



**NOTICE OF MEETING**  
2007 ANNUAL MEETING

## DEAR SHAREHOLDER

On behalf of the Board of Directors, I have pleasure in enclosing notice of the 2007 annual meeting for Pyne Gould Corporation Limited.

The annual meeting will be held at Chateau on the Park, corner Deans Avenue and Kilmarnock Street, Christchurch, Thursday 1 November 2007 at 4.00pm.

MARAC and Perpetual Trust staff will be available outside the meeting room should you wish to discuss any products or services of those companies.

If you are unable to attend the annual meeting, I encourage you to vote using the Proxy Form enclosed. In addition, you will be able to access a webcast of the address made at the annual meeting on [www.pgc.co.nz](http://www.pgc.co.nz) by 4.00pm on Friday, 2 November 2007.

Yours sincerely



Sam Maling  
Chairman



SAM MALING  
Chairman

## NOTICE OF MEETING

Notice is hereby given that the Annual Meeting of Pyne Gould Corporation Limited (the Company) will be held at Chateau on the Park, corner Deans Avenue and Kilmarnock Street, Christchurch on Thursday, 1 November 2007 commencing at 4.00 p.m.

## AGENDA

**1. Annual Report**

To receive and consider the annual report for the year ended 30 June 2007.

**2. Election of Directors**

In accordance with the Company's constitution, Messrs Bryan Mogridge and Stephen Montgomery retire by rotation and offer themselves for re-election. To consider, and if thought fit, pass the following resolutions as ordinary resolutions:

"That Bryan Mogridge be re-elected as a director of the Company."

"That Stephen Montgomery be re-elected as a director of the Company."

**3. Auditor**

To record the reappointment of KPMG as the Company's auditor and to pass the following resolution as an ordinary resolution:

"That the directors are authorised to fix the auditor's remuneration."

**4. Directors' Remuneration**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That with effect from 1 July 2007 the total amount of directors fees payable annually to all the directors (other than the Managing Director) taken together be increased by \$100,000 up to \$700,000, to be divided amongst the directors as the directors from time to time deem appropriate."

**5. Directors' Retirement Allowance**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That approval be granted to convert each director's entitlement to a cash allowance on retirement into the Company's ordinary shares, such shares to be issued at the close of business on 3 December 2007 and to be fully paid up at a price calculated as the volume weighted average market price determined over the 20 business days leading up to 3 December 2007, and to be held in trust together with any dividends and distributions payable in respect of such shares until the director retires from the Board."

**6. Other Business**

To consider any other matter that may properly be brought before the meeting.

By order of the board of directors



C W Hair  
Company Secretary  
Christchurch

8 October 2007

## EXPLANATORY NOTES

### AGENDA ITEM 2

#### Election of Directors

In accordance with the Company's constitution, Messrs B W Mogridge and S C Montgomery retire by rotation and, being eligible, offer themselves for re-election. The board has determined that the directors' offering themselves for re-election are independent directors.

Bryan Mogridge (below left) is an Auckland based professional director who has been a director of Pyne Gould Corporation since 2003 and a director of MARAC since 1992. Among his other directorships are Mainfreight Limited, Rakon Limited and Waitakere City Holdings Limited.

Stephen Montgomery (below right) is a Christchurch based businessman who has been a director of Pyne Gould Corporation since 1998. He has considerable experience in the New Zealand and Australian financial markets.



### AGENDA ITEM 4

#### Directors' Remuneration

The current approval from shareholders, passed at the Annual Meeting in October 2005 is for directors' fees in aggregate of \$600,000. The Company wishes to increase the aggregate directors' fees by \$100,000.

Since the Company's 2005 Annual Meeting, the business has grown substantially with assets increasing 25% and shareholders' funds 31%. As a result directors' roles in the Company have grown and become more complex. The Company has also been advised by its consultants that directors' fees in New Zealand have increased significantly over the last three years. In addition, following Tim Saunders resignation last year, the Company is currently seeking to attract and appoint a new director to the board.

The Company considers it important to maintain fees in line with market rates in order to retain and also attract directors with the experience and skills to add value to its businesses. The increase in directors' fees is effective from 1 July 2007 because this date is the beginning of the Company's financial year.

### AGENDA ITEM 5

#### Directors' Retirement Allowance Background

In 2004 the Company discontinued its practice of paying retirement allowances to new directors. Existing directors appointed to the board prior to 1 July 2004 (directors) retained their entitlement to a retirement allowance. The terms of the Company's retirement allowance policy were that the entitlement arose once a director had served office for five years and reached its maximum when the director had served office for 10 years (maximum retirement allowance).

#### Proposed Conversion

In order to better align the interests of the directors with that of the shareholders, it is proposed that each director's retirement allowance entitlement (after deduction of PAYE) is converted into ordinary shares in the Company (shares) as at 3 December 2007 (Issue Date). This date is the first business day after the Company's November Board meeting at which the directors will consider the proposed share issue.

