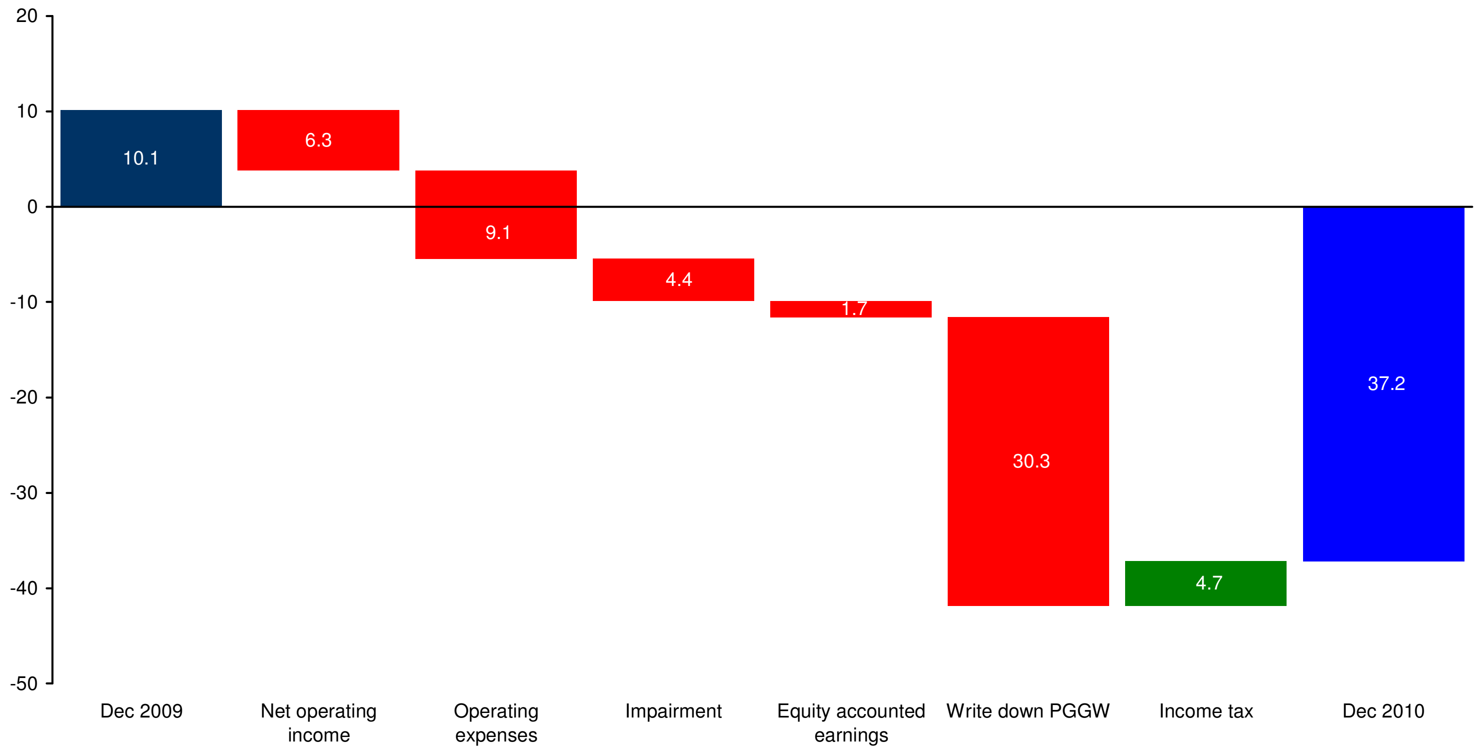
Pyne Gould Corporation Interim Results to 31 December 2010

PGC Group
YTD December 2010 Overview

Consolidated results	Dec-10 (NZ$m)	Dec-09 (NZ$m)	Jun-10 (NZ$m)
Net interest income	27.6	28.7	62.4
Net other operating income	15.6	20.8	43.0
Net operating income	**43.2**	**49.5**	**105.4**
Other expenses	33.6	24.3	50.3
Impaired asset expense	17.0	12.6	31.8
Operating profit / (loss)	**(7.4)**	**12.6**	**23.3**
Share of equity accounted investees' profit	(1.0)	0.7	4.4
Write down investment in associates - asset held for sale	(30.3)	-	-
Profit / (loss) before income tax	**(38.7)**	**13.3**	**27.7**
Income tax expense / (benefit)	(1.5)	3.2	5.7
Net profit for the year	**(37.2)**	**10.1**	**22.0**

