INTERIM REPORT
TO 31 DECEMBER 2004

Pyne Gould Corporation

2004/5

Pyne Gould Corporation Limited
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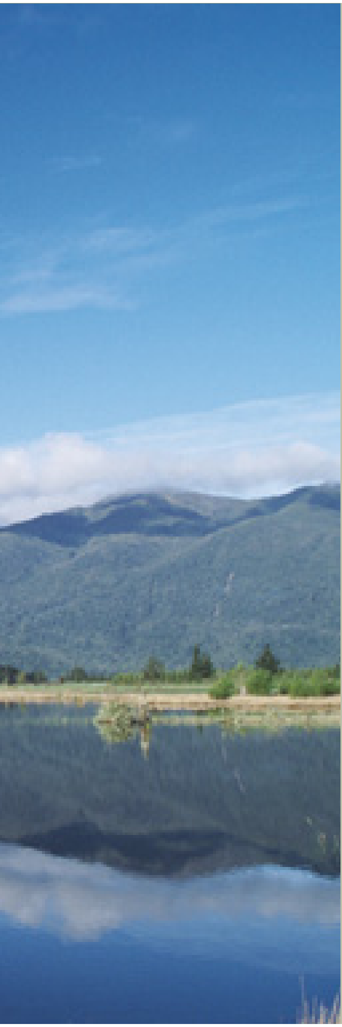
INTERIM REPORT

TO 31 DECEMBER 2004



Pyne Gould Corporation

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CHAIRMAN & MANAGING DIRECTOR'S REPORT

INTERIM REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2004

Financial Performance

On behalf of the board, we are pleased to report that the strong lift in profitability achieved in the last full financial year continued into the first half of the 2004/05 year.

Pyne Gould Corporation's unaudited total group net surplus after tax for the six months ended 31 December 2004 was $14.3 million compared with $10.8 million reported for the equivalent period in the previous year, an increase of $3.5 million or 33%. Within this overall increase, the net surplus after tax from financial services improved by 22% to $11.8 million and the contribution from rural services increased by 32% to $5.3 million.

Total operating revenue increased by 10% to $236.9 million and the net operating surplus before tax and minority interests was $26.7 million compared with $21.5 million in the previous corresponding period.

The total group net surplus again benefited from non-recurring items which contributed $0.8 million to the results for the six months this year as against $0.3 million. These non-recurring items comprise further gains on the sale of surplus assets by Pyne Gould Guinness.

When non-recurring items are eliminated from total group net surplus, net operating surplus after tax for the six months ended 31 December 2004 was $13.5 million, 29% ahead of last year's $10.5 million on a like for like basis.

On the strength of the increase in net surplus for the first half of the 2004/05 year, the directors decided to again increase the interim dividend. A fully imputed interim dividend of 7 cents per share, up 1.5 cents on last year's 5.5 cents (adjusted for the share split), has been declared.

Financial Position

The balance sheet expanded over the six months to 31 December 2004 with total assets increasing from $1,243.4 million to $1,349.1 million. Finance and lease receivables increased by $99.5 million

Sam Maling
Chairman

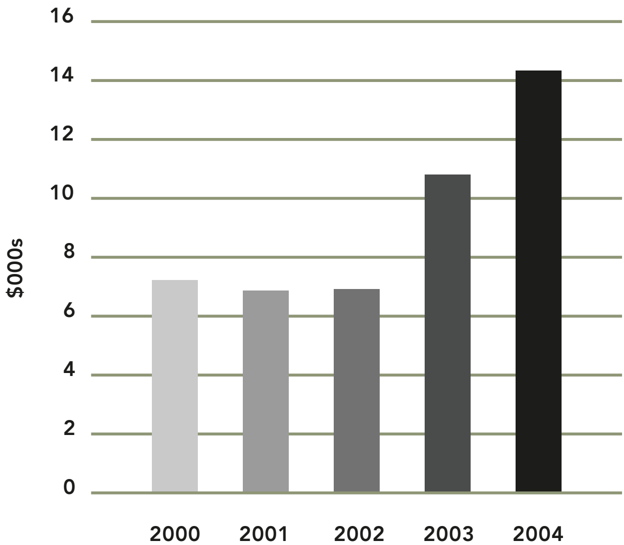
Richard Elworthy
Managing Director

or 9% during the period, funded by an $82.8 million increase in borrowings, principally from retail investors.

