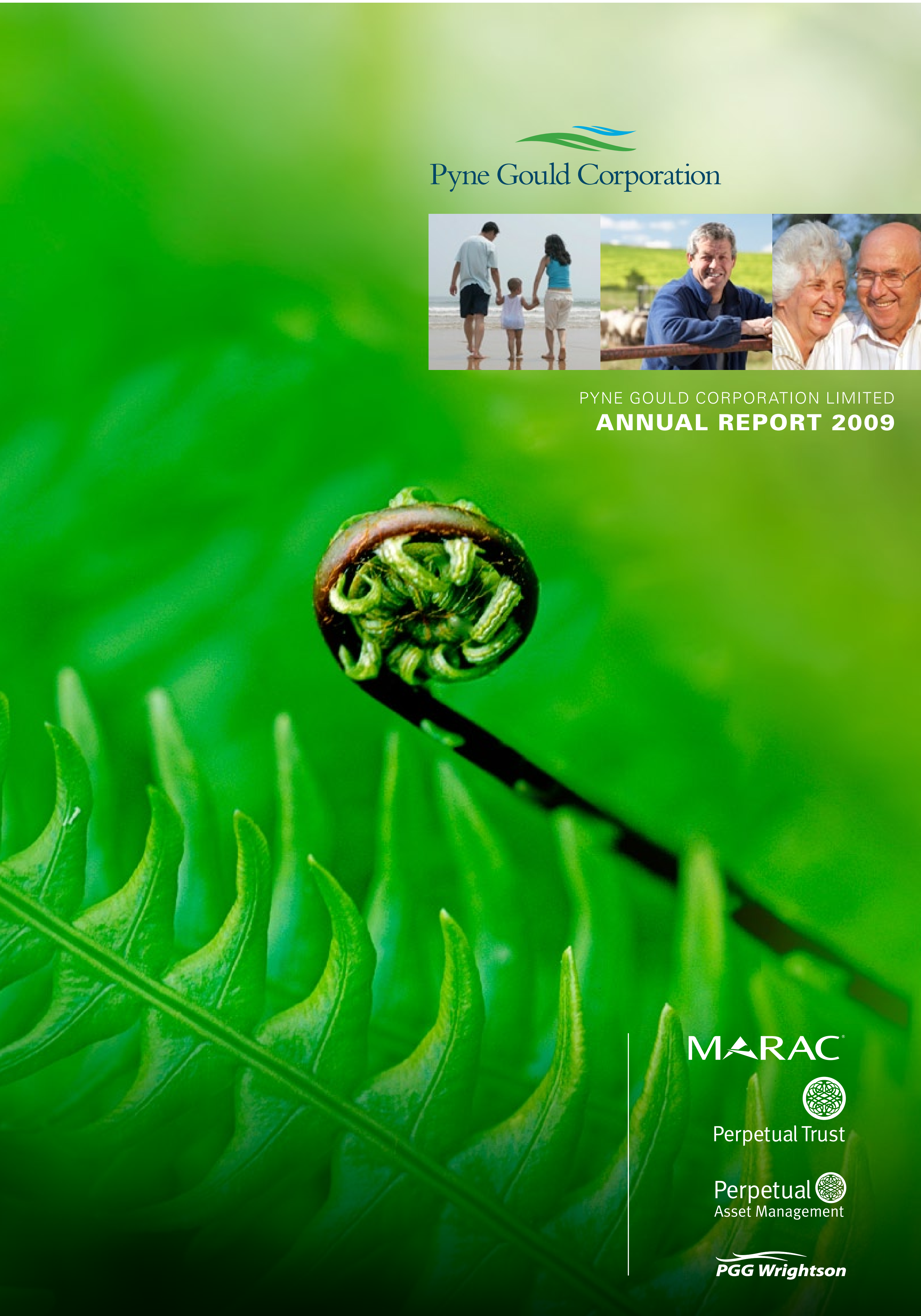


Pyne Gould Corporation

PYNE GOULD CORPORATION LIMITED

ANNUAL REPORT 2009

MARAC

Perpetual Trust

Perpetual Asset Management

PGG Wrightson

Pyne Gould Corporation

CONTENTS

ANNUAL RESULTS OVERVIEW

- PGC's businesses record solid performances in difficult times:
  - MARAC – net profit after tax of $19.6m (before impairment of assets charge).
  - Perpetual Trust – net profit after tax of $3.3m.
  - PGG Wrightson – net operating profit after tax of $30.0m but a loss after "one-offs" which resulted in a loss to PGC of $13.8m.
- PGC fully commits an $85.0m underwrite to MARAC for property loans, resulting in an impairment charge to PGC.
- Group net loss after tax is $54.4m.
- Dividend for the year is 5 cents per share.
- New strategic focus announced.

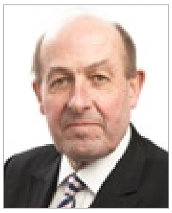
KEY FINANCIAL RESULTS

	2009	2008	2007	2006	2005
Net profit/(loss) after tax	($54.4m)	$44.8m	$36.7m	$66.3m	$30.2m
Total assets	$1,468m	$1,573m	$1,450m	$1,287m	$1,421m
Shareholders' funds	$184m	$262m	$239m	$220m	$174m
Dividend	5.0c	23.0c	21.0c	20.0c	19.0c
Return on shareholders' funds	(24.4%)	17.8%	16.0%	14.7%	17.2%

FINANCIAL CALENDAR

Year-end	30 June 2009
2009 year-end results announcement	28 August 2009
Annual report mailed	23 September 2009
Annual meeting	30 October 2009
Half-yearly results announcement for 2010	26 February 2010

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT



SAM MALING
Chairman

JEFF GREENSLADE
Chief Executive Officer

2009 Financial Results

It is disappointing to report a loss for the year ended 30 June 2009. We have not been immune to the global economic crisis, which has been particularly severe in terms of its impact on the property sector. Unfortunately PGC, like many others, was caught up in the high demand for property development finance.

As a result, the full-year result has been impacted by a significant write-down relating to an impairment of some of MARAC's property development loans, and this has been a key factor in PGC reporting an after-tax loss of $54.4m.

On the positive side the underlying performances of our two business segments – financial services (MARAC) and trustee services (Perpetual Trust) showed some encouraging signs in the current environment.

Highlights for the financial year to 30 June 2009 include:

- The underlying MARAC business recording a net profit after tax of $19.6m, excluding the write-down for impaired assets.
- Perpetual Trust reporting a net profit after tax of $3.3m.
- The creation of a new asset management business within the group – Perpetual Asset Management Limited.
- A number of significant steps taken to move the group towards its goal of becoming a New Zealand publicly listed registered bank and asset management company.

Property Write-down

The year's result was impacted by the write-down relating to the impairment of some of MARAC's property development loans. After-tax write-downs to the property development portfolio of $59.5m were recognised for the year ended 30 June 2009 at the parent company level as a result of PGC's underwrite of MARAC's property development book.

The loss is disappointing especially given the group's long and proud history. While we should continue to look forward, we need to learn from mistakes made and ensure that they don't happen again.

The approach taken in writing down the property development assets was necessary and realistic in the current environment. We wanted to recognise all known impairments in full in the current financial year and lay the platform for repositioning the group for future growth. Property development finance will not be part of the business going forward. New property lending will be limited to supporting customers who have a wider borrowing relationship with MARAC, and whose principal business is not property development or leasing.

Dividend

In light of our stated intention to raise capital, we will not pay a final dividend. The total dividend for the year ended 30 June 2009 remains at 5 cents per share, being the amount of the interim dividend already paid.

Management Change

On 30 June 2009 Brian Jolliffe stepped down as Managing Director. We have appointed Jeff Greenslade as the new Chief Executive Officer of PGC and MARAC. Jeff previously held senior relationship banking roles with ANZ National Bank.

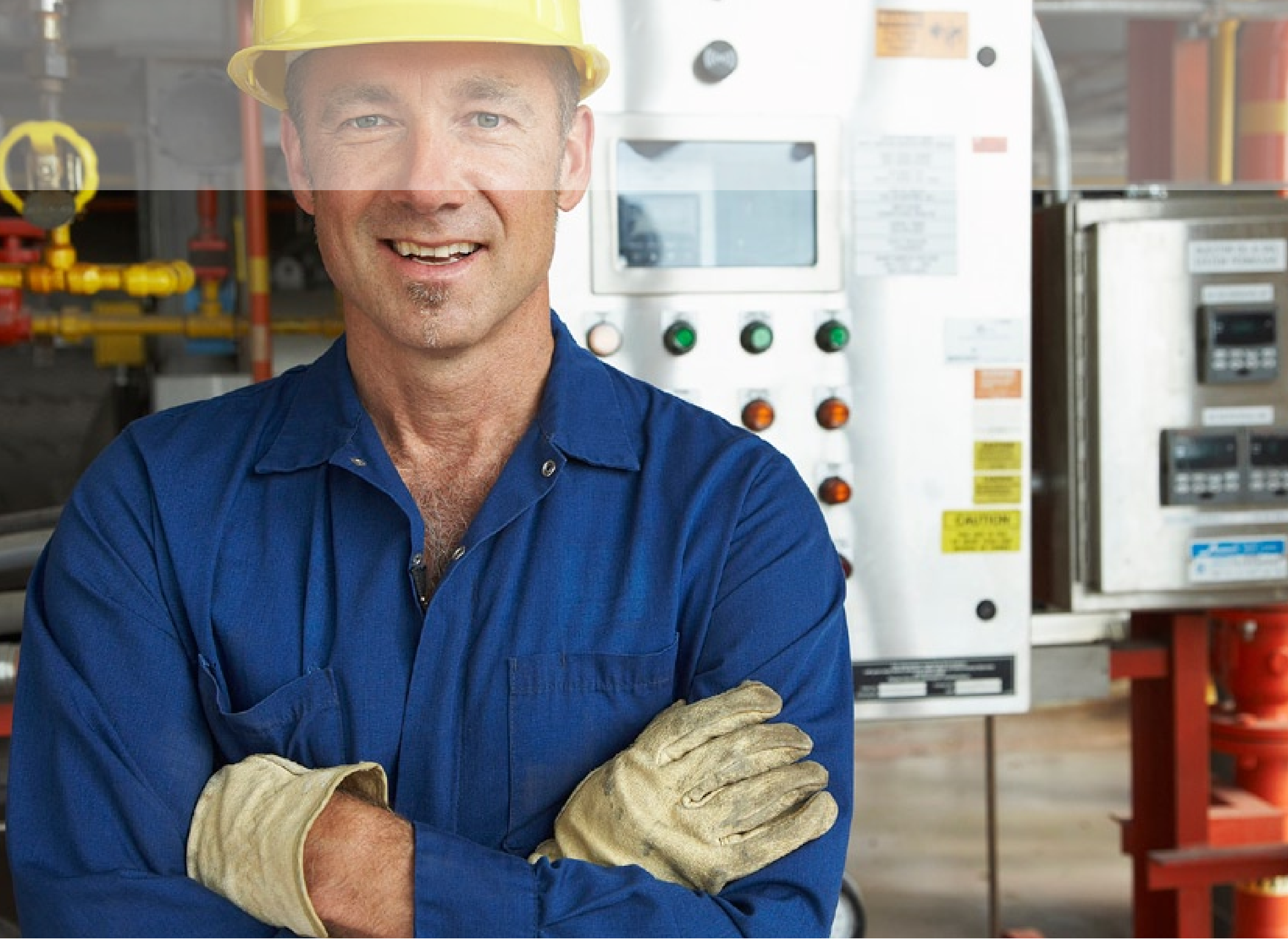
MARAC

The core MARAC business, which is based around providing vehicle, plant and equipment, and cash flow-based working capital finance to New Zealanders and New Zealand businesses, performed well, recording an underlying net profit after tax (before asset impairment costs) for the period of $19.6m, compared to $27.9m in the 2008 financial year. While the impact of the current economic environment has translated to lower profits in the 2009 year, MARAC's underlying performance remains strong.

In the 12-month period to 30 June 2009, the size of the receivables book fell by $86.2m to $1,341.3m due to the impact of a lower level of economic activity earlier in the financial year and following a strategic decision to cease lending in the property development sector.

The Consumer division has benefited from the exit of several major competitors from the motor vehicle finance market. The division has also gained significant market share in the key segment of quality used car and franchise dealerships. Distribution has been further strengthened with the recent announcement of a strategic partnership with AA Finance.

There has been a noticeable improvement in business sentiment since March this year. Lending activity in the Commercial division has improved as a result. With fewer competitors and an improving economy, receivables growth in the Commercial division was steady over the remainder of the financial year.



MARAC's NZDX listed five-year secured bond, which closed over-subscribed in July 2008 raising $104.2m, adds more diversity and duration to MARAC's funding profile.