PGC Group
Dec 2009 – Dec 2010 Movements



PGC Divisional Analysis

	Dec-10 (NZ$m)	Dec-09 (NZ$m)	Variance (NZ$m)	Jun-10 (NZ$m)
MARAC [1]	7.9	8.2	(0.3)	20.2
Perpetual Group [2]	(10.6)	3.7	(14.3)	6.0
PGG Wrightson [3]	(31.3)	0.4	(31.7)	3.9
Corporate & Minor entities [4]	(4.7)	1.0	(5.7)	(2.4)
Profit before tax [5]	**(38.7)**	**13.3**	**(52.0)**	**27.7**
Income tax expense	(1.5)	3.2	(4.7)	5.7
Net profit after tax [5]	**(37.2)**	**10.1**	**(47.3)**	**22.0**

(1) MARAC Finance Limited.
(2) Perpetual Group includes Perpetual Trust, Perpetual Group Limited, Torchlight Investment Group Limited and all subsidiaries of these companies.
(3) Includes the write down of the investment in PGW. 2009 includes Agria dilution $0.4m.
(4) Corporate and minor entities includes Pyne Gould Corporation, MARAC Financial Services, MARAC Insurance, MARAC Investments and MARAC Securities. 2009 included sale of property $4.1m and Agria fee $1.0m.
(5) Any difference between the value of the profit lines and the sum of the individual values is due to rounding.

PGC Group Impairments

CONSOLIDATED IMPAIRMENT CHARGE

	Dec-10 (NZ$m)	Dec-09 (NZ$m)	Jun-10 (NZ$m)
Consumer	(0.9)	1.3	2.3
Commercial	5.6	2.7	7.5
Property	1.4	3.4	10.7
Other	-	3.3	3.3
Total MARAC	**6.1**	**10.7**	**23.8**
Provision for interest (2)	2.2	1.7	7.0
Provision for principal	1.1	-	0.9
Management agreement	7.6	-	-
Total Property Group (incl RECL)	**10.9**	**1.7**	**7.9**
PGC Underwrite	-	0.1	0.1
Total Group	**17.0**	**12.5**	**31.8**

(1) Analysis is by operating division not industry segment

(2) Provision relates to release of IFRS discount interest, not principal

MARAC December 2010 Overview

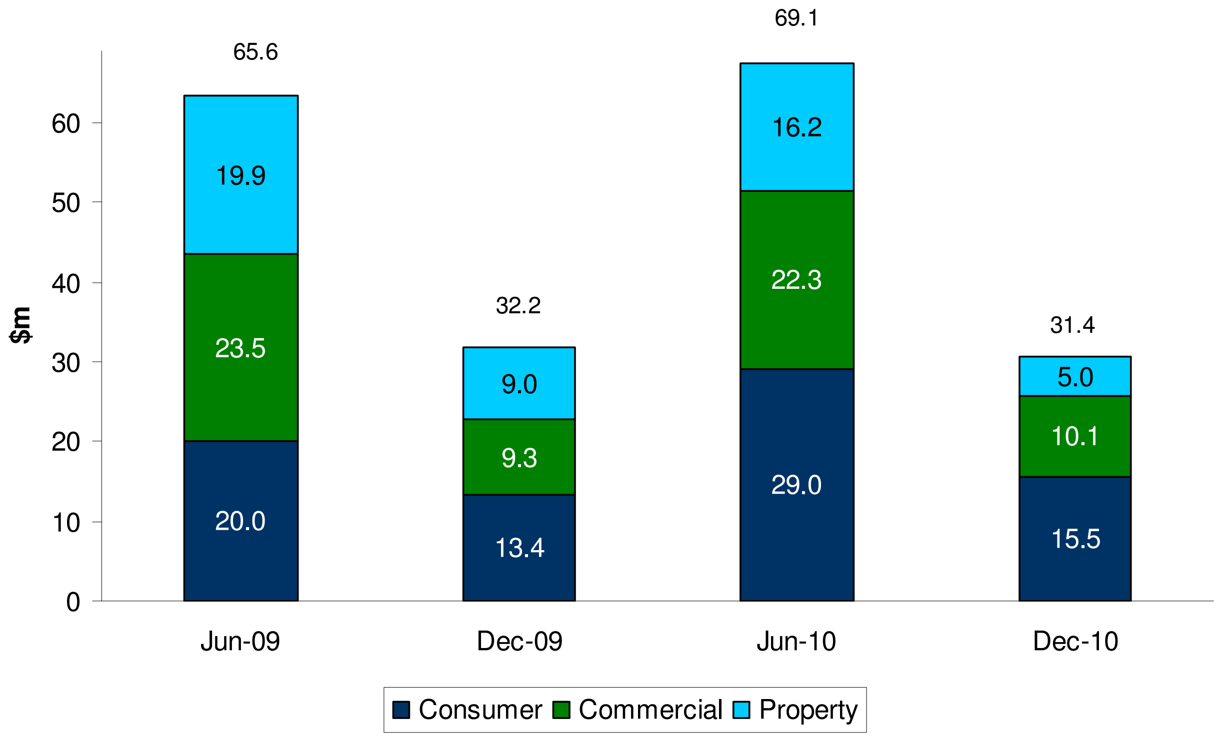
- **Improvement in quality of earnings – focus on Consumer and Commercial**
- **NPAT and NOI in line with December 2009 despite increased one-off costs (e.g. merger and increased Crown Guarantee costs)**
- **Successfully completed Heartland merger post balance date**

