

Viewpoint

Pyne Gould Corporation Limited Newsletter

December 2008

Season's greetings

On behalf of everyone at Pyne Gould Corporation I would like to wish all of you a happy holiday season, and good health and success for the New Year. 2008 has been a challenging but exciting year for the PGC group of companies and as always we appreciate your loyalty and support. We look forward to the new developments 2009 will bring.



Sam Maling
Chairman
Pyne Gould Corporation



INSIDE

News from
our AGM
PAGE 2

Financial
calendar
PAGE 2

PGC applies to
become a bank
PAGE 3

Managing
Director
stepping down
PAGE 3

Perpetual's
Chief Executive
wins award
PAGE 3

Latest news
at MARAC
PAGE 4

News from our AGM

It was good to see another large turnout of shareholders for our annual meeting, held this year in the pleasant surroundings of the Showgate Room at Riccarton Racecourse, Christchurch.

Brian Jolliffe and I presented a review of the Company's results and achievements for the year to 30 June 2008. If you would like to read these presentations you can find them on our website www.pgc.co.nz, under our Shareholder Centre.

Resolutions passed

The following resolutions were passed at the annual meeting.

- Sam Maling and Richard Elworthy were re-elected directors.
- George Kerr was elected a director, having been appointed by the Board earlier in the year.
- Directors were authorised to fix the auditors' remuneration.

2009 so far...

We are now well into the 2009 financial year – a year that is likely to be challenging in light of economic conditions, but also busy with the proposed restructure of the Company to become a bank.

The creation of a New Zealand-owned and publicly listed 'specialist' bank from the existing businesses of MARAC and Perpetual Trust is a further step in the steady progression of PGC into a financial services business that began a number of years ago. The following page has more information on our plans.

MARAC

Events in the world credit markets are unprecedented, and combined with issues in the New Zealand finance industry, the landscape of this sector has changed significantly. MARAC has taken decisive steps and is in a strong position to meet the challenges of further uncertainty.

MARAC Finance Limited has been granted a guarantee under the New Zealand deposit guarantee scheme* – see the back page of this newsletter for more details.

MARAC's Business division, which includes the financing of commercial plant and equipment (diggers, trucks and other fixed assets), and property finance plus the Ascend business, expects slower demand for finance. MARAC will continue to focus on strengthening relationships with existing customers, and is not seeking any new property lending.

The Consumer division, which includes motor vehicle and marine and leisure financing and insurance, is experiencing reduced consumer demand. Offsetting this, however, are increased opportunities as a number of industry participants are experiencing funding issues and have withdrawn from the market.

MARAC remains in a sound position with strong liquidity and a focus on credit but we do expect to be affected by the worldwide credit crisis. Asset growth is not expected, and profit levels will be lower than originally anticipated and below last year.

Perpetual Trust

The Personal Wealth Management and Advice business that provides trust and administration services and financial advice is experiencing reduced business activity and lower asset values.

The Corporate Trust business continues to grow, with new opportunities in the retirement village sector and managed funds.

Overall, the current year has started well for Perpetual Trust. The first quarter has recorded a similar result to last year and we expect that the full year result will generally be in line with 2008.

PGG Wrightson

PGG Wrightson's proposal to invest in Silver Fern Farms, New Zealand's largest meat marketer, was frustrated by the global credit upheaval. The business case remains compelling, and PGG Wrightson continues to work with Silver Fern Farms to achieve the vision of improving returns for New Zealand sheep and beef farmers.

Summary

World markets are changing rapidly and remain unpredictable.

We still expect to deliver a solid result for 2009, but will be in a much better position to give guidance at the half-year announcement in February.

Sam Maling

Chairman
Pyne Gould Corporation

Financial calendar

Half-year results and interim dividend announcement for 2009	24 February 2009
Interim dividend paid	27 March 2009
Year-end	30 June 2009
Year-end results announcement	25 August 2009
Annual report posted	18 September 2009
Final dividend paid	25 September 2009
Annual meeting	30 October 2009

PGC applies to become a bank

Pyne Gould Corporation is in the process of applying to the Reserve Bank for a banking licence. When that licence is granted we are likely to become the only New Zealand-owned publicly listed bank.

Our proposal is to restructure our operations so that our two existing financial services businesses, MARAC and Perpetual Trust, form the core of the new bank. The new bank will offer real expertise and differentiation in the financing of both small and medium-sized businesses throughout New Zealand, combined with private banking services based around Perpetual Trust's existing businesses.

MARAC already has many of the features of a bank and Perpetual Trust provides many of the services of a bank. The new bank will

be focused on fixed asset financing and will not duplicate the broader activities of the other mainstream banks.

The Board believes this move is a natural progression for Pyne Gould Corporation. We have spent some years developing ourselves as a specialised financial services company and the new bank will give us the opportunity to grow that business further.

We will keep you informed on the progress of this exciting development.

