

Media & Broker Presentation

27 February 2007



Pyne Gould Corporation

Interim Results to 31 December 2006

Agenda

- **PGC Performance and Highlights**

Sam Maling (Chairman)

- **Individual Business Performances**

Brian Jolliffe (Managing Director)

- **Financials**

Alan Williams (Chief Financial Officer)

- **Summary and Outlook**

Sam Maling

- **Questions**

Annual Highlights

- Operating profit up 11.3% to \$14.5m (last year \$13.0m)
- Interim dividend increased to 9cents (last year 8cents + 1cent special)
- A record net profit for MARAC of \$12.6m
- A satisfactory result from Perpetual Trust of \$1.4m
- Contribution from PGG Wrightson of \$2.9m

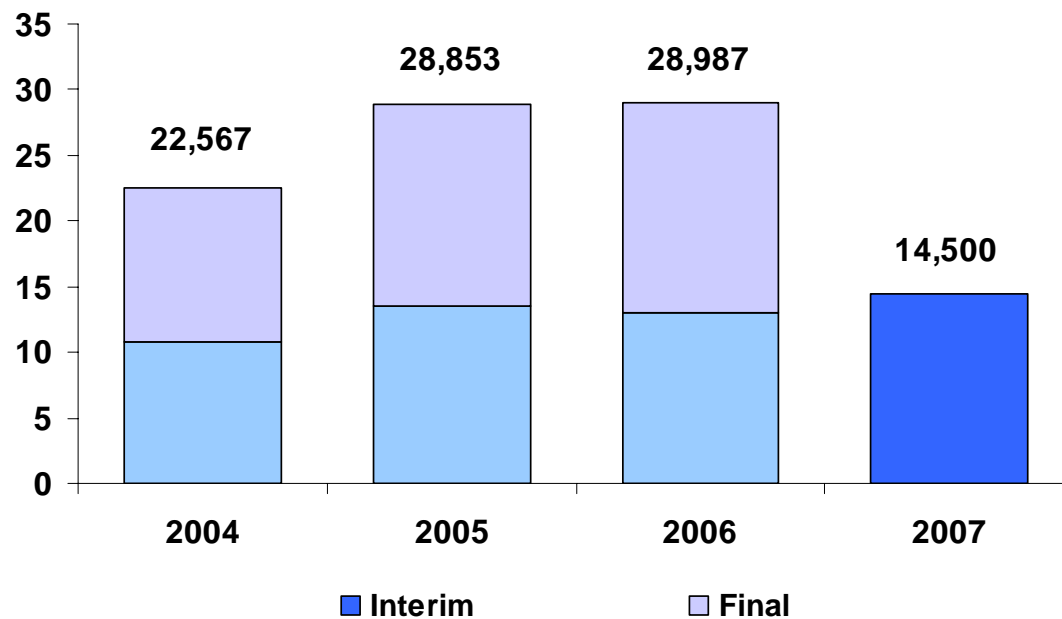


Pyne Gould Corporation

Financial Result

- Operating surplus before abnormals \$14.5m (\$13.0m)
- Net profit after tax of \$14.5m (\$50.3m which included abnormal \$37.3m)

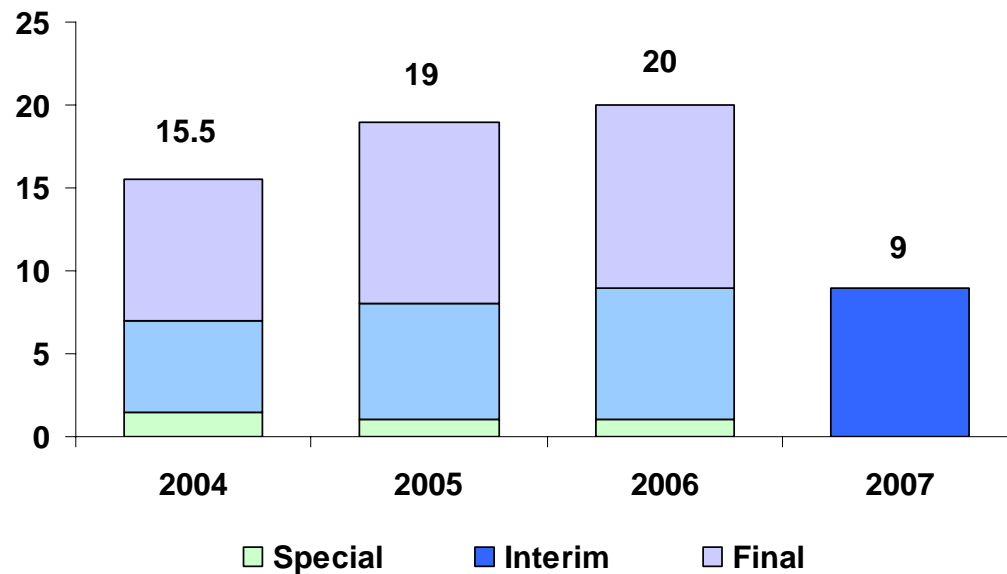
Net Profit After Tax (and before abnormal items) (\$m's)