	Dec-10 (NZ$m)	Dec-09 (NZ$m)	Jun-10 (NZ$m)
Net interest income	27.3	28.8	59.1
Net other income	4.1	3.4	10.0
Net operating income	**31.4**	**32.2**	**69.1**
Expenses	17.4	13.3	25.0
Profit before impairments and tax	**14.0**	**18.9**	**44.1**
Impaired asset expense	6.1	10.7	23.8
Net profit before tax	**7.9**	**8.2**	**20.3**
Tax	2.8	2.5	6.0
Net profit after tax	**5.1**	**5.7**	**14.3**
Total Assets	**1,252.1**	**1,293.2**	**1,294.6**
Equity	**212.1**	**197.0**	**206.5**

* MARAC Finance Limited only (excludes MARAC Investments Limited, MARAC Insurance Limited, MARAC Securities Limited and MARAC Financial Services Limited.)

MARAC Net Operating Income

MARAC* Net Operating Income by Business Unit



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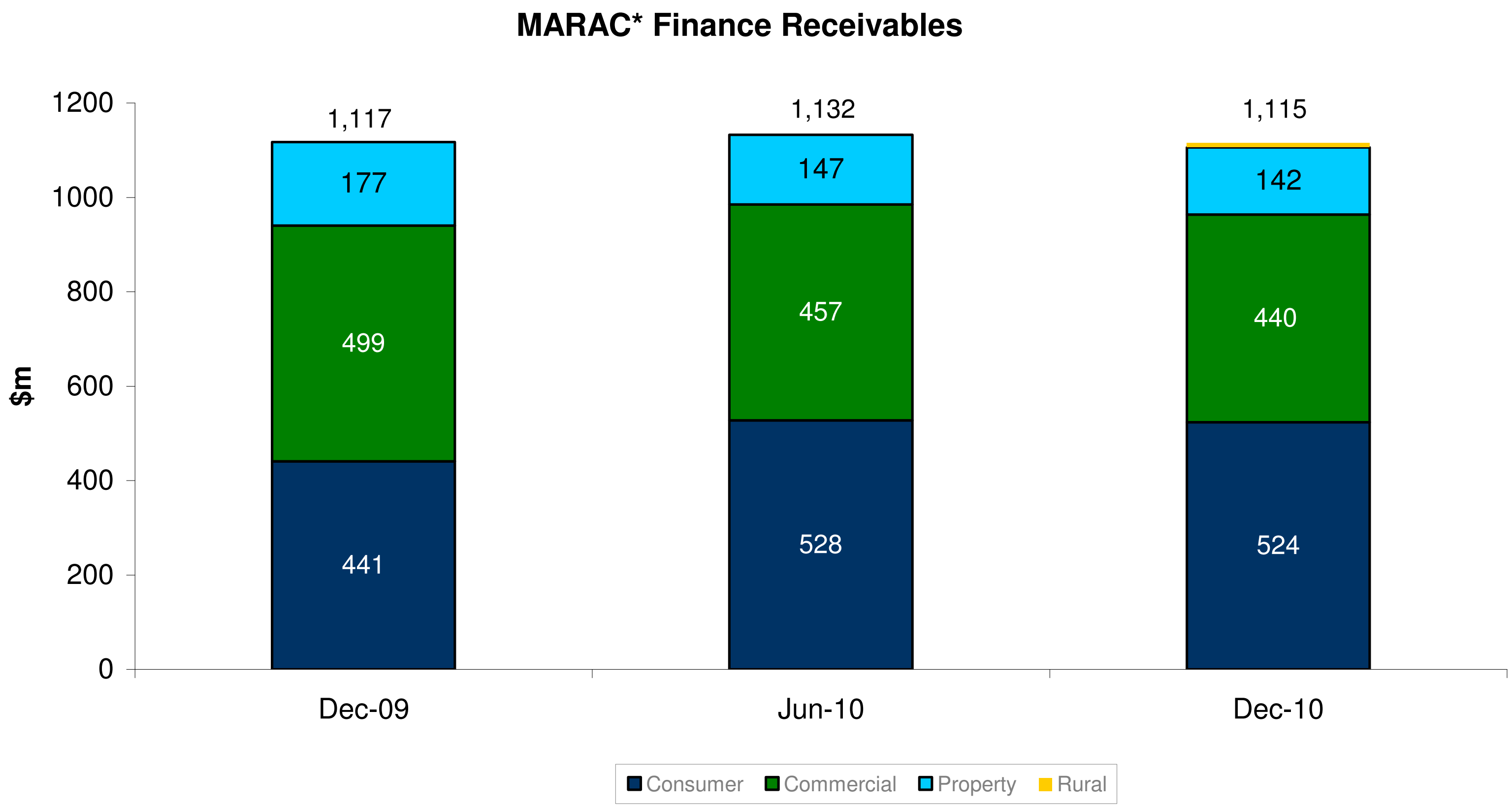
MARAC Gross Finance Receivables



