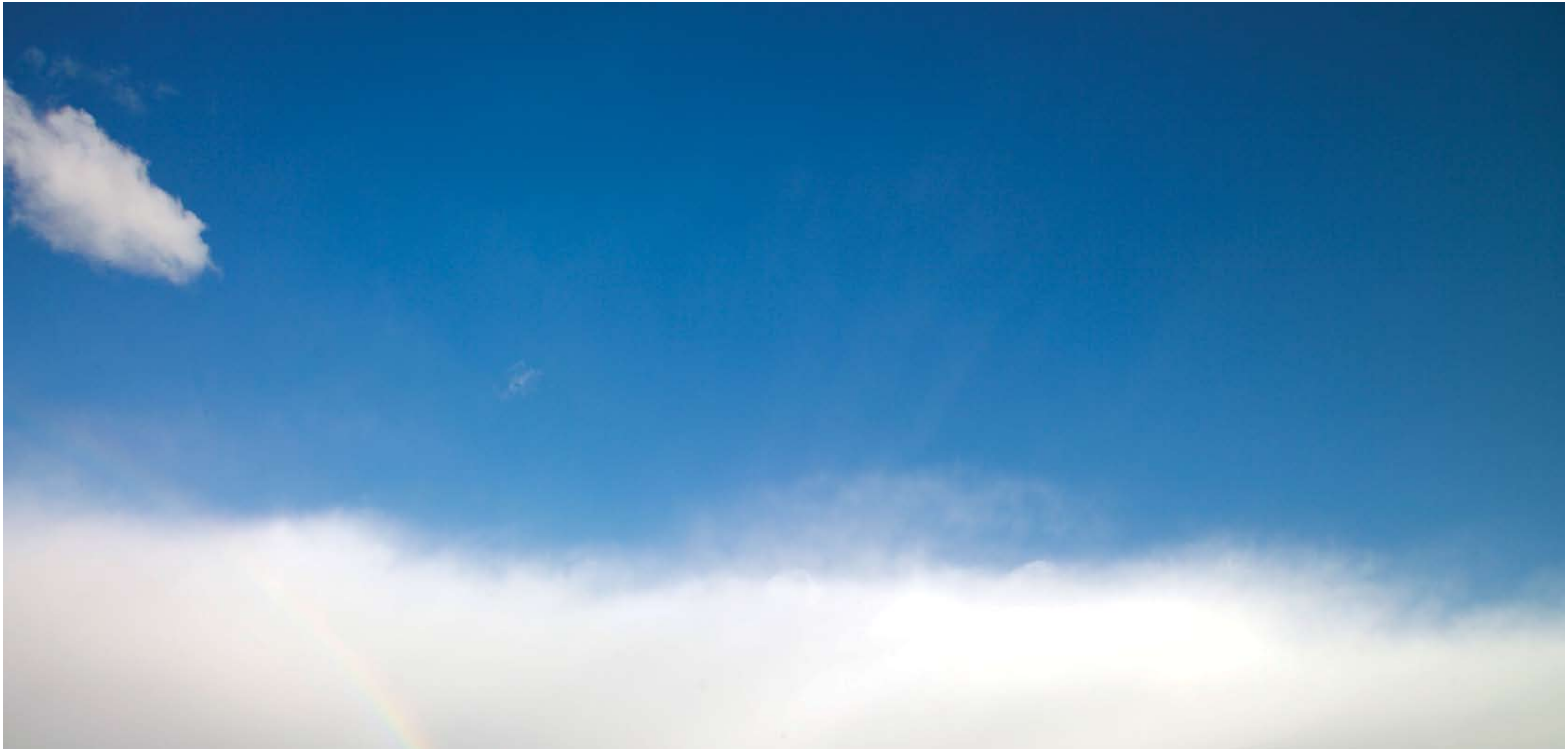


Pyne Gould Corporation

Pyne Gould Corporation

PYNE GOULD CORPORATION LIMITED
INTERIM REPORT TO 31 DECEMBER 2006

PYNE GOULD CORPORATION LIMITED
INTERIM REPORT TO 31 DECEMBER 2006

Pyne Gould Corporation

Pyne Gould Corporation Limited
233 Cambridge Terrace
PO Box 167, Christchurch
New Zealand

