

PYNE GOULD CORPORATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

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PYNE GOULD CORPORATION LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the company and the group as at 30 June 2007 and their financial performance and cash flows for the year ended on that date.

The directors consider that the financial statements of the company and the group have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Board of Directors of Pyne Gould Corporation Limited authorise the financial statements set out on pages 3 to 23 for issue on 28 August 2007.

For and on behalf of the Board.

S R Maling,
Chairman

B J Jolliffe,
Managing Director

28 August 2007

PYNE GOULD CORPORATION LIMITED

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	GROUP		HOLDING COMPANY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Total operating revenue	4 - 8	191,125	292,030	23,297	67,444
Operating surplus before taxation	4 - 12	44,342	81,686	18,296	61,928
Taxation	13	13,676	14,199	(998)	(916)
Operating surplus after taxation		30,666	67,487	19,294	62,844
Minority interests		(30)	(1,171)	-	-
Net surplus after taxation		30,636	66,316	19,294	62,844
Net surplus after taxation by segment					
Financial Services		26,534	24,171		
Trustee Services		3,643	2,623		
Rural Services		5,813	6,693		
Other Operations		(5,354)	(4,500)		
Net surplus after taxation before abnormal gain		30,636	28,987		
Abnormal gain		-	37,329		
Net surplus after taxation		30,636	66,316		

PYNE GOULD CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2007

	NOTE	GROUP		HOLDING COMPANY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Assets					
Current assets	14	7,842	7,913	291	232
Finance receivables	15	1,259,513	1,092,802	-	-
Operating lease vehicles	17	64,307	68,908	-	-
Non current assets	18	1,453	1,245	110,942	110,473
Investment in associate	19	89,231	89,662	89,231	89,662
Intangible assets	20	16,713	21,351	-	-
Property, plant and equipment	21	5,115	4,644	2,761	3,094
Total assets		1,444,174	1,286,525	203,225	203,461
Liabilities					
Current liabilities	22	33,084	36,518	1,958	2,022
Borrowings	23	1,179,651	1,029,353	17,500	17,600
Total liabilities		1,212,735	1,065,871	19,458	19,622
Equity					
Share capital	24	85,373	85,130	85,373	85,130
Retained earnings	25	146,066	135,039	98,394	98,709
Shareholders' equity		231,439	220,169	183,767	183,839
Minority interests		-	485	-	-
Total equity		231,439	220,654	183,767	183,839
Total equity and liabilities		1,444,174	1,286,525	203,225	203,461

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

Equity at beginning of year		220,654	225,025	183,839	141,400
Net surplus after taxation					
Attributable to holding company shareholders		30,636	66,316	19,294	62,844
Minority interests		30	1,171	-	-
Total recognised revenues and expenses for the year		30,666	67,487	19,294	62,844
Contribution from owners:					
Share capital issued	24	243	164	243	164
Total contribution from owners		243	164	243	164
Distribution to owners:					
Movements in minority interest (excluding deconsolidation)		-	(103)	-	-
Dividends paid	25	(19,609)	(20,569)	(19,609)	(20,569)
Total distribution to owners		(19,609)	(20,672)	(19,609)	(20,569)
Deconsolidation of subsidiary		(515)	(51,350)	-	-
Equity at end of year		231,439	220,654	183,767	183,839