* MARAC Finance Limited only (excludes MARAC Investments Limited, MARAC Insurance Limited, MARAC Securities Limited and MARAC Financial Services Limited). June 2008 includes Nissan Finance Limited. Finance receivables only, excludes operating lease vehicles.

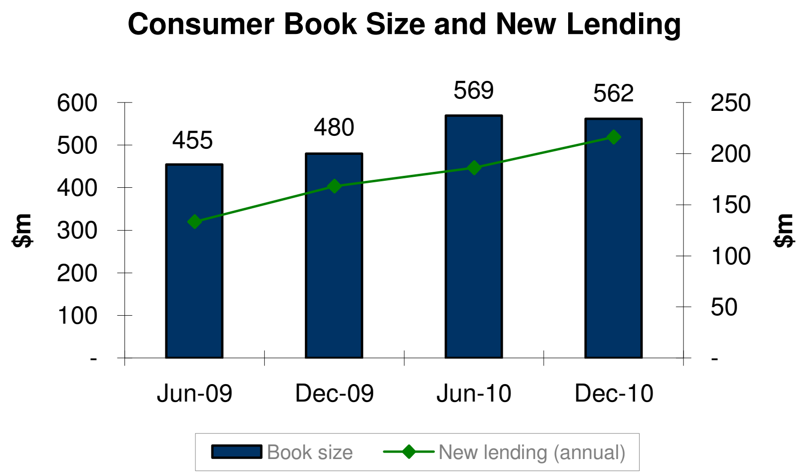
Consumer

Broadening distribution relationships

- Holden Finance brand launched in October
- Building on branded business partners relationships – Nissan, Suzuki, Holden, AA and Kiwibank
- Further branded relationships expected to be announced shortly
- Cross-sell of other non-motor finance products a focus to generate motor vehicle sales and finance opportunities