Dividend

- Interim dividend of 9cps
- Fully imputed

Dividend per share
(includes special)





MARAC[®]
MEANS FINANCE

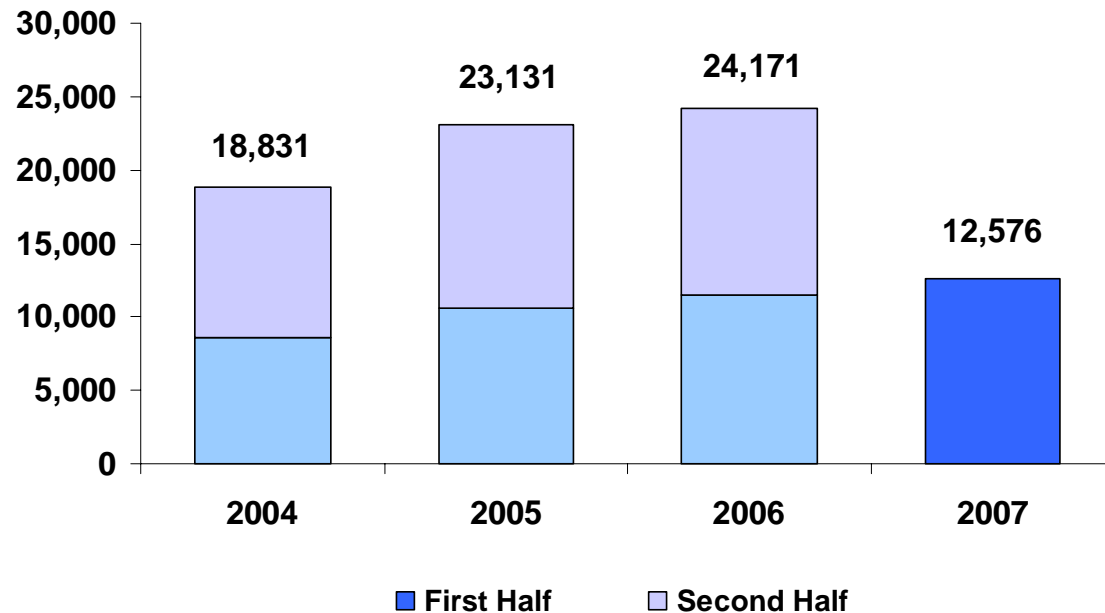
MARAC Finance

- Record net profit after tax up 10% to \$12.6m
- Finance receivables up 3% to \$1.2bn in the 6 months
- Impaired asset expense a low \$0.6m
- Significant investment undertaken in new growth initiatives

Net Profit After Tax

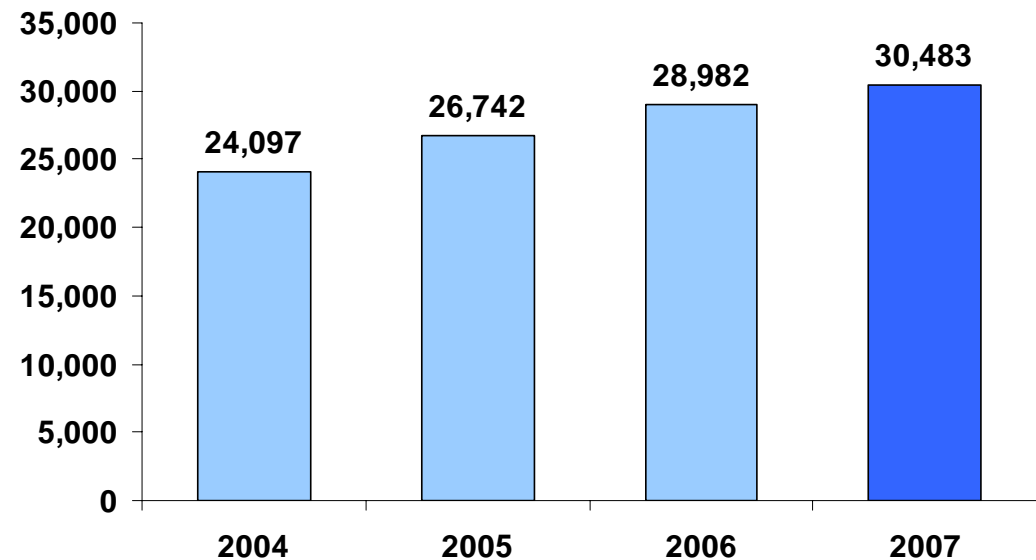
- Up 10% to \$12.6m
- Net operating revenue growth of 5%
- Cost increases for new initiatives