PYNE GOULD CORPORATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	GROUP		HOLDING COMPANY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Cash flows from operating activities					
Cash was provided from:					
Interest received		127,969	118,259	-	-
Operating lease revenue received		22,999	22,551	-	-
Fees and other income received		34,310	36,629	417	397
Rental and fees received from subsidiaries		-	-	1,492	2,105
Receipts from customers		-	55,944	-	-
Tax refunded		-	-	787	949
Interest and dividends received from subsidiaries		-	-	15,250	20,111
Dividends received from associate		6,244	2,498	6,244	2,498
Total cash provided from operating activities		191,522	235,881	24,190	26,060
Cash was applied to:					
Interest paid		85,903	76,706	1,593	1,477
Payments to suppliers and employees		37,318	99,317	3,101	3,530
Net GST paid		743	897	-	-
Taxation paid		12,753	13,302	-	-
Total cash applied to operating activities		136,717	190,222	4,694	5,007
Net cash flows from operating activities	26	54,805	45,659	19,496	21,053
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of operating lease vehicles		15,766	11,629	-	-
Proceeds from sale of property, plant and equipment		29	13	-	10
Effect of Pyne Gould Guinness Ltd deconsolidation		-	83,317	-	-
Effect of Mortgage Express Ltd deconsolidation		1,312	-	-	-
Advances from subsidiaries		-	-	-	2,994
Total cash provided from investing activities		17,107	94,959	-	3,004
Cash was applied to:					
Increase in finance receivables		168,804	131,832	-	-
Purchase of operating lease vehicles		27,845	33,005	-	-
Purchase of property, plant and equipment		1,759	7,914	47	111
Increase in investments		-	17,710	-	-
Advance to employee share purchase scheme		170	104	170	104
Total cash applied to investing activities		198,578	190,565	217	215
Net cash flows (applied to) / from investing activities		(181,471)	(95,606)	(217)	2,789
Cash flows from financing activities					
Cash was provided from:					
Increase / (decrease) in borrowings		149,664	116,678	(100)	(3,442)
Increase in share capital		243	164	243	164
Total cash provided from financing activities		149,907	116,842	143	(3,278)
Cash was applied to:					
Dividends paid to minorities		-	4,339	-	-
Dividends paid		19,609	20,569	19,609	20,569
Total cash applied to financing activities		19,609	24,908	19,609	20,569
Net cash flows from financing activities		130,298	91,934	(19,466)	(23,847)
Net increase / (decrease) in cash held		3,632	41,987	(187)	(5)
Opening cash balance		(4,756)	(46,743)	(42)	(37)
Closing cash balance		(1,124)	(4,756)	(229)	(42)
Represented by:					
Cash and bank balances		(1,124)	(4,756)	(229)	(42)
Closing cash balance	27	(1,124)	(4,756)	(229)	(42)

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1 Statement of accounting policies

The financial statements presented are the consolidated financial statements of the group comprising Pyne Gould Corporation Limited and its subsidiaries and associate.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The company is an issuer under the Financial Reporting Act 1993.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise.

(a) Principles of consolidation

The group financial statements including those of the holding company and its subsidiaries are accounted for using the purchase method. Subsidiaries are entities that are controlled, either directly or indirectly by the holding company. All inter-group balances and gains and losses on transactions between group companies have been eliminated.

(b) Associate companies

These are companies in which the group has a substantial long term investment and has a significant influence on their commercial and financial decisions. Associate companies are accounted for using the equity method.

(c) Investments

Investments in companies are recorded at cost. All other investments are stated at the lower of cost and net realisable value.

(d) Property, plant, equipment and depreciation

Land and buildings are recorded at cost less accumulated depreciation. Plant and equipment is recorded at cost less accumulated depreciation.

Property, plant and equipment other than land are depreciated on a straight line basis, at rates which will write off cost less estimated residual values over their estimated economic lives as follows:

Buildings	50 years
Plant and equipment	1 - 13 years

(e) Finance and trade receivables

Finance and trade receivables are stated at their estimated realisable value. Bad debts are written off against operating surplus in the year in which they become evident. An estimate based on the experience of each company in the group is also made for doubtful debts. No finance receivables are reclassified as investments.

(f) Operating lease vehicles

Operating lease vehicles are stated at cost less accumulated depreciation. Current year depreciation and profits or losses on the sale of operating lease vehicles are included as part of the operating surplus. Operating lease vehicles are depreciated on a straight line basis over their expected life after allowing for any residual values. The estimated lives of operating vehicles vary up to 5 years. Vehicles held for sale are not depreciated but are tested for impairment.