Consumer

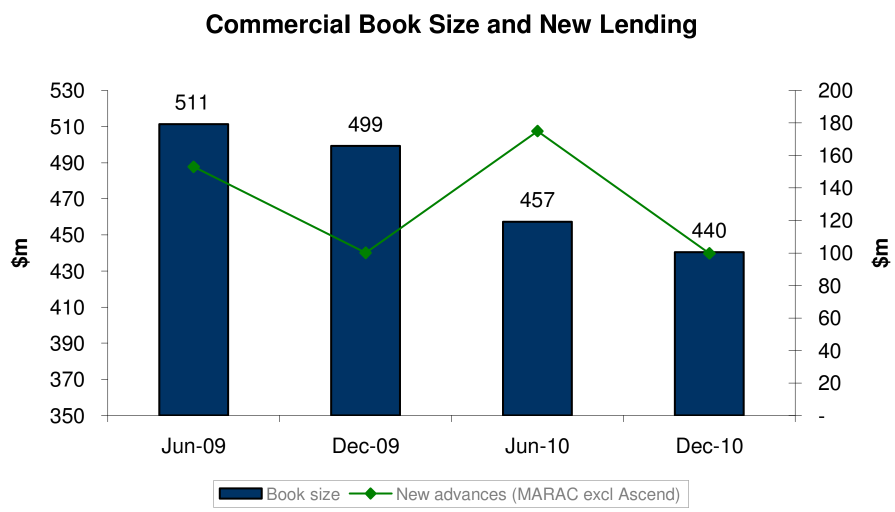
- Market share gains at the quality end of the motor market as new car sales increase
- New loans up 16% on prior six months
- Balance sheet back 1% as acquired GMAC book runs offs quickly



The book size above includes operating lease vehicles

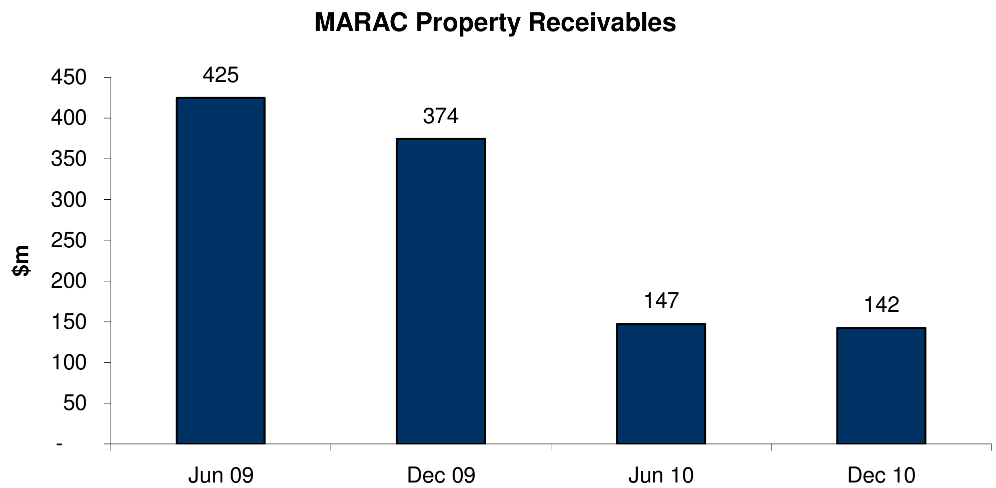
Commercial

- Credit growth in the Business market remains constrained
- Asset base largely reflects this, with shorter term loans and higher prepayment rates
- Reduction in book of 4%
- Pipeline of new business remains strong and our "Heartland" strategy in this market is being implemented to generate growth

