



RANGATIRA

RANGATIRA LIMITED, LEVEL 10, SOLNET HOUSE, 70 THE TERRACE, PO BOX 804, WELLINGTON 6140, NEW ZEALAND
TEL: +64 4 472 0251, FAX: +64 4 473 2685
www.rangatira.co.nz

8 December 2014

Dear Shareholder

Results for Half Year to 30 September 2014

Rangatira's Profit after Tax for the six months to 30 September 2014 was \$3.9 million, a decrease of \$26.9 million on the corresponding period last year. Last year's result included gains from realisation of investments of \$29.7 million following the sale of our 50% interest in Contract Resources, and our direct shareholding in Xero.

| | Six Months to September 2014 (\$m) | Six Months to September 2013 (\$m) | 12 Months to 31 March 2014 (\$m) |
|---------------------------------------|---|---|---|
| Operating Earnings | 2.8 | 1.8 | 8.0 |
| Gains from Realisation of Investments | 1.1 | 29.7 | 32.1 |
| One-Off Gains and losses | - | (0.7) | (0.7) |
| Profit after Tax | 3.9 | 30.8 | 39.4 |

Net Asset Value

Directors have assessed the asset backing of Rangatira's shares, including the mid-point of the additional value above book value of unlisted investments, to be \$10.76 at 30 September 2014 compared to \$11.20 at 31 March 2014.

Dividend

A fully imputed interim dividend of 20 cents per share has been declared (last year 20¢) and will be paid on 19 December 2014. Rangatira shares will trade ex-dividend Friday, 12 December 2014.

Investment Return to Shareholders

The total return to shareholders for the 6 month period ended 30 September 2014 was negative \$0.18 per share (-1.6%), comprised as follows:

| | Return Cents/share |
|----------------------------------|-----------------------|
| Change in assessed asset backing | (44) |
| Dividend paid during period | 26 |
| Total Return | <u>(18)</u> |

Rangatira's assessed asset backing per share fell 44 cents in the six months to 30 September 2014. Most of the decline was due to the dividend paid during the period. The rest of the decline results from a decline in the value of some of our investments including our investment in Xero (held indirectly through Valar).

"Growing great New Zealand businesses"

Commentary on Operating Earnings

Rangatira's Operating Earnings for the six months to 30 September 2014 were \$2.8 million, an increase of \$1.0 million compared with the corresponding period last year.

Operating earnings in the second half are expected to be higher than the first half, due to the seasonal nature of many of our unlisted investments - such as Hellers, Polynesian Spa, Rainbow's End and Tuatara Brewing Company.

New Investments

During the period Rangatira increased its shareholding in Magritek to 18%, a world leading provider of compact, portable MRI and NMR systems.

Rangatira also acquired additional shares in Partners Group, a newly-established life insurance company servicing the NZ market. Life insurance includes health, trauma and disability as well as death cover.

Rangatira has at least \$40 million available for new investments

In addition to the \$15 million cash currently held on deposit, Rangatira has unused debt facilities of \$17 million and short term loans to its subsidiaries of \$9 million. This means that Rangatira has at least \$40 million available for new investments as appropriate opportunities are identified.

With a permanent capital base, Rangatira has a longer investment timeframe than most private equity investors and prefers to be a cornerstone investor, co-investing with business owners and management.

Share Buyback

Shareholders approved the share buyback at the Annual Meeting in August. Rangatira has acquired no shares at this stage.

Phil Veal appointed CEO

Phil Veal commenced his role as Chief Executive in September 2014.

Outlook

Our half year operating earnings were above last year's earnings. Many of our unlisted investments, such as Hellers, Polynesian Spa, Rainbow's End and Tuatara, are very seasonal. Directors have reviewed the earnings outlook for each of our current investments and at this point we are anticipating operating earnings for the full year to be similar to last year.