Net Profit After Tax (\$000's)



Net Operating Revenue

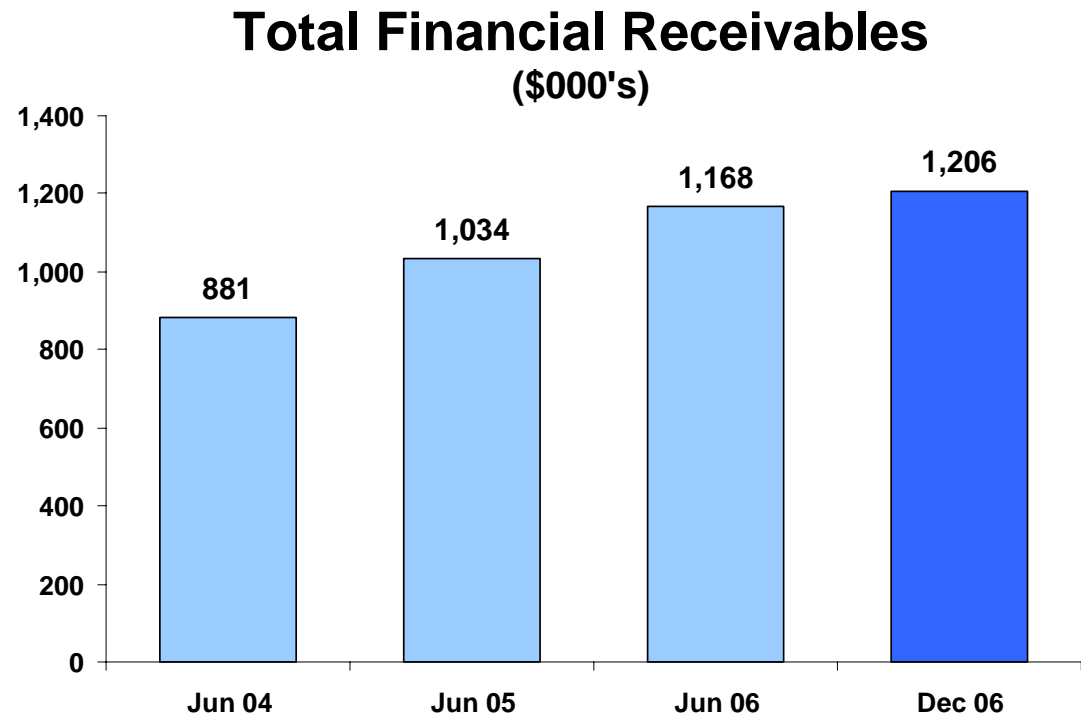
**First Half
Net Operating Revenue
(\$000's)**