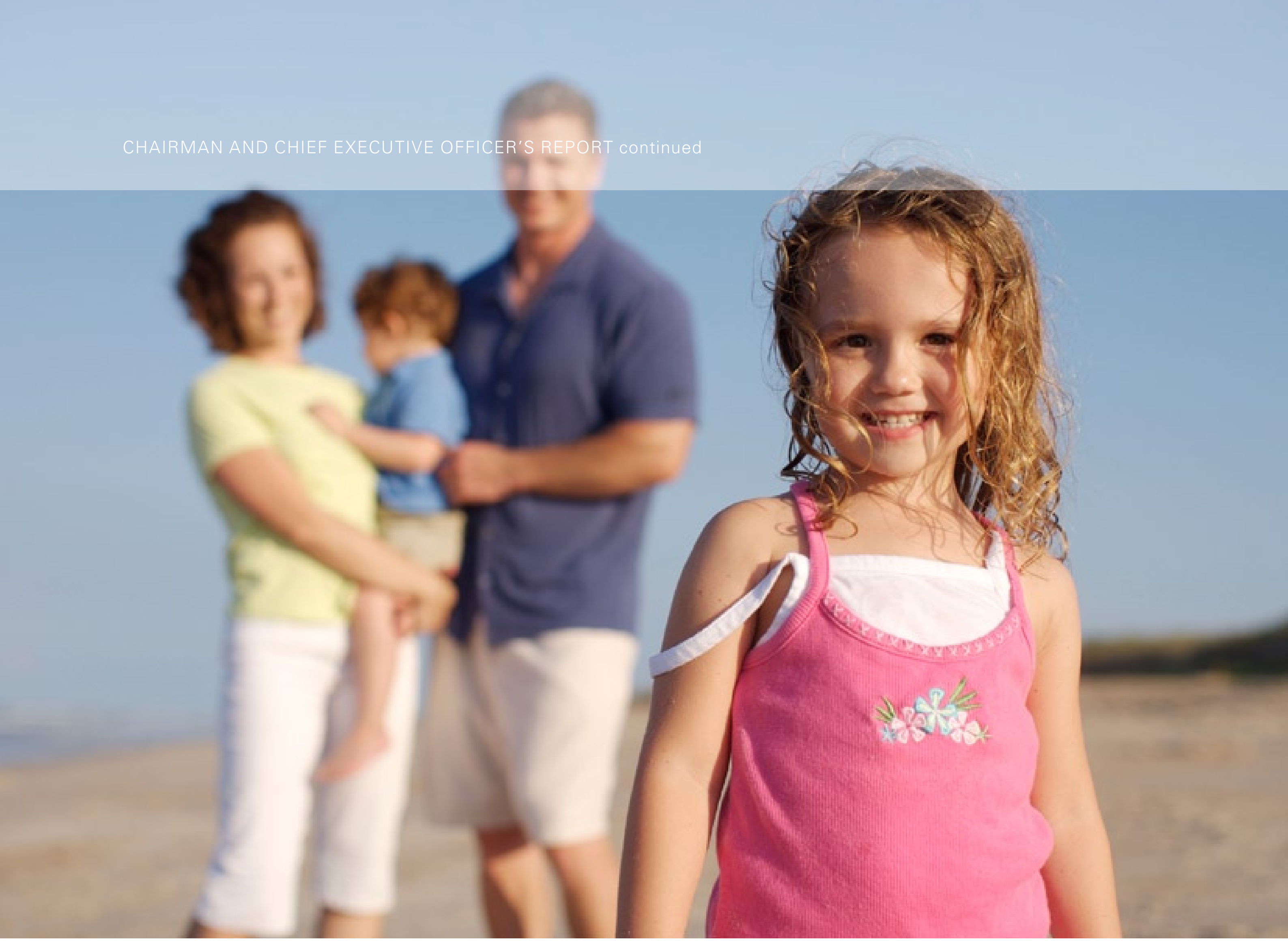
The mainstay of MARAC's funding continues to be its retail debenture programme. Retail investors have proven to be extremely loyal and have continued to support MARAC with solid levels of new funding and reinvestments. This loyalty was demonstrated by the large number of attendees at MARAC's first-ever series of investor forums late last year, something that will be repeated later this year.

MARAC holds $806.9m of retail funds (excluding funds raised by the secured bond issue) as at 30 June 2009.

MARAC's credit rating was recently downgraded to BB+ (outlook negative). While Standard & Poor's stated that MARAC was *"one of the stronger finance companies in New Zealand"* it identified MARAC's exposure to the property development sector as an issue along with its negative view of the entire New Zealand banking system.

The introduction of the New Zealand Deposit Guarantee Scheme in October 2008 resulted in large inflows of new funds. However, MARAC immediately took steps to ensure that the overall funding mix was not distorted by 'guarantee chasers'. MARAC's strategy has been to maintain a low level of maturities around the scheme's initial expiry date of 12 October 2010.

The recently announced extension of the scheme to 31 December 2011 will assist with investor confidence. Based on publicly available information, MARAC is of the view it will meet the criteria to be accepted for participation in the extension of the scheme and it is our current intention to participate to the extent that it is efficient and cost effective to do so.



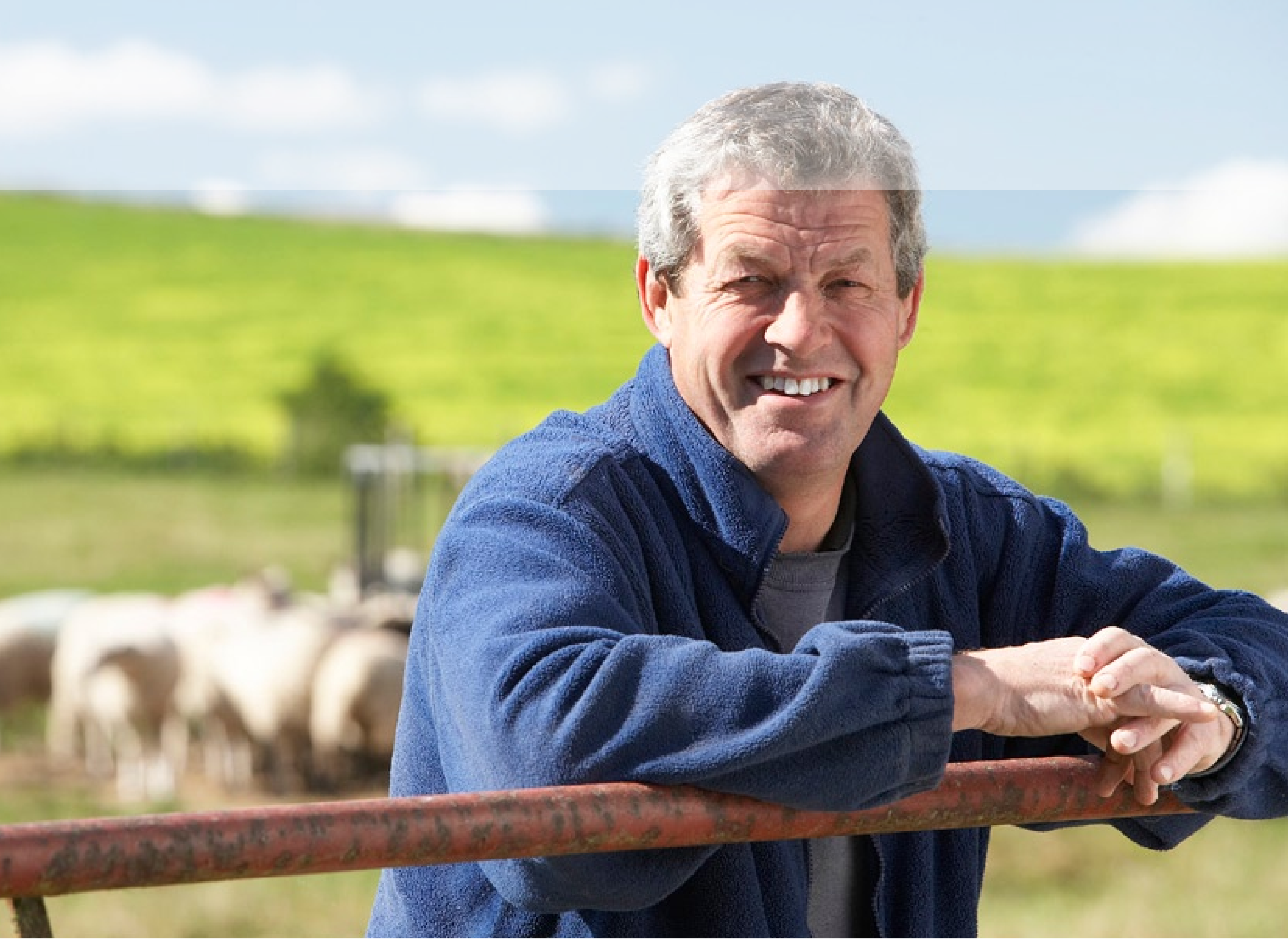
Perpetual Trust

Perpetual Trust contributed total operating revenue of $16.2m ($16.9m for the previous corresponding period) and net profit after tax of $3.3m, compared to $3.7m for the previous corresponding period.

The performance reflected current economic conditions, with revenue and net profit down on last year, although this is the second-highest net profit result to date. Perpetual Trust has a well-diversified income stream and has continued to perform solidly in most core areas.

Perpetual Trust's client base continues to grow in numbers but the decline in assets under administration due to decreasing property values and declining investment markets has impacted on revenue. Growth in underlying client numbers positions Perpetual Trust well for revenue and profit growth in the future.

2009 is a significant year in the history of this business – it marks Perpetual Trust's 125th anniversary, and the 75th jubilee of PGG Trust.



PGG Wrightson

PGG Wrightson, in which PGC has a 20.7% shareholding, reported a solid performance for the year ended 30 June 2009, with net operating profit after tax and before one-off and non-trading items of $30.0m. The company performed well in the first six months, but in the second half, particularly in the April to June quarter, experienced increased pressure on margins.

A number of non-trading items, including the settlement with Silver Fern Farms and a revaluation of the investment in New Zealand Farming Systems Uruguay, which together totalled $96.4m, resulted in a reported loss after one-off and non-trading items of $66.4m. PGC's share of this net loss was $13.8m.

PGG Wrightson has renegotiated a revised banking package with its banking group and is reviewing its capital structure, including considering a potential capital raising.

Outlook

After balance date, we announced plans to reposition the Company to become a New Zealand publicly listed registered bank and asset management company. This includes:

- A decision by MARAC to cease property development lending; to refocus on its core business of plant, equipment, vehicle, and cash flow-based working capital financing; and to tighten its credit processes.
- The sale and transfer of approximately $175m of MARAC's impaired property development loans to another company within the PGC group with the intention of some or all of the loans ultimately being sold to the Torchlight Credit Fund.
- The creation of a new asset management business – Perpetual Asset Management Limited.

As part of this repositioning, the Company announced plans for a capital raising.

The requirements for the additional capital to be raised include:

- Injecting new equity capital into MARAC to strengthen its capital position.
- Partially fund the transfer of property development loans.
- Repayment of all outstanding bank debt at the PGC level.
- Funding Equity Partners Asset Management Limited to subscribe for its full entitlement to new shares pursuant to the rights issue being conducted by EPIC.

After balance date the creation of Perpetual Asset Management Limited provides PGC with an opportunity to expand and also diversify its earnings base.

Spread across PGC's businesses are approximately 54,000 customers reflecting "Heartland New Zealand" – salaried and self-employed New Zealanders, small and medium enterprises and their owners, retirees and New Zealanders with funds to invest. This is not just a valuable demographic – it is also one that is increasingly under-serviced by financial institutions. When this combined group customer base is added to PGC's ancillary business relationships, the potential customer base increases significantly.

The purchase of Equity Partners Asset Management Limited and the appointment of John Duncan to head Perpetual Asset Management Limited, completed earlier this month, provide a great opportunity to service this customer base and a foundation to build a market-leading financial services business.

SAM MALING
Chairman

JEFF GREENSLADE
Chief Executive Officer

28 August 2009

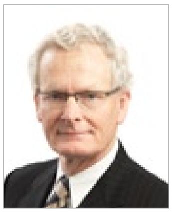
BOARD OF DIRECTORS

As at 30 June 2009, the wholly owned subsidiaries of PGC – MARAC Finance Limited, Perpetual Trust Limited and Perpetual Asset Management Limited – operate as autonomous companies with their own separate boards of directors. The directors of the other subsidiaries of the group comprise some or all of these directors.

Sam Maling
Chairman
LLB, AF INST D

Sam Maling was first appointed to the board in 1996 and has been Chairman since 1999. He is Chairman of the Remuneration and Appointments Committee, a member of the Audit Committee, and a director of PGG Wrightson Limited and New Zealand Farming Systems Uruguay Limited.

Sam is a Christchurch-based barrister and was a partner with Lane Neave for over 25 years, including four years as Executive Chairman.



Richard Elworthy
Independent Director
BCOM, F INST D

Richard Elworthy has been on the board since 1991. He is a member of the Audit and Credit Committees.

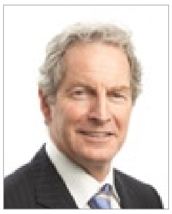
Richard joined Pyne Gould Guinness in 1969 and in 1987 was appointed Group Financial Controller of PGC. He was appointed Managing Director in 1999 and retired from that position in June 2005.

Bruce Irvine
Independent Director
BCOM, LLB, FCA, AF INST D, FNZIM

Bruce Irvine has been a director of Perpetual Trust Limited since 1996 and was appointed to the PGC Board in 2003. Bruce is Chairman of the Audit Committee and a director of PGG Wrightson Limited.

Bruce is a professional director and was formerly a partner in the Christchurch office of Deloitte.

Bruce Irvine is standing for re-election this year.



Bryan Mogridge
Independent Director
BSC

Bryan Mogridge became a director of MARAC Finance Limited in 1992 and was appointed to the PGC Board in 2003. Bryan is a member of the Credit and the Remuneration and Appointments Committees.

He held chief executive and senior management positions for 20 years and has been a director of NZSX-listed companies since 1984.

Stephen Montgomery
Independent Director
BA

Stephen Montgomery has been a director since 1998. He is a member of the Remuneration and Appointments Committee.

Stephen's career has included a variety of fixed-interest, futures and equity securities roles within the New Zealand and Australian financial markets. He is currently a director of Aspiring Asset Management Limited.

Warwick Steel
Independent Director
BAGSC, MSC

Warwick Steel became a director of MARAC Finance Limited in 1992 and joined the PGC Board in 2003. Warwick is a member of the Audit and Credit Committees.

He has experience in the finance, stockbroking and investment markets, and currently owns and operates a manufacturing business in Auckland.

Warwick Steel is standing for re-election this year.

George Kerr
Non-independent Director
BCOM

George Kerr was appointed to the board in August 2008. George is a member of the Remuneration and Appointments Committee.

He has spent his career in financial services and previously was Chairman of Brook Asset Management and Head of Investments at Sterling Grace Portfolio Management.

CORPORATE GOVERNANCE

The board and management of Pyne Gould Corporation Limited are committed to ensuring that the Company maintains corporate governance practices in line with current best practice.

The board, to ensure it governs in accordance with the requirements of the Company's constitution, has established policies and protocols which comply with the corporate governance requirements of the NZX Listing Rules and which are consistent with the principles contained in the NZX Corporate Governance Best Practice Code.

The board considers it has complied with that code for the year ended 30 June 2009.

Role of the Board

The Board of Directors is responsible for corporate governance and the Company's overall direction. The board establishes objectives, strategies and an overall policy framework within which the business is conducted. Day-to-day management is delegated to the Chief Executive Officer. The board regularly monitors and reviews management's performance in carrying out their delegated duties.

The board met 18 times during the year ended 30 June 2009.

Board Membership, Size and Composition

The constitution provides that the number of directors must not be more than 10 nor fewer than three, but subject to these limitations the size of the board is determined from time to time by the board.

The board currently comprises seven directors, being a non-executive Chairman and six non-executive directors.

A director is appointed by ordinary resolution of the shareholders, although the board may fill a casual vacancy in which case the appointed director retires at the next annual meeting but is eligible for re-election. Nominations for election as a director may be made by shareholders up until two months before the date of the annual meeting.

At each annual meeting, one-third of the directors retire from office by rotation. If they wish to continue they may stand for re-election.

Bruce Irvine and Warwick Steel are standing for re-election at this year's annual meeting.

