

Viewpoint

Pyne Gould Corporation Limited Newsletter

December 2007

Season's Greetings from PGC

2007 was a challenging but exciting year for all our businesses. PGG Wrightson faced difficult trading conditions but still produced a reasonable result. MARAC once again achieved a record profit as did Perpetual Trust. So as the year ends, I'd like to personally thank all of you, our shareholders, for your loyalty and support during the year. From all of us in PGC's businesses, we hope you have a happy holiday season and successful 2008.



Sam Maling
Chairman
Pyne Gould Corporation



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PGC Update

It was excellent to see around 200 shareholders attend our annual meeting on 1 November. They heard presentations about PGC's businesses' results for the 2007 financial year, as well as new information and results since June and prospects for the future. This article focuses on the latest news, results and prospects for the future. You can read the full presentations from the Managing Director and Chairman, or view the actual annual meeting presentation on our website www.pgc.co.nz, in the Shareholder Centre section.

MARAC

Since June, MARAC has continued in the same positive trends that saw excellent results achieved in the 2007 financial year.

Overall asset growth in the first quarter was \$100m, with the balance sheet now \$1.4bn. Financial performance for the first quarter was in line with our expectations, with net operating income up 12% on the equivalent quarter last year. Liquidity at the end of the first quarter was \$180m. The arrears position at 30 September was still very low, at just 0.44% of receivables.

Following the successful launch of our internet strategy (i-finance and i-insurance) in association with ACP Media's Autotrader website, we have added further internet-based technology. Since September this year we have been implementing this new technology, initially to our motor vehicle dealers. We have already seen increasing volumes through this initiative, and feedback from our customers has been positive. Further developments and wider implementations are planned this year.

MARAC's new division Ascend Finance, which has been operating for less than a year, produced good early results in its first financial report. The good news has continued, and in the first quarter of this financial year finance assets have already grown to \$75m – an increase of \$28m or 60%.

As you will know, 2007 has been a difficult year for the finance company sector in New Zealand. MARAC, though, remains well placed in the market. In November, international credit rating agency Standard &

Poor's announced the results of the first full review of MARAC and reconfirmed MARAC's 'investment grade' credit rating. This is an independent endorsement of MARAC's quality in these less certain times both in New Zealand and internationally.

On the investment side, reinvestment rates continue to be within our normal range of 65%-75% and new investments continue to be received daily. Our business is significantly different to those reported to be experiencing difficulty and it is important that investors understand this. We have recently started an advertising and educational approach to inform investors or potential investors of MARAC's differences.

All of MARAC's lending divisions are performing well, and have produced sound results for the first quarter of the 2008 financial year. In particular:

- The business division recorded growth of 9%.
- The consumer division achieved an increase in new lending of 26% over the same quarter last year.

Perpetual Trust

The current year has started well for Perpetual Trust. The first quarter has recorded a result above the same quarter last year and we expect this trend to continue through to June 2008.

- In the Managed Funds division, the focus has been on further positioning the business for the new tax changes introduced at the beginning of October.

- New opportunities in the Corporate Trust business are likely from the Retirement Villages Act and further pending changes to the supervision regime for the finance industry.

PGG Wrightson

The 2007 financial year was not an easy one for PGG Wrightson but good results were still achieved. Looking to the current year, we believe there are sound reasons for optimism. We have already seen the increasing confidence in dairying start to flow from the higher announced payouts. International demand for other food products is expected to flow through to prices for sheep and beef products in the medium term but this is still yet to be seen. Locally, PGG Wrightson is ready to capitalise on these positive trends when they occur.

PGC annual meeting resolutions passed

The following resolutions were passed at the annual meeting.

- Bryan Mogridge and Stephen Montgomery were re-elected as Directors.
- Directors were authorised to fix the auditor's remuneration.
- Shareholders approved an increase in director's fees to \$700,000.
- Approval was granted to convert the directors' entitlement to a cash allowance on retirement into shares in the company.