(g) Borrowings

Borrowings are recorded in the statement of financial position at their outstanding principal balances plus accrued interest.

(h) Interest and funding expense

Interest on borrowings is accounted for on an accruals basis. Other funding expenses are expensed when incurred.

(i) Revenue recognition

Interest on finance receivables (including finance leases) is recognised using the actuarial method. Revenue from operating lease receivables is apportioned over the term of the operating lease by the straight line method. Lending fees on rebatable fee loans are recognised on a systematic basis over the life of the loan. All other lending fees are recognised in full when a loan is drawn down. Dividends received from associates are applied to the carrying value of the investment in associate. Other dividends are recognised in revenue when the group is entitled to the dividend.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

(j) Intangible assets

- (i) Goodwill - Goodwill arising on the acquisition of subsidiary and associate companies is amortised over the years of expected benefit up to a maximum of 20 years.
- (ii) Perpetual Trust - Statutory right and brand - This is stated at cost less amortisation to date, with the cost being amortised over 20 years.
- (iii) MARAC brand - This is stated at cost less amortisation to date, with the cost being amortised over 20 years.

(k) Taxation

The income taxation expense recognised for the year is based on the accounting surplus, adjusted for permanent differences between accounting and taxation rules.

The group follows the liability method of accounting for deferred taxation making allowance for permanent differences. This is the comprehensive basis for the calculation of deferred taxation. Future income taxation benefits attributable to timing differences and taxation losses are recognised in the financial statements only when there is virtual certainty of realisation.

(l) Goods and services tax

As the group is predominantly involved in providing financial services, only a proportion of GST paid on inputs is recoverable. The non-recoverable proportion of GST is treated as an expense.

(m) Statement of cash flows

The statement of cashflows has been prepared using the direct method modified by the netting of certain cashflows, in order to provide more meaningful disclosure. Cash and cash equivalents consist of cash and liquid assets used in the day to day cash management of the group.

(n) Financial instruments

Off balance sheet financial instruments are entered into to reduce exposure to fluctuations in interest rates. The financial instruments are subject to the risk that market values may change subsequent to their acquisition however such changes would be offset by corresponding, but opposite, effects on the physical items being hedged. Gains and losses on interest rate risk instruments used to hedge assets and liabilities are brought into account on an accrual basis over the life of the underlying hedged asset or liability.

(o) Impaired assets and past due assets

Impaired assets consist of non-accrual assets and restructured assets. Non-accrual assets are any assets where there is a significant doubt about the collectability of the amounts owing. Restructured assets are any assets where the group expects to recover all amounts owing although the original terms have been changed due to the counterparty's difficulty in complying with the original terms of the contract and the amended terms are not comparable with similar new lending.

Past due assets are any assets which have not been operated by the counterparty within its key terms for at least 90 days and which are not impaired assets.

Specific provisions are made against impaired assets where full recovery of principal and interest is not considered probable. Specific provisions are identified by reviewing counterparty exposures and the associated risk of loss. Interest on these assets is accounted for on a cash basis.

A collective provision for bad and doubtful debts is maintained to cover non identified possible losses and latent risk inherent in the overall portfolio of advances and other lending transactions. This is assessed having regard to the level of potential credit risk inherent in the overall loan portfolio based on arrears, historic losses, recovery trends and current and projected economic conditions.

Bad debts specifically provided for are written off against specific provisions. Amounts required to bring the provisions to their assessed levels are taken to the statement of financial performance. Any recoveries of amounts previously provided for are taken to the statement of financial performance.

(p) Financial guarantee contracts

Where companies in the group enter into financial guarantee contracts to guarantee the indebtedness of other companies within the group, they are considered to be insurance arrangements and accounted for as such. In this respect, the guarantee contract is treated as a contingent liability until such time as it becomes probable that a payment will be required under the guarantee.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

(q) Comparative balances

Where necessary comparative amounts have been reclassified so that the information corresponds to the classification presented for the current year.