Independence of Directors

A director is considered to be independent if that director is not an executive of the Company and if the director has no direct or indirect interest or relationship that could reasonably influence, in a material way, the directors' decisions in relation to the Company.

The board has determined that all current directors, other than George Kerr, are independent directors. George Kerr, as a substantial security holder in the Company, is a non-independent director.

Board Performance Assessment

The board undertakes a regular review of its own, its committees' and individual directors' performance. This is to ensure it has the right composition and appropriate skills, qualifications, experience and background to effectively govern the Company and monitor the Company's performance in the interests of shareholders.

The last review was undertaken in 2009.

Directors' Remuneration

Total remuneration available to non-executive directors is determined by shareholders. The current aggregate approved amount is $700,000.

Individual directors' fees paid for the year ended 30 June 2009 were $162,500 for the Chairman and $65,000 for each non-executive director. Additional fees are paid to directors who are members of board committees. Members of the Audit and Credit Committees receive $15,000 and the Chairman of the Audit Committee $20,000. Members of the Remuneration and Appointments Committee receive $3,000 and the Chairman $4,000. The total aggregate paid was $663,667.

The total remuneration received by each director who held office in the Company during the 30 June 2009 year was as follows.

Director	Remuneration
R F Elworthy	$95,000
B R Irvine	$85,000
B J Jolliffe	$1,343,752*
S R Maling	$181,500
B W Mogridge	$83,000
S C Montgomery	$68,000
W J Steel	$95,000
G C D Kerr	$56,167

*B J Jolliffe as Managing Director up until his retirement on 30 June 2009, did not receive director's fees. His remuneration included non-cash benefits and the value of shares issued under his bonus scheme.

The Company's policy is to pay directors' fees in cash. There is no requirement for directors to take a portion of their remuneration in shares and there is no requirement for directors to hold shares in the Company although all directors do so.

The Company no longer pays retirement allowances to directors. Directors who held office prior to 1 July 2004 are entitled to a retirement allowance in respect of their service up to 30 June 2004. At the 2007 annual meeting shareholders approved the conversion of this retirement allowance into shares in the Company. These shares are held in trust until the director retires from the board.

Board Committees

The board has three permanently constituted committees to assist the board by working with management in specific areas of responsibility and then reporting their findings and recommendations back to the board. Each of these committees has terms of reference that state the committee's objectives, membership, procedures and responsibilities. Details are available on the Company's website. Other ad hoc board committees are established for specific purposes from time to time. During the year committees were established to assist management advancing MARAC's goal of becoming a registered bank and for the due diligence and preparation of the Offer Document for the capital raising.

Audit Committee

The role of the Audit Committee is to assist the board in:

- Discharging its financial reporting and regulatory responsibilities.
- Ensuring that the ability and independence of the external auditor to carry out its statutory audit role is not impaired.
- Maintaining effective internal audit and internal control systems.

The current members of the committee are Bruce Irvine (Chairman), Richard Elworthy, Sam Maling and Warwick Steel.

The Board has determined that Bruce Irvine satisfies the criteria necessary to be a "financial expert" in accordance with the committee's terms of reference.

Remuneration and Appointments Committee

The role of the Remuneration and Appointments Committee is to:

- Oversee a formal and transparent method of recommending director remuneration to shareholders.
- Assist the board in establishing remuneration policies and practices for the Company and in discharging its responsibilities for reviewing and setting the remuneration of the Chief Executive Officer and his direct reports.
- Assist the board in reviewing the board's composition and the competencies required of prospective directors, identifying prospective directors, developing succession plans for the board and making recommendations to the board accordingly.

The members of the committee are Sam Maling (Chairman), Stephen Montgomery, George Kerr and Bryan Mogridge.

Credit Committee

The board has delegated responsibility for overseeing certain aspects of MARAC's credit function. The role and areas of responsibility of this committee are to:

- Approve changes in lending prudential guidelines and major credit policies.
- Approve discretions and onward delegation guidelines for the next level of management.
- Consider and determine proposals exceeding management's discretions.
- Receive and review reports on credit quality, risk management and policy and procedure adherence.
- Consider and approve provisioning policies and specific provisions.

The members of the committee as at 30 June 2009 were Brian Jolliffe (Chairman), Richard Elworthy, Bryan Mogridge and Warwick Steel.

Corporate Trust Boards

Perpetual Trust Limited has independent Corporate Trust boards established under the Trustee Companies Act which are responsible for discharging that company's fiduciary obligations and duties in respect of its corporate trust business. These duties include the acceptance of appointments as trustee or statutory supervisor for corporate trust clients, the performance of all duties and the exercise of discretions under those appointments, and overseeing corporate trust compliance monitoring processes and procedures. The Corporate Trust boards comprise independent members, none of whom are directors of PGC or any of its subsidiary companies.

Members of the Corporate Trust boards are Keith Familton (Chairman), Euan Abernethy and Keith Rushbrook.

Buying and Selling Company Shares

All directors and officers of the Company are required to obtain consent before buying or selling shares in the Company and to confirm that they are not an information insider in terms of the relevant legislation.

Share Dealings by Directors

During the year ended 30 June 2009 directors were issued with additional shares as a result of participating in the Company's Dividend Reinvestment Plan.

Director		Number	Consideration	Date
B R Irvine	- Beneficial	1,964	$7,015	3 October 2008
	- Beneficial	458	$723	27 March 2009
B J Jolliffe	- Non-beneficial	3,120	$11,140	3 October 2008
	- Non-beneficial	2,810	$4,441	27 March 2009
G C D Kerr	- Beneficial	91,036	$325,000	3 October 2008
S R Maling	- Beneficial	1,172	$3,629	3 October 2008
	- Beneficial	1,055	$1,447	27 March 2009
	- Non-beneficial	757	$2,702	3 October 2008
	- Non-beneficial	2,520	$3,982	27 March 2009
B W Mogridge	- Beneficial	1,260	$4,499	3 October 2008
	- Beneficial	1,134	$5,194	27 March 2009
S C Montgomery	- Beneficial	532	$1,899	3 October 2008
	- Beneficial	479	$757	27 March 2009
	- Non-beneficial	757	$2,702	3 October 2008
	- Non-beneficial	2,520	$3,982	27 March 2009
W J Steel	- Beneficial	532	$1,899	3 October 2008
	- Beneficial	479	$757	27 March 2009

S R Maling and S C Montgomery as trustees of staff share purchase schemes were issued 90,486 new shares, received 3,277 additional shares as noted above, and transferred 73,888 shares to beneficial owners during the year ended 30 June 2009.

Shares Held by Directors

The following table sets out the shares in which directors and associated persons held a relevant interest as at 30 June 2009.

		2009		2008	
		Director	Associated Persons	Director	Associated Persons
R F Elworthy	- Beneficial	535,782	32,000	535,782	32,000
B R Irvine	- Beneficial	31,380	25,000	28,958	25,000
B J Jolliffe	- Beneficial	93,555	-	93,555	-
	- Non-beneficial	91,626	-	85,696	-
G C D Kerr	- Beneficial	10,001,614	-	9,800,136	-
S R Maling	- Beneficial	136,478	7,997	134,251	7,480
	- Non-beneficial	258,617	-	238,742	-
B W Mogridge	- Beneficial	37,001	-	34,607	-
S C Montgomery	- Beneficial	227,418	-	226,407	-
	- Non-beneficial	258,617	-	238,742	-
W J Steel	- Beneficial	15,618	25,000	14,607	25,000

MARAC Bonds Held by Directors

Secured Bonds issued by MARAC Finance Limited in which directors and associated persons held a relevant interest as at 30 June 2009.

		2009	
		Director	Associated Persons
B J Jolliffe	- Beneficial	50,000	-
S R Maling	- Beneficial	-	15,000
B W Mogridge	- Beneficial	-	150,000
S C Montgomery	- Beneficial	-	250,000
R F Elworthy	- Beneficial	100,000	-

FIVE-YEAR SUMMARY

	2009	2008	2007	2006	2005
Financial performance					
Operating revenue	**198,085**	239,136	194,315	291,973	460,543
Net profit/(loss) after taxation	**(54,355)**	44,769	36,732	66,316	30,171
Ordinary dividend	**4,930**	22,574	20,584	18,612	17,626
Financial position					
Shareholders' equity	**184,261**	261,675	239,041	220,169	174,258
Represented by:					
Total assets	**1,467,989**	1,572,844	1,450,280	1,286,569	1,420,646
Total liabilities	**1,283,728**	1,311,169	1,211,239	1,065,915	1,195,621
Minority interests	-	-	-	485	50,767
Net assets	**184,261**	261,675	239,041	220,169	174,258
Ratios					
Earnings per share before abnormal items	**(55.1c)**	45.7c	37.5c	29.6c	29.5c
Earnings per share	**(55.1c)**	45.7c	37.5c	67.7c	30.8c
Rate earned on average shareholders' funds	**(24.4%)**	17.8%	16.0%	33.6%	18.0%
Dividend per share	**5.0c**	23.0c	21.0c	20.0.c	19.0c
Net tangible assets	**133,066**	238,104	214,113	198,818	142,393
Net tangible assets backing per share	**$1.62**	$2.41	$2.18	$2.03	$1.45

Results for 2009 to 2006 are in accordance with IFRS.
Results for 2006 and 2005 are in accordance with NZGAAP.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2009 and the financial performance and cash flows for the year ended on that date.

The directors consider that the financial statements of the Group and the Company have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all the relevant financial reporting and accounting standards have been followed.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Board of Directors of Pyne Gould Corporation Limited authorised the financial statements set out on pages 15 to 44 for issue on 28 August 2009.

For and on behalf of the Board.

S R MALING Chairman	B R IRVINE Independent Director

28 August 2009

INCOME STATEMENT

For the year ended 30 June 2009

		GROUP		HOLDING COMPANY	
		2009	2008	**2009**	2008
	NOTE	**$000**	$000	**$000**	$000
Operating revenue					
Interest revenue	5	**174,070**	179,990	**-**	-
Operating lease revenue	6	**16,344**	21,319	**-**	-
Share of Associate Company's (loss) / profit	8	**(13,793)**	15,798	**-**	-
Dividend revenue		**-**	-	**26,491**	18,118
Other inter-group revenue		**-**	-	**1,826**	1,923
Fee and other revenue		**21,464**	22,029	**468**	487
Total operating revenue		**198,085**	239,136	**28,785**	20,528
Direct expenses					
Interest and funding expense	5	**116,640**	116,950	**1,488**	2,011
Operating lease expense	6	**11,591**	15,594	**-**	-
Total direct expenses		**128,231**	132,544	**1,488**	2,011
Net operating income		**69,854**	106,592	**27,297**	18,517
Other costs and expenses					
Selling and administration expenses	10	**43,218**	41,910	**6,554**	4,315
Impaired asset expense	30, 16	**98,634**	5,717	**11,237**	-
Total expenses		**141,852**	47,627	**17,791**	4,315
Operating (loss) / profit		**(71,998)**	58,965	**9,506**	14,202
Underwriting expense	27 (a)	**-**	-	**85,000**	-
(Loss) / profit before tax		**(71,998)**	58,965	**(75,494)**	14,202
Income tax (benefit) / expense	11	**(17,643)**	14,196	**(27,238)**	(1,305)
(Loss) / profit for the year		**(54,355)**	44,769	**(48,256)**	15,507
Basic earnings per share		**-55c**	46c		
Diluted earnings per share		**-55c**	46c		

The notes on pages 18 to 44 are an integral part of these financial statements.

BALANCE SHEET

As at 30 June 2009

		GROUP		HOLDING COMPANY	
		2009	2008	**2009**	2008
	NOTE	**$000**	$000	**$000**	$000
Assets					
Cash and cash equivalents		**62,342**	7,951	**51**	-
Finance receivables	14	**1,211,217**	1,368,000	**-**	-
Operating lease vehicles	15	**36,209**	51,628	**-**	-
Advances to subsidiary companies		**-**	-	**105,466**	99,466
Investment in Associate Company	16	**78,517**	101,460	**78,517**	86,632
Shares in subsidiaries		**-**	-	**4,520**	10,520
Other assets	20	**79,704**	43,805	**31,061**	3,716
Total assets		**1,467,989**	1,572,844	**219,615**	200,334
Liabilities					
Bank overdraft		**-**	-	**-**	327
Borrowings	22	**1,238,709**	1,276,188	**21,450**	23,000
Other liabilities	23	**45,019**	34,981	**87,163**	1,401
Total liabilities		**1,283,728**	1,311,169	**108,613**	24,728
Equity					
Share capital	25	**87,225**	85,885	**87,225**	85,885
Retained earnings and reserves	25	**97,036**	175,790	**23,777**	89,721
Total equity		**184,261**	261,675	**111,002**	175,606
Total equity and liabilities		**1,467,989**	1,572,844	**219,615**	200,334

STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 June 2009

	GROUP		HOLDING COMPANY	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Cash flow hedges:				
- Transfer into the cash flow hedge reserve	**16,946**	1,957	**-**	-
- Transfer out of the cash flow hedge reserve	**(23,274)**	(3,817)	**-**	-
Effective portion of change in fair value	**(6,328)**	(1,860)	**-**	-
Net (expense) / income of Associate Company recognised directly to equity	**(2,281)**	640	**-**	-
Tax effect of change in cash flow hedges	**1,898**	158	**-**	-
Net (expense) / income recognised directly in equity	**(6,711)**	(1,062)	**-**	-
(Loss) / profit for the year	**(54,355)**	44,769	**(48,256)**	15,507
Total recognised income and expense for the year	**(61,066)**	43,707	**(48,256)**	15,507
Attributable to:				
Equity holders	**(61,066)**	43,707	**(48,256)**	15,507
Total recognised income and expense for the year	**(61,066)**	43,707	**(48,256)**	15,507

STATEMENT OF CASH FLOWS

For the year ended 30 June 2009

		GROUP		HOLDING COMPANY	
		2009	2008	**2009**	2008
	NOTE	**$000**	$000	**$000**	$000
Cash flows from operating activities					
Cash was provided from:					
Interest and dividends received		**138,827**	146,831	**16,500**	10,000
Dividends received from Associate Company		**6,869**	8,118	**6,869**	8,118
Rental and fees received from subsidiaries		**-**	-	**1,826**	1,923
Operating lease revenue received		**16,103**	21,413	**-**	-
Taxation refund		**-**	-	**770**	1,482
Fees and other income received		**21,464**	21,561	**468**	487
Total cash provided from operating activities		**183,263**	197,923	**26,433**	22,010
Cash was applied to:					
Payments to suppliers and employees		**46,723**	45,846	**5,574**	4,508
Interest paid		**118,662**	114,386	**1,448**	2,011
Taxation transfers		**-**	282	**-**	-
Taxation paid		**5,971**	13,346	**-**	-
Total cash applied to operating activities		**171,356**	173,860	**7,022**	6,519
Net cash flows from operating activities	13	**11,907**	24,063	**19,411**	15,491
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of operating lease vehicles		**14,373**	16,086	**-**	-
Net decrease in investments		**11**	-	**-**	-
Receipts from staff share purchase schemes' advances		**-**	117	**-**	117
Net decrease in finance receivables		**98,614**	-	**-**	-
Total cash provided from investing activities		**112,998**	16,203	**-**	117
Cash was applied to:					
Net increase in finance receivables		**-**	86,076	**-**	-
Net increase in investments		**-**	439	**-**	-
Advance to staff share purchase schemes		**138**	-	**138**	-
Purchase of property, plant, equipment and intangible assets		**2,123**	1,579	**997**	136
Purchase of operating lease vehicles		**9,176**	17,505	**-**	-
Total cash applied to investing activities		**11,437**	105,599	**1,135**	136
Net cash flows from investing activities		**101,561**	(89,396)	**(1,135)**	(19)
Cash flows from financing activities					
Cash was provided from:					
Net increase in borrowings		**-**	95,478	**-**	5,500
Increase in share capital		**1,340**	512	**1,340**	512
Total cash provided from financing activities		**1,340**	95,990	**1,340**	6,012
Cash was applied to:					
Dividends paid		**17,688**	21,582	**17,688**	21,582
Net decrease in borrowings		**42,729**	-	**1,550**	-
Total cash applied to financing activities		**60,417**	21,582	**19,238**	21,582
Net cash flows from financing activities		**(59,077)**	74,408	**(17,898)**	(15,570)
Net increase / (decrease) in cash held		**54,391**	9,075	**378**	(98)
Opening cash balance / (deficit)		**7,951**	(1,124)	**(327)**	(229)
Closing cash balance / (deficit)		**62,342**	7,951	**51**	(327)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Reporting entity

The financial statements presented are the consolidated financial statements comprising Pyne Gould Corporation Limited (the "Company") and its subsidiaries and Associate Company (the "Group"). Reliance is placed on the Group continuing as a going concern.

