

3 December 2019

Dear Shareholder

Results to 30 September 2019

Rangatira’s portfolio value is assessed at \$260m or \$14.68 per share, this is up from \$14.40 at March and includes paying a dividend of \$0.36. This equates to an after-tax gain of 4.2% for the six months to September.

The portfolio value has been assessed utilising the private investments valuations at March 2019 plus any additions at cost, while the public investments and funds are shown at market valuation.

The change in net asset value is shown below table:

\$m	Sept 2019	Sept 2018
Operating earnings	2.6	4.1
Public investments revaluation	7.8	3.0
Private fund investments revaluation	1.0	0.5
Operating costs	(0.9)	(0.8)
One off costs	0.0	(2.7)
Comprehensive income	10.5	4.1

Investment Returns

Private Companies - \$110.3m at 31 March values

We have seen mixed results from our existing businesses, Magritek, Partners Life and Mrs Higgins have performed well while Bio-Strategy, Rainbows End and Auckland Packaging Company are tracking behind expectations.

For the six months to September we have not made any changes to the holding values of the Private Companies.

- APC – Performance was down on expectations with slowing retail environment. APC is still a market leader in store display and promotions but feeling headwinds from larger customers centralising marketing spend offshore. We have recently purchased a new HP printer to improve the efficiency of the current operation and allow for more promotional printing which is growing relative to the displays.

- Bio-Strategy – John Chesterfield was appointed as CEO in July and commenced in August. He has settled in well and will be presenting at the shareholders update on the 3rd of December. Performance is tracking below budget mainly due to reduced equipment sales and the more competitive market in Australia where we are seeing reduced margins. The New Zealand market has met expectations and continues to do well. John's focus will in the short term be on improvements in the Australian market (65% of sales), with our CEO and CFO now based in Melbourne we are well placed to make these improvements.
- Magritek – had another strong six months. At a recent trade show Bruker and Nanalysis have launched competing products and there are now three players in this market. Bruker presents the biggest threat as it has deep NMR pedigree and distribution, however this may also increase the market size. The team is assessing how best to respond in the market and what if any the impact might be, however on a like for like comparison we are comfortable that Magritek has a more than competitive product. The Company will pay its first dividend in January.
- Rainbow's End - performance has been affected both by poor weather in July and August and a lightning strike in September damaging one of the main ride attractions. The new Playlab facility is growing in attendance and the management team are focused on margin improvements to bring us closer to budget by year end.
- Mrs Higgins – has seen improved performance with the launch of a new cookie product into supermarket that has exceeded expectations and we are on target to meet our expectations this financial year.
- Partners Life – has seen continued strong growth in underlying premium revenue from market share gains due to some participants reducing the new business they are writing. Considerable work has gone into working with the Reserve Bank and FMA through recent regulatory reviews. It is the view of the Company that they will come through this well and are positioned to continue to grow market share with improved products and distribution channels.
- Polynesian Spa – patronage is 2% behind last year, however we are expecting this to improve as we are starting to see Korea, US and NZ visitor growth. Overall patronage is expected to be similar to last year, however, increased average customer spend and cost management revenue and profit should be in line with expectations which is 8% higher than last year.
- Southern Cross – the kiwifruit development is almost complete with planting of the first phase of 16 hectares underway. A further development site is currently under investigation.

Listed Equities – \$71m, YTD returns 13.3%

The public investments provided dividend income of \$0.9m and a revaluation gain of \$7.8m in the 6 months to 30 September 2019, representing a creditable 13.3% return.

As at 30 September 2019	\$m	TSR	Benchmark
New Zealand Income	28.5	20.7%	12.3%
New Zealand Growth	11.3	9.2%	12.3%
New Zealand Trading	1.5	11.9%	12.3%
International	29.8	9.0%	10.6%
Total	71.1	13.3%	11.6%

The New Zealand Income Portfolio return was 20.7% for the six months. Shares with good yields have performed well over this period and our portfolio is made up of a large number of the Utility providers which have seen good capital gains

We acknowledge that there may well be limited upside in these stocks from here but they still have a yield of over 5% pa on average so make them an attractive stock to hold.

The International public portfolio has provided a 9% return which was below the 10.6% benchmark. Our resource stocks were the main under-performers while Xero and Intermede were each up 32.4% and 13.5% respectively.

We are now in the process of selling down the remaining resource stocks and transferring these funds to Intermede.

Post September we have seen a pull-back in the Income portfolio as risks around the longevity of Tiwai point has been questioned. These have been more than offset by continuing increases in the International and Growth portfolios.