Pursuant to the terms of a trust deed to be entered between the Company and Colin Hair (Company Secretary) and Brian Jolliffe (Managing Director) (as Trustees), (Trust Deed), the shares will be issued and held on trust for the benefit of each director until the date of each director's retirement. The terms of the Trust Deed will also provide, amongst other matters, that:

- the acquisition price for the shares issued and held in trust for each director will be equal to the director's maximum retirement allowance (after deduction of PAYE), (Acquisition Price);
- the Company will issue the shares to the Trustees at a price to be calculated as a volume weighted average market price over a period of 20 business days prior to the Issue Date;
- on the date of retirement of a director, the shares that the director is entitled to will be transferred to him from the Trust;
- directors will be entitled to any dividends and distributions payable in respect of the shares, such entitlements to also be held in Trust until retirement; and
- in the event that a director retires before he has served 10 full years in office, in accordance with the Company's original retirement allowance policy, the number of

shares held in trust and subsequently transferred to that director will be reduced pro rata to correspond with the actual number of years the director has served in office.

### Shareholder Approval

The issue of the shares to the directors under the scheme requires shareholder approval under Rule 7.3.1 of the Listing Rules.

Rule 3.5.2 permits the Company to make a payment to a director in connection with the retirement of that director if the total amount of the payment does not exceed the total remuneration of the director in his or her capacity as a director in any three years chosen by the Company. The Company is permitted to convert the retirement allowances into shares because the maximum retirement allowance accrued by each director and converted to shares, to be held on trust for each director as at the Issue Date, will not exceed the total of director's fees received by that director in the three years prior to 1 July 2004.

### Appraisal Report

The Listing Rules require an appraisal report to be provided to the shareholders of the Company because the issue will result in more than 50% of the shares to be issued being acquired by directors of the Company. The purpose of the appraisal report is for the shareholders of the Company to receive an opinion from an independent appropriately qualified person regarding the terms and conditions of the transaction. Enclosed with this Notice of Meeting, is an appraisal report prepared by PricewaterhouseCoopers regarding the proposed issue of new shares (Appraisal Report).

### Further Information

Please note the following information regarding the conversion which has been provided to comply with Rule 6.2.1 of the Listing Rules:

(a) the aggregate dollar value of the shares to be issued and held on trust for the directors will be \$523,123 less tax paid, being the total amount of the directors' maximum retirement allowances, prior to deduction of PAYE, as set out in the table below (Total Acquisition Price). The Total Acquisition Price is calculated on the basis that each director has served or will serve in office for a full 10 year term and is therefore entitled to a maximum retirement allowance. In the event that a director retires before he has served 10 full years in office, in accordance with the Company's original retirement allowance policy,

the number of shares held in trust and subsequently transferred to that director will be reduced pro rata to correspond with the actual number of years the director has served in office;

- (b) the Company will issue the shares to directors, to be held on trust, at a price to be calculated as a volume weighted average market price over a period of 20 business days prior to the Issue Date. Because the volume weighted average market price of the shares to be issued cannot be determined until immediately prior to the Issue Date, the Company cannot confirm the maximum number of shares that will be issued at the date of this Notice of Meeting;
- (c) the following table sets out the names of the directors entitled to retirement allowances, the amount of their retirement allowance they have accrued up until the date of this Notice of Meeting and their maximum retirement allowance. Please note that the amount of each allowance available is subject to deduction of PAYE.
- (d) Mr Maling has accrued a greater entitlement than the other directors as a result of serving as Chairman of the Board since October 1999;

Director	Percent of Retirement Allowance Accrued	Amount of Retirement Allowance Accrued at the Date of this Notice	Maximum Retirement Allowance (Subject to PAYE)
S R Maling	100%	\$170,417	\$170,417
S C Montgomery	90%	\$80,249	\$89,166
B W Mogridge	100%	\$89,166	\$89,166
W J Steel	100%	\$89,166	\$89,166
B R Irvine	100%	\$85,208	\$85,208
<b>Total</b>		<b>\$514,206</b>	<b>\$523,123</b>

- (e) the shares held in trust for each director will be transferred to each director on the date of their retirement. This restriction reflects the Company's policy that the directors may not receive any retirement entitlements until the date of their retirement;
- (f) In the event that a director retires before they have served 10 years in office, the number of shares held in trust for that director will be reduced pro rata to correspond with the period that the director has served in office. This provision applies only in respect of Mr Montgomery. All other directors noted above have served 10 years in office; and

(g) the new shares issued to the directors under the conversion proposal will rank equally with all other ordinary shares in the Company.

### Effects of Proposed Share Issue

An analysis of the potential dilution effect the issue of shares will have on existing shareholders of the Company is set out in paragraphs 3.6 to 3.10 of the Appraisal Report.

### Annual Meeting and Voting

Shareholders are entitled to attend and vote at the annual meeting or to appoint a proxy to attend and vote in their place.

The directors who will be issued shares and their associated persons are disqualified from voting on the resolution set out under item 5.

An Ordinary Resolution of the Company means a resolution passed by a simple majority of votes of holders of ordinary shares in the Company which carry votes and of those shareholders which are entitled to vote at a meeting of the Company.

### Proxies

A shareholder of the Company is entitled to attend and vote at the annual meeting of the Company or appoint a proxy to attend and vote on his/her behalf. The

proxy need not be a member of the Company. An instrument appointing a proxy must be received at the office of the Company's share registrar, Link Market Services Limited, either by mail to PO Box 384, Ashburton, fax to 64 03 308 1311, or by delivery to 138 Tancred Street, Ashburton so as to be received no later than 4.00pm on 30 October 2007, 48 hours before the time of holding the meeting. A proxy form is enclosed for the convenience of members. Please note that persons disqualified from voting at the annual meeting, including any director of the company who may benefit from the transactions proposed in items 4 and 5 of the Notice of Meeting may not appoint a proxy to vote on the resolutions to which they are disqualified from voting on.