



RANGATIRA

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25 November 2008

Dear Shareholder

Results for Half Year to 30 September 2008

Rangatira's Operating Earnings for the six months to 30 September 2008 were \$3.9 million, an increase of 22% on the \$3.2 million result for the same period last year.

One-off gains from realisation of investments were \$1.6 million (last year nil) giving a net profit after tax of \$5.5million (last year \$3.2m).

A fully imputed interim dividend of 17¢ per share has been declared (last year 17¢) and will be paid on 15 December 2008. Rangatira shares will trade ex dividend from 8 December 2008.

Commentary on Results

The Investment Realisation Gain of \$1.6 million resulted from the sale of our GPG shares in May 2008

Operating Earnings reflected generally similar profitability to last year in most of our unlisted companies, despite the increasingly difficult economic environment. The improved overall result is due to a strong performance by Contract Resources compared with their weak first half last year.

Comments on individual companies follow -

- Auckland Packaging's sales and profits have been in line with last year, but demand is now slowing as a result of the general economic downturn.
- Contract Resources continues to exceed expectations with both sales and profits well ahead of last year. The collapse in oil and other commodity prices may have some impact on CRL's business, but we are optimistic at this stage that demand will continue at satisfactory levels.
- Heller Tasty continues to perform well with sales and profit growth maintained in a difficult market. The Company is now New Zealand's leading brand marketer in the bacon and small goods categories.

- Polynesian Spa had a difficult half year with a downturn in tourism generally, and a marked decline in both Korean and Japanese visitors. The Company has, however, done well in promoting its facilities to local customers, and both sales and profits are only slightly lower than last year.
- Precision Dispensing Systems passed a significant milestone in October with successful completion of proving trials of the production version of its patented Inflex pump by the US multinational with which it has worked for the past several years. PDS is now discussing the timetable for the first commercial application with this company and drawing up plans for marketing Inflex pumps to other companies.
- Tecpak's sales have been maintained, but profitability was down on last year due largely to increases in input costs, especially resin. While mindful of the risk to sales from the impact of the economic downturn, Tecpak at this stage expects a better second half due to planned increased offtake by new and existing customers.
- Rangatira's half year result includes our \$764,000 share of the loss reported recently by Te Kairanga Wines Ltd (this figure is similar to the loss of \$730,000 included in our results for the September 2007 half year).

Despite major improvements in vineyard efficiency and wine quality, TK has found it difficult to expand sales in an over-supplied market and has had to battle hard to implement the recovery plan developed by Peter Hubscher.

With effect from 14 October, Peter Hubscher has taken on the role of full-time Managing Director of the Company. There is still a long way to go, but some welcome sales traction is becoming apparent with a more effective sales and distribution system in place. The primary focus is now on growing sales to produce trading profits and reduce inventory, and thereby achieve a reduced and sustainable level of debt.

Rangatira has made a secured loan of \$1.2 million to TK to assist with cash flow. Wine companies – along with many others - are under close scrutiny from their bankers. We believe TK has a future worth fighting for and this loan, coupled with a parallel loan of \$800,000 from Peter Hubscher's interests, provides breathing space to determine how best to structure its finances going forward.

- Vita has had a difficult six months, with sales and profits down on the previous year. It has nevertheless remained profitable, and with the NZ\$ falling from US78c on 1 April to US54c today there has been a major realignment of its competitive position against imports. The benefit of that will take time to show through as retailers struggle to move their stocks of imported furniture and the economic situation impacts on sales generally - but we expect Vita's performance to steadily improve as the market adjusts to the new currency level.

In June Vita acquired the assets of the New Zealand divisions of Dunlop Foam and Flooring and Sleepmaker Bedding from Pacific Brands (NZ) Ltd. This was funded by increased equity in Vita of \$5.0 million, plus \$5.7 million of additional bank debt. We concurrently reduced our shareholding in Vita by 10% (to 70%), so the cost of our additional investment in Vita was a little under \$2 million.