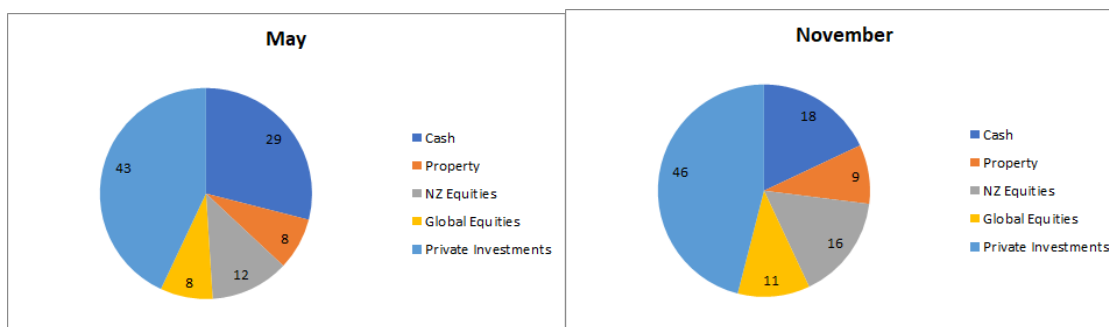
This portfolio provides access to industries that we cannot otherwise access through private companies. It has performed well in the current period.

Overall the portfolio has performed well through the last six months and we are reasonably comfortable with the allocations. We think that it will be resilient to any major correction which could come about in 2020 depending on the outcome of the US Elections and any material changes in the China/US trade discussions.

Investment Activity

We have stepped up efforts to find good businesses to invest in which has included identifying investments for our existing businesses. We have looked closely at a number of possible investments and got close to two. For different reasons we did not complete any of these investments. Regardless of this we are confident in the pipeline of opportunities being presented to Rangatira will lead to a successful investment in the short to medium term.

You will see from the Asset allocation below, as a result of continued investment into listed stocks we have reduced our cash balance and increased our exposure to listed markets both in New Zealand and Offshore.



During the six months there was a reasonable amount of trading in Rangatira A and B shares as a result of two large holdings coming up for sale. The shares traded in a range of \$12.24 to \$12.75, a 14% to 17% discount to the Directors valuation of \$14.68.

We have declared an interim dividend of 24 cents per share to be payable in December.

In closing I would thank the shareholders for their continued support and look forward to the shareholders meeting on 3 December where we will go into the performance and activity in more detail.

Kind Regards



David Pilkington

Chair

Condensed Consolidated Income Statement

for the six months ended 30 September 2019

	Note	Group 6 months to 30 Sep 2019 \$000	Group 6 months to 30 Sep 2018 \$000
Continuing operations			
Revenue		56,655	59,383
Other income		812	137
Share of profit for the period from associate companies	5	767	526
Total income		58,234	60,046
Depreciation and amortisation expense		(3,738)	(2,471)
Employee benefit expense		(17,151)	(16,185)
Finance costs		(1,490)	(1,069)
Impairment loss on investments		0	0
Raw materials and consumables used		(26,155)	(29,084)
Consulting expense		(140)	(298)
Operating expenses		(6,441)	(8,145)
Profit before tax from continuing operations		3,119	2,794
Tax expense		(569)	(864)
Profit after tax from continuing operations		2,550	1,930
Profit for the year from discontinued operations		-	(189)
Profit after tax		2,550	1,741
Profit attributable to:			
Equity holders of the Parent		2,494	698
Non-controlling interests		56	1,043
		2,550	1,741
From continuing and discontinued operations			
Basic and diluted earnings per share (cents)	1	14.1	3.9

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 September 2019

	Group 6 months to 30 Sep 2019 \$000	Group 6 months to 30 Sep 2018 \$000
Other comprehensive income		
Investments at fair value through OCI		
- valuation gain/(loss) taken to equity	7,798	2,919
Translation of foreign operations	275	345
Associate companies		
- share of reserves of associates	-	29
Movement in cash flow hedge reserve	-	290
Other comprehensive income/(loss) recognised directly in equity	8,073	3,583
Profit after tax	2,550	1,741
Total comprehensive income for the period after tax	10,623	5,324
Total comprehensive income attributable to:		
Equity holders of the Parent	10,485	4,068
Non-controlling interests	138	1,256
	10,623	5,324
Comprehensive income per share (cents)	59.2	23.0

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 September 2019

	Share capital \$000	Retained earnings \$000	Investments at fair value reserve \$000	Cash flow hedge reserve \$000	Foreign currency translation reserve \$000	Attributable to equity holders of the Parent \$000	Attributable to non- controlling interests \$000	Total \$000
September 2019								
Balance at the beginning of the year	17,712	182,635	23,665	-	(380)	223,632	(1,327)	222,305
Total comprehensive income/(loss) net of tax	-	2,494	7,798	-	193	10,485	138	10,623
Investment by non-controlling interests	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(244)	(244)
Dividends paid to Parent shareholders	-	(6,377)	-	-	-	(6,377)	-	(6,377)
Balance at end of period	17,712	178,752	31,463	-	(187)	227,740	(1,433)	226,307

