



RANGATIRA

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Rangatira Resilient in a Tough Market

Wellington investment company Rangatira has reported a total shareholder return (dividends paid plus change in asset backing) of -5.6% for the year to 31 March 2009. The result for the previous year was +4.6%. Based on the market value of listed equities and the mid-point of Directors' valuations of private equity investments, asset backing at 31 March 2009 was \$7.10 per share (previous year \$7.91).

Operating Earnings from Rangatira's private equity and listed investments were \$6.6m (previous year \$7.2m). Gains from asset realisations of \$+2.0m, foreign loan revaluations \$+1.3m, and one-off restructuring costs of \$-0.9m, resulted in a Net Profit After Tax of \$9.0m compared with \$7.2m last year.

A final fully imputed dividend of 18c has been declared making the total dividend for the year 35c (previous year 37c). The dividend will be paid on 15 June 2009 and the share register will close for dividend purposes on 5 June 2009.

Chairman Murray Gough said that the past year had been extraordinarily difficult for investment companies, and Rangatira's -5.6% result showed considerable resilience given the falls of -25.4% in the New Zealand share market and -29.5% in Australia. Rangatira's result benefited from the strength and diversity of its private equity investments.

Over the last six years, since it moved more strongly into private equity holdings, Rangatira's total shareholder return has been +62% compared with +17% for the average New Zealand growth fund, and +34% for the New Zealand share market.

Mr Gough said Rangatira's two largest investments, Heller Tasty, a leading bacon, ham, and smallgoods company, and Contract Resources (CRL) which provides specialised services to refineries, both had good years with improved profitability. Heller Tasty has recently committed to a major expansion of its Christchurch factory to handle ongoing growth, while CRL has acquired a refinery-servicing business in the USA to expand its operations into that market.

Rangatira's other private equity investments generally performed satisfactorily given the economic downturn, although Te Kairanga continued to face major challenges. Vita NZ largely completed its major factory rationalisation following the acquisition of Pacific Brands' New Zealand foam, bedding, and underlay businesses, and now has a significantly more efficient cost base.

During the year Rangatira moved to strengthen its debt profile and position itself for new opportunities by selling around one quarter of its listed equities. A gain against cost of \$2.0m was realised, but the overall loss from the listed equity portfolio for the year was \$11.1m (-20.4%).

The value of Rangatira's unlisted investment portfolio has been impacted by the weaker market conditions now prevailing, and although underpinned by strong performances from Heller Tasty and CRL there has been a reduction of \$2m in the Directors' assessment of surplus over book value of this portfolio.

Outlook

Directors expect difficult economic conditions to continue for most if not all of the year ahead and believe there is still a real risk of further deterioration. The relative stability of the last several weeks gives hope, however, that a slow recovery may begin in 2010.

While Directors remain cautious about the economic outlook, group Operating Earnings for the year to 31 March 2010 are, at this stage, expected to be similar to those for last year.

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