NZX & Media Release
26 February 2010

Interim Result to 31 December 2009

- **PGC returns to a solid level of profitability**
- **Result ahead of budget (PFI – Prospective Financial Information)**
- **Expect to achieve budget (PFI) for the full year**

Interim Result
In the six months to 31 December 2009, Pyne Gould Corporation (PGC) achieved a net profit after tax of $10.1m, 13% above the budgeted figure of $8.9m.

For the full year to June 2010 the company expects to achieve its previously advised PFI forecast of $20.9m net profit after tax.

MARAC Finance Limited (MARAC) achieved a net profit before tax of $8.2m, after including a one off $3.3m pre-tax provision for a previously announced loan irregularity.

Perpetual Group (Perpetual) contributed $3.7m, ahead of both budget and last year.

PGG Wrightson, which reported a net profit after tax of $4.1m yesterday, contributed $0.4m to the PGC result.

As advised in the Investment Statement and Prospectus for the Capital Raising, the company does not expect to pay a dividend for the financial year to 30 June 2010.

Capital Raising
During the period the company successfully strengthened its balance sheet by raising a total of $272.5m in new capital from existing and new shareholders.

As consequence of the rights issue and placement, the number of shareholders nearly doubled to just under 5,000. PGC with a market capitalisation of $340m was included in the NZX's Top 50 Index from 18 January 2010.

Board of Directors
Previously all directors of PGC were also directors of the two main operating businesses, MARAC and Perpetual. With the increased complexity of these businesses the decision was taken to reduce the size of the PGC Parent company board, and to establish separate boards for MARAC and Perpetual consisting of directors with the requisite skills and experience to deliver on PGC's objectives.

A Special Meeting of shareholders is being held on 4 March 2010 where approval of the new PGC board will be sought.

Senior Management Team
A number of significant senior appointments were made in the period to strengthen the team and employ management with the specialist skills required by the business.

Jeff Greenslade was appointed Managing Director of PGC and MARAC and John Duncan who heads Perpetual Group was appointed to the Perpetual board.

PGC appointments also included: Sean Kam, Chief Financial Officer; Craig Stephen Chief Investment Officer; Michael Jonas, Group Legal Counsel; and Perpetual Group appointed Patrick Middleton Chief Operating Officer.

MARAC
MARAC's Consumer business lending on motor vehicles continues to perform strongly and grow market share. MARAC's focus remains on the middle tier section of the market – new and near new cars.

Business lending to small and medium sized businesses remains constrained due to economic conditions, coupled with a deliberate strategy of exiting higher risk accounts. However, in the latter part of the year new lending increased.

Property lending continues to be managed downwards, but a patchy market means this withdrawal will be slow to complete.

A thorough review by both internal audit and the company's external auditors has been carried out on the company's loan book following the discovery of an unauthorised loan of $4.4m. This review indicates that this was a one-off and MARAC is confident it has proper controls in place. The company is pursuing with vigour all remedies available to it to maximise its recoveries in respect of this loan. A pre-tax provision of $3.3m ($2.3m post-tax) has been made.

PGC strengthened MARAC's balance sheet by investing a further $35m in new capital, not requiring MARAC to pay a dividend and arranging the sale of $175m of property loans at face value to another PGC subsidiary. Collectively these steps resulted in MARAC's total equity increasing from $153m (10.8%) to $197m (15.2%).

MARAC's balance sheet has never been stronger, with strong investor support and $277m of liquidity, the company remains focussed on securing a banking licence. This will require returning to a consistent track record of earnings, regaining an investment grade credit rating and building further scale in the business.

Perpetual
Perpetual Asset Management, including the investments in Real Estate Credit (the ex MARAC property loans), EPIC (holdings in Thames Water and Moto Hospitality) and the Torchlight Fund performed strongly, with a pre tax contribution of $1.9m.

In Real Estate Credit there are no significant changes to the overall ex-MARAC property portfolio with some small realisations totalling $2m.

Perpetual Trust produced a satisfactory result.

PGG Wrightson
PGC participated fully in PGG Wrightson's capital raising investing a further $33m to help strengthen PGW's balance sheet. Following the introduction of Agria as a new substantial shareholder, PGC's holding reduced to 18.3%.

Outlook
With a strong financial position, and all three operating businesses trading well, the company is on track to meet the PFI forecast of $20.9m for the full year to 30 June 2010.

The interim result is satisfactory in difficult conditions. However, our aspirations are higher. The company, with new boards in place leading each of its operating businesses, a new highly experienced and skilled senior management team, and strong financial position is confident that the plans to create a market leading niche bank and wealth management business are well on track.

– Ends –

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