RANGATIRA

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1 December 2010

Dear Shareholder

Results for Half Year to 30 September 2010

Rangatira's Operating Earnings for the six months to 30 September 2010 were $4.3 million, an increase of $1.8 million over last year's $2.5 million. Last year's result was, however, negatively affected by an uneven spread of work in Contract Resources and was well below the $3.5 million achieved in the prior six months to 30 September 2008.

The following table summarises the items which are required to be added to or subtracted from Operating Earnings to arrive at our accounting Net Profit After Tax.

	Six Months to September 2010	**Six Months to September 2009 ($m)**	**12 Months to 31 March 2010**
Operating Earnings	4.3	2.5	8.8
Gains from Realisation of Investments	-	1.1	1.0
Impairment of Financial Assets	-	(3.4)	(4.4)
Revaluation of Foreign Loans	-	(0.6)	(0.3)
One-Off Restructuring Costs	(0.1)	(0.1)	(0.1)
Tax on Property	(1.9)	-	-
Net Profit/(Loss) after Tax	**2.3**	**(0.5)**	**5.0**

- One-Off Restructuring Costs relate to a further factory rationalisation being undertaken by Dunlop Living Ltd.
- Tax on Property is the amount of deferred tax that accounting standards require us to provide for following the Government's removal of tax deductibility of depreciation on buildings. Treating this as an expense is widely recognised as nonsensical as the applicable rate of tax on any gains we realise if we sell the relevant buildings is in fact zero. We hope changes to accounting standards currently under discussion will reverse this item.

Dividend

A fully imputed interim dividend of 18¢ per share has been declared (last year 17¢) and will be paid on 13 December 2010. Rangatira shares will trade ex dividend from 6 December 2010.

Commentary on Results

Operating Earnings were at satisfactory levels in most of our private equity companies despite the general lack of buoyancy in the domestic economy.

- **Auckland Packaging** faces generally weak demand, but is trading steadily and continuing to look for acquisition or merger opportunities to grow its business.

- **Contract Resources** had a good first half, continuing the trend from the second half of last year. The company's order book is healthy and a number of growth opportunities are being evaluated.

- **Dunlop Living** has largely completed its rationalisation program and is starting to extract improved efficiencies from its consolidated manufacturing operations. The management structure has been changed to improve focus on product group profitability. First half earnings were ahead of last year, but the sector the company operates in remains difficult with consumer demand still low, and the strong NZ$ encouraging imports.

- **Heller Tasty** had a slower first half than last year, although there has been an improvement in that situation in recent weeks. The Prime Minister opened Heller's new Christchurch production facilities in August and the company now has capacity to further expand its business.

- **Polynesian Spa** is trading steadily and in line with last year. Gains in visitor numbers from Asia, particularly Korea and China, are offsetting recession-related declines from developed economies.

- **Precision Dispensing Systems** continues to move closer to commercialisation of its pumps, with recent field trials resulting in definite enthusiasm from its US multinational customer. Commercial sales are, however, still twelve months or so away.

- **Tecpak's** performance has been positive, with strong growth in Australia reflecting the favourable exchange rate. The previously announced sale of this business to Pact Group is now unconditional and is commented on further below.

- **Te Kairanga Wines.** Te Kairanga's recently announced result for the year to 30 June 2010 - an Operating Loss of $2.7 million - reflects the extremely difficult conditions facing the wine industry. We continue to work with the company as it looks to find a way forward.

Investments and Divestments

- **Tecpak.**

  The sale of Tecpak's business to Pact Group of Australia has now become unconditional with settlement expected during December 2010.

  Rangatira acquired a 79.4% shareholding in Tecpak in 2000, and we have worked since then with the company's management team and co-shareholders to successfully grow its business to the current stage. Tecpak is now a significant player in its sector of the packaging industry. We believe the next stage of its growth will be more certain as part of the Pact Group which has a wide range of packaging interests in Australia and New Zealand.

