

24 March 2010



Name  
Address  
Suburb  
City  
Country

Dear Shareholder

## **Interim Report and Business Update**

### **Interim report enclosed**

PGC achieved a number of milestones for the period to 31 December 2009. These included the Company returning to profitability, with a net profit after tax of \$10.1m, and successfully completing the first phase of our business transformation – which included restructuring our operational and governance structures and undertaking significant capital raising. The Company is now well positioned to take advantage of a slowly improving economy and positive signs in business and consumer confidence. We are entering phase two and are resolutely focused on creating a market-leading niche bank and a new wealth management business. Further details are outlined in the enclosed PGC Interim Report.

There have also been a number of other pleasing developments within the business since our Interim Report went to print.

### **AA partnership extended**

Today, the New Zealand Automobile Association (AA) and Pyne Gould Corporation Limited (PGC) announced a joint venture agreement to provide a wider range of insurance services. To be launched 1 April 2010, the joint venture will see the AA purchasing a 50% share of MARAC Insurance Limited. The decision comes on the back of a successful vehicle finance partnership established last year between the AA and PGC subsidiary, MARAC Finance Limited.

PGC has also secured a five-year exclusivity period. This creates the pathway to exploring opportunities of offering a range of financial services to AA Members.

The sale of a 50% share of MARAC Insurance Limited to the AA will see PGC recognise a one-off capital gain of \$2.2 million when it reports its full year results to 30 June 2010.

### **New Boards confirmed**

A Special Meeting of Shareholders held on 4 March 2010 confirmed the proposed new PGC Parent Board structure. The current PGC Board consists of Bruce Irvine (Chairman), Jeff Greenslade (Managing Director), George Gould, George Kerr and Bryan Mogridge.

The new separate independent Board structures for subsidiaries MARAC and the Perpetual Group are now in effect and the benefits are already beginning to show with directors having a greater focus on each business.

### **MARAC approved under the extended Crown Guarantee**

MARAC Finance Limited has a guarantee under the existing New Zealand Deposit Guarantee Scheme, and on 11 March 2010, was the first institution approved for the extended New Zealand Deposit Guarantee Scheme. The extended scheme covers eligible investors from 12 October 2010 to 31 December 2011.

### **Looking forward**

Despite difficult conditions, the Company remains on track to meet the Prospective Financial Information (PFI) forecast of \$20.9m for the full year to 30 June 2010.

To you our shareholders, thank you for your continuing loyalty and support as we go forward and prepare the business for the future.

Yours sincerely

**Jeff Greenslade**  
Managing Director