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



David Pilkington
Chair
Rangatira Limited

Rangatira Group
CONDENSED CONSOLIDATED INCOME STATEMENTS
For the 6 months ended 30 September 2014

| | Note | Group 6 months to 30 Sep 2014 \$000 | Group 6 months to 30 Sep 2013 \$000 |
|--|------|--|--|
| Continuing operations | | | |
| Revenue | | 17,994 | 17,144 |
| Other income | | 2,282 | 29,797 |
| Share of profit from associate companies | 5 | 707 | 1,056 |
| Total income | | 20,983 | 47,997 |
| Depreciation expense | | (1,105) | (996) |
| Employee benefit expense | | (6,569) | (6,615) |
| Finance costs | | (57) | (130) |
| Impairment loss on investments | | - | 0 |
| Cost of sales | | (3,192) | (3,470) |
| Consulting expense | | (93) | (671) |
| Operating expenses | | (4,928) | (4,611) |
| Profit before tax | | 5,039 | 31,504 |
| Tax expense | | (886) | (438) |
| Profit after tax | | 4,153 | 31,066 |
| Profit attributable to | | | |
| Equity holders of the Parent | | 3,886 | 30,835 |
| Non-controlling interests | | 267 | 231 |
| | | 4,153 | 31,066 |
| From continuing and discontinued operations | | | |
| Basic and diluted earnings per share (cents) | 1 | 21.9 | 174.1 |

Rangatira Group
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the 6 months ended 30 September 2014

| | Group 6 months to 30 Sep 2014 \$000 | Group 6 months to 30 Sep 2013 \$000 |
|--|--|--|
| Continuing operations | | |
| Available for sale investments | | |
| - valuation gain/(loss) taken to equity | 2,400 | 200 |
| - transferred to income statement on sale | (1,282) | (2,300) |
| Share of reserves of associates | - | 159 |
| Other comprehensive income recognised directly in equity | 1,118 | (1,941) |
| Profit after tax | 4,153 | 31,066 |
| Total comprehensive income for the period after tax | 5,271 | 29,125 |
| Attributable to | | |
| Equity holders of the Parent | 5,004 | 28,894 |
| Non-controlling interests | 267 | 231 |
| | 5,271 | 29,125 |

Rangatira Group
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the 6 months ended 30 September 2014

| | Share Capital \$000 | Retained earnings \$000 | Available for sale investments revaluation reserve \$000 | Foreign currency translation reserve \$000 | Attributable to equity holders of the Parent \$000 | Attributable to non- controlling interests \$000 | Total \$000 |
|--|---------------------------|-------------------------------|--|--|---|--|----------------|
| Group 2014 | | | | | | | |
| Balance at the beginning of the year | 17,712 | 117,405 | 18,201 | (408) | 152,910 | 626 | 153,536 |
| Total comprehensive income net of tax | - | 3,886 | 1,118 | - | 5,004 | 267 | 5,271 |
| Dividends paid to non-controlling interests | - | - | - | - | - | (171) | (171) |
| Dividends paid to Parent shareholders | - | (4,605) | - | - | (4,605) | - | (4,605) |
| Balance at end of period | 17,712 | 116,686 | 19,319 | (408) | 153,309 | 722 | 154,031 |
| Group 2013 | | | | | | | |
| Balance at the beginning of the year | 17,712 | 87,111 | 18,955 | 204 | 123,982 | 586 | 124,568 |
| Total comprehensive income net of tax | - | 30,835 | (2,100) | 159 | 28,894 | 231 | 29,125 |
| Dividends paid to non-controlling interests | - | - | - | - | - | (146) | (146) |
| Dividends paid to Parent shareholders | - | (4,263) | - | - | (4,263) | - | (4,263) |
| Sale of Contract Resources Ltd | - | - | - | (522) | (522) | - | (522) |
| Balance at end of period | 17,712 | 113,683 | 16,855 | (159) | 148,091 | 671 | 148,762 |

