



New Zealand Exchange Announcement and Media Release

Pyne Gould Corporation Limited

PGC posts another top result

Results for the six months to 31 December 2005

- **Net profit after tax \$26.5million - last year \$14.3million**
- **Operating profit \$12.4million - last year \$13.5million**
- **Interim dividend (fully imputed) 9 cents per share (includes 1 cent per share special dividend) - last year 7 cents per share**
- **Record profits for both MARAC and Perpetual**

Financial Performance

The directors of Pyne Gould Corporation today announced a net profit after tax for the six months to 31 December 2005 of \$26.5million. This includes an abnormal gain of \$14.1million from the merger of Pyne Gould Guinness with Reid Farmers in 2001, which can now be brought to account.

“Of more significance were the record operating profits – excluding non-recurring abnormal items – achieved by our two financial services companies for this period” said PGC Chairman, Sam Maling. “Both MARAC, up 8% at \$11.4million, and Perpetual, up 38% at \$1.7million produced record half-year performances”.

Interim Dividend

The directors have declared an interim dividend of 9 cents per share – fully imputed. This includes a 1cent per share special dividend, declared and paid by Pyne Gould Guinness Limited just prior to its merger with Wrightson to form PGG Wrightson. This compares with the interim dividend of 7 cents per share paid last year.

MARAC

“The MARAC Finance group secured its record half year result on the back of a 9% growth in finance receivables, and a continuing low impaired asset expense” said Managing Director Brian Jolliffe.

“This performance was achieved across all business segments and reflects positive outcomes from recent strategic focus and investment,” he said.

Looking specifically at the various businesses:

Commercial, which focuses on the financing of plant and equipment to New Zealand businesses, recorded finance receivable growth of 13%. This was achieved throughout the country and follows our decision to invest in account management in the regions where traditionally MARAC has not been strong. The business also benefited from a greater diversity of commercial plant, financed through plant and equipment dealers.

The motor vehicle market has slowed through this period, and although MARAC has grown its business, in particular its lease business, the overall market remains subdued. The strategic shift, which commenced in 2004, towards higher quality motor vehicle financing, continues to pay dividends in terms of improved credit quality and increased average loan size.

Marine and leisure continues to show good growth although there is now some sign of an easing in demand.

Property has recorded good asset growth.

“Credit quality throughout our business has again been a feature of this result. Following the low impaired asset charge last year, MARAC has again reported a low impaired asset expense of \$1.2million in the half year and arrears levels remain at historical lows. This is a reflection of the importance which we attach to credit quality in our business, and the systems we have in place to approve credits and monitor outcomes”, said Brian Jolliffe.

PERPETUAL

“Perpetual Trust reported a very strong half-year. The net operating profit of \$1.5million was 33% ahead of the same period for the previous year, driven by revenues that were 4% higher and costs 4% lower”, Brian Jolliffe said.

The major areas of revenue growth for the company in the half-year were in corporate trust and in asset management.

In corporate trust, revenues increased early in the financial year and were up 13% for the December half.

In asset management, growth of the company’s flagship investment product, the Perpetual Trust Mortgage Fund, made a major contribution to revenues that grew 22%.

Mortgage Express, our joint venture with Harcourts International, also enjoyed a strong first half, contributing \$0.2million to Perpetual. Revenues were up 27% on the same period of 2005, which flowed to a 53% improvement in after tax profit for the period.