(r) Changes in accounting policies

There have been no significant changes in accounting policies during the year.

2 Subsidiary companies

The principal subsidiary companies and their activities included in the financial statements are as follows:

	% Held at 30 June 2007	% Held at 30 June 2006
MARAC Finance Limited	100%	100%
- motor vehicle and commercial financing		
MARAC Securities Limited	100%	100%
- arranging structured finance		
Nissan Finance New Zealand Limited	100%	100%
- motor vehicle financing		
MARAC Investments Limited	100%	100%
- property and commercial financing		
MARAC Insurance Limited	100%	100%
- insurance services		
Perpetual Trust Limited	100%	100%
- trustees and executors, corporate trustees and funds management		
Mortgage Express Limited	-	60%
- arranging mortgage finance		

3 Associate companies

	% Held at 30 June 2007	% Held at 30 June 2006
PGG Wrightson Limited	22.2%	22.2%

During the 2006 financial year Pyne Gould Guinness Limited merged with Wrightson Limited to form PGG Wrightson Limited and consequently changed status from a subsidiary to an associate. Former associates of Pyne Gould Guinness Limited are now part of PGG Wrightson Limited.

	GROUP		HOLDING COMPANY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
4 Interest revenue				
Finance receivables other than impaired assets	125,955	116,038	-	-
Fixed interest debt securities	42	17	-	-
Cash and bank deposits	256	177	-	-
Advances inter-group	-	-	-	199
Total interest revenue	126,253	116,232	-	199
5 Operating lease revenue				
Operating lease revenue	23,160	22,551		
Total operating lease revenue	23,160	22,551		
6 Other revenue				
Dividend revenue	-	-	15,500	19,912
Sales revenue	-	75,253	-	-
MX gain on sale	-	-	-	-
Fee and other income	35,899	35,137	492	611
Other inter-group income	-	-	1,492	2,105
Total other revenue	35,899	110,390	17,484	22,628

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		HOLDING COMPANY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
7 Equity accounted earnings of associate				
Share of associate's income before taxation	8,922	7,510	8,922	7,510
Share of associate's taxation	(3,109)	(1,982)	(3,109)	(1,982)
Equity accounted earnings of associate	5,813	5,528	5,813	5,528
Add back associate's goodwill amortisation	2,499	1,874	2,499	1,874
	8,312	7,402	8,312	7,402
Amortisation of goodwill included in carrying amount of associate	(2,499)	(1,874)	(2,499)	(1,874)
Total equity accounted earnings of associate	5,813	5,528	5,813	5,528

8 Abnormal gain	-	37,329	-	39,089
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In September 2005 Pyne Gould Guinness Limited issued 168.9 million shares to the former shareholders of Wrightson Limited to purchase 100% of that company. The accounting impact of the transaction was to reduce the group's shareholding in Pyne Gould Guinness Limited from 55.5% to 22.2% and to acquire a 22.2% holding in the business of Wrightson Limited. The transaction resulted in the recognition of an abnormal gain within the group of \$37,329,000.

The results of Pyne Gould Guinness Limited were consolidated for the three months to 30 September 2005. From 1 October 2005 the results of PGG Wrightson Limited have been accounted for using the equity method.

9 Interest expense				
Interest expense	85,721	77,230	1,455	1,596
Other funding costs	2,362	2,305	-	(77)
Total interest expense	88,083	79,535	1,455	1,519

10 Operating lease expense				
Depreciation on operating lease vehicles	15,570	14,832		
Direct operating lease costs	1,495	1,781		
Loss on sale of operating lease vehicles	1,271	57		
Total operating lease expense	18,336	16,670		

