Pyne Gould Corporation

New Zealand Exchange Announcement and Media Release

Pyne Gould Corporation Limited

PGC posts another top result

Results for the six months to 31 December 2005

- **Net profit after tax $26.5millon - last year $14.3millon**
- **Operating profit $12.4millon - last year $13.5millon**
- **Interim dividend (fully imputed) 9 cents per share (includes 1 cent per share special dividend) - last year 7 cents per share**
- **Record profits for both MARAC and Perpetual**

Financial Performance

The directors of Pyne Gould Corporation today announced a net profit after tax for the six months to 31 December 2005 of $26.5millon. This includes an abnormal gain of $14.1millon from the merger of Pyne Gould Guinness with Reid Farmers in 2001, which can now be brought to account.

"Of more significance were the record operating profits – excluding non-recurring abnormal items – achieved by our two financial services companies for this period" said PGC Chairman, Sam Maling. "Both MARAC, up 8% at $11.4millon, and Perpetual, up 38% at $1.7millon produced record half-year performances".

Interim Dividend

The directors have declared an interim dividend of 9 cents per share – fully imputed. This includes a 1cent per share special dividend, declared and paid by Pyne Gould Guinness Limited just prior to its merger with Wrightson to form PGG Wrightson. This compares with the interim dividend of 7 cents per share paid last year.

MARAC

“The MARAC Finance group secured its record half year result on the back of a 9% growth in finance receivables, and a continuing low impaired asset expense” said Managing Director Brian Jolliffe.

“This performance was achieved across all business segments and reflects positive outcomes from recent strategic focus and investment,” he said.

Looking specifically at the various businesses:

Commercial, which focuses on the financing of plant and equipment to New Zealand businesses, recorded finance receivable growth of 13%. This was achieved throughout the country and follows our decision to invest in account management in the regions where traditionally MARAC has not been strong. The business also benefited from a greater diversity of commercial plant, financed through plant and equipment dealers.

The motor vehicle market has slowed through this period, and although MARAC has grown its business, in particular its lease business, the overall market remains subdued. The strategic shift, which commenced in 2004, towards higher quality motor vehicle financing, continues to pay dividends in terms of improved credit quality and increased average loan size.

Marine and leisure continues to show good growth although there is now some sign of an easing in demand.

Property has recorded good asset growth.

“Credit quality throughout our business has again been a feature of this result. Following the low impaired asset charge last year, MARAC has again reported a low impaired asset expense of $1.2millon in the half year and arrears levels remain at historical lows. This is a reflection of the importance which we attach to credit quality in our business, and the systems we have in place to approve credits and monitor outcomes”, said Brian Jolliffe.

PERPETUAL

“Perpetual Trust reported a very strong half-year. The net operating profit of $1.5millon was 33% ahead of the same period for the previous year, driven by revenues that were 4% higher and costs 4% lower”, Brian Jolliffe said.

The major areas of revenue growth for the company in the half-year were in corporate trust and in asset management.

In corporate trust, revenues increased early in the financial year and were up 13% for the December half.

In asset management, growth of the company’s flagship investment product, the Perpetual Trust Mortgage Fund, made a major contribution to revenues that grew 22%.

Mortgage Express, our joint venture with Harcourts International, also enjoyed a strong first half, contributing $0.2millon to Perpetual. Revenues were up 27% on the same period of 2005, which flowed to a 53% improvement in after tax profit for the period.

PGG Wrightson (PGC owns 22% of PGG Wrightson)

The merger of Pyne Gould Guinness (PGG) and Wrightson occurred on 7 October 2005. The result includes three months of the previous subsidiary ownership of PGG and three months of our interest in the new merged business of PGG Wrightson. Together the contribution to PGC was $1.8millon.

While the bottom line contribution is down in comparison to the same period last year, PGG Wrightson in announcing its interim result drew attention to a significant increase in annual synergies from the merger offsetting a softening in rural economic conditions and noted the impact of merger implementation in the reporting period.

"From a PGC perspective good progress has been made and the merger is on track" said Mr Maling. "For the merged company to forecast a full year result in line with its projections at the time of the merger, notwithstanding more difficult conditions in the market, speaks for itself" he said.

Full Year Prospects

In looking ahead to the full year, the Chairman commented, "The PGC group is in good heart. The company is in a strong financial position, has top performing and experienced staff, quality brands and enjoys excellent client support with repeat business. While the current economic conditions will likely have some impact on the company's future growth and performance, at this time the directors remain confident of being able to report a further improvement in operating performance and annual dividend for the full year to June 2006."

Staffing

Peter Baynes, Chief Executive of Perpetual Trust, has decided to leave the company at the end of the financial year.

Peter has been a key driver of the improvements in Perpetual Trust. Not only in financial terms but also in process improvement, management focus and strategic direction for this business. Peter has directed the business to the strong position it is now in and the Board greatly appreciates his contribution.

Ends
28 February 2006

Dividend
Record date 17 March 2006
Payment date 20 March 2006

For further information please contact

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