  Rangatira's share of the selling price was $6 million above our book value (cost plus undistributed earnings), and $3 million above the mid-point of our March 2010 Directors' valuation range. As shareholders are aware, the Directors' valuations of our Private Equity investments reflect, to the best of our ability, the range of values which we believe could be realised in the market at the time of valuation. Generally when a sale has arisen from an approach by another party, as was the case with Tecpak, we expect the price to be higher than the valuation mid-point. That, combined with the improving performance of Tecpak, resulted in the selling price achieved.

  This investment has performed very well for us and we wish the management team and the new owners every success in the future.

- **Listed Equities**

  During the period under review we commenced implementation of a strategic decision to increase our equity exposure to developing Asian economies, particularly China. We believe share markets in many of these economies have reached a reasonable degree of maturity. Growth in non-Japan Asia is expected to continue to outpace that of the developed world, and we believe this region provides an attractive diversification opportunity for Rangatira's equity portfolio.

  Because of the difficulty of identifying and monitoring individual companies, and the level of political risk still remaining in some economies, we have invested in two index-tracking funds rather than individual shares. These funds simply track the performance of the relevant share market indices - one is focused solely on China, while the other has a broad range of Asian markets (but excluding Japan).

  We have invested $2 million in each fund.

Net Asset Value

Directors consider that the mid-point of the aggregate additional value above book value of Rangatira's unlisted investments at 30 September 2010 increased by $3million from the level at 31 March 2010. Tecpak has been valued in this assessment at the sale price agreed for its business.

Including this $3million, the assessed asset backing of Rangatira's shares reduced by one cent to $8.04 in the six month to 30 September 2010. Together with the dividend of 21¢ per share paid in June 2010, Rangatira's total return to shareholders for the six months was 2.5%.

Comment and Outlook

The developed world is still struggling to emerge from the recession that began in 2008. Many parts of the United States and Europe have serious economic difficulties, and unacceptably high unemployment. While the global economic collapse that at one stage appeared possible looks to have been averted, it may be several years before healthy growth resumes in the developed world. Asia and other developing regions, on the other hand, continue to grow rapidly and want increasing quantities of the food and mineral exports that Australia and New Zealand can provide.

The recovery in New Zealand has been more hesitant than we had anticipated, but we remain comfortable with our mix of investments here and in Australia, and see good growth prospects for these two economies. As noted above, we have also begun in a small way to diversify towards the growing Asian region.

Directors' previous advice on Rangatira's earnings outlook for the current year was that we expected Operating Earnings to be in the region of 15% ahead of last year. First half results were a little behind our expectations, and after reviewing the outlook for each of our investments for the second half, Directors' best current estimate is that full year Operating Earnings will be 5% to 10% above last year. This outlook is based on the economic environment for each of our investments remaining largely as it has been over the last few months.

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

R M Gough
Chairman

Rangatira Group
CONDENSED CONSOLIDATED INCOME STATEMENTS
For the 6 months ended 30 September 2010

	Group 6 months to 30 Sep 2010 $000	Group 6 months to 30 Sep 2009 $000
Revenue	**53,218**	53,904
Other income	**199**	1,563
Share of profit from associate companies	**1,683**	1,375
Total income	**55,100**	56,842
Amortisation expense	**(110)**	(84)
Depreciation expense	**(2,214)**	(2,133)
Employee benefit expense	**(15,775)**	(16,783)
Finance costs	**(691)**	(688)
Impairment loss on investments	**-**	(3,412)
Cost of sales	**(21,382)**	(23,652)
Consulting expense	**(101)**	(93)
Operating expenses	**(10,727)**	(10,189)
Profit before tax	**4,100**	(192)
Tax expense	**(2,160)**	(324)
Profit after tax	**1,940**	(516)
Profit attributable to		
Equity holders of the parent	**2,261**	(604)
Minority interests	**(321)**	88
	1,940	(516)
Basic and diluted earnings per share (cents)	**12.8**	(3.4)

Rangatira Group
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the 6 months ended 30 September 2010

	Group 6 months to 30 Sep 2010 $000	Group 6 months to 30 Sep 2009 $000
Available for sale investments		
- valuation gain/(loss) taken to equity	**(1,928)**	7,303
- transferred to income statement on sale	**-**	(748)
Share of foreign currency reserves of associates	**233**	-
Net income recognised directly in equity	**(1,695)**	6,555
Profit after tax	**1,940**	(516)
Total comprehensive income for the period	**245**	6,039
Attributable to		
Equity holders of the parent	**566**	5,951
Minority interests	**(321)**	88
	245	6,039

