



RANGATIRA

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1 December 2005

Dear Shareholder

Your Directors are pleased to report a net surplus after tax of \$5.5m for the six months ended 30 September 2005 (last year \$3.2m).

A fully imputed interim dividend of 16 cents per share has been declared and will be paid on 12 December 2005 (last year 15 cents per share fully imputed). Rangatira shares will trade ex dividend from 7 December 2005.

Comparison of Results

Comparison of the half-year result with last year is as follows -

	Six Months Ended	
	Sept 2005	Sept 2004
	\$m	\$m
Operating Earnings	3.3	2.0
Gains from Realisation of Investments	2.2	1.2
	—	—
Net Surplus After Tax	5.5	3.2
	==	==

Operating Earnings (the ongoing net income from our investments) has shown a significant improvement, most of which reflects improved earnings from our listed and unlisted portfolios. The result does, however, include a special dividend of \$671,000 (last year \$44,000) from one of our Australian investments which is largely a distribution of capital gains and is unlikely to be repeated at this level in future.

Gains from Realisation of Investments includes the sale of our property in Auckland, and two of our listed shares following takeover activity and a strategic review of our portfolio.

Unlisted Investments

- Auckland Packaging has expanded its specialist production capacity with the installation of \$3.8 million modern technology equipment at its new leased premises in South Auckland. This will enable the Company to expand into new products and services which are expected to contribute to profitability from 2006/07 onwards.
- Contract Resources continues to exceed our expectations at the time of acquisition. The Company is benefiting from the strong demand for specialist engineering maintenance and industrial cleaning in Australia and New Zealand, particularly from the oil industry.
- Heller Tasty is performing in line with budget at a similar level to last year as it begins to develop new market opportunities from its recently opened factory and distribution centre in Auckland.
- Polynesian Spa has significantly improved profitability on last year's weak result. A \$3.3 million development is planned for the site to further enhance the customer experience, and this is expected to open in November 2006.
- Precision Dispensing Systems' new pump has performed well in trials with a major US multinational, and we are now in negotiations for an initial application.
- Tecpak has secured some major new multinational customers and this has led to an encouraging turnaround in profitability. The Company faces ongoing challenges due to the high NZ dollar and high raw material prices, but is now producing a satisfactory return on our investment.
- Te Kairanga has had a very disappointing 6 months with a poor harvest due to unfavourable weather resulting in a significant loss for the period.
- Vita's profits during the period were better than in the first half of last year, although the Company's markets remain very competitive due to price pressure from imported furniture and the rising cost of raw materials. On 1 December, Rangatira increased its shareholding in Vita from 50% to 80%.

Net Asset Value

Our listed equities recorded a value gain of 16% for the 6 months to September 2005, reflecting continued strength in the New Zealand and Australian share markets. This gain, however, had come back to 10% as at 30 November following a degree of easing in the markets).

While we do not formally revalue our unlisted investments for the half-year result, the Board has undertaken a review of the values assessed at 31 March 2005. Based on this review, we believe there has been no material change at 30 September 2005 to the additional value above book value of our unlisted investments.

Outlook

Both New Zealand and Australia are expected to experience a slowdown in economic activity over the next 12 months, and this is likely to have negative implications for company profitability and for listed equity markets.

Directors expect, however, that Rangatira's diversified mix of listed and unlisted investments will continue to perform well over the remainder of the current financial year, and anticipate a fully satisfactory Net Surplus for the year.

It is more difficult to predict our Net Asset Value, around 50% of which is dependent on listed equity markets. An economic slowdown in New Zealand and Australia may well see these share markets at lower levels by March next year, but we believe most companies are not significantly overvalued and accordingly expect any correction to be relatively minor. We would be more cautious with this view if there is a more widespread global slowdown, but this does not currently appear likely.