The cash flow from operations for the six months to 31 December 2004 was $19.3 million, similar to the equivalent period last year.

Shareholders' equity at 31 December 2004 was $165.0 million, a $4.5 million increase over the six month period and $14.3 million up on 31 December 2003.

Pyne Gould Corporation Ltd
Group Net Surplus After Tax
Six months to 31 December 2004



Review of Operations

Financial Services

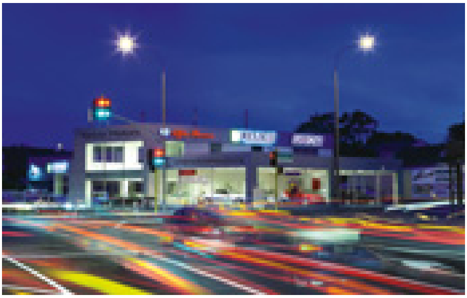
MARAC, comprising MARAC Finance, MARAC Securities and Nissan Finance, performed strongly during the six months and achieved a net surplus after tax of $10.6 million, a 23% increase on the equivalent period last year.

Total operating revenue was $62.3 million compared with $54.4 million last year and net operating income after funding costs increased 11% to $26.7 million. While remaining stable as a percentage of revenue, operating expenses increased by 8% due to additional expenditure on marketing and brand promotion aimed at developing the business and investing in its future growth. Impaired asset expense (bad and doubtful debts) was down from $2.0 million to $0.9 million.

Total interest earning assets grew by 10% during the six months to reach $968.2 million at 31 December 2004. All sectors of the business have experienced growth with commercial plant and equipment and property being the stand out performers. Fee revenue increased however there has been an overall decline in interest margin, reflecting some pressure on lending rates but also an improvement in asset quality brought about by more growth at the lower risk end of the receivables book and an intentional repositioning of lending focus. The improved asset quality resulted in the reduced impaired asset expense and a further reduction in arrears, with these totalling 0.56% of receivables at 31 December 2004 compared with 0.77% at 30 June 2004.

Although a slow down in the property development market and less buoyant demand for finance from businesses and consumers had been anticipated at the commencement of the current financial year, this has yet to materialise, at least as far as MARAC's business is concerned. New lending in commercial plant and equipment is up by over 50% compared with the same period last year and new property lending has continued at last year's high levels. Commercial plant and equipment and property receivables increased by 12% and 23% respectively over the six months. The immediate outlook for commercial lending remains strong and MARAC's prospects in this area have been strengthened by the establishment of a number of significant new dealer connections. MARAC's property development clients and relationships are continuing to provide good lending opportunities and property receivables are now expected to remain well above last year for the whole of the current financial year.

Motor vehicle new lending increased and receivables are higher than they were at the beginning of the six months but this remains a more difficult market. MARAC achieved some growth in this sector while at the same time it continued to reposition its business towards the higher quality end and as a more sustainable business in the face of likely changes in motor vehicle financing in the future. Marine and leisure asset financing continues to show good growth with receivables increasing by 20% in the six months under review.



The $86.8 million growth in MARAC's receivables over the six months to 31 December 2004 has been funded by strong support from MARAC's retail investors. Retail funding, which accounts for 67% of MARAC's total borrowings, grew by $69.9 million over the period.

Financial Services - Perpetual Trust

Perpetual Trust achieved a strong recovery in financial performance, increasing net operating surplus after tax for the six months by 54%. The business is on target to return to the net operating surpluses after tax of around $2 million of earlier years.

Adjusting for the accounting business sold during the previous financial year, operating revenue increased by 7% compared with the corresponding period last year. Revenue from personal financial services was up by a very satisfactory 18% and corporate revenue continued its steady growth.

The contribution to Perpetual Trust's net surplus from the mortgage broking joint venture with Harcourts, Mortgage Express, increased significantly although the growth in new mortgage originations slowed as activity in the residential property market came off the very high levels of 2003/04.