The Group operates and is domiciled in New Zealand. The registered office address is: 233 Cambridge Terrace, Christchurch.

Note 2: Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate to profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

The Company is a profit-oriented entity. The Company is a reporting entity and an issuer for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Securities Regulations 1983.

(b) Basis of measurement

The financial statements have been prepared on the basis of historical cost, unless stated otherwise.

(c) Functional and presentation currency

These financial statements are presented in New Zealand dollars which is the Group's functional currency. Unless otherwise indicated, amounts are rounded to the nearest thousand.

(d) Estimates and judgements

The preparation of financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts. Actual results may differ from these judgements. For further information about significant areas of estimation, uncertainty and critical judgements that have the most significant effect on the financial statements refer to note 30 - Credit risk exposure.

(e) Going concern

The financial statements have been prepared on a going concern basis after considering the Company's and Group's funding and liquidity position, including events subsequent to balance date as set out below.

Subsequent to balance date, on 13 August 2009, MARAC Finance Limited's ("MARAC") credit rating was downgraded by Standard & Poors to BB+ (negative). Under its bank facility agreement, the rating downgrade gives rise to an event of review. If an event of review is notified by the banks, the banking syndicate may require renegotiation of the terms of the facility. If new terms cannot be agreed, the banking syndicate may, by notice in writing, cancel the facility. No notice has been issued by the banking syndicate concerning this event, and the banking syndicate has indicated its unanimous support of a waiver of its right of review, subject to terms and conditions yet to be negotiated.

Irrespective of the waiver MARAC is currently working constructively with its lead bankers to establish a new banking syndicate more appropriate to MARAC's future needs.

Furthermore the extension of the New Zealand Deposit Guarantee Scheme to December 2011 provides MARAC with a range of significant funding options to support further growth of the business.

The directors remain confident that the banking arrangements will be successfully negotiated prior to 30 September 2009.

The directors also note that the option to complete a capital raising programme is well advanced.

Note 3: Significant accounting policies

(a) Associate companies

Associate companies are accounted for at cost in the Company with dividends received recorded in the Income Statement. Associate companies are equity accounted in the Group.

(b) Investments in subsidiary companies

Investments in subsidiary companies are recorded at cost in the Company. Subsidiaries are consolidated in the Group.

(c) Interest

Interest income and expense are recognised using the effective interest method in the Income Statement. The effective interest rate is established on initial recognition of the financial assets and liabilities and is not revised subsequently. The calculation of the effective interest rate includes all yield related fees and commissions paid or received that are an integral part of the effective interest rate.

Interest on the effective portion of a derivative designated as a cash flow hedge is initially recognised in the hedging reserve. It is released to the Income Statement at the same time as the hedged item.

Note 3: Significant accounting policies (continued)

(d) Operating lease revenue and expense

Revenue from operating lease vehicles is apportioned over the term of the operating lease on a straight line basis.

Operating lease vehicles are depreciated on a straight line basis over their expected life after allowing for any residual values. The estimated lives of operating lease vehicles vary up to five years. Vehicles held for sale are not depreciated but are tested for impairment.

(e) Fee and commission revenue

Fee revenue that is integral to the effective interest rate of a financial asset or liability is included in the measurement of the effective interest rate. Other fee revenue is recognised as the related services are rendered.

(f) Property, plant, equipment and depreciation

Land and buildings are recorded at cost less accumulated depreciation. Plant and equipment are recorded at cost less accumulated depreciation.

Property, plant and equipment other than land are depreciated on a straight line basis, at rates which will write off cost less estimated residual values over their estimated economic lives as follows:

Buildings	50 years
Plant and equipment	1 - 13 years

(g) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand and unrestricted balances held with banks. Cash and cash equivalents are carried at amortised cost in the Balance Sheet.

(h) Management of capital

The Group has minimum capital requirements which it is required to maintain in accordance with its Trust deeds and borrowing facilities. The Group maintains an appropriate buffer above these ratios and reports these to its Board monthly.

(i) Tax

Income tax expense for the year comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet method, providing for temporary differences between the financial reporting carrying amount of assets and liabilities and the amounts used for tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(j) Derivative financial instruments

Derivative financial instruments are contracts entered into to reduce the exposure to fluctuations in interest rates on variable rate borrowings. The financial instruments are subject to the risk that market values may change subsequent to their acquisition; however, such changes would be offset by corresponding, but opposite, effects on the variable rate borrowings being hedged. Derivatives are initially valued at fair value and subsequently remeasured at fair value. Fair value movements of derivatives that are not designated in a qualifying hedge relationship, are recognised in the Income Statement.

Fair value movements of the effective portion of a qualifying hedge derivative are recognised directly in equity. The amount recognised in equity is transferred to the Income Statement in the same year as the hedged cash flow affects the Income Statement, disclosed in the same line as the hedged item. Any ineffective portion of changes in fair value of the derivative are recognised immediately in the Income Statement. Fair value movements of a derivative designated as a fair value hedge are recognised directly in the Income Statement together with the hedged item.

(k) Finance receivables

Finance receivables are initially recognised at fair value plus incremental direct transaction costs and are subsequently measured at amortised cost using the effective interest method, less any impairment loss.

(l) Financial assets and liabilities

Recognition

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through the Income Statement) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 3: Significant accounting policies (continued)

(l) Financial assets and liabilities (continued)

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group enters into transactions whereby it transfers assets recognised on its Balance Sheet, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the Balance Sheet. Transfers of assets with the retention of all or substantially all risks and rewards include, for example, securitised assets and repurchase transactions.

Classification

Financial assets and liabilities are classified in the following accounting categories:

Financial Assets/Liabilities	**Accounting Category**
Finance receivables	Loans and Receivables
Other financial assets	Loans and Receivables
Borrowings	Other liabilities at amortised cost
Other financial liabilities	Other liabilities at amortised cost
Derivatives	Held for trading

(m) Intangible assets

Software acquired by the Group is stated at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic value of that asset. Amortisation of software is on a straight line basis, at rates which will write off cost over their estimated economic lives of 3 to 4 years.

(n) Operating lease vehicles

Operating lease vehicles are stated at cost less accumulated depreciation. Current year depreciation and profits or losses on the sale of operating lease vehicles are included as part of the operating lease expense. Depreciation is on a straight line basis, at rates which will write off the cost over their economic lives of up to 5 years.

(o) Impaired assets and past due assets

Impaired assets are those loans for which the Group has evidence that it has incurred a loss, and will be unable to collect all principal and interest due according to the contractual terms of the loan.

The term collectively impaired asset refers to an asset where an event has occurred which history indicates that there is an increased possibility that the Group will not collect all its principal and interest as it falls due. No losses have yet been identified on these individual loans within the collectively impaired asset grouping, and history would indicate that only a small portion of these loans will eventually not be recovered. The Group provides fully for its expected losses.

Restructured assets are assets, where the Group expects to recover all amounts owing although the original terms have been changed due to the counterparty’s difficulty in complying with the original terms of the contract and the amended terms are not comparable with similar new lending.

In order to be classified as a restructured asset, following restructuring, the return under the revised terms is expected to be equal to or greater than the entity’s average cost of funds, or a loss is not otherwise expected to be incurred.

Past due but not impaired assets are any assets which have not been operated by the counterparty within its key terms but are not considered to be impaired by the Group.

Bad debts provided for are written off against individual or collective provisions. Amounts required to bring the provisions to their assessed levels are recognised in the Income Statement. Any future recoveries of amounts provided for are taken to the Income Statement.

The Company maintains an underwriting deed with its subsidiary MARAC Finance Limited to provide security for certain identified and not yet identified losses arising on impaired assets.

Where MARAC Finance Limited has identified that a provision is required in relation to a particular loan or a group of loans, the existence of the Company’s underwrite is taken into account in determining the value of the provision.

For further information about credit impairment provisioning refer to note 30 - Credit risk exposure.

(p) Employee benefits

Annual leave entitlements are accrued at amounts expected to be paid. Long service leave is accrued by calculating the probable future value of entitlements and discounting back to present value. Obligations to defined contribution superannuation schemes are recognised as an expense when the contribution is paid.

Note 3: Significant accounting policies (continued)

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(r) Share schemes

The Company provides benefits to staff in the form of share based payments, whereby staff provide services in exchange for shares. Currently the Company has the following schemes:

General staff share purchase scheme

Under this scheme the Company makes available an interest free loan to all staff to enable them to purchase Company shares, with the loan repayable over three years. The shares are issued at a price agreed by the directors and held in trust until the end of the loan term and the loan is repaid. As the fair value of the shares approximates the issue price, no expense is recognised.

Senior staff share schemes

Under these schemes the Company undertakes to transfer a specific number of shares to various key staff at a specified future date on that staff member achieving certain criteria. The shares are issued at a price agreed by the directors and held in trust until all the conditions are satisfied. The expected benefit is expensed over the year over which any conditions are required to be met.

Directors' retirement share scheme

Under this scheme the Company undertakes to transfer a specific number of shares to certain directors upon their retirement. The shares were issued at a price approved by the shareholders and held in trust until the conditions are satisfied. The expected benefit is expensed over the year over which any conditions are required to be met.

(s) Borrowings

Bank borrowings and debenture stock are initially recognised at fair value including incremental direct transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(t) Financial guarantees

Financial guarantees (underwrites) written are accounted for as insurance contracts. The guarantee payment received is initially capitalised and is subsequently amortised on a straight line basis over the life of the guarantee. A liability is recognised when a payment under the guarantee becomes payable.

(u) GST

As the Group is predominantly involved in providing financial services, only a proportion of GST paid on inputs is recoverable. The non-recoverable proportion of GST is treated as an expense.

(v) Statement of Cash Flows

The Statement of Cash Flows has been prepared using the direct method modified by the netting of certain cash flows, in order to provide more meaningful disclosure. Cash and cash equivalents consist of cash and liquid assets used in the day to day cash management of the Group.

(w) New standards and interpretations not yet adopted

NZ IAS 1 (revised) and NZ IFRS 8 are new or amended standards that have been issued but are not yet effective, that may have a material disclosure impact on future financial statements. NZ IAS 1 requires changes to the presentation of income in the primary statements. NZ IFRS 8 may result in a different presentation of segmental information.

(x) Changes in accounting policies

There have been no changes in accounting policies in the current year.

Note 4: Segmental analysis

Segment information is presented in respect of the Group's business segments which are those used for the Group's management and internal reporting structure.

Business segments

The Group operates predominantly within New Zealand and comprises the following main business segments.

Financial services	Motor vehicle, commercial plant, equipment and business, property development, marine and leisure financing and insurance service.
Trustee services	Personal trust, estate and asset administration and corporate trustee services.
Rural services	Rural and horticultural supplies, wool marketing, livestock sales, irrigation and pumping, seeds and nutrition, real estate, funds management and rural finance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	GROUP		HOLDING COMPANY	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000

Note 4: Segmental analysis (continued)

	2009 $000	2008 $000		
(Loss) / profit for the year				
Financial Services	**(39,957)**	27,915		
Trustee Services	**3,314**	3,667		
Rural Services	**(13,793)**	15,798		
Unallocated	**(3,919)**	(2,611)		
Total Group (loss) / profit for the year	**(54,355)**	44,769		
Operating revenue				
Financial Services	**195,213**	205,993		
Trustee Services	**16,197**	16,858		
Rural Services	**(13,793)**	15,798		
Unallocated	**468**	487		
Total Group operating revenue	**198,085**	239,136		
Total assets				
Financial Services	**1,358,123**	1,460,760		
Trustee Services	**3,955**	7,558		
Rural Services	**78,517**	100,820		
Unallocated	**27,394**	3,066		
Total Group assets	**1,467,989**	1,572,204		

Note 5: Net interest income / (expense)

	2009 $000	2008 $000	**2009 $000**	2008 $000
Interest revenue				
Finance receivables	**174,070**	178,633	**-**	-
Derivatives held for risk management:				
- Net interest income on cash flow hedges	**-**	908	**-**	-
- Other derivatives held for risk management	**-**	449	**-**	-
Total interest revenue	**174,070**	179,990	**-**	-
Retail debenture stock	**67,685**	53,078	**-**	-
Bank borrowings	**43,292**	63,872	**1,488**	2,011
- Net interest expense on cash flow hedges	**5,521**	-	**-**	-
- Other derivatives held for risk management	**142**	-	**-**	-
Total interest and funding expense	**116,640**	116,950	**1,488**	2,011
Net interest income / (expense)	**57,430**	63,040	**(1,488)**	(2,011)

Included within interest on finance receivables is $1,249,000 (Jun 2008: $767,000) on individually impaired assets.