Brian Jolliffe

Managing Director
Pyne Gould Corporation



Managing Director stepping down

Brian Jolliffe, Managing Director of both Pyne Gould Corporation and MARAC, has indicated to the Board that he plans to step down from these roles at the end of this financial year – 30 June 2009 – for lifestyle reasons. Brian and his wife Gail intend to go cruising on their 15-metre yacht.

Brian has announced his decision to allow plenty of time for completing the businesses' transition to a bank and to help with a smooth transfer to his successor.

Brian has contributed immensely to the success of both Pyne Gould Corporation and MARAC over the past eight years and we wish him all the best for the future.

Sam Maling

Chairman
Pyne Gould Corporation

Perpetual's Chief Executive wins award

Our congratulations go to Louise Edwards, Chief Executive of Perpetual Trust, who has received the Institute of Directors' Aspiring Directors Study Award for its Canterbury Branch. This award aims to identify individuals with potential for further excellence and to foster the discipline of good governance and the growth of New Zealand enterprise. It is open to people who have at least five years' business experience and who have demonstrated leadership, integrity and enterprise in their career so far.

Louise's expertise and experience, as well as her commitment to the not-for-profit sector, impressed the judges. Her prize is a directorship course, which Louise is looking forward to attending to advance her skills and network with other directors.

Brian Jolliffe

Managing Director
Pyne Gould Corporation



Louise Edwards receiving her award from John Barr, Chairman of the Institute of Directors' Canterbury branch.

Latest news at MARAC

MARAC has a guarantee under the New Zealand deposit guarantee scheme*

MARAC Finance Limited has a guarantee under the New Zealand deposit guarantee scheme*. This was granted on Monday, 10 November 2008.

MARAC backs this up with a BBB- (Stable)** credit rating from Standard & Poor's. This rating is recognised internationally by the investment community as 'investment grade'.

The above factors and Pyne Gould Corporation's plans to convert to a bank, combine to provide investors with even greater confidence in MARAC.

If you would like more information on the deposit guarantee scheme, go to www.treasury.govt.nz.



New Chief Operating Officer at MARAC

David Battersby has been appointed to the new position of Chief Operating Officer at

MARAC, reporting to the Managing Director. In this new role David will be responsible for all lending, credit, marketing and support divisions.

David's previous role was General Manager - Business. He has worked for MARAC for over 12 years in several management positions.

He has more than 20 years' experience in the finance industry, which has spanned two trading banks as well as senior positions at AGC Finance.

Brian Joliffe

Managing Director
MARAC

PGC SHAREHOLDER SPECIAL OFFER

Free Will, Trust or Investment consultation

Perpetual Trust is pleased to offer all PGC shareholders a free no obligation consultation on your planning needs for a will, a trust or investments.

You might already be a customer with Perpetual Trust or you may already have a will, a trust or an investment portfolio with another professional. Either way, the friendly experienced staff at Perpetual Trust would be happy to sit down with you to review these and ensure you are comfortable with your existing plans.

Some of the other services offered by Perpetual Trust include:

- Charitable Trusts
- Financial Planning
- Property Conveyancing
- UK Pension Transfers.

For your free no obligation consultation, call Perpetual Trust on 0800 737 738 and one of our advisers will be happy to help you.

John McFetridge

Head of Customer Care
Perpetual Trust


Pyne Gould Corporation

Pyne Gould Corporation Ltd

Pyne Gould Corporation House
233 Cambridge Terrace
PO Box 167
Christchurch 8140

T 03 365 0000
F 03 379 8616
E info@pgc.co.nz
W www.pgc.co.nz



MARAC Finance Ltd

PO Box 9919, Newmarket
Auckland 1149

T 09 520 0097
E info@marac.co.nz
W www.marac.co.nz



Perpetual Trust

Perpetual Trust Ltd

PO Box 112
Christchurch Mail Centre
Christchurch 8140

T 03 379 8611
E info@perpetual.co.nz
W www.perpetual.co.nz


PGG Wrightson

PGG Wrightson Ltd

PO Box 292, Hornby
Christchurch

T 03 372 0800
E enquiries@pggwrightson.co.nz
W www.pggwrightson.co.nz

Every effort has been made to ensure the accuracy of this newsletter. It is provided on the basis that the items are necessarily generalised and are not a substitute for commercial judgement or professional advice.

Readers are urged:

1. to seek specific advice on any particular matter from a qualified professional person and
2. not to rely solely on this text.

* The guarantee scheme applies to MARAC Finance Limited Term Deposits, which are first ranking investments, subject to prior permitted charges (currently none) and claims given priority by legislation. For a MARAC Finance Limited investment statement call 0800 26 27 22 or visit www.marac.co.nz. Further information about the New Zealand deposit guarantee scheme and the most recent audited statement of financial position of the Crown are available, free of charge and at all reasonable times, on the internet site maintained by, or on behalf of, the Treasury at www.treasury.govt.nz.

** Standard & Poor's ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities. Ratings may be changed, withdrawn or suspended at any time. For the latest ratings information please visit www.standardandpoors.com.



Pyne Gould Corporation