Rangatira Group
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 30 September 2014

| | Note | Group September 2014 \$000 | Group September 2013 \$000 | Group March 2014 \$000 |
|--|------|-------------------------------------|-------------------------------------|---------------------------------|
| Current assets | | | | |
| Cash and cash equivalents | | 23,943 | 30,580 | 29,542 |
| Trade receivables | | 3,072 | 3,166 | 3,077 |
| Inventories | | 933 | 973 | 823 |
| Tax receivable | | 594 | 584 | 457 |
| Other current financial assets | | 19,535 | 16,471 | 20,310 |
| Other current assets | | 495 | 441 | 346 |
| Total current assets | | 48,572 | 52,215 | 54,555 |
| Non current assets | | | | |
| Property, plant and equipment | | 24,672 | 21,256 | 22,106 |
| Investments in associate companies | | 9,305 | 10,822 | 8,598 |
| Goodwill | | 8,547 | 8,547 | 8,547 |
| Intangible assets | | - | 1,000 | - |
| Deferred tax asset | | 23 | 39 | 362 |
| Other non current financial assets | | 75,100 | 65,157 | 70,006 |
| Total non current assets | | 117,647 | 106,821 | 109,619 |
| Total assets | | 166,219 | 159,036 | 164,174 |
| Current liabilities | | | | |
| Trade and other payables | | 5,119 | 3,070 | 3,119 |
| Borrowings at amortised cost | | 346 | 351 | 346 |
| Other current financial liabilities | | - | - | - |
| Current tax payable | | 145 | 120 | 364 |
| Provisions | | 1,038 | 1,320 | 1,189 |
| Total current liabilities | | 6,648 | 4,861 | 5,018 |
| Non current liabilities | | | | |
| Borrowings at amortised cost | | 3,327 | 3,327 | 3,327 |
| Provisions | | 279 | 241 | 271 |
| Deferred tax liability | | 1,934 | 1,845 | 2,022 |
| Total non current liabilities | | 5,540 | 5,413 | 5,620 |
| Total liabilities | | 12,188 | 10,274 | 10,638 |
| Net assets | | 154,031 | 148,762 | 153,536 |
| Equity | | | | |
| Share capital | | 17,712 | 17,712 | 17,712 |
| Revenue reserves | | 116,686 | 113,683 | 117,405 |
| Available for sale investments revaluation reserve | 6 | 19,319 | 16,855 | 18,201 |
| Foreign currency translation reserve | | (408) | (159) | (408) |
| Equity holders of the Parent | | 153,309 | 148,091 | 152,910 |
| Attributable to non-controlling interests | | 722 | 671 | 626 |
| Total equity | | 154,031 | 148,762 | 153,536 |

Rangatira Group
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
For the 6 months ended 30 September 2014

| | Group 6 months to 30 Sep 2014 \$000 | Group 6 months to 30 Sep 2013 \$000 |
|--|--|--|
| Cash flows from operating activities | | |
| Cash was provided from: | | |
| Receipts from customers | 16,665 | 15,462 |
| Dividends received | 899 | 1,015 |
| Interest received | 435 | 557 |
| | 17,999 | 17,034 |
| Cash was applied to: | | |
| Payments to suppliers and employees | (13,184) | (16,093) |
| Tax paid | (991) | (668) |
| Interest paid and other costs of finance | (57) | (149) |
| | (14,232) | (16,910) |
| Net cash inflows from operating activities | 3,767 | 124 |
| Cash flows from investing activities | | |
| Cash was provided from: | | |
| Proceeds from sale of investments | 3,661 | 50,193 |
| Repayment of advances made to related parties | 375 | 3,025 |
| | 4,036 | 53,218 |
| Cash was applied to: | | |
| Purchase of property, plant and equipment | (3,671) | (1,305) |
| Purchase of investments | (4,955) | (7,279) |
| | (8,626) | (8,584) |
| Net cash inflows/(outflows) from investing activities | (4,590) | 44,634 |
| Cash flows from financing activities | | |
| Cash was provided from: | | |
| Proceeds from borrowings | - | - |
| | - | - |
| Cash was applied to: | | |
| Dividends paid to shareholders of Parent | (4,605) | (4,263) |
| Dividends paid to minority shareholders | (171) | (146) |
| Repayment of borrowings | - | (13,972) |
| | (4,776) | (18,381) |
| Net cash (outflows) from financing activities | (4,776) | (18,381) |
| Net increase/(decrease) in cash held | (5,599) | 26,377 |
| Cash at beginning of period | 29,542 | 4,203 |
| Cash at end of period | 23,943 | 30,580 |
| Cash and cash equivalents in balance sheet | 23,943 | 30,580 |