Note 6: Net operating lease income

	2009 $000	2008 $000		
Operating lease revenue				
Lease revenue	**16,344**	21,319		
Total operating lease revenue	**16,344**	21,319		
Operating lease expense				
Depreciation on lease vehicles	**10,463**	13,854		
Direct lease costs	**908**	1,431		
Loss on disposal of lease vehicles	**220**	309		
Total operating lease expenses	**11,591**	15,594		
Net operating lease income	**4,753**	5,725		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	GROUP	
	2009	2008
	% held	% held

Note 7: Associate Company

PGG Wrightson Limited	**20.7%**	21.6%

		GROUP		HOLDING COMPANY	
		2009	2008	**2009**	2008
	NOTE	**$000**	$000	**$000**	$000

Note 8: Share of Associate Company's (loss) / profit

Share of Associate Company's (loss) / profit before taxation		**(19,704)**	20,586
Share of Associate Company's tax benefit / (expense)		**5,911**	(4,788)
Total equity accounted earnings of Associate Company		**(13,793)**	15,798

Note 9: Subsidiary companies

Nissan Finance New Zealand Limited (amalgamated into MARAC Finance Limited on 30 April 2009) - motor vehicle financing	**0%**	100%
Perpetual Trust Limited - trustees and executors, corporate trustees and funds management	**100%**	100%
MARAC Financial Services Limited - investment holding company	**100%**	100%
Perpetual Asset Management Limited - funds management	**100%**	0%
Pegasus Fund Managers Limited - non-active company	**100%**	100%

The Company has indirect investment in the following companies, which are wholly owned subsidiaries of MARAC Financial Services Limited:

MARAC Finance Limited - motor vehicle and commercial financing	**100%**	100%
MARAC Securities Limited - arranging structured finance	**100%**	100%
MARAC Investments Limited - property and commercial financing	**100%**	100%
MARAC Insurance Limited - insurance services	**100%**	100%

Note 10: Selling and administration expenses

	NOTE	GROUP 2009 $000	GROUP 2008 $000	HOLDING 2009 $000	HOLDING 2008 $000
Personnel expenses		**23,216**	23,134	**3,046**	1,821
Superannuation		**330**	254	**53**	31
Directors fees		**664**	611	**664**	611
Audit fees		**252**	264	**30**	30
Other audit related fees paid to auditors		**87**	49	**-**	-
Depreciation - property	17	**145**	224	**145**	224
Depreciation - plant and equipment	18	**620**	655	**27**	34
Amortisation - intangible assets	19	**637**	556	**-**	-
Rental costs		**101**	131	**40**	61
(Gain) on disposal of assets		**-**	(1)	**-**	-
Operating lease expense as a lessee		**1,318**	1,273	**-**	-
Other operating expenses		**15,848**	14,760	**2,549**	1,503
Total selling and administration expenses		**43,218**	41,910	**6,554**	4,315

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	NOTE	GROUP 2009 $000	GROUP 2008 $000	HOLDING COMPANY 2009 $000	HOLDING COMPANY 2008 $000
Note 11: Tax					
Current tax expense / (benefit)					
Current year		**12,364**	13,604	**(1,876)**	(1,576)
Adjustments for prior year		**-**	(2)	**-**	-
Deferred tax (benefit) / expense					
Origination and reversal of temporary differences		**(30,007)**	594	**(25,362)**	271
Total income tax expense / (benefit) in Income Statement		**(17,643)**	14,196	**(27,238)**	(1,305)
Reconciliation of effective tax rate					
(Loss) / profit before tax		**(71,998)**	58,965	**(75,494)**	14,202
less equity accounted earnings of Associate Company net of tax		**(13,793)**	15,798	**-**	-
Total taxable (loss) / profit		**(58,205)**	43,167	**(75,494)**	14,202
Prima facie tax: current year =30%; prior year =33%		**(17,462)**	14,245	**(22,648)**	4,687
Permanent differences		**(181)**	(47)	**3,357**	(13)
Prior year adjustments		**-**	(2)	**-**	-
Dividends from group companies		**-**	-	**(7,947)**	(5,979)
Total income tax (benefit) / expense in Income Statement		**(17,643)**	14,196	**(27,238)**	(1,305)
Note 12: Imputation credit account					
Balance at beginning of year		**46,469**	39,757	**13,672**	15,582
Credits attached to dividends paid		**(8,585)**	(10,449)	**(8,585)**	(10,449)
Credits attached to dividends received		**4,877**	3,875	**11,124**	8,539
Tax paid net of refunds		**5,971**	13,286	**-**	-
Balance at end of year		**48,732**	46,469	**16,211**	13,672
Note 13: Reconciliation of (loss)/profit after tax to net cash flows from operating activities					
(Loss) / profit for the year		**(54,355)**	44,769	**(48,256)**	15,507
Add / (less) non-cash items:					
Depreciation		**11,865**	15,289	**172**	258
Impaired asset expense		**98,634**	5,717	**-**	-
Net write down of investment in Associate Company at cost		**-**	-	**8,115**	-
Share of Associate Company's earnings		**20,662**	(7,680)	**-**	-
Underwriting liability to subsidiary company	27 (a)	**-**	-	**85,000**	-
Deferred tax		**(30,007)**	594	**(25,362)**	271
Accruals, capitalised interest and prepaid items		**(34,807)**	(30,486)	**490**	-
Total non-cash items		**66,347**	(16,566)	**68,415**	529
Add / (less) movements in working capital items:					
Other assets		**(1,467)**	(5,568)	**86**	(122)
Insurance policy liabilities		**283**	408	**-**	-
Current tax		**2,397**	128	**(1,106)**	(94)
Other liabilities		**(1,298)**	583	**272**	(329)
Total movements in working capital items		**(85)**	(4,449)	**(748)**	(545)
Add / (less) items classified as investing activities:					
Loss on sale of assets and investments		**-**	309	**-**	-
Total items classified as investing activities		**-**	309	**-**	-
Net cash flows from operating activities		**11,907**	24,063	**19,411**	15,491

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	NOTE	GROUP 2009 $000	GROUP 2008 $000	HOLDING COMPANY 2009 $000	HOLDING COMPANY 2008 $000
Note 14: Finance receivables					
Gross finance receivables	30	**1,309,273**	1,378,533		
Less allowance for impairment	30	**(98,056)**	(10,533)		
Total finance receivables		**1,211,217**	1,368,000		
Note 15: Operating lease vehicles					
Cost					
Opening balance		**77,676**	91,256		
Additions		**9,369**	17,789		
Disposals		**(29,662)**	(31,369)		
Closing balance		**57,383**	77,676		
Accumulated depreciation					
Opening balance		**26,048**	26,637		
Depreciation charge for the year		**10,463**	13,854		
Disposals		**(15,337)**	(14,443)		
Closing balance		**21,174**	26,048		
Opening net book value		**51,628**	64,619		
Closing net book value		**36,209**	51,628		
Note 16: Investment in Associate Company					
Carrying amount at beginning of year		**101,460**	93,140	**86,632**	86,632
Write down of Associate Company cost		**-**	-	**(11,237)**	-
Equity accounted earnings of Associate Company		**(13,793)**	15,798	**-**	-
Net (expense) / income of Associate Company recognised directly to equity		**(2,281)**	640	**-**	-
Bonus issue dividend from Associate Company		**3,122**	-	**3,122**	-
Dividends from Associate Company		**(9,991)**	(8,118)	**-**	-
Carrying amount at end of year		**78,517**	101,460	**78,517**	86,632
Goodwill included in carrying amount of Associate Company	19	**49,977**	49,977		
Total assets of Associate Company		**1,544,146**	1,471,485		
Total liabilities of Associate Company		**1,153,225**	990,984		
Total revenue of Associate Company		**1,280,741**	1,178,862		
Total net (loss) / profit after tax of Associate Company		**(66,444)**	73,206		

Net income recognised directly to equity in the Group has been restated by $0.64 million at June 2008 reflecting a restatement in the Associate Company's June 2008 Statement of Recognised Income and Expense.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	GROUP		HOLDING COMPANY	
	2009 $000	2008 $000	**2009 $000**	2008 $000
Note 17: Property				
Land at cost	**1,332**	1,332	**1,332**	1,332
Buildings at cost				
Opening balance	**4,506**	4,384	**4,506**	4,384
Additions	**970**	122	**970**	122
Buildings - closing balance	**5,476**	4,506	**5,476**	4,506
Buildings - accumulated depreciation				
Opening balance	**3,256**	3,032	**3,256**	3,032
Depreciation charge for the year	**145**	224	**145**	224
Buildings - closing balance	**3,401**	3,256	**3,401**	3,256
Buildings - opening net book value	**1,250**	1,352	**1,250**	1,352
Buildings - closing net book value	**2,075**	1,250	**2,075**	1,250
Total property	**3,407**	2,582	**3,407**	2,582
Note 18: Plant and equipment				
Cost				
Opening balance	**7,640**	6,837	**536**	522
Additions	**482**	803	**27**	14
Closing balance	**8,122**	7,640	**563**	536
Accumulated depreciation				
Opening balance	**5,941**	5,286	**478**	444
Depreciation charge for the year	**620**	655	**27**	34
Closing balance	**6,561**	5,941	**505**	478
Opening net book value	**1,699**	1,551	**58**	78
Closing net book value	**1,561**	1,699	**58**	58
Note 19: Intangible assets				
Computer software				
Cost				
Opening balance	**3,730**	3,334		
Additions	**671**	450		
Disposals	**(1,365)**	(54)		
Closing balance	**3,036**	3,730		
Accumulated amortisation				
Opening balance	**2,981**	2,454		
Amortisation charge for the year	**637**	556		
Disposals	**(1,365)**	(29)		
Closing balance	**2,253**	2,981		
Opening net book value	**749**	880		
Closing net book value	**783**	749		
Statutory right and brands at cost	**12,901**	12,901		
Goodwill	**11,147**	11,147		
Total intangible assets	**24,831**	24,797		

Note 19: Intangible assets (continued)

Impairment of intangible assets

The statutory right and brands are considered to have an indefinite life. During the year they continued to be used in the Company's business and the Company invested further in them to maintain their value. They have been tested for impairment at June 2009 on a value in use basis. There was no indication that there had been impairment necessitating a write down.

Goodwill associated with the finance group and the Associate Company has also been tested for impairment at June 2009. The carrying value of the investment in these companies was compared to their net assets. The exercise confirmed there was head room over the carrying value of the investment and there were no impairment issues necessitating a write down.

Note 20: Other assets

		GROUP		HOLDING COMPANY	
		2009	2008	**2009**	2008
	NOTE	**$000**	$000	**$000**	$000
Derivative financial assets	21	**7,704**	69	**-**	-
Staff share purchase schemes		**496**	358	**496**	358
Trade receivables		**5,603**	9,329	**6**	127
Intercompany receivables		**-**	-	**36**	1
Current tax		**-**	-	**1,428**	322
Prepayments		**4,798**	3,663	**-**	-
Investments in other companies		**10**	10	**-**	-
Property	17	**3,407**	2,582	**3,407**	2,582
Plant and equipment	18	**1,561**	1,699	**58**	58
Intangible assets	19	**24,831**	24,797	**-**	-
Investments in fixed term debt securities		**1,032**	1,043	**-**	-
Deferred tax	24	**30,262**	255	**25,630**	268
Total other assets		**79,704**	43,805	**31,061**	3,716

Note 21: Derivative financial instruments

	2009	2008
Assets		
- Derivatives held for risk management	**7,704**	69
Total derivative financial assets	**7,704**	69
Liabilities		
- Qualifying cash flow hedges	**11,602**	1,550
Total derivative financial liabilities	**11,602**	1,550

Derivatives consist of interest rate swaps and options held to manage the Group's exposure to interest rate repricing risk on its interest bearing assets and liabilities. The Group uses interest rate swaps to hedge the interest rate risk arising from both its current and future floating rate bank debt and designates those swaps as qualifying cash flow hedges. Securitised derivatives are held in the name of the Trust to hedge the interest rate risk arising in the Trust.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

		GROUP		HOLDING COMPANY	
		2009	2008	**2009**	2008
	NOTE	**$000**	$000	**$000**	$000

Note 22: Borrowings

Bank borrowings sourced from New Zealand		**171,750**	436,416	**21,450**	23,000
Debenture stock sourced from New Zealand		**886,921**	533,336	**-**	-
Debenture stock sourced from overseas		**29,310**	23,394	**-**	-
Securitised borrowings from New Zealand		**150,728**	283,042	**-**	-
Total borrowings		**1,238,709**	1,276,188	**21,450**	23,000

The Group has bank facilities totalling $357.5 million (June 2008: $527.5 million). As disclosed in Note 2(e) Going Concern, and Note 35 Subsequent Events, the Group is in the process of negotiating a range of changes to its current banking facilities. There is no significant concentration of debenture funding to any particular region within New Zealand.

MARAC Finance Limited's bank borrowings and debenture stock borrowings (which include secured bonds) rank equally and are secured over MARAC Finance Limited's non-securitised assets in terms of its Trust Deed dated 9 March 1984 in favour of The New Zealand Guardian Trust Company Limited as trustee for the stockholders. Other bank borrowings are secured by a general security interest over the assets of the Holding Company and specific subsidiary companies.

Investors in MARAC ABCP Trust 1 rank equally with each other and are secured over the securitised assets of the Trust.