Group 2009	Share Capital	Retained earnings	Available for sale investments revaluation reserve	Foreign currency translation reserve	Attributable to equity holders of the Parent	Attributable to minority interests	Total
Balance at the beginning of the year	17,712	79,044	15,122	(74)	111,804	9,237	121,041
Total comprehensive income net of tax	-	(604)	6,555	-	5,951	88	6,039
Dividends paid to minority shareholders	-	-	-	-	-	(487)	(487)
Dividends paid to Parent shareholders	-	(3,189)	-	-	(3,189)	-	(3,189)
Balance at end of year	**17,712**	**75,251**	**21,677**	**(74)**	**114,566**	**8,838**	**123,404**

Group 2010	Share Capital	Retained earnings	Available for sale investments revaluation reserve	Foreign currency translation reserve	Attributable to equity holders of the Parent	Attributable to minority interests	Total
Balance at the beginning of the year	17,712	77,826	26,100	867	122,505	9,247	131,752
Total comprehensive income net of tax	-	2,261	(1,928)	233	566	(321)	245
Dividends paid to minority shareholders	-	-	-	-	-	(487)	(487)
Dividends paid to Parent shareholders	-	(3,719)	-	-	(3,719)	-	(3,719)
Balance at end of year	**17,712**	**76,368**	**24,172**	**1,100**	**119,352**	**8,439**	**127,791**

	Group September 2010 $000	Group September 2009 $000	Group March 2010 $000
Current assets			
Cash and cash equivalents	**2,543**	2,319	3,860
Trade receivables	**13,271**	13,916	12,183
Inventories	**16,161**	16,198	18,920
Tax receivable	**586**	1,471	545
Other current financial assets	**17,994**	11,983	15,250
Other current assets	**500**	791	1,134
Total current assets	**51,055**	46,678	51,892
Non current assets			
Property, plant and equipment	**24,679**	25,684	24,704
Investments in associate companies	**24,146**	22,576	22,230
Goodwill	**12,758**	12,758	12,758
Intangible assets	**1,645**	1,705	1,716
Deferred tax asset	**748**	1,068	960
Other non current financial assets	**47,898**	47,625	51,992
Total non current assets	**111,874**	111,416	114,360
Total assets	**162,929**	158,094	166,252
Current liabilities			
Trade and other payables	**8,307**	10,846	11,079
Borrowings at amortised cost	**3,825**	4,840	6,597
Other current financial liabilities	**390**	782	342
Current tax payable	**-**	90	482
Provisions	**2,305**	740	2,198
Total current liabilities	**14,827**	17,298	20,698
Non current liabilities			
Borrowings at amortised cost	**18,447**	16,972	13,305
Deferred tax liability	**1,864**	420	497
Total non current liabilities	**20,311**	17,392	13,802
Total liabilities	**35,138**	34,690	34,500
Net assets	**127,791**	123,404	131,752
Equity			
Share capital	**17,712**	17,712	17,712
Revenue reserves	**76,368**	75,251	77,826
Available for sale investments revaluation reserve	**24,172**	21,677	26,100
Foreign currency translation reserve	**1,100**	(74)	867
Equity holders of the parent	**119,352**	114,566	122,505
Minority interests	**8,439**	8,838	9,247
Total equity	**127,791**	123,404	131,752