The new management team at Perpetual Trust is now making good progress in executing the business strategies which have been developed to achieve the objectives set for the company. In particular, a significant step in developing the distribution channels necessary for growth has been taken with the establishment of a mutually beneficial relationship with a major bank. It is anticipated that this will provide a significant increase in funds under management along with other opportunities to grow personal financial services revenue.

Rural Services - Pyne Gould Guinness

Pyne Gould Guinness reported a net surplus after tax of $8.2 million for the six months to 31 December 2004 compared with $6.4 million for the equivalent period last year. This is an increase of 28%. The net surplus for the current half year included further gains on the sale of surplus assets following the establishment of the joint venture wool logistics company last year amounting to $1.5 million.

The contribution from this 56% subsidiary to Pyne Gould Corporation's consolidated net surplus for the six months to 31 December, including Pyne Gould Corporation's share of the gains on asset sales, was $5.3 million compared with $4.0 million for the same period last year.

Trading conditions in the South Island rural sector for the 2004/05 half year have proven to be more challenging than the comparable 2003/04 period. A late spring and an unusually cold and wet early summer impacted upon seasonal trading patterns and has deferred the flow of some revenue streams until the second half of the financial year.

Highlights of the first six months were a strong lift in contributions from livestock and finance, increased sales of farm supplies, increased contributions from wool and insurance, and maintenance of the good performances of the previous year in real estate and seeds. Irrigation had a disappointing six months, despite strong sales, as increased costs and pressure on margins restricted profit contribution.

Full-Year Outlook

The favourable economic environment for Pyne Gould Corporation's financial services business, and consequently strong growth in MARAC's assets, is now anticipated to continue for the remainder of the current year. In addition, initiatives being taken to develop and expand the business, opportunities seen in the market place and new distribution relationships being developed, all auger well for further growth in MARAC's assets, notwithstanding any slow down in economic activity which may occur. Generally, the rural sector also remains buoyant, in spite of the strength of the New Zealand dollar, and taking into account the fact that gains on asset sales for the full year will be lower than the previous year, Pyne Gould Guinness is expecting a satisfactory full year result.

Pyne Gould Corporation is therefore anticipating a further increase in total group net surplus for the full year to 30 June 2005 and with that, another increase in final dividend.

Appointment of New Managing Director

Richard Elworthy has advised the board that he intends to retire as Managing Director of Pyne Gould Corporation and Executive Chairman of MARAC and Perpetual Trust with effect from 4 July 2005. He will continue as a non-executive director of Pyne Gould Corporation, MARAC, Perpetual Trust and Pyne Gould Guinness.

The board has taken this opportunity to review the Managing Director role at Pyne Gould Corporation and the linkages and reporting lines between the parent company and its subsidiaries. This review has taken into account the more focused range of businesses which exist today within the Group, the board's intentions to maintain this focus for the foreseeable future, the appointment of fully empowered chief executives at MARAC and Perpetual Trust in recent years and the fulfilment of a number of strategic goals, culminating in the NZSX listing of Pyne Gould Corporation last year.

As a result of its review, the board has concluded that the Group Managing Director position and the MARAC Chief Executive role should be combined. It has therefore decided to create the new position of Managing Director Pyne Gould Corporation/MARAC Finance. This new position will also include the chairmanship of Perpetual Trust. That aside, there will be no change at Perpetual Trust and Peter Baynes will continue as that company's fully empowered Chief Executive reporting directly to the Perpetual Trust board.

On behalf of the board, we are pleased to advise that Brian Jolliffe, the current MARAC Chief Executive, has been appointed to the new Managing Director position. This appointment will take effect on 4 July 2005. As Managing Director, Brian Jolliffe will report to the Pyne Gould Corporation and MARAC boards. In addition to continuing as Chairman of Pyne Gould Corporation, Sam Maling will take over the chair of MARAC.