Rangatira Group
 CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)
 For the 6 months ended 30 September 2014

| | Group 6 months to 30 Sep 2014 \$000 | Group 6 months to 30 Sep 2013 \$000 |
|---|--|--|
| Cash flow reconciliation | | |
| Profit after tax | 4,153 | 31,066 |
| Add/(Less) non cash items: | | |
| Share of change in retained earnings of associate companies | (707) | (1,056) |
| Depreciation | 1,105 | 996 |
| Increase in deferred tax | 251 | 29 |
| Revaluation of financial assets | (829) | (64) |
| | (180) | (95) |
| Add/(Less) movements in other working capital items: | | |
| Trade receivables | 5 | (161) |
| Inventories | (110) | (37) |
| Other current assets | (149) | (183) |
| Trade and other payables | 2,000 | (831) |
| Provisions | (143) | (276) |
| Tax payable/receivable | (356) | 323 |
| | 1,247 | (1,165) |
| Less items classified as investing activities: | | |
| Net gains on sale of investments | (1,453) | (29,682) |
| | (1,453) | (29,682) |
| Net cash inflows from operating activities | 3,767 | 124 |

NOTE 1 Earnings per share

| | Group 6 months to 30 Sep 2014 | Group 6 months to 30 Sep 2013 |
|--|--|-------------------------------------|
| From continuing and discontinued operations | | |
| Basic and diluted earnings per share (cents) | 21.9 | 174.1 |

Earnings per share are the same on basic and diluted basis

NOTE 2 Dividends paid

| | Group 6 months to 30 Sep 2014 | Group 6 months to 30 Sep 2013 |
|-------------------------------|--|-------------------------------------|
| Amount paid (cents per share) | 26.0 | 24.0 |
| Amount paid (\$000's) | 4,605 | 4,251 |

NOTE 3 Capital commitments

| | Group 30 Sep 2014 \$000 | Group 30 Sep 2013 \$000 |
|---------------------|--|-------------------------------|
| Plant and equipment | 230 | 1,161 |
| Other | 5,480 | 6,357 |

Other capital commitments are for investment funds which are under contract but not invested in at balance date.

NOTE 4 Contingent liabilities

There are no contingent liabilities in 2014.

NOTE 5 Associate Companies

| | Group 6 months to 30 Sep 2014 \$000 | Group 6 months to 30 Sep 2013 \$000 |
|--|--|--|
| Share of profit from associate companies | 707 | 1,056 |

NOTE 6 Available for sale investments' revaluation reserve

Available for sale investments are listed equities.

NOTE 7 Segmental information

| | Listed Equity Investments | | Unlisted Investments | | Group | |
|--|---------------------------|---------------|----------------------|---------------|---------------|---------------|
| | 2014 \$000 | 2013 \$000 | 2014 \$000 | 2013 \$000 | 2014 \$000 | 2013 \$000 |
| Total income | 2,144 | 3,146 | 18,839 | 44,851 | 20,983 | 47,997 |
| <i>Continuing operations</i> | | | | | | |
| Segment result before | | | | | | |
| finance costs, interest revenue and tax | 1,872 | 2,798 | 2,111 | 27,720 | 3,983 | 30,518 |
| Interest revenue | | | | | 406 | 60 |
| Share of profit from associate companies | | | | | 707 | 1,056 |
| Finance costs | | | | | (57) | (130) |
| Tax | | | | | (886) | (438) |
| Profit after tax from continuing and discontinued operations | | | | | 4,153 | 31,066 |
| Segment assets | 45,084 | 44,529 | 121,135 | 114,507 | 166,219 | 159,036 |

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 8 Subsequent event

On 4 December 2014 the Board declared a fully imputed dividend of 20 cents per share (\$3.5 million). The dividend will be paid to shareholders on 19 December 2014.

NOTE 9 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 2014. These are described in Rangatira's 2014 Annual Report.



RANGATIRA