Work on integrating the Pacific Brands businesses has progressed well, and the original estimates of the annual benefits available and the one-off costs of achieving them have been shown to be largely accurate. We expect this acquisition to result in a significant improvement in Vita's ongoing profitability.

Net Asset Value

In today's uncertain economic climate - constrained liquidity, serious recessionary fears - it is extremely difficult to put a realistic value on most assets. This is of particular concern to us in valuing our unlisted investments. We want to continue to give Rangatira shareholders a conservatively realistic assessment of what these businesses are worth, and will do our best to do that - but we need to note that these values currently carry a much higher degree of uncertainty than usual.

Recognising the current lack of liquidity and confidence in asset markets, we consider that - despite higher profits overall - the mid-point of the aggregate additional value above book value of Rangatira's unlisted investments at 30 September 2008 has fallen by \$9 million from the level at 31 March 2008. Our Listed Equity portfolio decreased over the same period by \$2.3 million.

Using these values, the assessed asset backing of Rangatira's shares at 30 September 2008 was \$7.37 (\$7.91 at 31 March 2008). Together with the dividend of 20c per share paid during the period, Rangatira's total return to shareholders was -4.2%; this compares with -11.0% for the NZSE50 index, and -6.2% in NZ\$ for the ASX200 Accumulation index.

Note that the further fall in Listed Equities during October and November 2008 has reduced Rangatira's assessed asset backing at 24 November 2008 to \$6.78 per share.

Comment and Outlook

The world is very much less certain economically today than many of us have ever experienced. This makes meaningful comment on Rangatira's outlook difficult in the extreme. However, with our borrowing at a very conservative level and our strategy focused on diversification of risk, we are confident of managing whatever may lie ahead and maintaining a good dividend flow.

Directors expect that economic conditions will get worse before they get better, and that some of our investments will struggle to maintain profitability. We have good management in all of our unlisted companies, however, and each of them has a development plan which should ultimately see profits continue to grow. Our October results indicate that performance of these companies in aggregate continues to be ahead of last year.

We have seen some major falls with our listed equities - particularly BHP, Rio Tinto, and Woodside, which have previously provided substantial gains. We are as uncertain as any other investor as to what lies ahead for commodity prices, but retain our confidence that these companies are strongly based and will provide long term value as part of a diversified portfolio.

A continuation of negative and unstable economic conditions for at least the coming six months seems probable. Despite that environment, we are currently forecasting Rangatira's Operating Earnings for the full year to be at a level similar to or above that achieved last year.

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

A handwritten signature in black ink, appearing to read 'R M Gough', written in a cursive style.

R M Gough
Chairman

Rangatira Group
CONDENSED CONSOLIDATED INCOME STATEMENTS
For the 6 months ended 30 September 2008

	Group 6 months to 30 Sep 2008 \$000	Group 6 months to 30 Sep 2007 \$000
Revenue	48,565	39,823
Other income	3,628	2,092
Share of profit from associate companies	2,791	1,045
Total income	54,984	42,960
Amortisation expense	(110)	(110)
Change in inventories	4,451	990
Depreciation expense	(1,868)	(1,711)
Employee benefit expense	(15,333)	(12,141)
Finance costs	(1,120)	(592)
Raw materials and consumables used	(25,292)	(16,698)
Consulting expense	(115)	(90)
Other expenses	(9,619)	(8,377)
Profit before tax	5,978	4,231
Tax expense	(367)	(805)
Profit after tax	5,611	3,426
Profit attributable to		
Equity holders of the parent	5,457	3,155
Minority interests	154	271
	5,611	3,426
Basic and diluted earnings per share (cents)	30.8	17.8

Rangatira Group
CONDENSED CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE
For the 6 months ended 30 September 2008

	Group 6 months to 30 Sep 2008 \$000	Group 6 months to 30 Sep 2007 \$000
Available for sale investments		
- valuation gain/(loss) taken to equity	(748)	7,776
- transferred to profit or loss on sale	(1,522)	-
Net income recognised directly in equity	(2,270)	7,776
Profit after tax	5,611	3,426
Total recognised income and expenditure for the period	3,341	11,202
Attributable to		
Equity holders of the parent	3,187	10,931
Minority interests	154	271
	3,341	11,202