Sam Maling
Chairman

Richard Elworthy
Managing Director

1 March 2005

CONSOLIDATED **FINANCIAL STATEMENTS**
FOR THE SIX MONTHS ENDING 31 DECEMBER 2004

	note	6 Months 31.12.04 Unaudited $000	6 Months 31.12.03 Unaudited $000	12 Months 30.06.04 Audited $000
STATEMENT OF FINANCIAL PERFORMANCE				
Operating revenue				
Sales revenue		158,880	148,533	283,306
Interest revenue		57,113	50,958	104,102
Lease revenue		10,417	8,907	18,993
Other revenue		10,489	6,221	17,080
Total operating revenue		**236,899**	**214,619**	**423,481**
Direct expenses				
Cost of sales		122,521	109,760	204,326
Interest expense		35,193	28,473	58,883
Lease expense		7,563	7,040	14,186
Total direct expenses		**165,277**	**145,273**	**277,395**
Net operating income		**71,622**	**69,346**	**146,086**
Other costs and expenses				
Depreciation		1,730	1,835	3,750
Amortisation of intangible assets		2,346	2,331	4,705
Impaired asset expense		978	3,220	4,599
Selling and administration		39,847	40,492	81,518
Total other costs and expenses		**44,901**	**47,878**	**94,572**
Operating surplus before taxation		**26,721**	**21,468**	**51,514**
Taxation charge		8,652	7,781	17,447
Operating surplus after taxation	2	**18,069**	**13,687**	**34,067**
Share of associates		0	0	122
Minority interests		(3,766)	(2,915)	(8,226)
Net surplus after taxation		**14,303**	**10,772**	**25,963**

STATEMENT OF MOVEMENTS IN EQUITY

Equity at beginning of the period		**208,836**	**191,462**	**191,462**
Net surplus after taxation		14,303	10,772	25,963
Movements in minority interests		171	(970)	2,421
Dividends paid		(9,787)	(5,627)	(11,010)
Equity at end of the period		**213,523**	**195,637**	**208,836**

CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDING 31 DECEMBER 2004

STATEMENT OF FINANCIAL POSITION

	6 Months 31.12.04 Unaudited $000	6 Months 31.12.03 Unaudited $000	12 Months 30.06.04 Audited $000
Assets			
Cash and bank balances	1,535	1,390	1,394
Trade receivables	71,191	56,985	65,374
Inventories	44,020	42,910	41,895
Other current assets	1,337	199	4,372
Finance receivables	1,095,767	944,462	1,002,308
Lease vehicles	61,426	47,780	55,386
Non-current assets	15,155	6,288	12,386
Intangible assets	34,337	38,697	36,683
Property, plant and equipment	24,342	31,307	23,627
Total Assets	**1,349,110**	**1,170,018**	**1,243,425**
Liabilities			
Bank overdrafts	44,565	36,213	34,348
Trade creditors	62,696	49,849	57,020
Other current liabilities	10,179	5,742	7,867
Borrowings	1,018,147	882,577	935,354
Total liabilities	**1,135,587**	**974,381**	**1,034,589**
Equity			
Share capital	84,758	84,758	84,758
Reserves	11,656	5,912	9,604
Retained earnings	68,616	60,039	66,155
Shareholders' equity	**165,030**	**150,709**	**160,517**
Minority interests	48,493	44,928	48,319
Total equity	**213,523**	**195,637**	**208,836**
Total equity and liabilities	**1,349,110**	**1,170,018**	**1,243,425**

CONSOLIDATED **FINANCIAL STATEMENTS**
FOR THE SIX MONTHS ENDING 31 DECEMBER 2004

STATEMENT OF CASH FLOWS

	note	6 Months 31.12.04 Unaudited $000	6 Months 31.12.03 Unaudited $000	12 Months 30.06.04 Audited $000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		154,279	152,829	284,369
Interest received		56,980	54,222	112,541
Lease revenue received		10,417	8,474	18,243
Fees and other income received		7,193	5,915	11,459
Net GST received		690	576	2,061
Total cash provided from operating activities		**229,559**	**222,016**	**428,673**
Cash was applied to:				
Payments to suppliers and employees		169,607	172,976	302,094
Interest paid		33,904	27,439	56,437
Taxation paid		6,749	1,758	11,832
Total cash applied to operating activities		**210,260**	**202,173**	**370,363**
Net cash flows from operating activities	2	**19,299**	**19,843**	**58,310**
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		12,672	148	250
Proceeds from sale of lease vehicles		9,725	13,180	18,198
Proceeds from sale of investments		21	100	110
Total cash provided from investing activities		**22,418**	**13,428**	**18,558**
Cash was applied to:				
Increase in finance receivables		95,342	83,744	155,355
Purchase of property, plant and equipment		1,956	3,262	5,106
Purchase of lease vehicles		22,378	19,506	38,177
Purchase of investments		1,332	0	6,409
Total cash applied to investing activities		**121,008**	**106,512**	**205,047**
Net cash flows used in investing activities		**(98,590)**	**(93,084)**	**(186,489)**

