

- **All three PGC businesses record solid operating results for the first half.**
 - **NPAT loss of \$17.0 million after one-off items.**
 - **A fully imputed interim dividend of 5 cents is declared**
 - **Progress to become New Zealand's only listed local bank continues.**
 - **PGC's strong balance sheet anchors the business.**
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- The underlying operating performances of all three businesses – MARAC, Perpetual Trust and PGG Wrightson were solid despite the challenging economic conditions:
 - MARAC achieved a net operating profit of \$20.4m before tax and impaired asset expense, down from \$22.8m last year. Finance receivables were only marginally below June 2008 levels at \$1.4bn.
 - Perpetual Trust achieved a net operating profit before tax of \$2.4m, \$0.3m down on last year and with revenue only 6% below last year.
 - The operating businesses of PGG Wrightson produced a strong performance, with net operating profit before tax up 32% to \$22.1m.
 - The overall result was affected by:
 - An increased level of provisioning for impaired assets in MARAC.
 - PGC's share of PGG Wrightson's losses arising from one-offs including the write-down to current market value of its investment in New Zealand Farming Services Uruguay.
 - An underwrite provision to MARAC of \$25.0m to enable prudent management of property loans over coming months and years.
 - The six month interim result to 31 December 2008 for Pyne Gould Corporation (PGC), incorporating all of these items, is a net after tax loss of \$17.0m.
 - The directors have declared a fully imputed interim dividend of 5 cents per share. This will be paid on 27 March 2009. Last year an interim dividend of 10 cents per share was paid.

MARAC

The core business of MARAC performed well in the period. The net profit before tax and impaired asset expense is \$20.4m, down 11% on the same period last year. After providing for higher impaired asset expense, net profit before tax was \$11.0m compared to \$21.0m last year.

Liquidity at the end of December was pleasing at \$352.0m, up from \$164.0m at June 2008.

Retail funding from depositors also gained strongly, with total retail deposits of \$794.0m at December including \$104.0m from MARAC's five year retail bond issued in July 2008, up from \$557.0m at June 2008.

New funds flows have been at historical high levels following MARAC being approved under the New Zealand Deposit Guarantee Scheme. Reinvestment rates have been at the upper end of historical averages – 74% in the December quarter.

Finance receivables at \$1.4bn were only \$110.0m below the levels at June 2008. This also is a pleasing outcome as in the earlier part of the period MARAC concentrated on meeting the needs of existing customers only.

Latterly, the company re-commenced identifying sound lending opportunities from New Zealand businesses and individuals which meet our rigorous credit criteria.

MARAC's dynamic provisioning process identified the need for increased provisions and write offs for impaired assets as would be expected in the current economic environment. The impaired asset expense (the write-off of bad debts plus provisions for doubtful debts less recoveries made) is now \$9.3m, compared to \$1.8m in the same period last year.

As has been previously notified to the market, Pyne Gould Corporation put in place an underwriting facility of \$25.0m to enable MARAC to manage at risk property development loans in a manner that will maximise their realisation in future periods.

At 31 December, approximately half of the facility of \$25.0m was allocated against specific loans and the balance has been retained as an unallocated collective provision which is considered prudent with the current economic uncertainty.

The \$25m provision represents 9.5% of the overall property development loan book of \$260.0m at 31 December.

Perpetual Trust

Total operating revenue fell just 6% to \$8.0m and firm controls resulted in expenses reducing by 4%. The net profit before tax of \$2.4m, just \$0.3m below last year, is a very satisfactory performance.

The Corporate Trust business achieved revenue growth from increased activity in the corporate bond market, bank liquidity management facilities and increased special fees.

The increase in corporate trust revenues partially offset a reduction in revenues from Personal Client Services and Funds Management businesses. There was an increase in the number of new trusts and new investment advisory clients but property and investment values under administration decreased.

PGG Wrightson

PGG Wrightson announced its interim result yesterday.

In short, the operating businesses of PGG Wrightson produced a strong performance, with operating profit before tax up 32% to \$22.1m. Total revenue increased to \$738.0m up 32%.

After bringing into account a fair value adjustment for the investment in New Zealand Farming Systems Uruguay and providing for other abnormal items and fair market adjustments, the company suffered a net loss of \$32.8m. PGC's share of this loss was \$6.9m, compared to a profit last year of \$7.5m.

Dividend

Directors believe it is prudent to pay a reduced dividend of 5 cents per share given the drop in after tax profitability resulting from one-off abnormals and the continuing market uncertainty which may affect operating profitability in the short term.

The payment represents a departure from our historical practice of distributing between 45% and 55% of reported net profit after tax.

Banking Application to the Reserve Bank

The detailed work required to support an application for a banking licence is continuing. It remains our intention to restructure the company to become the only New Zealand owned publicly listed bank.

Chief Executive

Following the announcement last October of Brian Jolliffe's decision to step down at the end of the current financial year, the board has commenced a search for a replacement. We expect to be able to provide further information in the next few months.

Summary and Outlook

The six months to December 2008 was one of the most difficult periods in recent history. The company came through that period with a strong balance sheet and with sound underlying operating results.

We remain focused on working through the issues including the outcomes of the current economic slowdown and our own strategies surrounding our banking licence application. We remain fully supportive of our investment in PGG Wrightson.

In the second half of the year we again expect demand in MARAC and Perpetual Trust to generally remain soft with operating profitability below the levels reached in the second half of last year and much more in line with this first half interim result performance. PGG Wrightson has provided separate market guidance on its expectations.

27 February 2009

Sam Maling
Chairman

Brian Jolliffe
Managing Director

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Additional information about Pyne Gould Corporation

Pyne Gould Corporation is a holding company for three separate businesses: MARAC and Perpetual Trust, which are 100% owned subsidiaries, and PGG Wrightson, a 22% owned associate. Pyne Gould Corporation also owns its head office building in Christchurch.

MARAC consists of:

- MARAC Financial Services Ltd, which is the umbrella company for all the MARAC companies:
 - MARAC Finance Ltd;
 - a Consumer division consisting of motor vehicle, marine and leisure financing and motor vehicle leasing;
 - a Business division consisting of plant & equipment and business financing, property financing and Ascend Finance ;
 - MARAC Securities Ltd – an arranger of structured finance solutions;
 - MARAC Investments Ltd – a specialised niche investment company;
 - MARAC Insurance Ltd – a provider of insurance products to MARAC clients;
- Nissan Finance New Zealand Ltd – a lender to the Nissan dealer network.

Perpetual Trust consists of:

- A Corporate Trust business. This division provides trustee services for investment products, including unit trusts, securitisation structures, group investment funds, superannuation schemes, debt securities and local authority funding. They also act as statutory supervisor for retirement villages and forestry partnerships;
- A Personal Client Services business. This division provides trust, estate planning, investment advisory and asset management services to individuals and their families;
- A Funds Management business. This division provides a range of managed investment products for Perpetual Trust clients and to external investors.

PGG Wrightson consists of:

- A Rural Services business. This division consists of livestock, wool, rural supplies, Fruitfed supplies and irrigation & pumping services;
- A Financial Services business. This division consists of finance, real estate, insurance and funds management services;
- A Technology Services business. This division consists of seeds & grain, nutrition, animal health, training and consultancy and South America.