Note 23: Other liabilities

Derivative financial liabilities	21	**11,602**	1,550	**-**	-
Current tax		**2,493**	96	**-**	-
Trade payables		**26,903**	27,298	**2,080**	1,142
Insurance policy liabilities		**2,441**	2,158	**-**	-
Related party payables		**-**	-	**20**	20
Employee entitlements		**1,561**	3,796	**44**	156
Underwriting liability to subsidiary company	27 (a)	**-**	-	**85,000**	-
Provision for retiring allowance		**19**	83	**19**	83
Total other liabilities		**45,019**	34,981	**87,163**	1,401

Note 24: Deferred tax

Recognised deferred tax assets and liabilities					
Office fit-out and equipment		**39**	80	**-**	48
Employee entitlements		**503**	504	**145**	220
Finance receivables		**29,050**	3,039	**-**	-
Underwriting liability to subsidiary company	27 (a)	**-**	-	**25,500**	-
Derivative assets held for risk management		**3,822**	297	**-**	-
Tax assets		**33,414**	3,920	**25,645**	268
Office fit-out and equipment		**15**	-	**15**	-
Intangible assets		**54**	62	**-**	-
Operating lease assets		**2,721**	3,263	**-**	-
Derivative liabilities - qualifying cash flow hedges		**-**	1	**-**	-
Unexpensed commissions		**362**	339	**-**	-
Tax liabilities		**3,152**	3,665	**15**	-
Net tax assets		**30,262**	255	**25,630**	268

All deferred tax movements are included in the Income Statement except for those in respect of cash flow hedges which are recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

		GROUP		HOLDING COMPANY	
		2009	2008	**2009**	2008
	NOTE	**$000**	$000	**$000**	$000

Note 25: Capital, reserves and retained earnings

Reconciliation of movement in capital, reserves and retained earnings

		GROUP 2009 $000	GROUP 2008 $000	HOLDING COMPANY 2009 $000	HOLDING COMPANY 2008 $000
Share capital					
Opening balance		**85,885**	85,373	**85,885**	85,373
Director and staff share issues		**326**	512	**326**	512
Dividend Reinvestment Plan		**1,014**	-	**1,014**	-
Closing share capital balance		**87,225**	85,885	**87,225**	85,885
Cash flow hedging balance					
Opening balance		**(1,768)**	-	**-**	-
Effective portion of change in fair value		**(6,328)**	(1,926)	**-**	-
Tax effect of change in cash flow hedges		**1,898**	158	**-**	-
Closing cash flow hedging balance		**(6,198)**	(1,768)	**-**	-
Retained earnings					
Opening balance		**177,558**	153,731	**89,721**	95,796
(Loss) / profit for the year		**(54,355)**	44,769	**(48,256)**	15,507
Net (expense) / income of Associate Company recognised directly to equity		**(2,281)**	640	**-**	-
Dividends to shareholders		**(17,688)**	(21,582)	**(17,688)**	(21,582)
Closing retained earnings balance		**103,234**	177,558	**23,777**	89,721
Retained earnings and reserves		**97,036**	175,790	**23,777**	89,721
Total equity		**184,261**	261,675	**111,002**	175,606

	2009 Number of shares 000	2008 Number of shares 000
Issued shares		
Opening balance	**98,147**	98,019
Shares issued during the year	**450**	128
Closing balance	**98,597**	98,147

The shares have equal voting rights and rights to dividends and distributions and do not have a par value.

Cash flow hedging balance

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of interest rate swaps related to hedged transactions which have not yet occurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 26: Special purpose entities

MARAC Retirement Bonds Superannuation Fund and MARAC PIE Fund

The Group controls the operations of MARAC Retirement Bonds Superannuation Fund, a superannuation scheme that invests in MARAC Finance Limited debenture stock and of MARAC PIE Fund, a portfolio investment fund that invests in MARAC Finance Limited. Investments by these funds are represented in debenture stock borrowings as follows:

	GROUP		HOLDING COMPANY	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
MARAC Retirement Bonds Superannuation Fund	**21,348**	21,584		
MARAC PIE Fund	**14,718**	-		

MARAC ABCP Trust 1 Securitisation

The Group has securitised a pool of receivables comprising commercial, motor vehicle and marine loans to MARAC ABCP Trust 1 (the "Trust"). The Group substantially retains the credit risks and rewards associated with the securitised assets, and continues to recognise these assets and associated borrowings on the Balance Sheet. Despite this presentation in the financial statements, the loans sold to the Trust are set aside for the benefit of investors in the Trust and no longer form part of the Group's assets.

Bank balance - Securitised	**5,223**	8,848
Finance receivables - Securitised	**157,941**	291,532
Borrowings - Securitised	**(150,728)**	(283,042)

Note 27: Related party transactions

(a) Transactions with related parties

The Company provides financial and administrative assistance and leased premises to MARAC Finance Limited ("MARAC") and Perpetual Trust Limited. All transactions were conducted on normal commercial terms and conditions. The underwrite of finance receivables by the Company is at no cost to MARAC.

In December 2008 the Company entered into an underwrite deed with MARAC under which the Company agreed to underwrite credit losses on certain of MARAC's impaired property finance receivables for a nominal fee. In assessing the requirements for individual provisions, MARAC has identified loans with a carrying amount of $175 million for which a notice of a provisional shortfall amount under the underwriting deed is required of $85 million as at 30 June 2009. As a result, the Company's obligation is valued at $85 million as at 30 June 2009.

Material transactions during the year
with related parties were:

Management fees and rent received from MARAC Finance Limited and Perpetual Trust Limited	**-**	-	**2,576**	1,476
Underwritten amount of finance receivables for MARAC Finance Limited	**-**	-	**(85,000)**	-
Written off amount of Associate Company cost	**-**	-	**(11,237)**	-
Compensation of key management personnel of the entity or its parent	**(4,388)**	(3,529)	**(2,536)**	(2,094)
Total	**(4,388)**	(3,529)	**(96,197)**	(618)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	GROUP		HOLDING COMPANY	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000

Note 27: Related party transactions (continued)

Material transactions outstanding at year end with related parties were:

	GROUP 2009 $000	GROUP 2008 $000	HOLDING COMPANY 2009 $000	HOLDING COMPANY 2008 $000
Balances owing to / (owing by):				
Debenture stock held by MARAC Retirement Bonds Superannuation Fund	**21,348**	21,584	**-**	-
Debenture stock held by MARAC PIE Fund	**14,718**	-	**-**	-
Advances to subsidiaries	**-**	-	**105,466**	99,466
Advances owing by related parties	**-**	-	**(20)**	(20)
Underwrite obligation due to MARAC Finance Limited	**-**	-	**(85,000)**	-
Total	**36,066**	21,584	**20,446**	99,446

All transactions with related parties were at arms' length terms and conditions, except for the underwrite from the Company to MARAC Finance Limited.

(b) Transactions with key management personnel

Key management personnel, being directors of the Group and staff reporting directly to the managing director, and the immediate relatives of key management personnel transacted with the Group during the year as follows:

	GROUP 2009 $000	GROUP 2008 $000	HOLDING COMPANY 2009 $000	HOLDING COMPANY 2008 $000
Debenture investing:				
Maximum balance	**5,314**	1,817	**-**	-
Closing balance	**1,997**	1,596	**-**	-

	GROUP 2009 $000	GROUP 2008 $000	HOLDING COMPANY 2009 $000	HOLDING COMPANY 2008 $000
Key management personnel compensation is as follows:				
Short-term employee benefits	**4,166**	3,170	**2,464**	1,830
Share-based payments	**222**	359	**72**	264
Total	**4,388**	3,529	**2,536**	2,094

Note 28: Fair value

The following methods and assumptions were used to estimate the fair value of each class of financial asset and liability.

Finance receivables

The fair value of the Group's finance receivables is calculated using a valuation technique which assumes current market interest rates for loans of a similar nature and term.

The current market rate used to fair value finance receivables with a fixed interest rate is 10.72% (2008: 12.74%). Finance receivables with a floating interest rate are deemed to be at current market rates. The current amount of credit provisioning has been deducted from the fair value calculation of finance receivables as a proxy for future losses. Prepayment rates have not been factored into the fair value calculation as they are not deemed to be material.

Other financial assets and liabilities

The fair value of all other financial assets and liabilities is considered equivalent to their carrying value due to their short term nature.

Derivative items

The fair value of interest rate contracts is based on the quoted market prices of these instruments at balance date.

Borrowings

The fair value of debenture stock, deposits, bank borrowings and other borrowings is based on the current market interest rates payable by the Group for debt of similar maturities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

	2009		2008	
	Carrying Value $000	**Fair Value $000**	**Carrying Value $000**	**Fair Value $000**

Note 28: Fair value (continued)

Group				
Financial assets				
- Cash and cash equivalents	62,342	62,342	7,951	7,951
- Finance receivables	1,211,217	1,219,689	1,368,000	1,362,828
- Derivative financial assets	7,704	7,704	69	69
- Other financial assets	6,645	6,645	10,382	10,382
Total financial assets	1,287,908	1,296,380	1,386,402	1,381,230
Financial liabilities				
- Borrowings	1,238,709	1,271,824	1,276,188	1,275,217
- Derivative financial liabilities	11,602	11,602	1,550	1,550
- Other financial liabilities	30,905	30,905	33,249	33,249
Total financial liabilities	1,281,216	1,314,331	1,310,987	1,310,016
Holding Company				
Financial assets				
- Advances to subsidiary companies	105,466	105,466	99,466	99,466
- Other financial assets	57	57	127	127
Total financial assets	105,523	105,523	99,593	99,593
Financial liabilities				
- Borrowings	21,450	21,450	23,000	23,000
- Other financial liabilities	1,051	1,051	1,042	1,042
Total financial liabilities	22,501	22,501	24,042	24,042

Note 29: Risk management policies

The Group is committed to the management of risk. The primary financial risks are those of credit, liquidity and interest rate. The Group's financial risk management strategy is set by the directors. The Group has put in place management structures and information systems to manage individual financial risks, has separated monitoring tasks where feasible and subjects all accounting systems to regular internal and external audit.

Note 30: Credit risk exposure

Credit risk management framework

Credit risk is the risk of financial loss to the Group caused by the failure of a customer to meet their contractual obligations that arise from the Group's lending activities. Credit risk is the estimation uncertainty that has the greatest risk of resulting in a material adjustment to the carrying amounts of the Group's assets within the next financial year.

To manage this risk the Credit Committee, which is a sub committee of the Subsidiaries' Board of Directors (the "Board"), has been delegated the task of overseeing a formal credit risk management strategy. The Committee reviews the Subsidiaries' credit risk exposures and has wide ranging credit policies to manage all aspects of credit risk.

Reviewing and assessing credit risk

The credit risk management strategies ensure that:

- Sector and geographical risks are actively managed.
- Industry and product concentrations are actively monitored.
- Maximum total exposure to any one debtor is managed.
- Changes to credit risk are actively monitored with regular credit reviews.

Lending standards and processes

Credit policies are in place that govern lending standards and criteria for finance products within each business sector. These policies also address credit assessment and risk grading, documentation standards and legal procedures and compliance with regulatory and statutory requirements.

The Credit Committee has authority from the Subsidiaries' Board for approval of all credit exposures. Lending authority has been specifically provided to the Subsidiaries' General Manager Credit and Operations, for delegation through the Subsidiaries' business units under a detailed Delegated Discretionary Lending Authority framework. This includes Lending Guidelines for each Subsidiary's business operation together with a review and hindsight structure. Lending Discretions are provided to individual Subsidiaries' officers with due cognisance of their experience and ability. Larger exposures require approval of the Subsidiaries' senior management, ultimately through to the Subsidiaries' General Manager Credit and Operations or the Credit Committee of the Board.

Collateral requirements

Although the Group relies primarily on the integrity of borrowers and their ability to make contracted repayments the Group also requires appropriate collateral for loans. This collateral is usually by way of first charge over the asset financed and generally includes personal guarantees from borrowers and business owners.

Because of the wide nature of the collateral held against loans it is impracticable to provide an accurate estimate of their fair value.

(a) Credit impairment provisioning

Credit impairment provisions are made where events have occurred leading to an expectation of reduced future cash flows from certain receivables. These provisions are made in some cases against an individual loan and in other cases on a collective basis.

All receivables are monitored and have their risk profile assessed based on observed behaviour of the loan and other factors. This risk profiling is regularly refreshed based on current information.

Exposures to credit risk are graded by an internal risk grade mechanism. Grade 1 is the strongest risk grade for undoubted or sovereign risk. Grade 7 represents the highest risk grade where a potential loss is possible. Grades 2 to 6 represent ascending steps in management's assessment of exposures at risk. The Group typically finances new loans in risk grades 2 and 3.

The Group classifies finance receivables as Relationship or Transactional. Relationship loans relate to transactions where an ongoing and detailed working relationship with the customer has been developed. In these situations the Subsidiaries have comprehensive knowledge of the customer's business and performance. Transactional loans relate to transactions which are generally aligned to financing the acquisition of a single asset. These loans are typically introduced by vendors of the asset financed and are smaller in value than Relationship loans. Transactional loans are risk graded based on arrears status. Relationship loans are individually risk graded based on loan status, financial information, security and debt servicing ability.

Note 30: Credit risk exposure (continued)

(a) Credit impairment provisioning (continued)

Relationship loans in grades 4 to 6 and Transactional loans in grades 4 to 7 attract a collective provision. Relationship loans in grade 7 are individually assessed for impairment.

Relationship loans with a risk grade of 1 to 3 may be past due and not attract a provision if the Group has reviewed the borrower's security position and it is deemed to be sound.

Individual provisioning

For individually significant loans for which the assessed risk grade is considered a "potential loss" an individual assessment is made of an appropriate provision for credit impairment.

Credit impairments are recognised as the difference between the carrying value of the loan and the discounted value of management's best estimate of future cash repayments and proceeds from any security held (discounted at the loan's original effective interest rate). All relevant considerations that have a bearing on the expected future cash flows are taken into account, including the business prospects for the customer, the likely realisable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. Subjective judgements are made in this process. Furthermore, judgement can change with time as new information becomes available or as work-out strategies evolve, resulting in revisions to the impairment provision as individual decisions are taken. Changes in judgement could have a material impact on the financial statements.

Individual provisioning in regards to property development lending creates the greatest amount of risk resulting in the possibility of a material adjustment to the carrying amounts of the Group's assets within the next year. Estimating the timing and amount of future cash repayments and proceeds from the realisation of collateral are management's most difficult and subjective judgements. Reduced demand in this recessionary environment has meant that value is difficult to determine. Subjective judgements made by management comprise the time taken for new sales being achieved and the amount received, determining the timing and amount of future cash flows.

Because of the wide nature of the collateral held and the subjective judgements in determining future cash flows on each individually provided loan, it is impracticable to provide management's assumptions in regards to property receivables as a whole.

Collective provisioning

For the remainder of the portfolio where no individual provision has been made, collective provisions are assessed with reference to risk profile groupings determined across the various portfolios. These collective provisions are determined with reference to historical data on loss. Other judgemental factors including economic and credit cycle considerations are also taken into account in determining appropriate loss propensities to be applied.

The future credit quality of these portfolios is subject to uncertainties that could cause actual credit losses to differ materially from reported loan impairment provisions. These uncertainties include the wider economic environment, notably interest rates and their effect on customer spending, unemployment levels, payment behaviour and bankruptcy rates.

In accordance with International Accounting Standards, no provision is applied to loans that are newly written and loans that remain within their contractual terms, except where the Group becomes aware of an individual event that might alter its view of the risk of a particular deal or group of deals.

Bad debts

Bad debts provided for are written off against individual or collective provisions. Amounts required to bring the provisions to their assessed levels are recognised in the Income Statement. Any future recoveries of amounts provided for are taken to the Income Statement.

