



RANGATIRA

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1 December 2004

Dear Shareholder

Rangatira achieved a net surplus after tax of \$3.2m for the six months ended 30 September 2004 (last year \$7.9m).

A fully imputed interim dividend of 15 cents per share has been declared and will be paid on 10 December 2004 (last year 15 cents per share partially imputed). Rangatira shares will trade ex dividend from 6 December 2004.

Comparison of Results

Comparison of the half-year result with last year is significantly affected by a lower gain from investment realisations, and last year's one-off revaluation reversal -

	Six Months Ended	
	Sept 2004	Sept 2003
	\$m	\$m
Operating Earnings	2.0	1.9
Gains from Realisation of Investments	1.2	3.4
Reversal of Revaluation Below Cost of Listed Equities & Property	-	2.6
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Net Surplus After Tax	3.2	7.9
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Operating Earnings (the ongoing net income from our investments) has shown a further small improvement reflecting a good flow of dividends and interest from our portfolio investments, together with generally steady performances by our unlisted companies.

Gains from Realisation included a small gain on sale of our shares in Ebos Ltd. This holding was a significant stake in a publicly listed company that arose from the earlier sale of our Medic business. Your Directors had felt for some time that the holding was not consistent with Rangatira's current investment strategy, and took the opportunity of a firm market to exit on satisfactory terms.

Unlisted Investments

Our unlisted portfolio continues to face a range of opportunities and challenges –

- Auckland Packaging's performance has improved under its new chief executive with strong demand for its specialist packaging products. The Company is investing over the coming year in an expansion of its specialist product capacity.
- Heller Tasty is performing in line with our expectations at the time of acquisition and is in the process of opening a new factory and distribution centre in Auckland.
- Polynesian Spa has experienced a period of reduced profitability with the closure of some of the original pools, but expects significant growth following completion of the redevelopment of these pools and their reopening in October 2004.
- Precision Dispensing Systems' new pump is performing well in trials with a major US multinational and negotiations for a supply contract are planned for early next year.
- Tecpak has yet to achieve the performance we believe the company is capable of, and is being negatively impacted by the strong New Zealand/Australian dollar cross rate and higher raw material prices. A new chief executive has been appointed to commence with the Company this month.
- Te Kairanga continues with its vineyard and winery expansion programme. We are investing a further \$1.5m in the Company through its current capital raising programme, and also underwriting the issue which may result in the acquisition of further shares.
- Vita remains the largest New Zealand-based producer and processor of polyurethane foam. As a vertically integrated operation, Vita is a major supplier of mid-price range furniture, and has been under increasing pressure from imported furniture due to the high NZ dollar. Performance is currently well below the exceptional results achieved in the first half of last year, and the Company is working hard to adapt its strategies to meet the more difficult currency environment.

Net Asset Value

Our listed equities have shown a gain of 6% for the 6 months to September 2004, in line with the good performances of both the New Zealand and Australian markets.

Although we have not revalued Rangatira's unlisted investments, the Board has undertaken a review of the values assessed at 31 March 2004. Based on this review, and after allowing for the gain in listed equities and the effect of the net surplus and dividend payments, we believe there has been no material change at 30 September 2004 in the net asset backing of Rangatira's shares from the figure of \$6.13 assessed at 31 March 2004.

Outlook

Both New Zealand and Australia are experiencing an extended period of strong economic growth. It is sensible to anticipate some slowdown - in addition to the strong currency the very low level of unemployment has clear implications for labour availability and costs. At this point, however, there are few obvious reasons to expect any dramatic negative change. Within the positive economic climate most companies are prospering, although inevitably some have difficulties.

Directors expect Rangatira's balanced mix of investments to continue to perform well. At the same time we still have work to do to bring the performance of some of our unlisted companies to an acceptable level. Overall, we anticipate a fully satisfactory result for the financial year.

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



R M Gough
Chairman