11 Cost of sales	-	59,133		
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12 Operating expenses				
Amortisation of intangible assets	645	645	-	-
Amortisation of goodwill	2,548	3,203	-	-
Depreciation - buildings	335	331	335	331
Depreciation - plant and equipment	925	1,318	40	41
Impaired asset expense	514	1,682	-	-
(Gain) / loss on disposal of assets	(13)	73	5	-
Audit fees	173	168	24	30
Fees for other services provided by the auditors	151	73	42	34
Directors' fees and retirement allowances	582	666	582	562
Rental costs	1,198	1,012	33	61
Other operating expenses, including staff costs	33,306	45,835	2,485	2,938
Total operating expenses	40,364	55,006	3,546	3,997

Directors' fees and retirement allowances paid and accrued consist of:

Holding company	582	562	582	562
Subsidiary companies in respect of:				
Directors of holding company	-	25	-	-
Other directors	-	79	-	-
Total directors' fees and retirement allowances	582	666	582	562

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		HOLDING COMPANY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
13 Taxation charge / (credit)				
Operating surplus before taxation	44,342	81,686	18,296	61,928
Prima facie taxation thereon at 33%	14,633	26,956	6,038	20,436
Plus / (less) taxation effect of:				
Permanent differences	1,132	1,260	(11)	30
Future change in tax rate	(140)	-	-	-
Prior year adjustments	(31)	(117)	8	(87)
Dividends from group companies	-	-	(5,115)	(6,571)
Other non-assessable income	(1,918)	(13,900)	(1,918)	(14,724)
Taxation charge / (credit) for the year	13,676	14,199	(998)	(916)
The taxation charge for the year consists of:				
Current taxation	12,972	13,244	(1,015)	(677)
Deferred taxation	704	955	17	(239)
Taxation charge / (credit) for the year	13,676	14,199	(998)	(916)
Deferred taxation (liability) / asset:				
Balance at beginning of year	(242)	2,279	556	317
Effect of Pyne Gould Guinness Limited deconsolidation	-	(1,566)	-	-
Taxation arising on timing differences	(704)	(955)	(17)	239
Balance at end of year	(946)	(242)	539	556
Imputation credit account:				
Balance at beginning of year	24,563	21,790	15,705	9,196
Taxation paid	12,109	11,538	-	-
Credits attached to dividends received	3,075	1,230	10,710	16,504
Credits attached to dividends paid	(9,355)	(9,995)	(9,355)	(9,995)
Balance at end of year	30,392	24,563	17,060	15,705
14 Current assets				
Cash and bank balances	-	1,582	-	-
Trade receivables	7,752	5,564	5	4
Taxation refunds due	32	643	228	-
Inter-group receivables	-	-	-	104
Employee share purchase scheme	58	124	58	124
Total current assets	7,842	7,913	291	232
15 Finance receivables				
Advances and interest bearing contracts	1,406,208	1,226,271		
Unearned income	(139,853)	(124,699)		
Specific provisions	(1,974)	(2,200)		
Revenue earning receivables	1,264,381	1,099,372		
Collective provisions for doubtful debts	(4,868)	(6,570)		
Total finance receivables	1,259,513	1,092,802		
Included in finance receivables are finance leases with a gross investment of \$99,286,000 (2006: \$109,954,000) with unearned income of \$15,765,000 (2006: \$16,798,000). No finance receivables have been reclassified as investments.				
Current	730,757	556,383		
Non-current	528,756	536,419		
Total finance receivables	1,259,513	1,092,802		