	Share capital \$000	Retained earnings \$000	Investments at fair value reserve \$000	Cash flow hedge reserve \$000	Foreign currency translation reserve \$000	Attributable to equity holders of the Parent \$000	Attributable to non- controlling interests \$000	Total \$000
September 2018								
Balance at the beginning of the year	17,712	182,889	25,308	349	(102)	226,156	13,387	239,543
Total comprehensive income	-	698	2,919	172	279	4,068	1,256	5,324
Dividends paid to non-controlling interests	-	-	-	-	-	-	(245)	(245)
Dividends paid to parent shareholders	-	(6,377)	-	-	-	(6,377)	-	(6,377)
Balance at end of year	17,712	177,210	28,227	521	177	223,847	14,398	238,245

Condensed Consolidated Statement of Financial Position

As at 30 September 2019

	Note	Group 30 Sep 2019 \$000	Group 30 Sep 2018 \$000	Group 31 Mar 2019 \$000
Current assets				
Cash and cash equivalents		51,638	37,502	81,875
Trade receivables		13,294	12,107	12,821
Inventories		13,370	12,993	13,022
Tax receivable		515	522	-
Other current financial assets		5,884	172	1,630
Other current assets		1,579	1,340	1,077
Total current assets		86,280	64,636	110,425
Non-current assets				
Property, plant and equipment		49,261	50,510	49,254
Right-of-use lease assets	6	24,918	-	-
Investments in associate companies		14,728	10,633	11,073
Goodwill		19,788	19,788	19,788
Intangible assets		874	1,300	1,087
Deferred tax asset		2,573	2,089	2,617
Other non-current financial assets		104,281	66,903	83,020
Total non-current assets		216,423	151,223	166,839
Assets held for sale	8	-	222,997	
Total assets		302,703	438,856	277,264
Current liabilities				
Trade and other payables		14,027	12,947	15,981
Borrowings		14,212	24,277	21,558
Lease Liabilities	6	1,038	-	-
Other current financial liabilities		87	288	-
Tax payable		211	666	506
Provisions		2,696	2,928	2,178
Other current liabilities		1,069	-	-
Total current liabilities		33,340	41,106	40,223
Non-current liabilities				
Borrowings		9,777	16,099	5,538
Lease Liabilities	6	24,225	-	-
Provisions		363	380	354
Deferred tax liability		8,668	25,459	8,844
Other non-current financial liabilities		23	41	-
Total non-current liabilities		43,056	41,979	14,736
Liabilities related to assets held for sale	7	-	117,526	-
Total liabilities		76,396	200,611	54,959
Net assets		226,307	238,245	222,305
Equity				
Share capital		17,712	17,712	17,712
Retained earnings		178,752	177,210	182,635
Investments at fair value reserve		31,463	28,227	23,665
Foreign currency translation reserve		(187)	177	(380)
Cash flow hedge reserve		-	521	-
Equity holders of the Parent		227,740	223,847	223,632
Attributable to non-controlling interests		(1,433)	14,398	(1,327)
Total equity		226,307	238,245	222,305

Condensed Consolidated Statement of Cashflow

for the six months ended 30 September 2019

Note	Group 6 months to 30 Sep 2019 \$000	Group 6 months to 30 Sep 2018 \$000
Cash flows from operating activities		
Cash was provided from:		
- Receipts from customers	56,994	171,504
- Dividends received	-	492
- Interest received	-	378
	56,994	172,374
Cash was applied to:		
- Payments to suppliers and employees	(52,079)	(171,697)
- Tax paid	(1,351)	(3,595)
- Interest paid and other costs of finance	(1,734)	(2,779)
	(55,165)	(178,071)
Net cash (outflows)/inflows from operating activities	1,829	(5,697)
Cash flows from investing activities		
Cash was provided from:		
- Proceeds from sale of investments	-	2,412
- Proceeds from sale of property, plant and equipment	-	77
	-	2,489
Cash was applied to:		
- Purchase of property, plant and equipment	(3,125)	(3,940)
- Purchase of business	-	(26,664)
- Purchase of intangible assets	(62)	(215)
- Purchase of investments	(19,152)	(29)
	(22,339)	(30,848)
Net cash (outflows) from investing activities	(22,339)	(28,359)
Cash flows from financing activities		
Cash was provided from:		
- Proceeds from borrowings	-	41,414
	-	41,414
Cash was applied to:		
- Dividends paid to shareholders of Parent	(6,377)	(6,377)
- Dividends paid to non-controlling interests	(244)	(245)
- Repayment of borrowings	(3,107)	(998)
	(9,728)	(7,620)
Net cash inflows/(outflows) from financing activities	(9,728)	33,794
Net increase/(decrease) in cash held	(30,238)	(262)
Cash at beginning of period	81,875	37,846
Cash at end of period	51,637	37,584
Reconciliation to Statement of Financial Position		
Cash and cash equivalents attributable to continuing operations	51,637	37,502
Cash and cash equivalents attributable to discontinued operations	-	82
	51,637	37,584

