of new higher margin products that are being launched. In addition, the company's re-designed packaging is now on shelves in supermarkets and is being promoted through a media campaign with extensive advertising in New Zealand. Meanwhile, at an operational level, the company's capital expenditure projects and operating efficiency initiatives will continue to show benefit in the second half. Tegel also expects domestic pricing to increase in H2'17 as excess volumes work through the supply chain. Partially offsetting the stronger weighting of earnings to the second half is the expected increase in freight costs following the Kaikoura earthquake in November 2016.

Based on the current market conditions impacting FY17, underlying EBITDA is expected to be between $75 million and $85 million, with NPAT between $33 million and $41 million. Demand for Tegel products continues to grow both in domestic and export markets and the company expects to exceed forecast volumes.

Tegel is a growing business with a leading market position. The company is confident about delivering on its strategic objectives.

James Ogden
CHAIRMAN

Phil Hand
CHIEF EXECUTIVE OFFICER

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 23 October 2016

	Notes	Unaudited 6 months 23 Oct 16 $'000	Unaudited 6 months 25 Oct 15 $'000
Revenue	2.1	**296,299**	284,930
Cost of sales		**(227,597)**	(213,436)
Gross profit		**68,702**	71,494
Expenses			
Distribution		**(25,582)**	(24,548)
Administration		**(18,086)**	(21,019)
Other		**(112)**	–
Finance income		**49**	175
Finance costs		**(3,557)**	(18,000)
Profit before income tax		**21,414**	8,102
Income tax expense	6.1	**(6,299)**	(2,133)
Profit for the period attributable to shareholders of the parent		**15,115**	5,969
Other comprehensive income:			
Items that will be subsequently reclassified to profit and loss			
Cash flow hedges, net of tax		**711**	169
Other comprehensive income for the period, net of tax		**711**	169
Total comprehensive income for the period		**15,826**	6,138
Basic and diluted earnings per share (cents)	5.3	**4.39**	7.36

CONSOLIDATED BALANCE SHEET

As at 23 October 2016

	Notes	Unaudited 23 Oct 16 $'000	Audited 24 Apr 16 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**9,115**	4,002
Trade and other receivables		**82,402**	78,064
Inventories	3.1	**97,632**	82,338
Derivative financial instruments		**1,755**	386
Biological assets		**32,222**	31,517
Deferred IPO costs		**–**	12,246
Total current assets		**223,126**	208,553
Non-current assets			
Property, plant and equipment	4.1	**158,395**	151,351
Receivables		**417**	352
Intangible assets	4.2	**334,993**	335,393
Total non-current assets		**493,805**	487,096
Total assets		**716,931**	695,649
LIABILITIES			
Current liabilities			
Tax payable		**378**	1,036
Derivative financial instruments		**4,729**	5,629
Trade and other payables		**67,634**	81,977
Borrowings	5.1	**–**	130,000
Other payables		**291**	21,754
Total current liabilities		**73,032**	240,396
Non-current liabilities			
Deferred tax liabilities		**18,386**	18,393
Borrowings	5.1	**153,000**	123,000
Total non-current liabilities		**171,386**	141,393
Total liabilities		**244,418**	381,789
Net assets		**472,513**	313,860
EQUITY			
Issued capital	5.2	**427,138**	284,423
Reserves		**(2,326)**	(3,149)
Retained earnings		**47,701**	32,586
Total equity		**472,513**	313,860

For and on behalf of the board, who authorised these financial statements for issue on 15 December 2016.