	Group 6 months to 30 Sep 2010 $000	Group 6 months to 30 Sep 2009 $000
Cash flows from operating activities		
Cash was provided from:		
Receipts from customers	**51,446**	53,093
Dividends received	**807**	573
Interest received	**97**	98
	52,350	53,764
Cash was applied to:		
Payments to suppliers and employees	**(47,269)**	(49,834)
Tax paid	**(1,104)**	(217)
Interest paid and other costs of finance	**(679)**	(688)
	(49,052)	(50,739)
Net cash inflows from operating activities	**3,298**	3,025
Cash flows from investing activities		
Cash was provided from:		
Proceeds from sale of investments	**1,435**	4,637
Proceeds from sale of property, plant and equipment	**37**	77
	1,472	4,714
Cash was applied to:		
Purchase of property, plant and equipment	**(2,265)**	(1,340)
Purchase of investments	**(1,986)**	(799)
	(4,251)	(2,139)
Net cash (outflows)/inflows from investing activities	**(2,779)**	2,575
Cash flows from financing activities		
Cash was provided from:		
Proceeds from borrowings	**5,142**	-
	5,142	-
Cash was applied to:		
Dividends paid to shareholders of parent	**(3,719)**	(3,189)
Dividends paid to minority shareholders	**(487)**	(487)
Repayment of borrowings	**(2,772)**	(3,369)
	(6,978)	(7,045)
Net cash (outflows) from financing activities	**(1,836)**	(7,045)
Net increase/(decrease) in cash held	**(1,317)**	(1,445)
Cash at beginning of year	**3,860**	3,764
Cash at end of year	**2,543**	2,319
Cash and cash equivalents in balance sheet	**2,543**	2,319

	Group 6 months to 30 Sep 2010 $000	Group 6 months to 30 Sep 2009 $000
Cash flow reconciliation		
Profit after tax	**1,940**	(516)
Add/(Less) non cash items:		
Share of change in retained earnings of associate companies	**(1,683)**	(1,375)
Depreciation	**2,214**	2,133
Amortisation of intangible assets	**110**	84
Impairment of financial assets	**-**	3,412
Increase in deferred tax	**1,579**	46
Foreign exchange losses/(gains)	**-**	720
Revaluation of financial assets	**21**	(42)
	2,241	4,978
Add/(Less) movements in other working capital items:		
Trade receivables	**(1,088)**	(56)
Inventories	**2,759**	1,127
Other current assets	**634**	511
Trade and other payables	**(2,772)**	(1,754)
Provisions	**107**	279
Tax payable/receivable	**(523)**	57
	(883)	164
Less items classified as investing activities:		
Net gains on sale of investments	**-**	(1,041)
Prior period investment transactions	**-**	(560)
	-	(1,601)
Net cash inflows from operating activities	3,298	3,025

NOTE 1 Earnings per share

	Group 6 months to 30 Sep 2010 $000	Group 6 months to 30 Sep 2009 $000
Cents per share	**12.8**	(3.4)

Earnings per share are the same on basic and diluted basis

NOTE 2 Dividends paid

	Group 6 months to 30 Sep 2010	Group 6 months to 30 Sep 2009
Amount paid (cents per share)	**21.0**	20.0
Amount paid ($000's)	**3,720**	3,542

NOTE 3 Capital commitments

	Group September 2010 $000	Group September 2009 $000
Plant and equipment	**351**	248

NOTE 4 Contingent liabilities

	Group September 2010 $000	Group September 2009 $000
	Nil	Nil

NOTE 5 Segmental information

	Listed Equity Investments		Unlisted Investments		Group	
	2010	2009	**2010**	2009	**2010**	2009
	$000	$000	**$000**	$000	**$000**	$000
Total income	**490**	1,580	**54,610**	55,262	**55,100**	56,842
Segment result before finance costs interest revenue and tax	**255**	1,398	**2,656**	847	**2,911**	2,245
Interest revenue					**197**	288
Impairment loss on investments					**-**	(3,412)
Share of profit from associate companies					**1,683**	1,375
Finance costs					**(691)**	(688)
Tax					**(2,160)**	(324)
Net profit after tax before minority interests					**1,940**	(516)
Segment assets	**42,882**	36,259	**120,047**	121,835	**162,929**	158,094

Rangatira's internal organisational structure, including regularly reporting to the Chief Operating Decision Maker, 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 1 December 2010 the Board declared a fully imputed dividend of 18 cents per share ($3.2 million). The dividend will be paid to shareholders on 16 December 2010.

On 29 November 2010 the sale of Tecpak's business to Pact Group of Australia became unconditional and settlement is expected during December 2010. Rangatira's share of the selling price (after minority interests) is $6 million above the value in the financial statements as at 30 September 2010.

NOTE 7 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 2010. These are described in Rangatira's 2010 Annual Report.

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