Telephone +64 3 365 0000
Fax +64 3 379 8616

www.pgc.co.nz

CONTENTS

HIGHLIGHTS

- Net profit before abnormals of $14.5m, up 11.3%
- Interim dividend of 9 cents per share
- Record interim result from MARAC of $12.6m
- A satisfactory interim result from Perpetual Trust of $1.4m
- Contribution from PGG Wrightson of $2.9m

KEY FINANCIAL RESULTS

	Current period	Last period
Net profit	$14.5m	$13.0m
Abnormal items	-	$37.3m
Net profit after abnormals	$14.5m	$50.3m
Ordinary dividend	9c	8c
Return on shareholders' funds	13.1%	13.5%

CHAIRMAN AND MANAGING DIRECTOR'S REPORT

Financial performance

Net profit before abnormal items was up 11.3% to $14.5m, compared to $13.0m in the corresponding period last year.

No abnormal items occurred in the current period. Last year an abnormal gain of $37.3m resulting from the merger of Pyne Gould Guinness with Wrightson lifted the net profit after tax for the six months to 31 December 2005 to $50.3m last year.

MARAC, up 10% at $12.6m, produced another record half-year performance. The Perpetual Trust result at $1.4m, was down slightly on last year's record result. PGG Wrightson contributed $2.9m, compared to a contribution of $2.3m last year.

Interim dividend

The directors have declared a fully imputed interim dividend of 9 cents per share. This will be paid on 30 March 2007.

Last year an interim dividend of 8 cents was paid, plus a 1 cent per share special dividend derived from the dividend paid by Pyne Gould Guinness just prior to its merger with Wrightson.

Business enhancement

During the period we continued to enhance and expand our businesses, in the main by organic growth. Further information is provided under each company's section of this report.

At times we consider acquisition opportunities as they arise, but unless the opportunity is compatible with our strategic objectives and will deliver a bottom line benefit we do not proceed down that path.

Our people

The success and growth of our businesses is the result of the commitment, drive and enthusiasm of our staff. This is well illustrated by the number of new initiatives that were successfully implemented during the year, while at the same time maintaining high service levels to customers.

MARAC
MEANS FINANCE

The MARAC Finance group achieved its record half-year net profit of $12.6m on the back of a 5% growth in net operating revenue and a continuing low impaired asset expense.

The result achieved was pleasing and a testament to MARAC's overall value for money and service proposition, not withstanding continuing margin pressure.

Business enhancement

During the period new relationships were established with Kiwibank and ACP Media's Auto Trader. For our Motor business these arrangements open up new distribution channels at a time when the purchase of second hand vehicles is rapidly shifting from the traditional motor vehicle dealer's yard to alternatives including car fairs, auctions, and the internet. Commercial will also benefit from access to a wider customer base.

Ascend Finance

This newly formed division commenced operations early in 2007. Ascend will be targeting higher return commercial, consumer and property business and currently has bases in Whangarei, Auckland, Waikato, Bay of Plenty, Palmerston North and Dunedin.

These initiatives have all involved significant investment for MARAC and are clearly aimed at a more diversified business.

Review of businesses

Commercial

This business, whose primary focus remains the financing of plant and equipment to NZ businesses, recorded finance receivables growth of 12%. Growth continues to be well spread throughout New Zealand and despite some evidence of capital expenditure intentions easing we remain confident that Commercial will achieve its full- year targets. The Kiwibank partnership for Commercial is meeting early expectations with a number of quality transactions settled.

Property

Property continued to perform strongly. The investment loan portfolio is showing steady growth.

Motor

The motor market remains difficult as the number of vehicles sold by dealers continues to reduce. The value of secondhand vehicles in particular has suffered, as an over -supply of New Zealand new and imported cars has led to price reduction. Our credit quality remains in excellent shape and despite the drop in vehicle values our average loan size has remained consistent with last year.

The relationships established with Kiwibank and Auto Trader continue to develop strongly and provide a diversified strategy for our motor finance business. Although both are in their infancy, they will play an increasingly important role as the way New Zealanders buy vehicles continues to change.

Credit

This continues to be a focus. The overall credit position remains sound. Instalment loan arrears to total receivables continue to track a very low 0.5%. The new dynamic method of provisioning for bad and doubtful debts, introduced at the end of the last financial year, resulted in an impaired asset expense of $0.6m in the current period compared to $1.2m in the last period.

