



**Chairman's Address to
Annual Meeting of Shareholders
27 October 2006**

Ladies and Gentlemen

When I spoke with you this time last year we were reporting a record profit for the Group and looking forward to a similar performance from the business in the year now under review.

And that turned out to be the case.

We have reported a Group net profit after tax of \$66.3m. That after tax figure is affected, quite dramatically, by the accounting treatment of gains which we can now book, as a result of the PGG/Wrightson merger. Of course, in terms of economic value, that gain was already reflected in our share price and has been so since the merger of PGG with Reid Farmers. Some of you may recall back then that I reported a substantial gain which we were precluded from booking under the accounting rules.

The more important figure in terms of how we performed was our net profit after tax and before abnormals, up just a tick on the previous year at \$29m, but still nevertheless a new record for us.

That overall performance has enabled us to lift the dividend again to 20c per share.

The key to that performance was:-

- A 5% increase in net profit from MARAC up to \$24.2m
- A 32% increase in net profit from Perpetual Trust up to \$3m.

We have also reported a contribution from PGG Wrightson of \$6.7m down on last year (\$9.5m) although the year on year comparison includes 9 months only of the former Wrightson operation. More about PGG Wrightson later.

Highlights for us this year were:-

- Achieving an investment grade rating from Standard and Poor's for MARAC; and
- Completing the merger of PGG with Wrightson to form the new business entity PGG Wrightson; and
- Successfully maintaining the impetus of business in Perpetual Trust to report a record net profit.

To give the financials some context:-

- This is the fifth consecutive year in which we have reported an increase in net profit. Over that period up from \$10.8m in 2002 to \$29m for the year ended 30th June 2006.
- And similarly with the dividend up from 8.5c per share in 2002 to the present day at 20c per share.

One of the problems with a run like this, is that you create expectations. Some might observe that this is a nice problem to have. But I can reassure you that there is no complacency in the business with this result.

A sentiment which has been expressed to me more than once is how much the Company has changed in recent times.

That sentiment perhaps expresses a nostalgia for the way things were in more simple days.

Let me remind you that the core business of Pyne's still remains today. Financial services, trust and private client services and rural services. None of that has changed.

But we have changed the shape of the business, no doubt about that. We had to. It is one of the reasons why you have enjoyed the five year run I have just spoken about. It is also another reason you can have confidence that we will be able to continue to perform into the future.

Importantly, we still continue to enjoy cornerstone support from shareholder groups who can trace their origins back to the genesis of this business. They, together with holdings by staff, former staff and clients of the businesses, represent just short of 60% of our shareholders.

We take real comfort from this and so should you. But we do not take that support for granted. Our imperative as Directors is to continue to earn that support. We will best achieve that by tabling results which keep you keen as investors, and by continuing to develop the businesses for which we are responsible.

We have plans for further growth in MARAC. Brian Jolliffe will tell you more in a moment about the state of that business and where it is positioned.

So too, in Perpetual Trust. There is a new edge to the personal and Trust business now, and that is reflecting in its operational performance. The Corporate Trust division of this business enjoys a national reputation for competence and service. And the Company has an ambitious strategic plan in place going forward.

Over at PGG Wrightson, the hard yards of merger activity are now largely behind us and the focus is firmly on lifting the operational side of this business to take advantage of new opportunities and the nationwide business platform. We continue to enjoy an excellent ongoing relationship with our shareholding partner, Rural Portfolio Investments Limited, and this arrangement underpins the business with solid shareholder support.

For those of you who may not be aware of it, PGG Wrightson has significant business in both Australia and South America.

Wrightsons have been in Uruguay since 1999 and have established a successful rural supplies business principally around seed. Some of you will have read of the company's initiative to promote investment in Uruguay. A company called NZ Farming Systems Uruguay Limited has been formed and an offer of shares to the public is under consideration. No money is being sought at this stage and none will be until an Investment Statement is available. That is imminent, but until it is released to the market there is no more I can say to you about the proposal.

When we announced our result in August I commented that we were optimistic of being able to achieve a further increase in operating profit for the Group in the current year. We have no reason to revise that outlook at this stage. We are working hard to make it happen. But we will be in a much better position at half year to determine just what the full year will hold for us.

Finally, may I take this opportunity to thank our Managers and their staff who work tirelessly in our different businesses to achieve outstanding results for us.

Throughout these enterprises and including PGG Wrightson we have over 2700 people employed. We also have other contributors such as the Corporate Trust Board members at Perpetual Trust (who operate with complete independence from our Board) and our outside professional advisers with whom we work closely at all times. The commitment of all of these people to our business is an integral part of our activity. To all of these folk, thank you for your efforts.

A special mention needs to be made of our senior management team led by Brian Jolliffe. These people are key to the success of our business. During the year Peter Baynes retired from Perpetual Trust and his position has been ably taken up by Louise Edwards. Thank you both for making that transition successful.

My thanks too, to your Directors whose continuing wise counsel means that this is a board which definitely adds value for shareholders.

Since the announcement of our result, Tim Saunders has stepped down and I wish to record our thanks to Tim for services which extend back over 23 years. We are in no hurry to replace him and we will need to look carefully at the mix of skills and composition of the Board going forward before we do. Bryan Mogridge has been appointed to the Remuneration Committee.

I have pleasure in moving that the Annual Report be received and in asking the Managing Director, Brian Jolliffe to second that motion.