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		HOLDING COMPANY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
16 Bad and doubtful debts				
Collective provision				
Balance at beginning of year	6,570	8,085		
Effect of Pyne Gould Guinness Limited deconsolidation	-	(520)		
Bad debts written off	(2,403)	(1,895)		
Recoveries	585	619		
Charged to operating surplus	116	281		
Balance at end of year	4,868	6,570		
Specific provision				
Balance at beginning of year	2,200	1,904		
Effect of Pyne Gould Guinness Limited deconsolidation	-	(1,010)		
Bad debts written off	(896)	(486)		
Recoveries	272	391		
Charged to operating surplus	398	1,401		
Balance at end of year	1,974	2,200		
Total provisions for doubtful debts	6,842	8,770		
Impaired asset expense charged to statement of financial performance				
Net decrease in collective provision	(1,702)	(995)		
Net (decrease) / increase in specific provision	(226)	1,306		
Bad debts written off	3,299	2,381		
Bad debts recovered	(857)	(1,010)		
Total charged to statement of financial performance	514	1,682		
17 Operating lease vehicles				
Operating lease vehicles at cost	90,944	93,913		
Accumulated depreciation	(26,637)	(25,005)		
Total operating lease vehicles	64,307	68,908		
18 Non current assets				
Investments in subsidiary companies	-	-	10,520	10,520
Investments in other companies	10	10	-	-
Investments in fixed term debt securities	1,026	1,054	-	-
Advances to subsidiary companies	-	-	99,466	99,216
Deferred taxation	-	-	539	556
Employee share purchase scheme	417	181	417	181
Total non-current assets	1,453	1,245	110,942	110,473
19 Investment in associate				
Carrying amount at beginning of year	89,662	116	89,662	-
Effect of Pyne Gould Guinness Limited deconsolidation	-	(116)	-	-
Acquisition of associate at cost	-	86,632	-	86,632
Equity accounted earnings of associate	5,813	5,528	5,813	5,528
Dividends from associate	(6,244)	(2,498)	(6,244)	(2,498)
Carrying amount at end of year	89,231	89,662	89,231	89,662
Goodwill included in carrying amount of associate				
Carrying amount at beginning of year	48,103	-	48,103	-
Acquisition of associate	-	49,977	-	49,977
Amortisation of goodwill	(2,499)	(1,874)	(2,499)	(1,874)
Carrying amount at end of year	45,604	48,103	45,604	48,103

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		HOLDING COMPANY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
20 Intangible assets				
Statutory rights and brands				
Cost	12,901	12,901		
Less accumulated amortisation	(4,827)	(4,182)		
Balance at end of year	8,074	8,719		
Goodwill				
Cost	25,103	28,236		
Less accumulated amortisation	(16,464)	(15,604)		
Balance at end of year	8,639	12,632		
Total intangible assets	16,713	21,351		
Carrying amount of goodwill				
Balance at beginning of year	12,632	22,501		
Goodwill arising on acquisition	-	500		
Effect of subsidiary deconsolidations	(1,445)	(7,166)		
Amortisation for the year	(2,548)	(3,203)		
Balance at end of year	8,639	12,632		
21 Property, plant and equipment				
Land at cost	1,332	1,332	1,332	1,332
Buildings at cost	4,384	4,384	4,384	4,384
Less accumulated depreciation	(3,032)	(2,697)	(3,032)	(2,697)
Total buildings	1,352	1,687	1,352	1,687
Plant and equipment at cost	10,171	8,768	521	519
Less accumulated depreciation	(7,740)	(7,143)	(444)	(444)
Total plant and equipment	2,431	1,625	77	75
Total property, plant and equipment	5,115	4,644	2,761	3,094
The latest market valuation of land and buildings (undertaken in the 2006 financial year), adjusted for additions since valuation, is \$7,000,000 (2006: \$7,000,000).				
22 Current liabilities				
Bank overdrafts (secured)	1,124	6,338	229	42
Trade creditors	26,304	26,594	1,000	1,108
Employee entitlements	2,511	2,079	123	84
Insurance policy liabilities	1,593	571	-	-
Taxation payable	-	-	-	94
Deferred taxation	946	242	-	-
Provision for retiring allowances	606	694	606	694
Total current liabilities	33,084	36,518	1,958	2,022
Bank overdrafts are secured by a general security interest over the assets of the holding company and specific subsidiary companies.				
23 Borrowings				
Debenture stock sourced in New Zealand	692,135	663,029	-	-
Debenture stock sourced from overseas	27,365	26,142	-	-
Bank borrowings	460,151	340,182	17,500	17,600
Total borrowings	1,179,651	1,029,353	17,500	17,600
Concentrations of funding				
Funding for the group is sourced from New Zealand, \$692,135,000 (2006: \$663,029,000), overseas \$27,365,000 (2006: \$26,142,000) and New Zealand banks \$460,151,000 (2006: \$340,182,000).				