Verification

In addition to regular internal audit activity in regards to credit standards, the Group employs a comprehensive process of hindsighting loans to ensure that credit policies and the quality of credit processes are maintained.

Disclosures in this credit risk exposure note represent the Group's maximum exposure to credit risk.

Note 30: Credit risk exposure (continued)

(a) Credit impairment provisioning (continued)

(i) Provision allowances for impaired assets

2009	Property $000	Consumer & personal $000	All other industries (SME) $000	Total 2009 $000
Provision for individually impaired assets				
Opening individual allowances for impairment	1,975	-	1,928	3,903
Impairment loss for the year				
- charge for the year	90,108	-	5,424	95,532
- write offs	(4,866)	-	(1,085)	(5,951)
- effect of discounting	(757)	-	(243)	(1,000)
Closing individual allowances for impairment	86,460	-	6,024	92,484
Provision for collectively impaired assets				
Opening collective allowances for impairment	2,344	1,338	2,802	6,484
Impairment loss for the year				
- charge for the year	(2,330)	5,501	(385)	2,786
- recoveries	-	148	35	183
- write offs	(14)	(3,445)	(422)	(3,881)
Closing collective allowances for impairment	-	3,542	2,030	5,572
Total provision allowances for impairment	86,460	3,542	8,054	98,056

2008	Property $000	Consumer & personal $000	All other industries (SME) $000	Total 2008 $000
Provision for individually impaired assets				
Opening individual allowances for impairment	2,227	-	386	2,613
Impairment loss for the year				
- charge for the year	485	-	1,572	2,057
- effect of discounting	(737)	-	(30)	(767)
Closing individual allowances for impairment	1,975	-	1,928	3,903
Provision for collectively impaired assets				
Opening collective allowances for impairment	887	2,482	1,236	4,605
Impairment loss for the year				
- charge for the year	1,392	114	2,163	3,669
- recoveries	65	597	118	780
- write offs	-	(1,855)	(715)	(2,570)
Closing collective allowances for impairment	2,344	1,338	2,802	6,484
Total provision allowances for impairment	4,319	1,338	4,730	10,387

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 30: Credit risk exposure (continued)

(a) Credit impairment provisioning (continued)

(ii) Individually impaired assets

2009	Property $000	Consumer & personal $000	All other industries (SME) $000	Total 2009 $000
Individually impaired assets				
Opening	15,152	-	5,255	20,407
Additions	180,573	-	15,780	196,353
Deletions	(15,152)	-	(3,629)	(18,781)
Closing gross individually impaired assets	180,573	-	17,406	197,979

2008	Property $000	Consumer & personal $000	All other industries (SME) $000	Total 2008 $000
Individually impaired assets				
Opening	7,819	-	692	8,511
Additions	8,171	-	4,823	12,994
Deletions	(838)	-	(260)	(1,098)
Closing gross individually impaired assets	15,152	-	5,255	20,407

	GROUP 2009 $000	GROUP 2008 $000
(iii) Restructured assets	2,805	1,815

(iv) Past due but not impaired

2009	Property $000	Consumer & personal $000	All other industries (SME) $000	Total 2009 $000
Past due but not impaired				
Less than 30 days old	16,597	8,608	18,741	43,946
31 and less than 60 days old	26,193	3,458	10,840	40,491
61 but less than 90 days old	4,292	2,536	25,071	31,899
More than 90 days old	13,920	5,074	10,679	29,673
Total past due but not impaired	61,002	19,676	65,331	146,009
More than 90 days as a % of gross finance receivables	4.95%	1.50%	1.80%	2.45%

2008	Property $000	Consumer & personal $000	All other industries (SME) $000	Total 2008 $000
Past due but not impaired				
Less than 30 days old	9,555	7,884	11,053	28,492
31 and less than 60 days old	11,526	3,501	5,249	20,276
61 but less than 90 days old	10,628	1,623	16,241	28,492
More than 90 days old	39,396	2,621	4,598	46,615
Total past due but not impaired	71,105	15,629	37,141	123,875
More than 90 days as a % of gross finance receivables	10.53%	0.86%	0.67%	3.41%

Note 30: Credit risk exposure (continued)

(b) Concentrations of credit risk

	GROUP 2009	GROUP 2008
	Number of counterparties	
(i) By individual counterparties		
Individual credit exposures (as a % of equity):		
10% and over	2	-

(ii) By customer groups

	GROUP 2009 %	GROUP 2008 %
Amount owing by the six largest borrowers as a % of gross finance receivables	9.12%	10.17%

	GROUP 2009 $000	GROUP 2008 $000
(iii) By industry		
Agricultural, forestry and fishing	94,385	86,221
Government and public authorities	25,325	26,004
Financial, investments and insurance	34,024	32,611
Construction	79,526	101,281
Transport and storage	88,951	103,635
Wholesale and retail trade	226,019	235,590
Manufacturing and printing	43,844	50,895
Property	281,374	374,127
Consumer & personal	337,769	357,636
Total finance receivables	1,211,217	1,368,000
(iv) By geographic region		
Auckland	500,786	593,199
Wellington	128,887	143,640
Rest of North Island	324,787	350,324
Canterbury	139,665	120,915
Rest of South Island	117,092	159,922
Total finance receivables	1,211,217	1,368,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 30: Credit risk exposure (continued)

(c) Exposure to credit risk by internal risk grading

2009	Property $000	Consumer & personal $000	All other industries (SME) $000	Total 2009 $000
Grade 1 - Undoubted	-	-	146	**146**
Grade 2 - Strong	82,405	122	15,995	**98,522**
Grade 3 - Sound	92,368	336,231	485,197	**913,796**
Grade 4 - Satisfactory	10,512	1,220	50,120	**61,852**
Grade 5 - Uncertain	294	161	20,368	**20,823**
Grade 6 - At risk	222	35	2,569	**2,826**
Grade 7 - Loss	95,573	-	17,679	**113,252**
Total maximum exposure to credit risk	**281,374**	**337,769**	**592,074**	**1,211,217**

2008	Property $000	Consumer & personal $000	All other industries (SME) $000	Total 2008 $000
Grade 1 - Undoubted	615	-	-	**615**
Grade 2 - Strong	165,582	418	10,039	**176,039**
Grade 3 - Sound	122,370	304,452	554,607	**981,429**
Grade 4 - Satisfactory	31,690	1,148	88,009	**120,847**
Grade 5 - Uncertain	33,270	16	16,271	**49,557**
Grade 6 - At risk	1,489	-	9,045	**10,534**
Grade 7 - Loss	19,111	109	9,759	**28,979**
Total maximum exposure to credit risk	**374,127**	**306,143**	**687,730**	**1,368,000**

(d) Commitments to extend credit

	GROUP	
	2009 $000	**2008 $000**
Undrawn facilities available to customers	74,570	53,364
Conditional commitments to fund at future dates	33,996	110,009

Note 31: Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in raising funds at short notice to meet its commitments and arises from any mismatch of the maturity of monetary assets and liabilities. Responsibility for liquidity management is delegated to the Subsidiaries' Asset and Liability Committee (ALCO).

The group manages liquidity and funding risk by:
- daily liquidity reporting and scenario analysis to quantify the Group's current and forecast position.
- maintaining a diverse and stable funding base.
- retaining borrowing facilities committed to the Group by registered banks.
- holding a portfolio of liquid assets.
- ensuring the liquidity management framework is compliant with local regulatory requirements.

Contractual liquidity profile of monetary assets and liabilities

2009 - Group	**On demand $000**	**1-6 Months $000**	**6-12 Months $000**	**1-2 Years $000**	**2-5 Years $000**	**5+ Years $000**	**Total $000**
Financial assets							
Finance receivables	-	571,747	239,853	301,854	356,577	9,134	1,479,165
Derivative financial assets	7,704	-	-	-	-	-	7,704
Other financial assets	62,342	6,645	-	-	-	-	68,987
Total financial assets	70,046	578,392	239,853	301,854	356,577	9,134	1,555,856
Financial liabilities							
Borrowings	38,012	392,578	479,598	177,515	225,569	-	1,313,272
Derivative financial liabilities	11,602	-	-	-	-	-	11,602
Other financial liabilities	868	30,143	645	562	106	-	32,324
Total financial liabilities	50,482	422,721	480,243	178,077	225,675	-	1,357,198
Unrecognised loan commitments	74,570	-	-	-	-	-	
Undrawn committed bank facilities	25,561	23,550	90,200	72,000	-	-	
2008 - Group							
Financial assets							
Finance receivables	-	485,620	294,722	297,682	289,976	-	1,368,000
Derivative financial assets	69	-	-	-	-	-	69
Other financial assets	7,951	14,045	-	-	-	-	21,996
Total financial assets	8,020	499,665	294,722	297,682	289,976	-	1,390,065
Financial liabilities							
Borrowings	-	334,642	498,951	282,839	159,756	-	1,276,188
Derivative financial liabilities	1,550	-	-	-	-	-	1,550
Other financial liabilities	-	33,249	-	-	-	-	33,249
Total financial liabilities	1,550	367,891	498,951	282,839	159,756	-	1,310,987
Unrecognised loan commitments	53,364	-	-	-	-	-	
Undrawn committed bank facilities	137,889	-	-	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 31: Liquidity risk (continued)

2009 - Holding Company	On demand $000	1-6 Months $000	6-12 Months $000	1-2 Years $000	2-5 Years $000	5+ Years $000	Total $000
Financial assets							
Advances to subsidiary companies	-	-	-	-	-	105,466	105,466
Other financial assets	51	6	-	-	-	-	57
Total financial assets	**51**	**6**	-	-	-	**105,466**	**105,523**
Financial liabilities							
Borrowings	-	21,450	-	-	-	-	21,450
Other financial liabilities	-	1,051	-	-	-	-	1,051
Total financial liabilities	-	**22,501**	-	-	-	-	**22,501**
Undrawn committed bank facilities	-	23,550	-	-	-	-	
2008 - Holding Company							
Financial assets							
Advances to subsidiary companies	-	-	-	-	-	99,466	99,466
Other financial assets	-	127	-	-	-	-	127
Total financial assets	-	**127**	-	-	-	**99,466**	**99,593**
Financial liabilities							
Borrowings	-	23,000	-	-	-	-	23,000
Other financial liabilities	327	715	-	-	-	-	1,042
Total financial liabilities	**327**	**23,715**	-	-	-	-	**24,042**
Undrawn committed bank facilities	-	2,250	-	-	-	-	

The tables above show the cash flows of the Group's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity - (refer also note 2(e) Going Concern in relation to bank borrowings).

Note 31: Liquidity risk (continued)

Expected maturity profile of monetary assets and liabilities

2009 - Group	On demand $000	1-6 Months $000	6-12 Months $000	1-2 Years $000	2-5 Years $000	5+ Years $000	Total $000
Financial assets							
Finance receivables	-	442,811	360,115	360,240	299,530	-	1,462,696
Derivative financial asset	7,704	-	-	-	-	-	7,704
Other financial assets	62,342	6,645	-	-	-	-	68,987
Total financial assets	**70,046**	**449,456**	**360,115**	**360,240**	**299,530**	**-**	**1,539,387**
Financial liabilities							
Borrowings	38,880	220,567	388,777	285,005	392,208	50,039	1,375,476
Derivative financial liabilities	11,602	-	-	-	-	-	11,602
Other financial liabilities	868	30,143	645	562	106	-	32,324
Total financial liabilities	**51,350**	**250,710**	**389,422**	**285,567**	**392,314**	**50,039**	**1,419,402**
Unrecognised loan commitments	74,570	-	-	-	-	-	
Undrawn committed bank facilities	25,561	23,550	90,200	72,000	-	-	

The table above shows management's expected maturities of existing financial assets and financial liabilities. Expected maturities of financial assets are based on management's best estimate having regard to current market conditions and past experience. Historical debenture reinvestment levels have been applied to borrowings. Other financial liabilities reflect contractual maturities.

The above does not reflect a forward looking view of how the Group expects actual financial assets and liabilities to perform in the future, as the above does not include new lending and borrowing.

Note 32: Interest rate risk

Interest rate risk is the risk that market interest rates will change and impact on the Group's financial results by affecting the margin between interest earning assets and interest bearing liabilities. The Group monitors market interest rates on a daily basis and regularly reviews interest rate exposure. Interest rate risk is mitigated by management's constant monitoring of the interest rate repricing profiles of finance borrowings and finance receivables and where appropriate the establishment of derivative instruments.

Contractual Repricing Analysis

The interest rate risk profile of financial assets and liabilities that follows has been prepared on the basis of maturity or next repricing date, whichever is earlier.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 32: Interest rate risk (continued)

2009 - Group	Effective Int Rate %	1-6 Months $000	6-12 Months $000	1-2 Years $000	2-5 Years $000	Total $000
Financial assets						
Finance receivables	11.76%	376,605	320,972	311,084	202,556	1,211,217
Cash and cash equivalents	3.75%	62,342	-	-	-	62,342
Derivative financial assets	-	7,704	-	-	-	7,704
Other financial assets	-	6,645	-	-	-	6,645
Total financial assets		**453,296**	**320,972**	**311,084**	**202,556**	**1,287,908**
Financial liabilities						
Borrowings	7.00%	671,985	268,086	79,185	219,453	1,238,709
Derivative financial liabilities	-	11,602	-	-	-	11,602
Other financial liabilities	-	30,905	-	-	-	30,905
Total financial liabilities		**714,492**	**268,086**	**79,185**	**219,453**	**1,281,216**
Effect of derivatives held for risk management		93,620	(81,640)	(50,460)	38,480	-
Net financial assets		**(167,576)**	**(28,754)**	**181,439**	**21,583**	**6,692**
2008 - Group						
Financial assets						
Finance receivables	12.40%	552,367	343,200	259,489	212,944	1,368,000
Cash and cash equivalents	8.40%	7,951	-	-	-	7,951
Other financial assets	-	14,114	-	-	-	14,114
Total financial assets		**574,432**	**343,200**	**259,489**	**212,944**	**1,390,065**
Financial liabilities						
Borrowings	9.10%	989,647	146,951	124,834	14,756	1,276,188
Other financial liabilities	-	34,799	-	-	-	34,799
Total financial liabilities		**1,024,446**	**146,951**	**124,834**	**14,756**	**1,310,987**
Effect of derivatives held for risk management		392,820	(135,200)	(190,840)	(66,780)	-
Net financial assets		**(57,194)**	**61,049**	**(56,185)**	**131,408**	**79,078**
2009 - Holding Company						
Financial assets						
Finance receivables	-	-	-	-	105,466	105,466
Other financial assets	-	57	-	-	-	57
Total financial assets		**57**	**-**	**-**	**105,466**	**105,523**
Financial liabilities						
Borrowings	3.68%	21,450	-	-	-	21,450
Other financial liabilities	-	1,051	-	-	-	1,051
Total financial liabilities		**22,501**	**-**	**-**	**-**	**22,501**
Net financial assets		(22,444)	-	-	105,466	83,022

Note 32: Interest rate risk (continued)

2008 - Holding Company	Effective Int Rate %	1-6 Months $000	6-12 Months $000	1-2 Years $000	2-5 Years $000	Total $000
Financial assets						
Finance receivables	-	-	-	-	99,466	99,466
Other financial assets	-	127	-	-	-	127
Total financial assets		**127**	**-**	**-**	**99,466**	**99,593**
Financial liabilities						
Borrowings	8.88%	23,000	-	-	-	23,000
Other financial liabilities	-	1,042	-	-	-	1,042
Total financial liabilities		**24,042**	**-**	**-**	**-**	**24,042**
Net financial assets		**(23,915)**	**-**	**-**	**99,466**	**75,551**

The tables above illustrate the periods in which the cash flows from interest rate swaps are expected to occur and affect profit or loss.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios which are considered on a monthly basis include a 100 basis point parallel fall or rise in the yield curve.

