



RANGATIRA

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Begins

Positive Year for Rangatira

Wellington investment company Rangatira has had a positive year with total shareholder returns to March 2010 of 18.5%.

Operating Earnings from Rangatira's predominantly private equity portfolio of investments increased 33% to \$8.8m.

Asset backing per share at 31 March 2010 was assessed at \$8.05 compared with \$7.09 last year.

An impairment write-down of \$4.4m, together with gains on asset realisations of \$1.0m and other non-operating items of -\$0.4m, resulted in Net Profit After Tax of \$5.0m (last year \$9.0m)

A final fully imputed dividend of 21¢ has been declared, making the total dividend for the year 38¢ (last year 35¢). The dividend will be paid on 21 June 2010 and the share register will close for dividend purposes on 11 June 2010.

Commenting on the results, Chairman Murray Gough said that while some of Rangatira's private equity investments had had a challenging year, others had produced very good results. Hellers had continued to grow strongly, with its range of bacon, ham and smallgoods products meeting strong consumer demand. Tecpak recovered well from a difficult previous year, and Polynesian Spa also had a more profitable year with upgraded facilities attracting good patronage despite the global recession.

Factory rationalisation at Dunlop Living (previously Vita NZ) resulted in significant efficiency gains, but furniture, bedding, and underlay sales in New Zealand were hit by the decline in new building and Dunlop's volumes and margins did not achieve budgeted levels. Contract Resources, another of Rangatira's larger investments, also found trading conditions during the year more difficult.

At the half year Rangatira reported a write-down in the carrying value of its wine industry investment in Te Kairanga Ltd. The New Zealand wine industry continues to face serious oversupply problems and weak export markets, and while Te Kairanga has made encouraging progress in increasing sales it will be some time yet before the company can expect to achieve profitability. Rangatira has decided to take a conservative view of the outlook and an impairment charge of \$4.4m has been taken against this investment (Rangatira's asset backing of \$8.05 has been assessed after allowing for this write-down).

Mr Gough said Rangatira's diversified investment strategy had enabled it to come through the recession quite strongly so far, with the shareholder return this year more than recovering last year's decline. Over the last seven years, Rangatira's average annual return after tax has been 10.1%.

Outlook

Directors are cautiously positive about the economic outlook. Quite strong growth is expected in Asia and other developing regions, but this is likely to be offset by a much more hesitant and uneven recovery in the USA, Europe, and Japan.

New Zealand's food exports to a world increasingly able to afford quality products, and Australia's resource earnings, underpin an encouraging outlook for both economies. Rangatira's portfolio of investments remains strongly focused on these two countries.

At this stage Directors are forecasting an increase in Rangatira's Operating Earnings in the coming year in the region of 15%.

Ends

Rangatira is a diversified investment company with assessed net assets of \$143m. Most of Rangatira's funds are invested in significant holdings, generally 50% or more, in nine private equity companies. Rangatira's management and Directors are actively involved in governance and strategic development in these companies.

Rangatira was established in 1937 by J R (later Sir John) McKenzie. The majority of its shares are held by the J R McKenzie Trust and other charities, with the balance held by nearly 200 individual shareholders. Rangatira endeavours to provide a strong dividend flow to support the work of its charity shareholders, while at the same time maintaining and growing its capital base.

Rangatira's shares are listed and traded on the Unlisted market.

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