Key financial results	Current period	Last period
Net profit	$12.6m	$11.4m
Finance receivables and operating lease vehicles	$1,201m	$1,120m
PGC investment	$160.7m	$146.7m
Return on investment	16.0%	15.9%

Perpetual Trust

Perpetual Trust had a satisfactory half year, with net profit of $1.4m slightly down on last year's record interim result of $1.5m.

After a significant 32% increase in net profit last year, this year has been an opportunity to consolidate the higher result.

Revenue continues at a steady increase of 5% against last year, but increases in operating expenses resulted in net profit being down marginally on last year. The operating expense increases were budgeted in order to position the company for continued growth in key areas.

Business enhancement

The two new managed funds – Aria Fund and the Perpetual Trust New Zealand /Australia Share Fund, both launched in mid 2006 continue to be a focus.

The senior management team was enhanced by the appointment of new heads of Customer Care, Corporate Trust, and Investment Funds, all internal appointments.

Review of businesses

Corporate Trust

The Corporate Trust division had a busy period and achieved another strong increase in revenue - up 13% against the same period last year. Some of the increased revenue is due to more business from existing clients but a reasonable portion is due to new clients. The opportunities for growth over the coming months look promising with the new PIE (Portfolio Investment Entities) regime for taxation of investment funds, full implementation of the Retirement Villages Act and increased activity in the debt capital markets.

Managed Funds

Fund management fees are slightly down on the same period last year, as Opio Forestry Fund and a number of smaller group investment funds were closed as part of a strategic review of this part of the business.

The Perpetual Trust Mortgage Fund is the largest fund managed by Perpetual Trust, and it has grown since December 2005. The two new funds, Aria and the New Zealand/Australia Share Fund, are building funds under management capability further, and Perpetual Trust will be well positioned to take advantage of tax changes in late 2007.

Personal Wealth Management and Advice

The personal client division had a steady increase in revenue, up nearly 5% against the same period last year. While estate revenue has been down slightly this has been offset by increased revenue from financial advisory services, legal and trust fees.

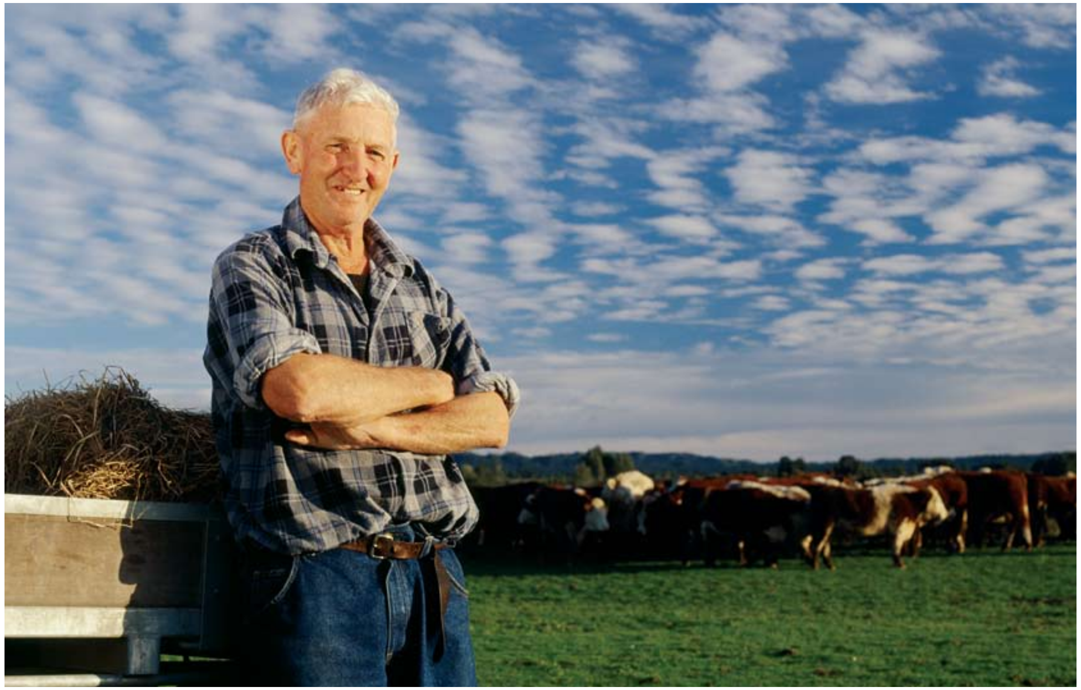
Mortgage Express

The 60% investment in Mortgage Express was sold during the period at a value slightly above book value. This business was no longer critical to Perpetual's growth strategies. Only two months' contribution was received prior to sale.