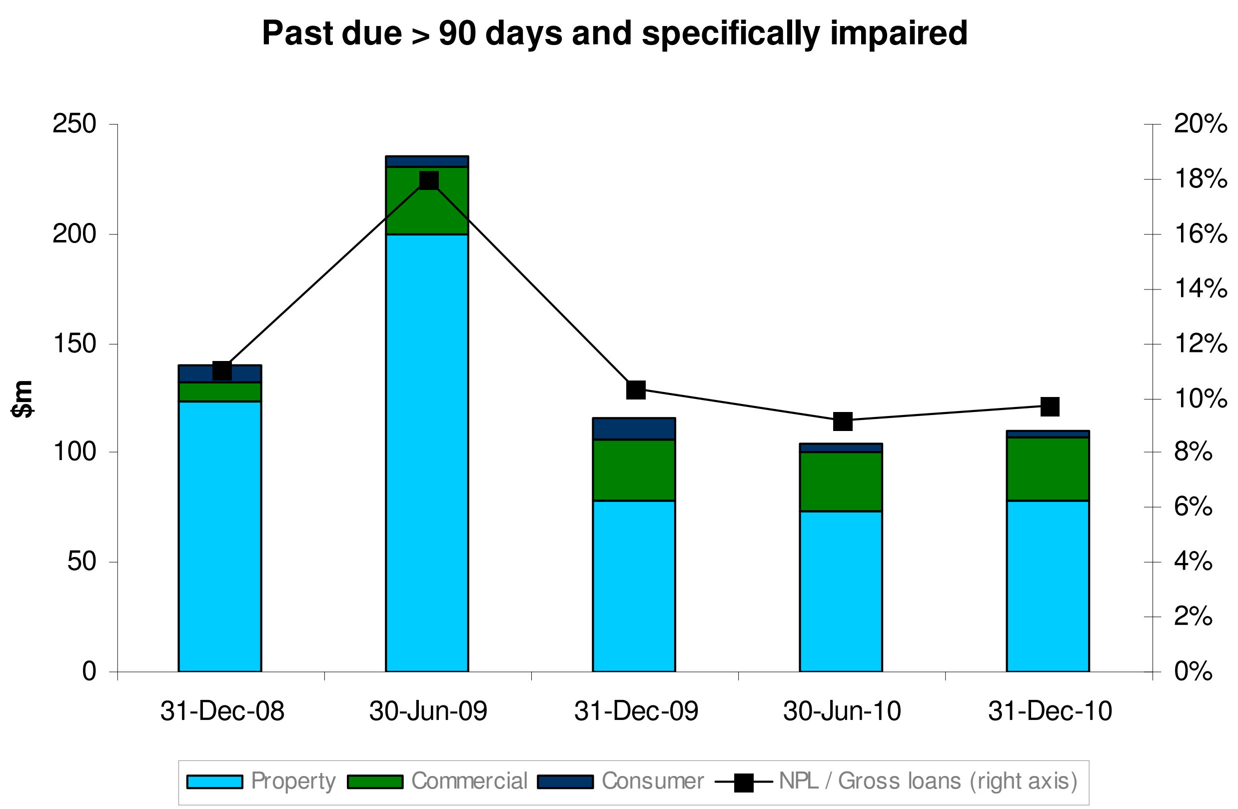


MARAC Property

- Receivables reduced by $5m to $142m
- The property market remains very challenging
- MARAC entered into a management agreement with Real Estate Credit Limited



MARAC Asset Quality



* MARAC Finance Limited only (excludes MARAC Investments Limited, MARAC Insurance Limited, MARAC Securities Limited and MARAC Financial Services Limited).

PGG Wrightson

- PGC has accepted into Agria's 50.1% partial offer at 60c to sell its 18.3% shareholding
- $30.3m writedown of holding to 60c
- $32m-$83m cash depending on scaling
- EBITDA was $16.8m (Dec 2009: $25m) and NPAT was a loss of $5.9m (Dec 2009: $4.3m profit)
- PGC's share of PGG Wrightson NPAT was a loss of $1.1m

PGC Balance Sheet

	PGC		
	Dec-10 (NZ$m)	Dec-09 (NZ$m)	Mvmt (NZ$m)
Total assets	1,486.0	1,554.3	(68.3)
Total liabilities	1,055.0	1,099.9	(44.9)
Total equity	430.9	454.4	(23.5)
Equity ratio	29%	29%	
Net tangible assets	370.8	391.3	
NTA per share	$ 0.46	$ 0.51	

- Equity ratio – total equity as a percentage of total assets
- Net tangible assets – total equity less intangible assets less deferred tax asset
    - MARAC recognised at NTA
    - PGG Wrightson marked to 60c
    - Investment in associate recognised at cost as per NZ IFRS

Heartland Strategy

- Success of Heartland's banking strategy* can be assessed by three key measures:
    1. Capital Adequacy
    2. Access to Efficient Cost of Funds
    3. Sustainable Earnings

- Capital Adequacy
    - Combined Building Society has $265m in NTA based on proformas. This translates into approximately 9.2% of capital under Non-Bank Deposit Taker Regulations
    - PGC has indicated its willingness, if able, to support Combined Building Society should it require any growth capital
    - Combined Building Society is currently well-placed with respect to Capital Adequacy

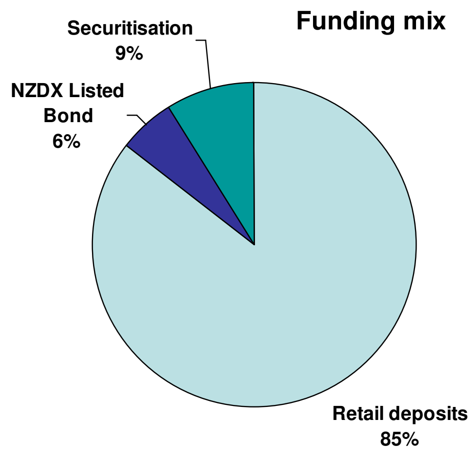
*None of PGC, BSHL, Combined Building Society or MARAC are a registered bank.