Condensed Consolidated Statement of Cashflow (continued)

for the six months ended 30 September 2019

	Group 6 months to 30 Sep 2019 \$000	Group 6 months to 30 Sep 2018 \$000
Cash flow reconciliation		
Profit after tax	2,550	1,193
Add/(less) non-cash items:		
Share of retained loss/(profit) for the year from associate companies	(767)	(526)
Depreciation and amortisation	3,738	5,922
Increase/(decrease) in deferred tax	(132)	150
Other miscellaneous non-cash items	-	1,308
	2,839	6,854
Add/(less) movements in other working capital items:		
Change in trade receivables	(473)	3,209
Change in inventories	(348)	(4,396)
Change in tax receivable	(515)	(417)
Change in other current assets	(502)	(812)
Change in trade payables	(1,954)	(9,519)
Change in current tax payable	(295)	(1,791)
Change in provisions	527	
Change in other current financial liabilities		887
	(3,560)	(12,839)
Less items classified as investing activities:		
Net gain on sale of investments	-	(905)
Net (gain)/loss on sale of fixed assets	-	(905)
	-	(905)
Net cash inflows from operating activities	1,829	(5,697)

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 September 2019

Note 1 Earnings Per Share

	Group 6 months to 30 Sep 2019	Group 6 months to 30 Sep 2018
From continuing and discontinued operations		
Basic and diluted earnings per share (cents)	14.1	3.9

Diluted earnings per share are the same as basic earnings per share because there are no dilutive equity instruments in the Group.

Note 2 Dividends Paid

	Group 6 months to 30 Sep 2019	Group 6 months to 30 Sep 2018
Amount paid (cents per share)	36.0	36.0
Amount paid (\$000's)	6,376	6,376

Note 3 Capital Commitments

	Group 30 Sep 2019 \$000	Group 30 Sep 2018 \$000
Plant, equipment and software	186	1,028
Other	-	2,649
	186	3,677

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

Note 4 Contingent Liabilities

There are no significant contingent liabilities (2018: nil).

Note 5 Associate Companies

	Group 6 months to 30 Sep 2019 \$000	Group 6 months to 30 Sep 2018 \$000
Share of (loss)/profit from associate companies	767	526

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 September 2019

Note 6 Leases

The Group has undertaken an assessment of existing operating leases under NZ IFRS 16 Leases. The Group has elected to apply NZ IFRS 16 leases from 1 April 2019 and has not restated the 2018 comparative information.

Applying NZ IFRS 16 The Group has recognised the right-to-use assets and a corresponding lease liability in the statement of financial position as a 1 April 2019. Applying NZ IFRS 16 results in payments made for operating leases, previously classified as operating expenses, have been removed and replaced by depreciation and finance costs.

The impact of the adoption of NZIFRS is shown in the table below

Consolidated Statement of Financial Position effect	30 Sep 2019 \$000	1 Apr 2019 \$000
Right-of-use lease assets	24,918	26,360
Lease Liabilities	25,263	26,360
Change in net assets	(345)	-

The adoption of NZ IFRS16, when compared to the previous accounting policies had the following impact on the Income Statement

	30 Sep 2019 \$000
Consolidated IncomeStatement effect	
Operating expenses	1,638
Depreciation and amortisation expense	(1,311)
Finance costs	(622)

The weighted average incremental borrowing rate applied to lease liabilities at 1 April 2019 was 4.8%

Note 7 Discontinued Operations and Assets Held for Sale

On 20 September 2018 the Group entered into an agreement to sell its interest in Hellers Limited and Hellers subsidiaries. This was completed in February 2019. Further details are available in the 2019 Annual Report

Note 8 Subsequent events

On 2 December 2019, the Board declared a fully imputed dividend of 24 cents per share (\$4.25 million). The dividend will be paid to shareholders on 16 December 2019.

Note 9 Significant Accounting Policies

The interim financial statements have been prepared using the same accounting policies and methods of computation as set out in Rangatira's 2019 Annual Report except as described below.

The Group has adopted NZ IFRS 16 leases from 1 April 2019 as detailed in Note 6

Private Investments

apc.innovate



greenfield™



MRS HIGGINS



Fund Investments



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