- Up 5% to \$30.5m
- Margins remain under pressure

MARAC Finance Receivables

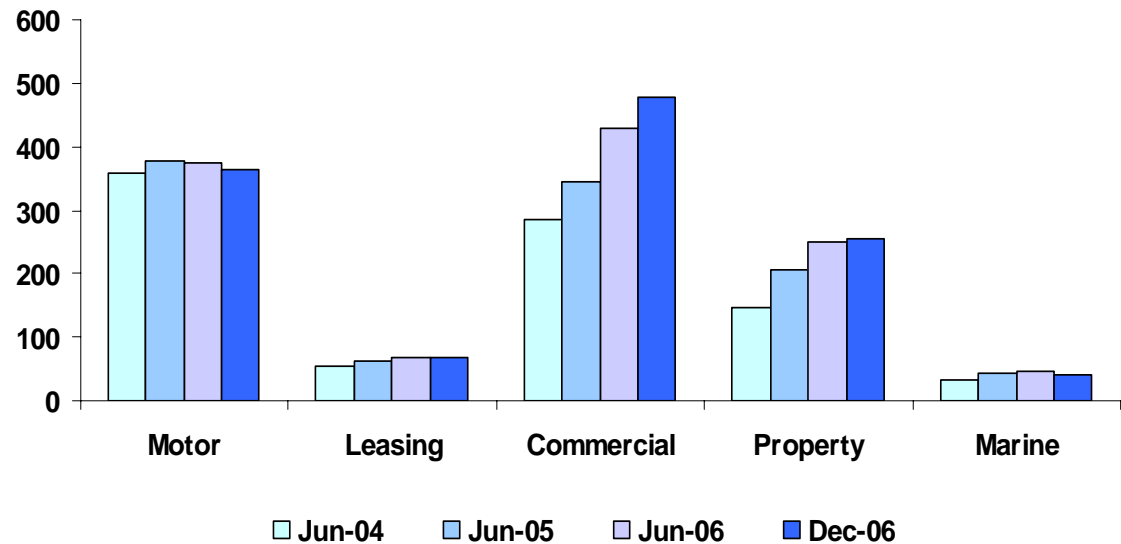
- Up 3% to \$1.2bn in the 6 months



MARAC Finance Receivables

- Growth focus continues in Commercial

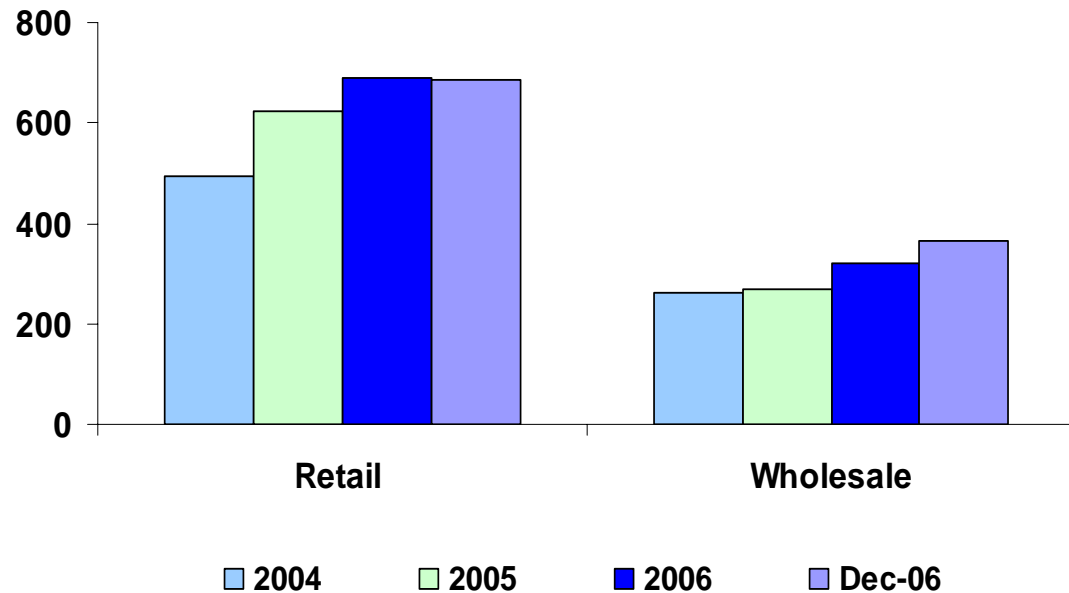
Receivables Growth
(\$000's)



Funding Growth

- Customer loyalty and differentiated offering (Standard & Poor's)
- Strong broker support continues

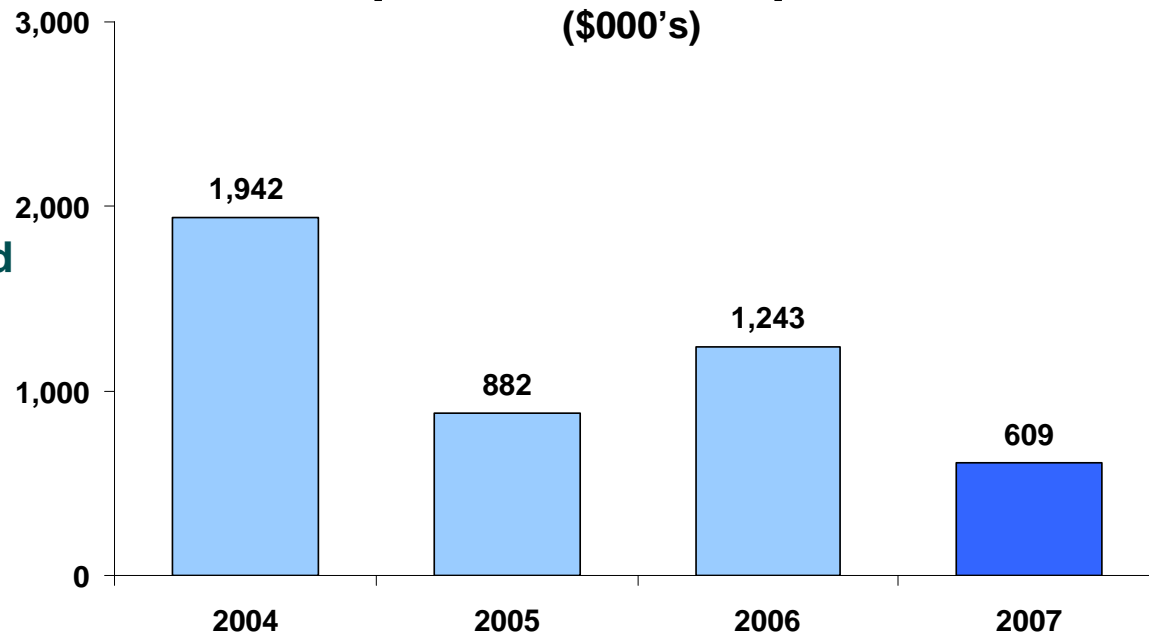
Funding Growth (\$000's)