James Ogden
CHAIRMAN

Phil Hand
CHIEF EXECUTIVE OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 23 October 2016

	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 26 April 2015	265,337	1,855	21,275	288,467
Profit for the period	–	–	5,969	5,969
Other comprehensive income for the period, net of tax	–	169	–	169
Total comprehensive income	–	169	5,969	6,138
Issue of shares during the period	19,086	–	–	19,086
Balance at 25 October 2015 (unaudited)	284,423	2,024	27,244	313,691
Balance at 24 April 2016	**284,423**	**(3,149)**	**32,586**	**313,860**
Profit for the period	**–**	**–**	**15,115**	**15,115**
Other comprehensive income for the period, net of tax	**–**	**711**	**–**	**711**
Total comprehensive income	**–**	**711**	**15,115**	**15,826**
Movement in fair value of share based payment reserve	**–**	**112**	**–**	**112**
Shares redeemed during the period	**(264,158)**	**–**	**–**	**(264,158)**
Issue of shares during the period net of issue costs	**406,873**	**–**	**–**	**406,873**
	142,715	**112**	**–**	**142,827**
Balance at 23 October 2016 (unaudited)	**427,138**	**(2,326)**	**47,701**	**472,513**

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 23 October 2016

	Notes	Unaudited 6 months 23 Oct 16 $'000	Unaudited 6 months 25 Oct 15 $'000
Cash flows from operating activities			
Receipts from customers		**287,664**	273,245
Net GST collected / (paid)		**310**	(1,635)
Income tax paid		**(7,239)**	(5,695)
Payments to suppliers		**(220,574)**	(196,334)
Payments to employees		**(76,728)**	(63,772)
Other operating expenses		**(1,652)**	–
Net cash (outflow) / inflow from operating activities	3.2	**(18,219)**	5,809
Cash flows from investing activities			
Payments for property, plant and equipment		**(14,987)**	(11,373)
Payments for intangibles		**(1,206)**	(66)
Increase in other non current assets		**(65)**	–
Net cash outflow from investing activities		**(16,258)**	(11,439)
Cash flows from financing activities			
Proceeds from borrowings		**30,000**	295,000
Issue of ordinary shares		**418,577**	19,086
Redemption of redeemable shares		**(264,158)**	–
Repayment of principal on borrowings		**(130,000)**	(265,469)
Payment of interest and financing costs		**(3,559)**	(13,102)
Payment of interest capitalised to loan		**–**	(22,107)
Payment of costs related to listing		**(11,270)**	–
Net cash inflow from financing activities		**39,590**	13,408
Net increase in cash and cash equivalents		**5,113**	7,778
Cash and cash equivalents at the beginning of the financial year		**4,002**	11,964
Cash and cash equivalents at end of the period		**9,115**	19,742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 23 October 2016

1.1 GENERAL INFORMATION

Tegel Group Holdings Limited (the Company) and its subsidiaries (together the Group) is a fully integrated poultry producer, involved in the breeding, hatching, processing, marketing and distribution of poultry products.

These interim consolidated financial statements are for the 26 week period ended 23 October 2016. The comparative period represents the 26 week period ended 25 October 2015.

1.2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The interim consolidated financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) and the Financial Markets Conduct Act 2013. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable New Zealand Financial Reporting Standards, as appropriate for profit-oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The accounting policies and methods of computation used in the preparation of these interim financial statement are consistent with those used in the 2016 annual financial statements. The interim financial statements have been prepared in accordance with NZ IAS 34 - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, and should be read in conjunction with the 2016 annual financial statements.

Critical accounting judgements, estimates and assumptions

There have been no changes in critical judgements, estimates and assumptions outlined in the 2016 annual financial statements.

1.3 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the Group was affected by the following significant events and transactions during the reporting period:

Initial Public Offer (IPO)

On 3 May 2016, the Company listed on the New Zealand and Australian stock exchanges. The listing resulted in 270.0 million shares being issued and the redemption of all redeemable shares held by Tegel's shareholders immediately prior to listing. Proceeds of $283.9 million were raised pursuant to the public offer and in accordance with the product disclosure statement dated 31 March 2016. For more details see note 1.4 of the 2016 annual financial statements.

Refinance

On 3 May 2016, amended banking arrangements were put in place with a net reduction on borrowings of $130.0 million. For more details see note 5.1.