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

Security provided

Bank and debenture stock borrowings of MARAC Finance Limited rank equally and are secured over the assets of MARAC Finance Limited in terms of a Trust Deed dated 9 March 1984 in favour of The New Zealand Guardian Trust Company Limited as trustee for the debenture holders.

Other bank borrowings are secured by a general security interest over the assets of the holding company and specific subsidiary companies.

		GROUP		HOLDING COMPANY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
24 Share capital					
Issued and paid up capital:	Number of shares				
Balance at beginning of year	97,957,952	85,130	84,966	85,130	84,966
Staff share issue	61,438	243	164	243	164
Balance at end of year	98,019,390	85,373	85,130	85,373	85,130
The shares have equal voting rights and rights to dividends and distributions.					
25 Retained earnings					
Balance at beginning of year		135,039	89,292	98,709	56,434
Net surplus after tax		30,636	66,316	19,294	62,844
Dividends paid		(19,609)	(20,569)	(19,609)	(20,569)
Balance at end of year		146,066	135,039	98,394	98,709
26 Reconciliation of operating surplus after taxation to net cash flows from operating activities					
Operating surplus after taxation		30,666	67,487	19,294	62,844
<i>Add / (less): Non-cash items:</i>					
Amortisation		3,193	3,848	-	-
Depreciation		16,830	16,481	375	372
Abnormal gain		-	(37,329)	-	(39,089)
Share of associate company earnings		431	(3,030)	431	(3,030)
Doubtful debts provisions		514	1,682	-	-
Deferred taxation		704	955	17	(239)
Accruals and prepaid items		3,401	2,467	(353)	(172)
Total non-cash items		25,073	(14,926)	470	(42,158)
<i>Add / (less) working capital items:</i>					
Trade receivables		(2,223)	8,425	103	1
Inventory		-	(4,923)	-	-
Taxation		611	(56)	(322)	272
Insurance policy liabilities		1,244	571	-	-
Trade creditors		(1,638)	(11,049)	(54)	94
Total movements in working capital items		(2,006)	(7,032)	(273)	367
<i>Add / (less) items classified as investing activities:</i>					
Loss / (surplus) on sale of assets and investments		1,072	130	5	-
Total items classified as investing activities		1,072	130	5	-
Net cash flows from operating activities		54,805	45,659	19,496	21,053
27 Closing cash balance					
Cash and bank balances		-	1,582	-	-
Less: Bank overdrafts		(1,124)	(6,338)	(229)	(42)
Total closing cash balance		(1,124)	(4,756)	(229)	(42)

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

28 Segmentation of result

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

Financial services

Motor vehicle, commercial plant, equipment and business, property development, marine and leisure financing, insurance, investment and funds management.

Trustee services

Personal trust, estate and asset administration and corporate trustee services.

Rural services

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

	No. of Employees		Total Assets		Operating revenue		Surplus after tax	
	2007	2006	2007	2006	2007	2006	2007	2006
			\$000	\$000	\$000	\$000	\$000	\$000
Financial Services	151	137	1,331,480	1,164,327	168,146	148,145	26,534	24,171
Trustee Services	88	83	5,980	8,537	15,486	14,361	3,643	2,623
Rural Services	-	-	89,231	89,662	5,813	78,212	5,813	6,693
Other Operations	8	5	17,483	23,999	1,680	51,312	(5,354)	32,829
Total Group	247	225	1,444,174	1,286,525	191,125	292,030	30,636	66,316

29 Related party transactions

The holding company provided loans, financial and administrative assistance, computer services and leased premises to companies in the group during the current and previous financial year. All transactions were conducted on normal commercial terms and conditions.