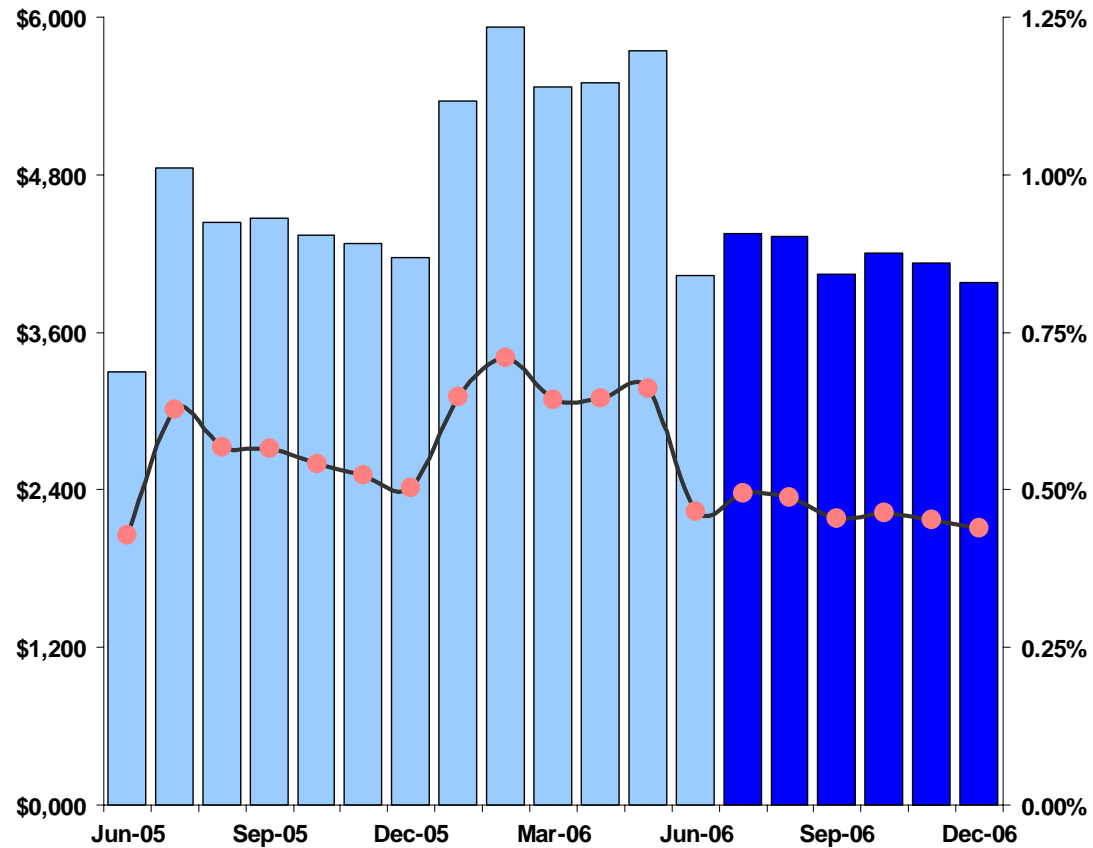
Impaired Asset Expenses

First Half Impaired Asset Expenses (\$000's)

- Credit quality focus continues
- First half impaired asset expense \$0.6m
- Arrears position below 0.5%



Credit Arrears – All Divisions



(Excludes – Wholesale & Property Exposures)

New Business Initiatives in the Half Year

- **Kiwibank**
- **ACP Media's "Autotrader"**
- **Ascend Finance**

Kiwibank

- **Commercial referral model**
- **“Kiwibank Vehicle Finance”**
- **November 2006 commencement**
- **Early business volumes encouraging**

ACP Media's Autotrader



- **November 2006 commencement**
- **Online offering of finance and insurance**
- **Significant IT investment**
- **Promotion commencing now**
- **Early “proof of concept” encouraging**