Key financial results	Current period	Last period
Net profit	$1.4m	$1.5m
Revenue	$7.3m	$6.9m
PGC investment	$6.9m	$6.9m
Return on investment	41.0%	43.4%

PGG Wrightson

PGG Wrightson had an encouraging result given the more difficult trading environment experienced in the six months, with the high New Zealand dollar and lower farmer confidence impacting on performance.



PGG Wrightson made a net profit of $12.9m, compared to $5.0m in the same period last year. Rural services contributed $2.9m to PGC, compared to $2.3m last year.

Although profit has increased, the growth has been slower than we would have liked. Management is fully focused on performance improvement and growth notwithstanding the high dollar and confidence issues.

Business enhancement

Businesses within PGG Wrightson have been reorganised into three operating groups to improve focus on the key drivers of success:

- Rural Service - Livestock, Wool, Rural Supplies, Fruitfed Supplies, Irrigation & Pumping
- Financial Services- Finance, Real Estate, Insurance, Funds Management
- Technology Services - Seeds & Grain, Nutrition, Animal Health, Training & Consultancy, South America.

During the period PGG Wrightson successfully launched NZ Farming Systems Uruguay, a company set up to acquire and develop Uruguayan farmland by applying intensive pasture-based farm management systems developed in New Zealand.

Review of businesses

The merger of Pyne Gould Guinness with Wrightson occurred over 15 months ago. The hard work to bring these two businesses together has been completed, with the focus now clearly on improving operating performance and creating business growth.

An improvement in operating performance was achieved despite the tough conditions that put real pressure on margins. A positive feature of the result was the retention of sales revenue following the merger.

Rural Services

Rural Services had earnings before interest, tax and amortisation (EBITA) of $15.6m. While some market share was lost in specific regions in the period following the merger, share is now being regained in the Wool and Rural Supplies businesses.

The current focus of the group is the efficient delivery of products and services to clients, that improve profitability and productivity.

Financial Services

Financial Services achieved EBITA of $8.6m. The finance book grew 23% to $390m and market share increased in Real Estate in a market that declined by 20%.The newly established real estate business in Victoria Australia has started strongly.

The current focus is on achieving continued growth in tighter market conditions, and building on the base established in the dairy sector in Australia.

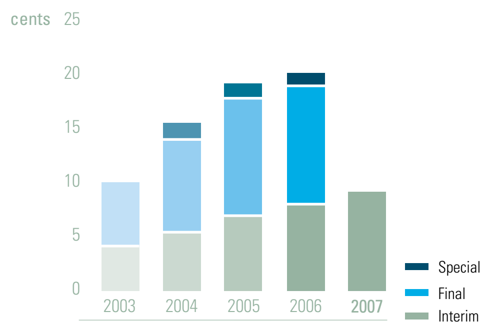
Technology Services

The Technology Services group had EBITA earnings of $13.1m. The strength of the proprietary seed product portfolio saw this business maintain market share in all markets.

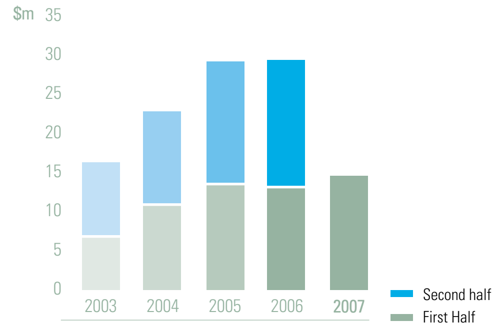
The current focus is on maintaining the flow of innovation for the benefit of clients.

Key financial results	Current period	Last period
Net profit - Company	$12.9m	$5.0m
Revenue	$2.9m	$2.3m
PGC investment	$88.8m	$87.7m
Return on investment	6.5%	5.2%

Dividends per share



Net profit after tax (before abnormals)



SUMMARY AND OUTLOOK

The six months to December 2006 was another period of strong growth for Pyne Gould Corporation across all of our businesses.

Business position

The company continues in a very strong financial position, with the holding company having shareholders' equity of $183m and debt of $18m, financing assets with a book value of $203m. These assets, being our investments in MARAC, Perpetual Trust and PGG Wrightson, plus the head office building in Christchurch, have a market value well in excess of this book value.