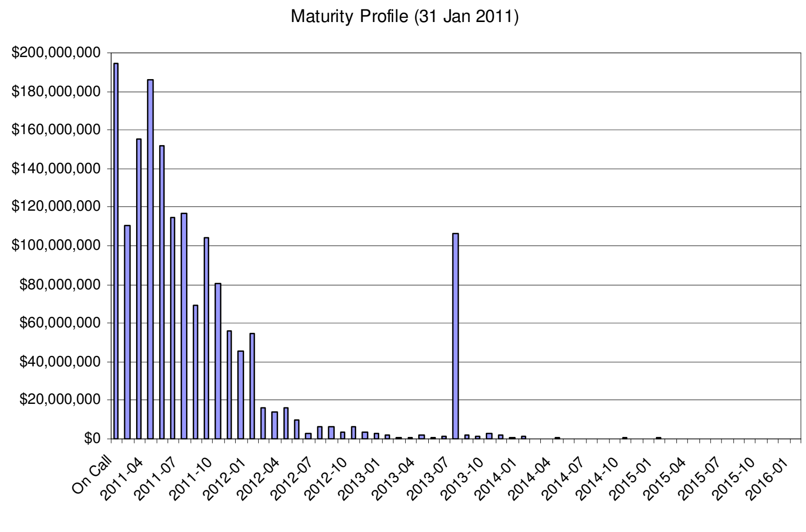
Access to Cost Efficient Funds

- Combined Building Society has been rated "Investment Grade" by credit rating agency Standard & Poor's, currently maintaining a BBB- rating with Stable Outlook
- Confirmation by Standard & Poor's since the earthquake of rating and outlook for Combined Building Society and that no immediate rating action is planned
- Maintains a diversified funding base through access to multiple sources of funding
- Actively manages liquidity and ensures prudent levels of available liquidity are maintained at all times – as at 31 January 2011, the Group collectively held cash and liquid assets over $300m, with liquidity equivalent to 32% of total liabilities
- Refinance risk mitigated by spreading the maturity profile of the liabilities
- Duration of assets and liabilities broadly aligned

Access to Cost Efficient Funds

- Funding (as at 31 January 2011) is derived from:
  1. $1,559m Retail deposits
  2. $104m Retail NZDX listed bonds
  3. $275m Securitisation Programme
  4. $200m committed undrawn bank facilities
- Combined Building Society has excess liquidity and its cost of funds continues to improve





Heartland Strategy

- Sustainable earnings
  - "Heartland" is the economic backbone of New Zealand: Small businesses, rural sector and the families engaged in these sectors
  - Lending and product mix will shift to reflect this, resulting in a blend of financial receivables across:
    - Retail & Consumer
    - Business; and
    - Rural
  - This means continuation of reductions in Property Development, maintaining strong Retail & Consumer position and growth in both Rural and Business sectors
  - Growth will come from:
    1. Organic growth: participating in economic growth, weighted towards late 2011 and 2012
    2. Switching: market share growth driven by customers attracted by the "Heartland" proposition
    3. Acquisitions: potential to purchase businesses or assets with strategic fit
  - Acceptable risk profile through concentrating on productive sectors and lending against assets convertible to cash

Perpetual

Since 1884

Perpetual, Torchlight, Property Group

- NOI in line with prior period
- Costs reflect investment for growth and one-off restructuring
- Impaired asset expense – RECL Management Agreement with MARAC of $7.6m, Impairment of interest $2.3m and underlying principal and property revaluations of $1.0m on owned assets

	Dec-10 (NZ$m)	Dec-09 (NZ$m)	Jun-10 (NZ$m)
Net operating income	**13.7**	**13.0**	**32.6**
Expenses	13.5	7.6	18.7
Profit before impairments and tax	**0.2**	**5.4**	**13.9**
Impaired asset expense	10.9	1.7	7.9
Net profit before tax	**(10.7)**	**3.7**	**6.0**
Tax	(3.0)	1.3	1.4
Net profit after tax	**(7.7)**	**2.4**	**4.6**