Ascend Finance



- **New division of MARAC**
- **Commenced 1st February 2007**
- **Aimed at higher return commercial, consumer and property**
- **Staffed initially by 11 experienced personnel**
- **6 Representative offices established on launch**
- **Investment significant in the second half**

MARAC Current Business Position

- **Growth patterns follow recent trends - Commercial**
- **Credit quality remains sound**
- **Significant initiatives implemented with some short term cost**
- **Broadening the businesses through organic growth strategies a feature of strategy**



Perpetual Trust

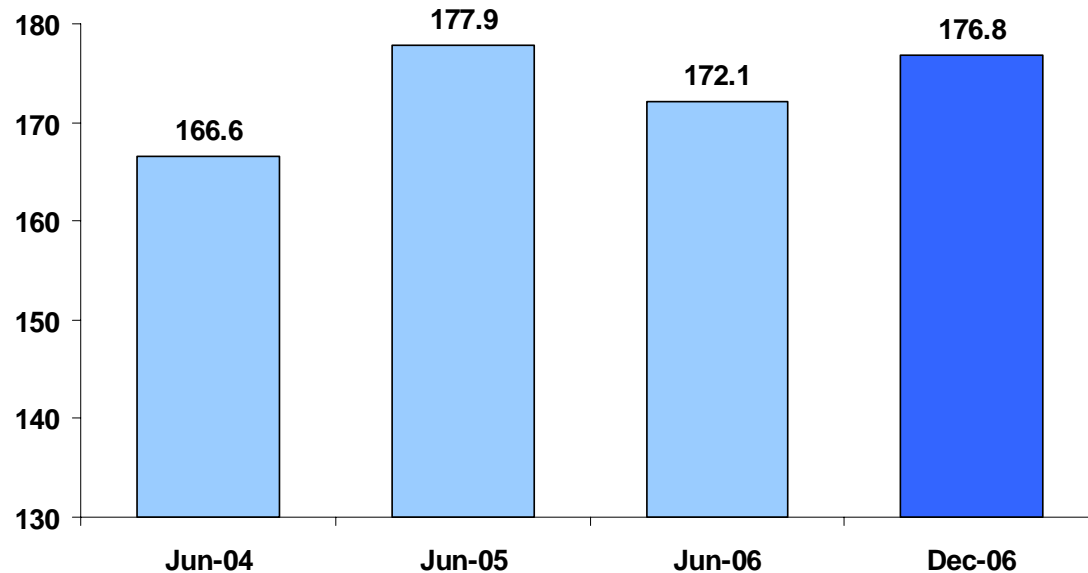
Perpetual Trust Limited

- Net operating surplus of \$1.4m down slightly on \$1.5m last year
- Revenue growth a steady 5%
- Operating costs increased to position for growth
- Mortgage Express (60%) sold



Perpetual - Personal

Mortgage Fund Growth (\$000's)



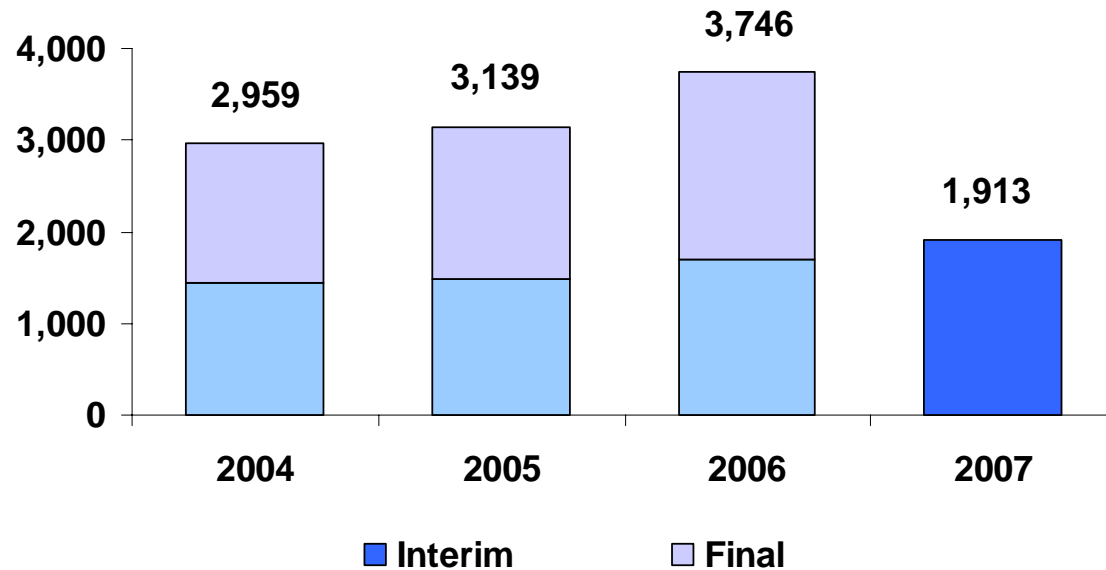
- Revenues up 5%
- Mortgage fund continues to grow