Full Year prospects

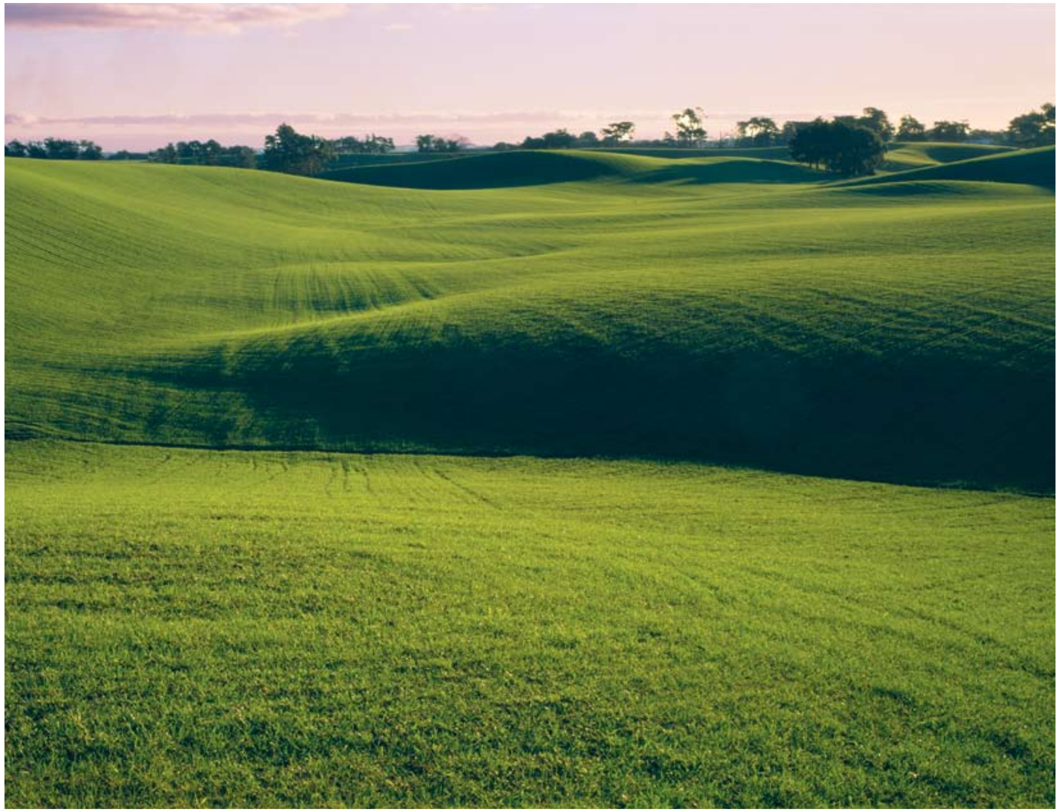
In the second half of the 2007 financial year, the focus will continue to be on opportunities to enhance and expand our financial services businesses, and build on the new initiatives achieved in the first half. These initiatives have all required additional investment which is having a detrimental effect on profit but the Board is convinced that in the medium term this strategy will deliver a broader business and enhance shareholder value. We are also expecting an improved result from PGG Wrightson.

At this stage we are confident that for the full year the company will achieve a net profit before abnormal items level in line with last years.

S R MALING
Chairman

B J JOLLIFFE
Managing Director

27 February 2007



PYNE GOULD CORPORATION LIMITED
INTERIM REPORT TO 31 DECEMBER 2006

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS For the six months ending 31 DECEMBER 2006

