

Market Update from Pyne Gould Corporation Limited (“PGC”)

In accordance with the NZSX Listing Rule 10.1.1, PGC wishes to advise the following information prior to its release of the preliminary announcement of the results for the financial year ended June 30 2011, next week.

1. PGC expects to announce an after tax loss of \$141.1 million for the financial year ended June 30 2011.
2. This loss is brought about by accounting (non cash) losses of \$114.2 million (made necessary by the restructure of PGC and separation of Heartland New Zealand Limited) and a trading loss of \$26.9 million.
3. The accounting losses of \$114.2 million are made up of the following;
 - Market value adjustment for PGC’s share of Heartland upon the in-specie of \$52.9 million via the profit and loss account, which is \$5 million more than estimated and advised to the market at the end of May due to the closing bid price of Heartland’s shares on May 30th being less than the 79 cents estimated. Further, and not impacting the profit figure, there is a \$20.4 million downward adjustment to PGC’s equity.
 - Adjustment of the shareholding in PGG Wrightson Limited (“PGW”) to the market bid price at 30 June 2011 is \$37.3 million. This is larger than the amount announced of \$30.3 million at the end of December due to the PGW share price declining since that date.
 - The removal of tax losses carried, from the balance sheet of \$14.7 million, as it is unlikely they will be used in the near future. Never-the-less they still remain available to PGC but not as an asset in the balance sheet.
 - Provisions specifically for the Real Estate Credit Limited management agreement with Heartland of \$9.3 million.
4. The trading loss for the year after tax is \$26.9 million. This loss is made up of four component parts;
 - The Heartland business which is now no longer included, contributed a profit of \$12.5 million.

- Non -recurring costs of repair, restructure, and Group costs that have since been significantly reduced following the in-specie of Heartland. This total is a loss of \$16.5 million.
- Provisions applied to the ex Marac property book and other investments of \$26.1 million.
- The ongoing business of Perpetual Group, Torchlight Investment Group and the Property Group made a profit of \$3.2 million after absorbing extra costs of rebuilding the businesses.

5. The anticipated NTA of PGC at June 30 2011 will be \$129 million, 60 cents per share.

“ Making any loss is unacceptable even if explainable, said PGC’s Chairman Mr Bryan Mogridge. More detail will be provided next week with the release of the audited financial statements for the year.”

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