CONSOLIDATED **FINANCIAL STATEMENTS**
FOR THE SIX MONTHS ENDING 31 DECEMBER 2004

	6 Months 31.12.04 Unaudited $000	6 Months 31.12.03 Unaudited $000	12 Months 30.06.04 Audited $000

STATEMENT OF CASH FLOWS *...continued*

	6 Months 31.12.04 Unaudited $000	6 Months 31.12.03 Unaudited $000	12 Months 30.06.04 Audited $000
Cash flows used in financing activities			
Cash was provided from:			
Increase in borrowings	82,596	72,940	136,927
Total cash provided from financing activities	**82,596**	**72,940**	**136,927**
Cash was applied to:			
Dividends paid to minorities	3,594	3,888	5,686
Dividends paid	9,787	5,627	11,010
Total cash applied to financing activities	**13,381**	**9,515**	**16,696**
Net cash flows from financing activities	**69,215**	**63,425**	**120,231**
Net decrease in cash held	(10,076)	(9,816)	(7,948)
Opening cash balance	(32,954)	(25,006)	(25,006)
Closing cash balance	**(43,030)**	**(34,822)**	**(32,954)**

SEGMENTATION OF RESULTS

	6 Months 31.12.04 Unaudited $000	6 Months 31.12.03 Unaudited $000	12 Months 30.06.04 Audited $000
Total operating revenue			
Financial services	70,790	63,331	128,557
Rural servicing	166,009	151,100	294,621
Unallocated	100	188	303
	236,899	214,619	423,481
Net surplus after taxation			
Financial services	11,759	9,624	20,813
Rural servicing	5,308	4,028	11,429
Unallocated	(2,764)	(2,880)	(6,279)
	14,303	10,772	25,963
Assets employed			
Financial services	971,702	827,358	885,495
Rural servicing	342,411	301,494	322,050
Unallocated	34,997	41,166	35,880
	1,349,110	1,170,018	1,243,425

CONSOLIDATED **FINANCIAL STATEMENTS**
FOR THE SIX MONTHS ENDING 31 DECEMBER 2004

	6 Months 31.12.04 Unaudited $000	6 Months 31.12.03 Unaudited $000	12 Months 30.06.04 Audited $000

NOTES TO AND FORMING PART OF THE 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 contains more extensive disclosure than is required in interim financial statements. The six months results have not been audited.

1. Statement of accounting policies

The accounting policies used are consistent with those used in the 30 June 2004 financial statements and the previous interim financial statements.

2. Reconciliation of operating surplus after taxation to net cash flows from operating activities

	6 Months 31.12.04	6 Months 31.12.03	12 Months 30.06.04
Operating surplus after taxation	18,069	13,687	34,067
Depreciation and amortisation	10,718	10,371	21,024
Other non-cash items	1,489	3,417	6,416
Movements in working capital items	(7,842)	(7,086)	2,472
Items classified as investing activities	(3,135)	(546)	(5,669)
Net cash flows from operating activities	**19,299**	**19,843**	**58,310**

3. Segmentation of result

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

Financial services - Motor vehicle, commercial plant, equipment and business, property development, marine and leisure financing, estate and trust administration, investment and funds management, corporate trustee services and mortgage broking.

Rural servicing - Stock and station agents, wool marketing, livestock sales, real estate agents, irrigation, insurance, rural financing, grain and seed merchants and farm supplies sales.

DIRECTORY

Directors
SR Maling, Chairman
RF Elworthy, Managing Director
BR Irvine
BW Mogridge
SC Montgomery
TEC Saunders
WJ Steel

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Colin Hair, Group Financial Controller

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Pyne Gould Corporation