	NOTE	6 months to 31 Dec 2006 Unaudited $000	6 months to 31 Dec 2005 Unaudited $000	12 months to 30 Jun 2006 Audited $000
STATEMENT OF FINANCIAL PERFORMANCE				
Total operating revenue	2	**93,051**	**198,950**	**291,973**
Operating surplus before taxation		**21,511**	**58,787**	**81,686**
Taxation		6,962	7,351	14,199
Operating surplus after taxation		**14,549**	**51,436**	**67,487**
Minority interest		(30)	(1,065)	(1,171)
Net profit after taxation		**14,519**	**50,371**	**66,316**
Net profit after taxation				
Financial Services		12,576	11,444	24,171
Trustee Services		1,414	1,455	2,623
Rural Services		2,864	2,275	6,693
Other Operations		(2,335)	(2,132)	(4,500)
Net profit after taxation before abnormal gain		**14,519**	**13,042**	**28,987**
Abnormal gain		-	37,329	37,329
Net profit after taxation		**14,519**	**50,371**	**66,316**
STATEMENT OF MOVEMENTS IN EQUITY				
Equity at beginning of period		**220,654**	**225,025**	**225,025**
Net profit after taxation:				
Attributable to parent shareholders		14,519	50,371	66,316
Minority interests		30	1,065	1,171
Total recognised revenues and expenses for the period		**14,549**	**51,436**	**67,487**
Contribution from owners:				
Share capital issued		243	164	164
Total contribution from owners		**243**	**164**	**164**
Distribution to owners:				
Movements in minority interest (excluding deconsolidation)		-	(103)	(103)
Dividends paid		(10,778)	(11,752)	(20,569)
Total distribution to owners		**(10,778)**	**(11,855)**	**(20,672)**
Deconsolidation of subsidiary		**(515)**	**(51,350)**	**(51,350)**
Equity at end of period		**224,153**	**213,420**	**220,654**

CONSOLIDATED FINANCIAL STATEMENTS For the six months ending 31 DECEMBER 2006

	As at 31 Dec 2006 Unaudited $000	As at 31 Dec 2005 Unaudited $000	As at 30 Jun 2006 Audited $000
STATEMENT OF FINANCIAL POSITION			
Assets			
Current assets	12,659	5,713	7,827
Finance receivables	1,132,180	1,051,609	1,092,802
Operating lease vehicles	68,913	68,733	68,908
Non current assets	1,447	826	1,375
Investment in associate	88,779	87,742	89,662
Intangible assets	18,272	22,996	21,351
Property, plant and equipment	5,155	5,133	4,644
Total assets	1,327,405	1,242,752	1,286,569
Liabilities			
Current liabilities	31,592	32,477	36,562
Borrowings	1,071,660	996,855	1,029,353
Total liabilities	1,103,252	1,029,332	1,065,915
Equity			
Share capital	85,373	85,130	85,130
Retained earnings	138,780	127,911	135,039
Shareholders' equity	224,153	213,041	220,169
Minority interests	-	379	485
Total equity	224,153	213,420	220,654
Total equity and liabilities	1,327,405	1,242,752	1,286,569

CONSOLIDATED FINANCIAL STATEMENTS For the six months ending 31 DECEMBER 2006

	NOTE	6 months to 31 Dec 2006 Unaudited $000	6 months to 31 Dec 2005 Unaudited $000	12 months to 30 Jun 2006 Audited $000
STATEMENT OF CASH FLOWS				
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		7,693	65,573	76,209
Interest received		62,577	57,581	118,259
Operating lease revenue received		11,827	11,596	22,551
Fees and other income received		8,638	7,662	16,364
Net GST received		498	-	-
Tax refunded		176	-	1,273
Dividends received from associate		3,747	-	2,498
Total cash provided from operating activities		95,156	142,412	237,154
Cash was applied to:				
Payments to suppliers and employees		18,928	80,088	99,317
Interest paid		40,290	37,576	76,706
Net GST paid		292	258	897
Taxation paid		6,166	5,337	14,575
Total cash applied to operating activities		65,676	123,259	191,495
Net cash flows from operating activities	5	29,480	19,153	45,659
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant & equipment		1	6	13
Proceeds from sale of operating lease vehicles		6,668	5,478	11,629
Proceeds from sale of investments		374	-	-
Effect of Pyne Gould Guinness Ltd deconsolidation		-	83,317	83,317
Effect of Mortgage Express deconsolidation		337	-	-
Total cash provided from investing activities		7,380	88,801	94,959
Cash was applied to:				
Increase in finance receivables		41,145	88,939	131,832
Increase in investments		105	16,673	17,710
Purchase of property, plant and equipment		1,083	7,788	7,914
Purchase of operating lease vehicles		15,100	19,062	33,005
Advance to employee share purchase scheme		214	127	104
Total cash applied to investing activities		57,647	132,589	190,565
Net cash flows applied to investing activities		(50,267)	(43,788)	(95,606)