Perpetual - Corporate

- Revenue up 13%

Corporate Trust Revenue (\$000's)



Initiatives in the Half Year

- **Managed funds rationalised and two new funds launched**
 - **Aria Fund – Aimed at charities**
 - **NZ/Australia Share Fund**
- **Senior Management team announced**
 - **John McFetridge – Personal**
 - **Charlie Goodwin – Funds**
 - **Matt Lancaster – Corporate**



Perpetual – Current Business Position

- **Business is in sound shape – with increasing revenues**
- **Strong client base across the business**
- **Positioned for tax changes in funds business**



The logo features a stylized graphic of two curved lines, one dark blue and one green, positioned above the company name. The text 'PGG Wrightson' is rendered in a bold, italicized, dark blue sans-serif font.

PGG Wrightson

PGG Wrightson Limited

Interim Result Announced – 26th February

- Net profit after tax \$12.9m (\$5.0m last year)
- Rural contribution to PGC \$2.9m (\$2.3m last year)
- More difficult operating environment
 - High New Zealand dollar
 - Lower farmer confidence
 - Pressure on margins
- Focus on performance improvement and growth



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PGC Financials

- Financial Results
- Key ratios and statistics
- Sale of Mortgage Express
- IFRS Implementation

	6 months to 31-Dec-06 \$000	6 months to 31-Dec-05 \$000	12 months to 30-Jun-05 \$000
Net profit after taxation			
MARAC Finance Limited	12,576	11,444	24,171
Perpetual Trust Limited	1,414	1,455	2,623
PGG Wrightson Limited	2,864	2,275	6,693
Other Operations	(2,335)	(2,132)	(4,500)
NPAT before Abnormals	14,519	13,042	28,987
Abnormal gain	-	37,329	37,329
Net profit after taxation	14,519	50,371	66,316

Net Profit After Tax

(excluding abnormal items)

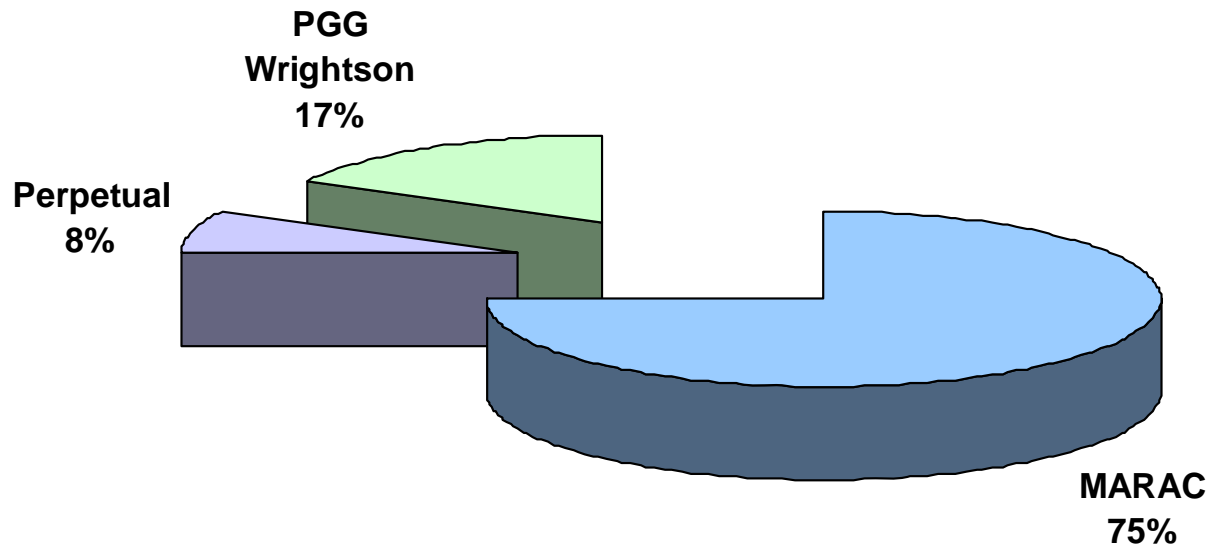
- Net profit after tax performance up 11% on same period last year
- All subsidiaries performing strongly
- Rural contribution up 26% on same period last year