2 PERFORMANCE

2.1 SEGMENT REPORTING

The Group operates in one industry, being the manufacture and sale of poultry products. Management makes resource allocation decisions based on expected cash flows and results of the Group's operations as a whole and the Group therefore has one segment.

A key performance measure reviewed by management is underlying earnings before interest, tax, depreciation, amortisation, fair value adjustments to biological assets and unrealised gains and losses on foreign exchange (underlying EBITDA). This is adjusted for significant one off items.

Revenues of approximately 41% (2016: 41%) are derived from customers with greater than 10% of revenue.

	Unaudited 6 months 23 Oct 16 $'000	Unaudited 6 months 25 Oct 15 $'000
Underlying EBITDA	**35,141**	36,594
Corporate governance structural changes due to IPO	**–**	(483)
Unrealised losses on foreign exchange revaluations	**(283)**	(1,193)
Fair value adjustment to biological assets	**(158)**	–
Share based payments	**(112)**	–
Settlement of historical legal claim and other legal costs	**(116)**	–
EBITDA	**34,472**	34,918
Depreciation	**(7,943)**	(7,321)
Amortisation	**(1,606)**	(1,670)
Net finance costs	**(3,509)**	(17,825)
Profit before income tax	**21,414**	8,102
Income tax expense	**(6,299)**	(2,133)
Profit for the period	**15,115**	5,969

The Group sells to many different countries with all sales originating from New Zealand.

	Unaudited 6 months 23 Oct 16 $'000	Unaudited 6 months 25 Oct 15 $'000
Revenue		
Domestic	**245,673**	232,988
Export	**50,626**	51,942
Total revenue	**296,299**	284,930

3 WORKING CAPITAL

3.1 INVENTORIES

	Unaudited 23 Oct 16 $'000	Audited 24 Apr 16 $'000
Raw materials	**38,055**	29,864
Finished goods	**54,377**	48,261
Spare parts and consumables	**5,200**	4,213
	97,632	82,338

There were no raw materials (24 April 2016: $9.8 million) pledged as security for trade payables. The remaining inventory is secured under bank borrowings.

3.2 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Unaudited 6 months 23 Oct 16 $'000	Unaudited 6 months 25 Oct 15 $'000
Profit for the period	**15,115**	5,969
Adjusted for		
Depreciation	**7,943**	7,321
Amortisation	**1,606**	1,670
Share based payments	**112**	–
Amortised finance costs	**–**	4,169
Interest capitalised to loan	**–**	4,172
Increase in fair value of biological assets and inventory	**158**	(536)
Movements in working capital due to derivatives	**(1,281)**	–
Other amounts not involving cash flows	**(442)**	73
Impact of changes in working capital items		
Increase in debtors and prepayments	**(4,338)**	(8,576)
(Decrease) / increase in creditors and provisions	**(14,343)**	7,930
Increase in inventories	**(15,294)**	(22,964)
Decrease in deferred IPO costs	**12,246**	–
Decrease in provisions and other current liabilities	**(21,463)**	–
Decrease in current tax liabilities	**(658)**	(2,257)
Increase in biological assets	**(705)**	(1,365)
Less items classified as financing activities:		
Payment of costs related to listing and subsequently netted in equity	**(434)**	–
Interest paid / financing transaction costs classified as financing	**3,559**	10,202
Net cash (outflow) / inflow from operating activities	**(18,219)**	5,808

