



*NZX & Media Release
19 December 2008*

Market update

Pyne Gould Corporation Limited (PGC) advised the market in October of our outlook for the current year with specific comment on the uncertain financial markets globally and locally. PGG Wrightson has recently provided an update to the market, and PGC now provides additional information.

Perpetual

Perpetual Trust is generally in line with last year with Corporate Trust above last year, Personal Client Services at about last year and Funds Management below. Our expectations are for a half year net profit before tax result generally in line with last year at \$2.5m.

MARAC Group

MARAC's revenues and controllable costs are generally in line with the equivalent period last year. The new business environment has slowed as expected with no balance sheet growth evident. The balance sheet has marginally contracted to \$1.4 billion as at 30th November. Property development lending totals \$250m at 30 November and MARAC continues to cope with a difficult market in which sales are either non-existent or at significant discounts.

Liquidity remains strong at more than \$350m.

The credit situation is showing the effects of the deepening recession. Arrears levels have been increasing with the flow on affect to impaired asset expense (Provisions and Bad debts). Provisioning continues to be undertaken conservatively and we see little chance of any improvement in the second half.

We expect a half year net profit before tax result, in the range of \$9 - \$11m.

Pyne Gould Corporation

Although property development lending in MARAC accounts for less than 18% of MARAC's book, PGC has put in place an underwriting facility to allow MARAC to manage any difficult property assets through to realisation in a timely way on a loan by loan basis. At half year we expect utilisation of this facility to be in the range of \$6m to \$9m.

Banking Application to the Reserve bank

Our application to the Reserve Bank for a banking licence is on track but we have made no commitment as to when this will occur. In the present market we need to maintain some flexibility around timing.

Likewise with our interest in PGG Wrightson. The business continues to trade well, and although we have signalled our intention to divest, we would not do so into the present market. We remain uncommitted to any single path to exit or timeframe.

PGG Wrightson (PGW)

Latest guidance provided is for net earnings from trading activities for the current year likely to be in a range from \$39 - \$45million.

In addition, net earnings for the half year ending 31 December 2008 will be affected by non-trading items including a write-down in the value of its shareholding in NZ Farming Systems Uruguay.

Summary

We expect Pyne Gould Corporation to announce a reduced first half performance compared to last year. Core business performances will be sound and in line with the above guidance. One off items from PGG Wrightson, yet to be determined, will adversely effect the overall performance.

Pyne Gould Corporation announces its half year result on 24th February 2009.

Brian Jolliffe
Managing Director

Sam Maling
Chairman

For further information please contact

Brian Jolliffe
Managing Director
Pyne Gould Corporation
Telephone 09 539 9702
Mobile 027 446 6066

Sam Maling
Chairman
Pyne Gould Corporation
Telephone: 03 366 1150
Mobile 021 222 8055

Additional information about Pyne Gould Corporation Limited

Pyne Gould Corporation is a holding company for three separate businesses: MARAC and Perpetual Trust, which are 100% owned subsidiaries, and PGG Wrightson, a 22% owned associate. Pyne Gould Corporation also owns its head office building in Christchurch.

MARAC Finance Group (MARAC) consists of:

- MARAC Financial Services Ltd, which is the umbrella company for all the MARAC group companies:
 - MARAC Finance Ltd;
 - a Consumer division consisting of motor vehicle, marine and leisure financing and motor vehicle leasing;
 - a Business division consisting of plant & equipment and business financing, property financing and Ascend Finance ;
 - MARAC Securities Ltd – an arranger of structured finance solutions;
 - MARAC Investments Ltd – a specialised niche investment company;
 - MARAC Insurance Ltd – a provider of insurance products to MARAC clients;
- Nissan Finance New Zealand Ltd – a lender to the Nissan dealer network.

Perpetual Trust consists of:

- A Corporate Trust business. This division provides trustee services for investment products, including unit trusts, securitisation structures, group investment funds, superannuation schemes, debt securities and local authority funding. They also act as statutory supervisor for retirement villages and forestry partnerships;
- A Personal Client Services business. This division provides trust, estate planning, investment advice and asset management services to individuals and their families;
- A Funds Management business. This division provides a range of managed investment products for Perpetual Trust clients and to external investors.

PGG Wrightson consists of:

- A Rural Services business. This division consists of livestock, wool, rural supplies, Fruitfed supplies and irrigation & pumping services;
- A Financial Services business. This division consists of finance, real estate, insurance and funds management services;
- A Technology Services business. This division consists of seeds & grain, nutrition, animal health, training and consultancy, South America.