Rangatira Group
 CONDENSED CONSOLIDATED BALANCE SHEETS
 As at 30 September 2008

	Group September 2008 \$000	Group September 2007 \$000	Group March 2008 \$000
Current assets			
Cash and cash equivalents	4,028	1,591	2,890
Trade receivables	15,148	11,006	9,882
Inventories	18,393	14,146	14,433
Tax receivable	1,088	1,071	868
Other current financial assets	10,394	7,740	9,562
Other current assets	998	1,026	1,535
Total current assets	50,049	36,580	39,170
Non current assets			
Property, plant and equipment	26,447	23,592	23,715
Investments in associate companies	25,231	19,673	22,438
Goodwill	12,925	10,765	10,766
Intangible assets	1,841	2,045	1,954
Deferred tax asset	676	471	993
Other non current financial assets	60,899	70,293	64,356
Total non current assets	128,019	126,839	124,222
Total assets	178,068	163,419	163,392
Current liabilities			
Trade and other payables	12,270	8,260	8,242
Borrowings at amortised cost	5,366	4,844	7,145
Other current financial liabilities	481	301	82
Current tax payable	22	57	44
Provisions	589	850	466
Total current liabilities	18,728	14,312	15,979
Non current liabilities			
Borrowings at amortised cost	25,621	10,550	16,102
Deferred tax liability	339	247	746
Total non current liabilities	25,960	10,797	16,848
Total liabilities	44,688	25,109	32,827
Net assets	133,380	138,310	130,565
Equity			
Share capital	17,712	17,712	17,712
Revenue reserves	78,474	74,321	76,569
Available for sale investments revaluation reserve	27,953	40,580	30,222
Foreign currency translation reserve	(28)	-	(28)
Equity holders of the parent	124,111	132,613	124,475
Minority interests	9,269	5,697	6,090
Total equity	133,380	138,310	130,565

Rangatira Group
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
For the 6 months ended 30 September 2008

	Note	Group 6 months to 30 Sep 2008 \$000	Group 6 months to 30 Sep 2007 \$000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		43,833	40,958
Dividends received		1,142	2,637
Interest received		350	169
Other income		-	113
		45,325	43,877
Cash was applied to:			
Payments to suppliers and employees		(39,900)	(37,647)
Tax paid		(699)	(570)
Interest paid and other costs of finance		(1,120)	(939)
		(41,719)	(39,156)
Net cash inflows from operating activities		3,606	4,721
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of investments		3,101	143
Proceeds from sale of property, plant and equipment		-	3
Repayment of advances made to related parties		-	500
		3,101	646
Cash was applied to:			
Purchase of property, plant and equipment		(1,271)	(3,447)
Payment for intangible assets		-	(14)
Purchase of business assets	7	(10,718)	-
Purchase of investments		(1,192)	-
		(13,181)	(3,461)
Net cash (outflows) from investing activities		(10,080)	(2,815)
Cash flows from financing activities			
Cash was provided from:			
Proceeds from equity		3,300	-
Proceeds from borrowings		8,139	2,010
		11,439	2,010
Cash was applied to:			
Dividends paid to shareholders of parent		(3,552)	(3,720)
Dividends paid to minority shareholders		(275)	(253)
Repayment of borrowings		-	(796)
		(3,827)	(4,769)
Net cash (outflows) from financing activities		7,612	(2,759)
Net increase/(decrease) in cash held		1,138	(853)
Cash at beginning of year		2,890	2,444
Cash at end of year		4,028	1,591
Cash and cash equivalents in balance sheet		4,028	1,591

Rangatira Group
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)
For the 6 months ended 30 September 2008