CONSOLIDATED FINANCIAL STATEMENTS For the six months ending 31 DECEMBER 2006

	6 months to 31 Dec 2006 Unaudited $000	6 months to 31 Dec 2005 Unaudited $000	12 months to 30 Jun 2006 Audited $000
STATEMENT OF CASH FLOWS continued			
Cash flows from financing activities			
Cash was provided from:			
Increase in borrowings	39,404	84,291	116,678
Increase in share capital	243	164	164
Total cash provided from financing activities	39,647	84,455	116,842
Cash was applied to:			
Dividends paid to minorities	-	4,339	4,339
Dividends paid	10,778	11,752	20,569
Total cash applied to financing activities	10,778	16,091	24,908
Net cash flows from financing activities	28,869	68,364	91,934
Net increase in cash held	8,082	43,729	41,987
Opening cash balance	(4,756)	(46,743)	(46,743)
Closing cash balance	3,326	(3,014)	(4,756)
Represented by:			
Cash and bank balances	3,326	(3,014)	(4,756)
Closing cash balance	3,326	(3,014)	(4,756)

CONSOLIDATED FINANCIAL STATEMENTS For the six months ending 31 DECEMBER 2006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard No.24 Interim Financial Statements and should be read in conjunction with the previous annual financial statements which contain more extensive disclosure than is required in interim financial statements. The six month results have not been audited.

1 Statement of accounting policies

The accounting policies are consistent with those used in the 30 June 2006 financial statements and the previous interim financial statements. Where necessary comparative amounts have been reclassified so that the information corresponds to the classification presented for the current period.

	NOTE	6 months to 31 Dec 2006 Unaudited $000	6 months to 31 Dec 2005 Unaudited $000	12 months to 30 Jun 2006 Audited $000
2 Operating revenue				
Interest revenue		61,421	56,898	116,232
Operating lease revenue		11,490	11,294	22,494
Abnormal gain	4	-	37,329	37,329
Equity accounted earnings of associate		2,864	1,110	5,528
Other revenue		17,276	92,319	110,390
Total operating revenue		93,051	198,950	291,973
3 Operating expenses				
Interest expense		42,543	39,470	79,535
Operating lease expense		9,051	8,015	16,613
Other operating expenses		19,946	92,678	114,139
Total operating expenses		71,540	140,163	210,287

4 Abnormal gain

During the comparative periods Pyne Gould Guinness Limited issued 168.9 million shares to the former shareholders of Wrightson Limited to purchase 100% of that company. The accounting impact of the transaction was to reduce the group's shareholding in Pyne Gould Guinness Limited from 55.5% to 22.2% and to acquire a 22.2% holding in the business of Wrightson Limited. The transaction has resulted in an abnormal gain of $37,329,000 in the group which is reflected in the operating profit after tax for the prior periods.

The results for Pyne Gould Guinness Limited have therefore been consolidated in the comparative periods for the 3 months to 30 September 2005 and from this date the results of PGG Wrightson Limited have been consolidated using the equity accounting method.

CONSOLIDATED FINANCIAL STATEMENTS For the six months ending 31 DECEMBER 2006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	6 months to 31 Dec 2006 Unaudited $000	6 months to 31 Dec 2005 Unaudited $000	12 months to 30 Jun 2006 Audited $000
5 Reconciliation of operating surplus after taxation to net cash flows from operating activities			
Operating surplus after taxation	14,549	51,436	67,487
Add/(less): Non-cash items:			
Depreciation	8,388	8,346	16,481
Amortisation	1,549	2,117	3,848
Abnormal gain	-	(37,329)	(37,329)
Share of associate company earnings	883	(1,110)	(3,030)
Doubtful debts provisions	610	1,338	1,682
Deferred taxation	435	248	955
Accruals and prepaid items	3,903	1,173	2,467
Total non-cash items	15,768	(25,217)	(14,926)
Add/(less) working capital items:			
Trade receivables	(3,062)	7,955	8,425
Inventory	-	(4,923)	(4,923)
Taxation	130	1,851	(56)
Insurance policy liabilities	177	-	571
Trade creditors	1,780	(12,155)	(11,049)
Total movements in working capital items	(975)	(7,272)	(7,032)
Add/(less) items classified as investing activities:			
(Gain)/loss on sale of assets and investments	138	206	130
Total items classified as investing activities	138	206	130
Net cash flows from operating activities	29,480	19,153	45,659

CONSOLIDATED FINANCIAL STATEMENTS For the six months ending 31 DECEMBER 2006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Segmentation of result

The group operates predominantly in New Zealand within three industry segments:

Financial services: Motor vehicle, commercial plant, equipment and business, property development, marine and leisure financing, investment and funds management.