There is no material impact on the Income Statement or Equity in terms of fair value change from an increase or decrease in market interest rates. Further there is no material cash flow impact on the Income Statement from a 100 basis point change in interest rates.

Note 33: Contingent liabilities and commitments

	GROUP		HOLDING COMPANY	
	2009 $000	2008 $000	**2009 $000**	2008 $000
Letters of credit, guarantees and performance bonds	8,206	6,012	75	-
Guarantee of Perpetual Trust Limited's liability	-	-	3,000	4,000
Total contingent liabilities	**8,206**	**6,012**	**3,075**	**4,000**

Note 34: Staff share ownership arrangements

General staff share purchase scheme

During the year, the Trustees received 1,415 shares as a result of participating in the Company's Dividend Reinvestment Plan. At 30 June 2009 the Trustees held 25,815 fully paid up shares, with 22,215 allocated to staff. The fair value of these shares is $93,266.

Discretionary staff share schemes

During the year 90,486 additional shares were issued to the Trustees. The Trustees received 1,862 as a result of participating in the Company's Dividend Reinvestment Plan and transferred 73,888 shares to participants on them achieving the conditions. At 30 June 2009 the Trustees held 232,802 shares on behalf of staff.

Directors retirement share scheme

During the year, the Trustees received 5,930 shares as a result of participating in the Company's Dividend Reinvestment Plan.

At the 30 June 2009 the Trustees held 91,626 shares on behalf of directors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 35: Subsequent events

Ratings downgrade

Subsequent to balance date, on 13 August 2009, MARAC's credit rating was downgraded by Standard & Poors to BB+ (negative). Further details of this matter and its impact on MARAC's bank facility arrangements are set out in Note 2(e) Going Concern.

Acquisition

On 17 August 2009, the Company announced the acquisition of 100% of Equity Partners Asset Management Limited ("EPAM") for $18m, through the establishment of a 100% owned subsidiary Perpetual Asset Management Limited ("PAM"). EPAM is an established New Zealand based asset management firm, formerly controlled by George Kerr, one of PGC's directors and the largest shareholder.

	$000
Purchase price including working capital adjustment	18,000
Costs directly attributable to the acquisition	250
Total purchase price	18,250

The following are the values that will be recognised in the financial statements for the year ended 30 June 2010:

	Fair Value $000
Receivables	187
Investments	10,000
Other assets	101
Payables	(170)
Net identifiable assets and liabilities	10,118
Add: Intangibles on acquisition	8,132
Gross cash outflow	18,250

The intangibles include the EPAM brand, and the value of the management contracts held by that company, whose fair value will be determined during the financial year to 30 June 2010.

The purchase price payable for the shares of EPAM may be reduced by a maximum of $8 million if actual revenue does not exceed targeted revenue in PAM over the period from the completion of the transaction to 30 June 2011.

Capital raising

On 17 July 2009, the Company announced it was to undertake a capital raising in order to invest further capital into MARAC to support its application for a banking licence and the medium term capital requirements of the asset management business.

KPMG

Audit report

To the shareholders of Pyne Gould Corporation Limited

We have audited the financial statements on pages 15 to 44. The financial statements provide information about the past financial performance and financial position of the Company and Group as at 30 June 2009. This information is stated in accordance with the accounting policies set out on pages 18 to 21.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2009 and the results of their operations and cash flows for the year ended on that date.

Auditor's responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has also provided other audit related services to the Company and certain of its subsidiaries. Partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. There are, however, certain restrictions on borrowings which the partners and employees of our firm can have with the Group. These matters have not impaired our independence as auditor of the Company and Group. The firm has no other relationship with, or interest in, the Company or any of its subsidiaries.

Bank financing arrangements

In forming our unqualified opinion we have considered the adequacy of the disclosures made in note 2(e) concerning the downgrading of MARAC Finance Limited's credit rating, and the related impact on the Group's bank facility agreements. As set out in note 2(e), the Directors believe that the Group has a range of options available to it, and consider that these matters will be satisfactorily resolved. The validity of the going concern assumption on which the financial statements are prepared may depend on the successful conclusion of these matters. If the matters were unable to be satisfactorily resolved, this could have a significant impact on the liquidity of the Group, and the recoverable amount of certain assets.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Company as far as appears from our examination of those records;
- the financial statements on pages 15 to 44.
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the Company and Group as at 30 June 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 28 August 2009 and our unqualified opinion is expressed as at that date.

KPMG

Auckland

The following are the disclosures of interest made by each director.

R F Elworthy

Shareholder	PGG Wrightson Ltd

B R Irvine

Director	PGG Wrightson Ltd Market Gardeners Ltd Christchurch City Holdings Ltd Godfrey Hirst (NZ) Ltd House of Travel Holdings Ltd Rakon Ltd Skope Ltd
Trustee	Christchurch Art Gallery Trust Christchurch Symphony Trust

G C D Kerr

Director	Equity Partners Asset Management Ltd Artefact Partners Ltd

S R Maling

Director and shareholder	PGG Wrightson Ltd NZ Farming Systems Uruguay Ltd

B W Mogridge

Director	Mogridge & Associates Ltd Waitakere City Holdings Ltd Guardian Healthcare Group Ltd
Director and shareholder	Mainfreight Ltd Rakon Ltd Trio Group Ltd Momentum Energy Ltd Paragon Ltd
Vice Chairman	UBS

S C Montgomery

Director and shareholder	Aspiring Asset Management Ltd

W J Steel

Shareholder	PGG Wrightson Ltd

All directors have provided a general notice that they may from time to time undertake personal business transactions with the Company, including placing funds on deposit, borrowing or utilising the Company's services. All such transactions are carried out in accordance with the Company's normal business criteria for those types of transactions.

SR Maling leases office accommodation from the Company at a market rent.

Information Used by Directors

No notices were received from directors of the Company requesting to disclose or use company information received in their capacity as directors which would not otherwise have been available to them.

Indemnification and Insurance of Directors and Officers

The Company has given indemnities to and has arranged insurance for directors of the Company and its subsidiaries to indemnify and insure directors against liability and costs for actions undertaken by them in the course of their duties to the extent permitted by the Companies Act 1993. The cost of the insurance premiums to the Company and its subsidiaries for the year was $19,836.

Executive Employees' Remuneration

The number of employees of the Group, other than directors, who received remuneration, including non-cash benefits, in excess of $100,000 is set out in the remuneration bands detailed below.

Remuneration	Number
$100,000 to $110,000	5
$110,000 to $120,000	9
$120,000 to $130,000	8
$130,000 to $140,000	7
$140,000 to $150,000	4
$150,000 to $160,000	3
$160,000 to $170,000	2
$170,000 to $180,000	5
$180,000 to $190,000	5
$190,000 to $200,000	1
$200,000 to $210,000	2
$210,000 to $220,000	2
$220,000 to $230,000	2
$230,000 to $240,000	1
$240,000 to $250,000	1
$300,000 to $310,000	1
$350,000 to $360,000	1
$360,000 to $370,000	1
$370,000 to $380,000	2
$380,000 to $390,000	1

Donations

The Company has settled a Charitable Trust from which donations are made to various organisations. During the year a donation of $1,000 was made to Heart Children New Zealand and $10,000 to the Christchurch Art Gallery to support an exhibition of Sir Miles Warren: A Life in Architecture.

Donations made from the Trust since its establishment in 1995 now total $108,900.

SHAREHOLDER INFORMATION

As at 1 September 2009

Size of shareholding	Number of holders	% of issued capital
1 – 1,000	340	0.22
1,001 – 5,000	964	2.77
5,001 – 10,000	444	3.43
10,001 – 50,000	578	12.94
50,001 – 100,000	87	6.40
100,001 and over	124	74.24
	2,537	100.00
Domicile		
New Zealand	2,479	98.48
Overseas	58	1.52
	2,537	100.00

Twenty largest shareholders	Number of shares	% of issued capital
Pyne Family Holdings Ltd	9,866,814	10.00
Accident Compensation Corporation	4,376,130	4.44
South Canterbury Finance Ltd	4,220,552	4.28
Perpetual Trust Ltd & G A & J B L Savill	3,431,618	3.48
Perpetual Trust Ltd & J C Brown	2,699,284	2.74
S D Martin & Perpetual Trust Ltd	1,844,592	1.87
Y A Blackburne & J A Denton	1,800,000	1.83
Perpetual Trust Ltd & R H D Chapman	1,797,298	1.82
Perpetual Trust Ltd & M R Tothill	1,752,000	1.78
Forsyth Barr Custodians Ltd	1,665,259	1.69
J W Gould & E J Taylor	1,618,153	1.64
Perpetual Trust Ltd & B M Gould	1,284,453	1.30
Investment Custodial Services Ltd	1,197,542	1.22
Gould Investments Ltd	1,043,916	1.06
Perpetual Trust Ltd & D F Wallace	980,188	0.99
Custodial Services Ltd	960,707	0.98
Vero Insurance New Zealand Ltd	942,480	0.96
Perpetual Trust Ltd & J W Gould	920,000	0.93
Portfolio Custodians Ltd	868,560	0.88
J F Coutts	824,000	0.84
	44,093,546	44.73

Substantial Security Holders

G A Savill has advised that she has beneficial interest in 5,492,500 shares in the Company. G C D Kerr has advised that he has a beneficial interest in 10,001,614 shares in the company.

Shares on Issue

As at 1 September 2009 the total number of shares on issue was 98,596,290.

Directors
S R Maling, Chairman
R F Elworthy
B R Irvine
G C D Kerr
B W Mogridge
S C Montgomery
W J Steel

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Alan Williams, Chief Financial Officer
Colin Hair, Company Secretary

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MARAC
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MARAC Securities Ltd
MARAC Investments Ltd
MARAC Insurance Ltd
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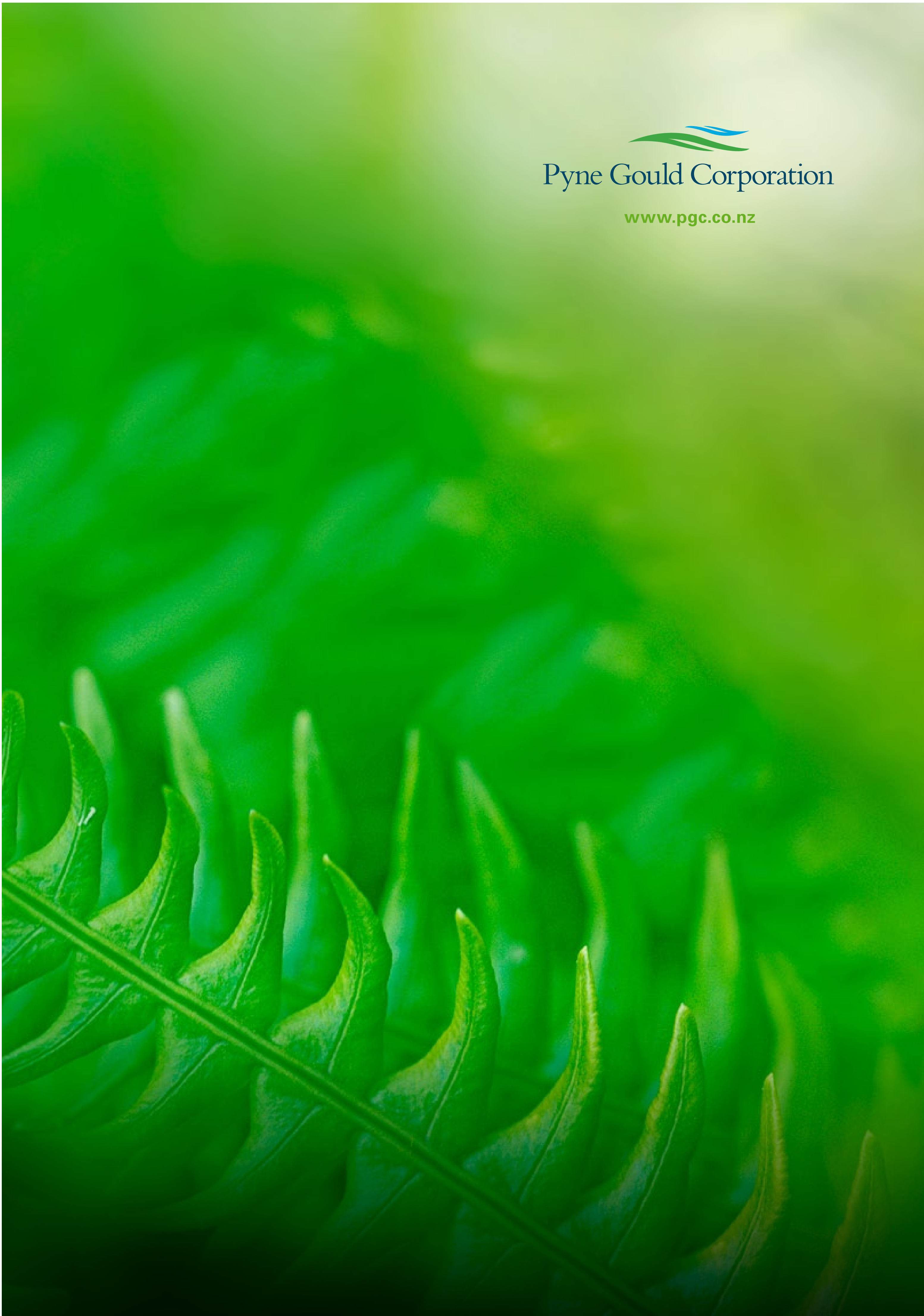

Pyne Gould Corporation

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