	Group 6 months to 30 Sep 2008 \$000	Group 6 months to 30 Sep 2007 \$000
Cash flow reconciliation		
Profit after tax	5,611	3,426
Add/(Less) non cash items:		
Share of change in retained earnings of associate companies	(2,791)	(1,045)
Depreciation	1,868	1,711
Amortisation of intangible assets	110	110
Increase in deferred tax	(90)	(172)
Foreign exchange losses/(gains)	(9)	77
Revaluation of financial assets	57	330
	(855)	1,011
Add/(Less) movements in other working capital items:		
Trade receivables	(5,266)	801
Inventories	2,071	(1,522)
Other current assets	672	55
Trade and other payables	4,028	596
Provisions	(821)	248
Tax payable/receivable	(242)	86
	442	264
Less items classified as investing activities:		
Net gains on sale of investments	(1,592)	-
Net loss on sale of property, plant and equipment	-	20
	(1,592)	20
Net cash inflows from operating activities	3,606	4,721

NOTE 1 Earnings per share

	Group 6 months to 30 Sep 2008 \$000	Group 6 months to 30 Sep 2007 \$000
Cents per share	30.8	17.8

Earnings per share are the same on basic and diluted basis

NOTE 2 Dividends paid

	Group 6 months to 30 Sep 2008	Group 6 months to 30 Sep 2007
Amount paid (cents per share)	20.0	21.0
Amount paid (\$000's)	3,542	3,720

NOTE 3 Capital commitments

	Group September 2008 \$000	Group September 2007 \$000
Plant and equipment	1,904	100

NOTE 4 Contingent liabilities

	Group September 2008 \$000	Group September 2007 \$000
	Nil	Nil

NOTE 5 Segmental information

	Listed Equity Investments		Unlisted Investments		Group	
	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000
Total income	2,734	1,972	52,250	40,988	54,984	42,960
Segment result before finance costs and tax	2,483	1,659	4,456	3,164	6,939	4,823
Finance costs					(1,120)	(592)
Tax					(367)	(805)
Net profit after tax before minority interests					5,611	3,426
Segment assets	48,901	64,356	129,167	99,063	178,068	163,419

Rangatira's internal organisational structure, including regularly reporting to the Board of Directors and Chief Executive, is analysed in the format disclosed. Rangatira's risk management, investment analysis and decision making regarding risk and returns are best represented in the primary segment reporting format disclosed. Listed equities are investments listed on stock exchanges in NZ, Australia and UK. Unlisted investments are investments not listed on any stock exchange. The Board is of the view that a secondary segment reporting format does not aid decision making and so no secondary segment is disclosed.

NOTE 6 Subsequent event

On 24 November 2008 the Board declared a fully imputed dividend of 17 cents per share (\$3.0 million). The dividend will be paid to shareholders on 15 December 2008.

NOTE 7 Acquisitions and disposals

On the 28 June 2008, Vita New Zealand Limited acquired the assets of the New Zealand divisions of Dunlop Foams & Flooring and Sleepmaker Bedding from Pacific Brands (NZ) Limited. This acquisition affected the Balance Sheet as set out below:

	Group 2008 \$000
	Increases from acquisition
Assets	
Inventories	6,031
Property, plant and equipment	3,329
Other current assets	135
Liabilities	
Provisions	(944)
Value of assets acquired	8,551
Less minority interests share of acquisition	(2,565)
Value of assets acquired attributable to the Rangatira Limited Group	5,986
Paid as follows :	
Total consideration paid by Vita New Zealand Limited	(10,718)
Goodwill on acquisition	2,167

Vita New Zealand Limited and Pacific Brands (NZ) Limited are still negotiating over the value of the inventory and property, plant and equipment acquired. This may result in the purchase price being reduced by up to \$800,000 and a corresponding reduction in the asset values.

NOTE 8 Significant accounting policies

The interim financial statements have been prepared using the same accounting policies and methods of computation as used in the preparation of the financial statements for the year ending 31 March 2008. These are described in Rangatira's 2008 Annual Report.

RANGATIRA LIMITED
HALF YEAR REPORT TO 30 SEPTEMBER 2008

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auckland packaging company

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RESOURCES**
SETTING NEW STANDARDS

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