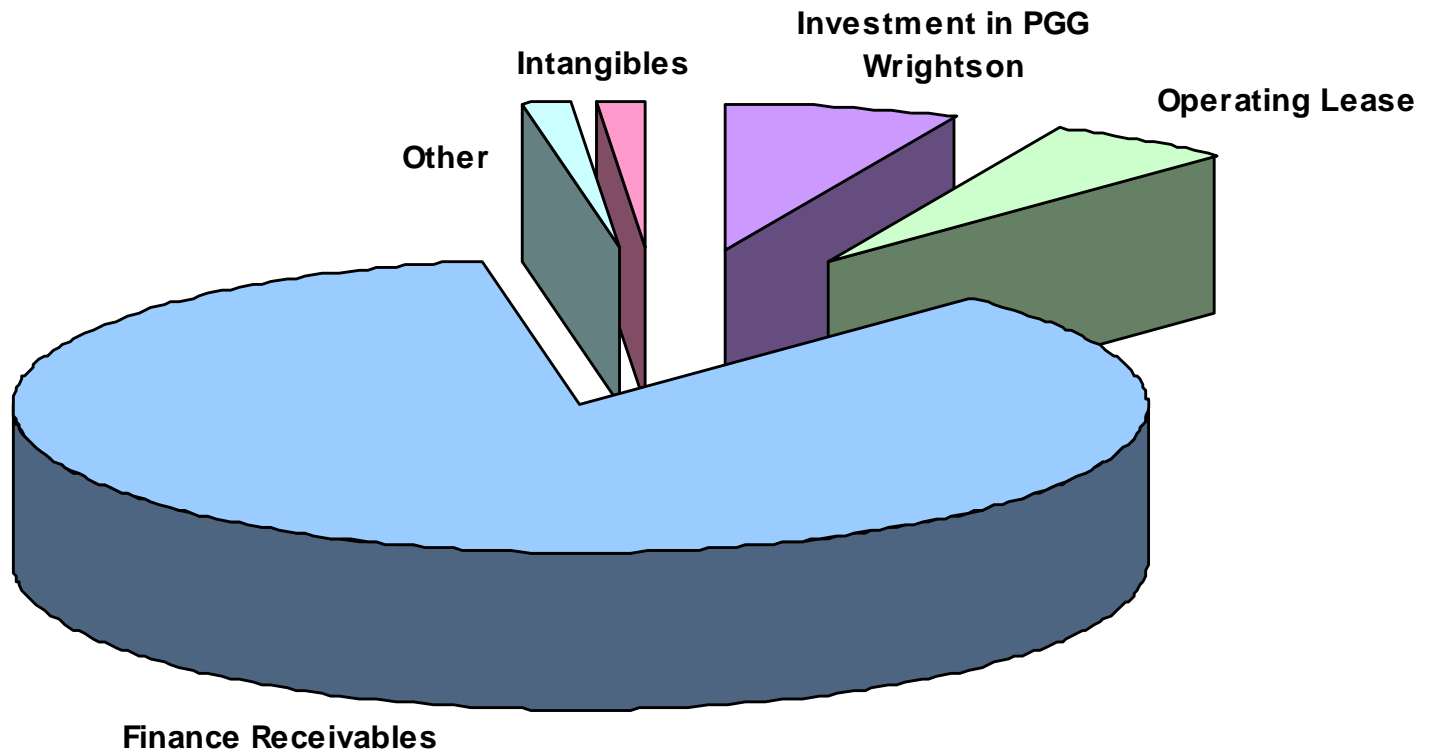
Pyne Gould Corporation

Net Contribution

(excluding abnormal items)



Total Asset Base



Mortgage Express

- Mortgage Express purchased in 2002 to provide additional introducer channel to Perpetual Trust
- PGC recognised just under \$1m of profits 2002-2006
- Market changes meant holding was no longer strategic
- 60% shareholding in Mortgage Express sold to Harcourts for \$2.3m in September 2006
- Sale was made at marginally above PGC's book value

IFRS Implementation

- PGC will adopt at June 2008
- Actively managed project has been in progress over last 18 months
- KPMG advice sort on technical issues
- Three key issues:
 - Recognition of fee income & brokerage costs in MARAC
 - Treatment of intangibles
 - MARAC brand
 - MARAC goodwill
 - Perpetual statutory right
 - Implementation of Dynamic Provisioning in MARAC
- Capability for dual reporting for 2007



Pyne Gould Corporation

Summary – Pyne Gould Corporation

MARAC

- **Growth continues in line with previous periods**
- **Significant investment in new broadening initiatives**
- **Cost increases from initiatives being absorbed this year**

Perpetual

- **Revenue growth expected to continue**
- **Positioned for further growth**

PGG Wrightson

- **Continuing difficult operating environment**
- **Focus on performance improvement and growth**

Full Year Outlook – In line with previous year



Pyne Gould Corporation