Trustee services: Personal trust, estate and asset administration, corporate trustee services.

Rural services (Equity Investment): Stock and station agents, wool marketing, livestock sales, real estate agents, irrigation, insurance, rural financing, grain and seed merchants and farm supplies sales.

	6 months to 31 Dec 2006 Unaudited	6 months to 31 Dec 2005 Unaudited	12 months to 30 Jun 2006 Audited
Number of employees			
Financial services	140	131	137
Trustee services	78	84	83
Rural services	-	-	-
Other operations	7	9	5
Total Group	225	223	225
	$000	$000	$000
Total assets			
Financial services	1,212,714	1,122,950	1,164,327
Trustee services	5,843	7,045	7,151
Rural services	88,779	87,742	89,662
Other operations	20,069	25,015	25,429
Total Group	1,327,405	1,242,752	1,286,569
Operating revenue			
Financial services	81,107	75,002	148,145
Trustee services	7,269	6,898	14,361
Rural services	2,864	79,322	83,740
Other operations	1,811	37,728	45,727
Total Group	93,051	198,950	291,973
Net profit after tax			
Financial services	12,576	11,444	24,171
Trustee services	1,414	1,455	2,623
Rural services	2,864	2,275	6,693
Other operations	(2,335)	35,197	32,829
Total Group	14,519	50,371	66,316

CONSOLIDATED FINANCIAL STATEMENTS For the six months ending 31 DECEMBER 2006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 International Financial Reporting Standards

In December 2002 the New Zealand Accounting Standards Review Board determined that all New Zealand reporting entities were required to adopt New Zealand equivalents to International Financial Reporting Standards (NZIFRS) for reporting periods beginning on or after 1 January 2007. It is the groups intention to adopt from 1 July 2007. Accordingly, the adoption of NZIFRS will be first reflected in the groups interim report for the six month period ended 31 December 2007.

The group has been evaluating the potential impacts of adopting NZIFRS in place of the groups existing accounting policies since February 2004. The objective has been to ensure the conversion occurs within the agreed and required timelines under the Financial Reporting Act 1993 and results in minimal operational impact on the group. Set out below are the changes in accounting policies that have been identified to date. Other changes may be identified prior to the date of adoption of NZIFRS as the conversion process proceeds.

The change will result in certain fees and expenses received on the granting of loans being deferred and subsequently recognised as an adjustment to interest income over the period of the loan. Certain fees and expenses incurred on the raising of debenture funds will also be required to be deferred and subsequently recognised as an adjustment to interest expense over the period of the debenture. The impact of these changes on net profit is not expected to be material.

Only one material difference has been identified to date. Under NZIFRS3 intangible assets will no longer be amortised, however they will be subject to regular reviews for impairment. Currently the group records intangible assets at cost less amortisation to date. Intangible assets are amortised over periods not exceeding 20 years.

Information known or capable of being estimated about the impact on the financial report, had it been prepared using NZIFRS, has not yet been determined.

NZIFRS standards may change between now and the date the group adopts those standards so the impact of adoption may change from that set out above. In addition, other differences may be identified. Therefore the impacts may differ from the above assessment and that difference may be material.

DIRECTORY

Directors
S R Maling, Chairman
B J Jolliffe, Managing Director
R F Elworthy
B R Irvine
B W Mogridge
S C Montgomery
W J Steel

Auditors
KPMG
135 Victoria Street, Wellington
Telephone 04 382 8800

Share Registry
Link Market Services Ltd
PO Box 384, Ashburton
Telephone 03 308 8887
Fax 03 308 1311
Email info@linkmarketservices.com

Registered Office
Pyne Gould Corporation House
233 Cambridge Terrace
PO Box 167, Christchurch
Telephone 03 365 0000
Fax 03 379 8616
Email info@pgc.co.nz
www.pgc.co.nz

Pyne Gould Corporation Ltd
Brian Jolliffe
Managing Director
Alan Williams
Chief Financial Officer
Colin Hair
Company Secretary

MARAC Finance Ltd
Brian Jolliffe
Managing Director

Perpetual Trust Ltd
Louise Edwards
Chief Executive

PGG Wrightson Ltd
Barry Brook
Chief Executive