Sam Maling

Chairman
Pyne Gould Corporation

Financial Calendar

Half-yearly results and interim dividend announcement for 2008	26 February 2008
Interim dividend payment	28 March 2008
Year-end	30 June 2008
Year-end results announcement	26 August 2008
Share register closes for final dividend	15 September 2008
Annual report sent	22 September 2008
Final dividend payment	26 September 2008
Annual meeting	31 October 2008

How would you like to receive PGC's reports?

New regulations from the Government now allow us to offer you the choice of receiving annual and interim reports electronically or in the current printed form. At PGC we are pleased to be able to give our shareholders the choice and would like to encourage you to consider the electronic option, not only because it saves printing costs but also because it is the environmentally friendly choice.

Below is a form we need you to complete by Friday 18 January 2008 to tell us how you would like to receive reports in future. Fill in your details and then tick which option you prefer. Please give us your email address, if you have one, even if you still want printed copies of the annual and interim reports, as this will help us contact you more efficiently in the future.

If you don't return the form, we'll continue to send you printed copies of the company's reports until we hear from you otherwise.

Thank you for your help in this, and please remember to return your form by Friday 18 January 2008.

Colin Hair

Company Secretary
Pyne Gould Corporation



Please complete this form and return to Link Market Services in the reply-paid envelope provided by **Friday 18 January 2008**.

Common Shareholder Number (CSN)

Shareholder Name

I would like to receive PGC's annual and interim reports

electronically by email in the current printed format

(please tick your preference)

Email address(es)

Update Details

If any of your address details have changed, please complete the below section with your new details. If your bank account number has changed, please go to www.pgc.co.nz and use the *change bank account details* form provided in the Online Shareholder Services section.

Address

Suburb

City

Postcode

Country



Significant expansion for NZ Farming Systems Uruguay

NZ Farming Systems Uruguay (NZFSU) is an investment fund that was established by PGG Wrightson in December 2006. It was developed with the intention to apply New Zealand's pastoral-based farming systems and technologies to lower-cost and under-utilised Uruguayan farmland, mainly for dairy production.

Just over a month ago in early November, 70 existing and potential investors, both personal and institutional and including myself and Sam Maling (Chairman), visited Uruguay to inspect the company's farms and developments. NZFSU so far has acquired 30,980 hectares of farms and has made significant progress in its development of New Zealand-style dairy farms. Development to date has been more rapid than originally expected in December 2006 and land acquisition has been more substantial.

NZFSU recently announced an institutional placement and non-renounceable rights issue to raise an additional minimum of \$50m to further expand land acquisition and farming development.

The placement and rights issue will be issued at \$1.50.

PGG Wrightson undertakes both the fund management and farm management activities for NZFSU. This provides a revenue source from fees earned for these activities. In addition PGG Wrightson utilises its wider South American business contacts and its own businesses, particularly in seeds, to provide farm inputs for the NZFSU farms. In a wider sense, PGG Wrightson is also providing significant employment and education opportunities to Uruguayan workers and students.

NZFSU is expected to list on the New Zealand Stock Exchange in its own name on 18 December 2007. PGG Wrightson holds a 10.6% interest in NZFSU. PGC holds a 22.2% stake in PGG Wrightson.

Brian Jolliffe
Managing Director
Pyne Gould Corporation

MARAC'S Term Deposit special offers

9.5%
p.a.

for 90 days with
interest on maturity.

These rates are 0.5% higher than the rate available to the public. Minimum investment \$1,000.

Phone MARAC on 0800 26 27 22 for your First Ranking Secured* Debenture Stock Investment Statement.

*Subject to prior permitted charges (currently none) and claims given priority by legislation. Pyne Gould Corporation nor any other entity guarantees any securities offered or the return payable thereon by MARAC Finance Limited.

9.8%
p.a.

for 12 months with
interest quarterly.



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Every effort has been made to ensure accuracy in this newsletter. It is provided on the basis that the items are necessarily generalised and are not a substitute for commercial judgement or professional advice.

Readers are urged:

1. to seek specific advice on any particular matter from a qualified professional person and
2. not to rely solely on this text.



Pyne Gould Corporation