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



R M Gough
Chairman

RANGATIRA LIMITED & SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS TO 30 SEPTEMBER 2005
(Unaudited results)

	6 Months September 2005 \$000	6 Months September 2004 \$000
Operating Activities		
Gross cash inflows	20,183	15,855
Gross cash outflows	(13,787)	(13,024)
Net cash flows from operating activities	<u>6,396</u>	<u>2,831</u>
Investing Activities		
Gross cash inflows	3,343	13,428
Gross cash outflows	(9,977)	(4,955)
Net cash flows from investing activities	<u>(6,634)</u>	<u>8,473</u>
Financing Activities		
Gross cash inflows	3,688	1,277
Gross cash outflows	(4,382)	(3,743)
Net cash flows from financing activities	<u>(694)</u>	<u>(2,466)</u>
Net increase in cash held	(932)	8,838
Cash at 1 April	6,459	8,463
Effect of exchange rate movement	<u>(21)</u>	<u>-</u>
Cash at 30 September	<u>5,506</u>	<u>17,301</u>
Cash flow reconciliation		
Net surplus after tax	5,734	3,307
Non cash items	2,684	1,150
Movements in working capital	(3,480)	2,195
Items classified as investing activities	1,261	(1,161)
Items classified as financing activities	197	(2,660)
Net cash flows from operating activities	<u>6,396</u>	<u>2,831</u>

RANGATIRA LIMITED & SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2005
(Unaudited results)

	Sept 2005 \$'000	March 2005 \$'000	Sept 2004 \$'000
Shareholders' Funds			
Share capital	17,712	17,712	17,712
Revenue reserves	71,448	68,804	69,037
Revaluation reserves	21,997	16,839	11,634
Minority interests	1,491	1,060	880
	<u>112,648</u>	<u>104,415</u>	<u>99,263</u>
Long term liabilities			
Deferred tax liability	94	49	-
Termloans	1,590	895	1,291
	<u>1,684</u>	<u>944</u>	<u>1,291</u>
Current liabilities			
Bank overdraft and other bank loans	1,530	2,428	3,495
Accounts payable	2,363	2,166	1,849
Tax payable	70	79	-
Deposits and short termloans	1,909	2,982	3,077
Employee entitlements	489	438	473
	<u>6,361</u>	<u>8,093</u>	<u>8,894</u>
Total Shareholders' Funds and Liabilities	<u>120,693</u>	<u>113,452</u>	<u>109,448</u>
Fixed Assets	15,340	12,305	12,969
Goodwill	2,754	2,851	2,947
Development Costs	1,000	1,000	1,000
Investments			
Shares in listed companies	48,891	45,346	39,622
Shares in associate companies	26,138	27,225	22,337
Shares in unlisted companies	945	945	945
Advance to unlisted company	10,983	9,049	4,060
Property Investment	-	2,990	2,520
	<u>86,957</u>	<u>85,555</u>	<u>69,484</u>
Deferred Tax Asset	112	89	5
Current Assets			
Bank	2,312	1,439	3,168
Short term investments	3,350	5,086	14,226
Accounts receivable	7,191	3,214	3,572
Inventories	1,159	1,100	1,231
Prepayments	268	380	210
Tax refund due	250	433	636
	<u>14,530</u>	<u>11,652</u>	<u>23,043</u>
Total Assets	<u>120,693</u>	<u>113,452</u>	<u>109,448</u>

RANGATIRA LIMITED & SUBSIDIARIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005
(Unaudited results)

	6 Months September 2005 \$000	6 Months September 2004 \$000	12 Months March 2005 \$000
Surplus from operations	7,921	3,490	8,199
Share of retained surplus after tax of associate companies	1,323	911	1,822
Dividends received from associate companies	(2,411)	(554)	(1,900)
Net surplus before tax	6,833	3,847	8,121
Tax expense	(1,099)	(540)	(1,918)
Net surplus after tax	5,734	3,307	6,203
Net surplus after tax attributable to minority shareholders in subsidiary companies	(256)	(92)	(564)
Net surplus for the period attributable to shareholders of Rangatira Limited	5,478	3,215	5,639
Dividends paid	(2,834)	(2,834)	(5,491)
Revenue reserves 31 March	68,804	68,656	68,656
Revenue reserves at the end of the period	71,448	69,037	68,804