4 LONG TERM ASSETS

4.1 PROPERTY, PLANT AND EQUIPMENT

	Capital work in progress $'000	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
At 24 April 2016 (audited)						
Cost	5,991	9,035	37,049	158,831	611	211,517
Accumulated depreciation	–	–	(3,949)	(55,835)	(382)	(60,166)
Net book amount	5,991	9,035	33,100	102,996	229	151,351
6 months ending 23 October 2016 (unaudited)						
Opening net book amount	5,991	9,035	33,100	102,996	229	151,351
Additions	14,987	–	–	–	–	14,987
Transfer of work in progress	(2,945)	–	336	2,566	43	–
Depreciation charge	–	–	(795)	(7,113)	(35)	(7,943)
Closing net book amount	18,033	9,035	32,641	98,449	237	158,395
At 23 October 2016 (unaudited)						
Cost	18,033	9,035	37,384	161,391	655	226,498
Accumulated depreciation	–	–	(4,743)	(62,942)	(418)	(68,103)
Net book amount	18,033	9,035	32,641	98,449	237	158,395

4.2 INTANGIBLE ASSETS

	Goodwill $'000	Customer Relationships $'000	Trademarks $'000	Computer software $'000	Other intangible assets $'000	Total $'000
At 24 April 2016 (audited)						
Cost	254,578	56,900	33,500	9,017	983	354,978
Accumulated amortisation	–	(11,380)	–	(7,425)	(780)	(19,585)
Net book amount	254,578	45,520	33,500	1,592	203	335,393
Period ending 23 October 2016 (unaudited)						
Opening net book amount	254,578	45,520	33,500	1,592	203	335,393
Additions	–	–	–	906	300	1,206
Amortisation charge	–	(1,138)	–	(278)	(190)	(1,606)
Closing net book amount	254,578	44,382	33,500	2,220	313	334,993
At 23 October 2016 (unaudited)						
Cost	254,578	56,900	33,500	9,922	1,283	356,183
Accumulated amortisation	–	(12,518)	–	(7,702)	(970)	(21,190)
Net book amount	254,578	44,382	33,500	2,220	313	334,993

There have been no indicators of impairment that would require a revision to the assessment of goodwill from the 2016 annual financial statements.

4.3 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Unaudited 23 Oct 16 $'000	Audited 24 Apr 16 $'000
Property, plant and equipment and intangibles	**9,073**	4,457
	9,073	4,457

5 BORROWINGS AND EQUITY

5.1 BORROWINGS

	Unaudited 23 Oct 16 $'000	Audited 24 Apr 16 $'000
Secured		
Current		
Bank borrowings at amortised cost	**–**	130,000
Non current		
Bank borrowings at amortised cost	**153,000**	123,000
Total interest bearing liabilities	**153,000**	253,000

The banking arrangements include a working capital facility which is included within bank borrowings above and expires with the facility in November 2018.

	Unaudited 23 Oct 16 $'000	Audited 24 Apr 16 $'000
Bank loan facilities		
Working capital facilities	**40,000**	40,000
Unused at balance date	**7,000**	37,000

Banking arrangements

On 3 May 2016, amended banking arrangements were put in place with a net reduction in borrowings of $130.0 million. The new arrangements are a facility of $120.0 million and a working capital facility of $40.0 million with both expiring in November 2018.

Interest is calculated at the BKBM floating base rate plus a margin.

The borrowings are subject to borrowing covenant arrangements. The Group has complied with all covenants during the period. Bank borrowings are secured over the assets of the Group.

The loans incurred interest at rates from 3.5% to 4.9% (24 April 2016: 7.5% to 15%).

5.2 SHARE CAPITAL

Share Capital	Number on issue Ordinary shares '000	Number on issue Redeemable shares '000	Number on issue Total '000	Value Ordinary shares $'000	Value Redeemable shares $'000	Value Total $'000
At 24 April 2016 (audited)	85,856	272,158	358,014	12,265	272,158	284,423
Issue of shares	270,050	–	270,050	406,873	–	406,873
Redemption of shares	–	(272,158)	(272,158)	8,000	(272,158)	(264,158)
At 23 October 2016 (unaudited)	355,906	–	355,906	427,138	–	427,138

Redeemable shares

All 272,157,915 redeemable shares held by Tegel's existing shareholders were redeemed on 3 May 2016 for $264.2 million.