Property Group (Comprising Of Real Estate Credit Limited And Property Assets Limited)

In the period from October 2009 to December 2010 Property Group:

- Enforced security and took direct ownership of 20 underlying property asset groups (175 real estate assets) with a value of $63m
- Cash realised from asset disposal totaling $23.7
- Acquired asset of $15.5m and external funding of $10.7m during 2011 financial year
- Entered into Management Agreement with MARAC on 5 January 2011

	31-Dec-10 (NZ$m)	30-Jun-10 (NZ$m)	Since Inception (NZ$m)
Opening assets	**78.3**	**-**	**-**
Assets acquired from MARAC	-	175.0	175.0
Write down	-	(85.0)	(85.0)
Total acquired	**-**	**90.0**	**90.0**
Additional assets acquired	15.5	-	15.5
Cash received	(12.8)	(10.9)	(23.7)
Interest income	2.3	7.0	9.3
Provision for interest	(2.2)	(7.0)	(9.2)
Provision for principal	(1.0)	(0.9)	(1.9)
Management Agreement provision	(7.6)	-	(7.6)
Other	-	0.1	0.1
Closing assets *	**72.5**	**78.3**	**72.5**
Consisting of			
Investment property	63.1	41.8	63.1
Finance receivables	9.4	36.5	9.4
Closing assets *	**72.5**	**78.3**	**72.5**
External loan liabilities	(10.7)	-	(10.7)
Net assets *	**61.8**	**78.3**	**61.8**

*** MARAC fee received and zero coupon purchased post balance date**

Strategy

- PGC's future focus will be to maximise shareholder value through:
  - High quality wealth management services offered by the Perpetual Group and Torchlight Investment Group
  - Strong capital management across the Group

- Latest earthquake creates challenges but business largely as normal
  - Perpetual had full back-up systems in place for its record systems. Those systems now either restored, or are up and running in the main office in Auckland, and in nine other branches in Wellington, Dunedin and throughout New Zealand.
  - While its immediate prime focus is on looking after its Christchurch people, Perpetual is able to operate its business as normal. Clients needing assistance or advice on any matter are being looked after with all Christchurch office calls being diverted to Auckland and other centres.

Perpetual Group

Comprises Perpetual Portfolio Management, Perpetual Asset Management and Perpetual Trust

- **Focusing on an integrated wealth management service to mainstream investors across the New Zealand market**
- **Substantial client base**
- **$587m in funds under advice and management**

Torchlight Investment Group

Focusing on providing proprietary fund management to high net worth investors and institutions across Australasia

- **Contributed $2.9m of annuity and transaction fee income**
- **Owns 38% of van Eyk, one of Australia's most influential providers of investment research**
- **Torchlight Fund is a $150m fund investing into sectors such as real estate, financial services and infrastructure with a focus on 'deep value'**
- **Equity Partners Infrastructure Company is an investment company with interests in UK infrastructure assets**

Property Group

Property Group (which includes Real Estate Credit Limited "RECL") owns (and is managing and realising) the ex-MARAC property portfolio transferred to it in 2009; and under the RECL Management Agreement is responsible for managing the remaining MARAC property loan portfolio

- Surplus assets will be realised over time to maximise cash proceeds, and it is intended that the resulting proceeds be invested in PGC's growth strategy or returned to PGC shareholders.
- Impairments – approximately $2.3m pre tax of interest impairments and principal and property revaluation impairments of $1m pre tax on ex-MARAC assets previously transferred to RECL. $7.6m impairment recognised under the RECL Management Agreement.
- RECL Management Agreement with MARAC entered into on 5 January 2011:
  - RECL manage the remaining non-core property loans of MARAC for 5 years
  - RECL assumes risk of loss on those loans with payment for loss at the end of that 5 years (with limited rights on the part of MARAC to earlier payment)
  - RECL payment obligations are "limited in recourse" to security provided (which includes an $11m 5 year zero coupon bond, and $22m in security value of other assets (initially real estate or real estate loans))
  - PGC obliged to top up the security pool if shortfall in the $22m in security value of other assets
  - Upfront fee paid by MARAC to RECL of $11m (to be amortised over 5 years) and annual management fee of $200k.