Initial public offering

On 3 May 2016 the company listed on the New Zealand and Australian stock exchanges. The listing resulted in the issue of 270,049,846 shares at an issue price of $1.55 per share less issue related costs.

5.3 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the weighted average number of ordinary shares on issue.

	Unaudited 6 months 23 Oct 16 $'000	Unaudited 6 months 25 Oct 15 $'000
Profit attributable to shareholders	**15,115**	5,969
Weighted average number of ordinary shares for basic earnings per share	**344,036**	81,103
Effect of dilutive ordinary shares:		
- Share options and performance rights	**502**	–
Weighted average number of ordinary shares for diluted earnings per share	**344,538**	81,103
Basic and diluted earnings per share (cents)	**4.39**	7.36

The 2016 weighted average number of shares on issue has been adjusted due to the subdivision of shares on 30 March 2016.

6 OTHER

6.1 TAXATION

Income tax expense of $6.3 million is recognised based on management's best estimate of the effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 23 October 2016 is 28% (25 October 2015: 26%).

Imputation credits of $11.4 million have been forfeited due to the change in shareholding as a result of listing the company on 3 May 2016.

6.2 RELATED PARTY TRANSACTIONS

During the period, redeemable shares held by Senior Management were fully redeemed. New ordinary shares were issued by the Company to Senior Management which were subscribed for in cash and acquired on the same terms and conditions that applied to other shareholders.

The long term incentive plan (the LTI Plan) established on 30 April 2016 came into effect during the period. Performance rights to the value of $804,284 were granted to key management under this scheme. The total expense recognised in the statement of comprehensive income in relation to share options in the LTI Plan for the period is $0.1 million (25 October 2015: $nil).

6.3 CONTINGENCIES

As at 23 October 2016 the Group had no contingent liabilities or assets.

INDEPENDENT REVIEW REPORT

To the Directors of Tegel Group Holdings Limited

Report on the Interim Financial Statements

We have reviewed the accompanying financial statements of Tegel Group Holdings Limited (''the Company'') on pages 5 to 15, which comprise the consolidated balance sheet as at 23 October 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period ended on that date, and a summary of significant accounting policies and selected explanatory notes. The Group comprises of the Company and the entities it controlled at 23 October 2016 or from the time to time during the financial year.

Directors Responsibility for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditors perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of taxation services, other assurance and advisory services. The provision of these other services has not impaired our independence.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Company are not prepared, in all material respects, in accordance with NZ IAS 34.

Restriction on Distribution or Use

This report is made solely to the Company's Directors, as a body. Our review work has been undertaken so that we might state to the Company's Directors those matters which we are required to state to them in our review 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 Directors, as a body, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
15 December 2016

Auckland

CORPORATE DIRECTORY

Board of Directors
James Ogden (Chairman)
Phil Hand (Chief Executive Officer)
Tang Kok Yew
Brett Sutton
David Jackson
George Adams

Auditor
PricewaterhouseCoopers
188 Quay Street
Auckland

Lawyers
Minter Ellison Rudd Watts
Lumley Centre
88 Shortland St
Auckland 1010

Tegel Group Holdings Limited
Ticker: TGH
Dual listed on the NZX and ASX
NZ Company number: 3233930
ARB number: 611 273 539

Registered Office and principal administration office
100 Carlton Gore Road
Newmarket
Auckland, 1023

Level 40
2 Park Street
Sydney, NSW 2000
Australia

Postal Address
Private Bag 99927
Newmarket
Auckland, 1149

Telephone
0800 4 TEGEL (0800 483 435)
+64 9 977 9002

Investor Relations
Investorrelations@tegel.co.nz

Share Registry
Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna,
Auckland 0622, New Zealand
+64 9 488 8777
enquiry@computershare.co.nz

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street,
Abbotsford, VIC 3001, Australia
+61 3 9415 4083
enquiry@computershare.co.nz

Website
www.tegel.co.nz

insightcreative.co.nz TEG009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