	GROUP		HOLDING COMPANY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Material transactions during the year with related parties were:				
- Interest received on advances to related parties	-	-	-	199
- Management fees, computer services and rent received	-	-	1,492	2,105
- Interest paid on debenture stock held by related parties	(1,613)	(1,177)	-	-
- Tax effect of tax losses sold to wholly owned subsidiary companies at tax value	-	-	888	921
Total	(1,613)	(1,177)	2,380	3,225
Material transactions outstanding at year end with related parties were:				
- Advances owing by related parties	-	-	-	104
- Advances owing to related parties	-	-	(20)	(20)
- Debenture stock owing to related parties	(23,117)	(18,312)	-	-
Total	(23,117)	(18,312)	(20)	84

Directors of the company and subsidiaries, their spouses and family undertook personal business transactions with the group including investments in MARAC Finance Limited and PGG Wrightson Limited. All transactions were on normal commercial terms and none were material.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

30 Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial asset and liability.

Finance receivables

The fair value of the group's finance receivables is calculated based on current market interest rates for loans of a similar nature and term.

Advances to subsidiaries

As advances to subsidiaries have no fixed maturity, fair value is calculated to be the same as the carrying value.

Other financial assets and liabilities

The fair value of all other financial assets and liabilities is considered equivalent to their carrying value.

Off-balance sheet items

The fair value of interest rate contracts is based on the quoted market prices of these instruments at balance date.

Borrowings

The fair value of debenture stock, deposits, bank borrowings and other borrowings is based on the current market interest rates payable by the group for debt of similar maturities.

	GROUP		HOLDING COMPANY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Financial assets and liabilities				
Carrying amounts				
Assets				
Cash and bank balances	-	1,582	-	-
Other receivables	8,227	5,869	480	413
Finance receivables	1,259,513	1,092,802	-	-
Advances to subsidiaries	-	-	99,466	99,216
Other investments	1,036	1,064	-	-
Total	1,268,776	1,101,317	99,946	99,629
Liabilities				
Bank overdraft	(1,124)	(6,338)	(229)	(42)
Other payables	(29,421)	(29,367)	(1,729)	(1,886)
Borrowings	(1,179,651)	(1,029,353)	(17,500)	(17,600)
Total	(1,210,196)	(1,065,058)	(19,458)	(19,528)
Off-balance sheet items	-	-	-	-
Fair values				
Assets				
Cash and bank balances	-	1,582	-	-
Other receivables	8,227	5,869	480	413
Finance receivables	1,261,880	1,098,041	-	-
Advances to subsidiaries	-	-	99,466	99,216
Other investments	1,036	1,064	-	-
Total	1,271,143	1,106,556	99,946	99,629
Liabilities				
Bank overdraft	(1,124)	(6,338)	(229)	(42)
Other payables	(29,421)	(29,367)	(1,729)	(1,886)
Borrowings	(1,178,751)	(1,031,190)	(17,500)	(17,600)
Total	(1,209,296)	(1,066,895)	(19,458)	(19,528)
Off-balance sheet items	1,034	51	58	24

31 Risk management policies

The group is committed to the management of risk. The primary financial risks are those of credit, liquidity and interest rate. The group's financial risk management strategy is set by the directors of each group company. The group has put in place management structures and information systems to manage individual financial risk, has separated monitoring tasks where feasible and subjects all accounting systems to regular internal and external audit.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

32 Credit risk exposure

Credit risk is the potential risk of loss arising from the failure of a debtor or trading counterparty to honour fully a financial or contractual obligation. A credit committee of the board is in place for each group company to implement credit risk management strategy. The group is selective in targeting credit risk exposures and avoids exposures to high risk areas and has comprehensive credit policies for the approval and management of all credit risk.

Lending standards and criteria are established for all finance products into different business sectors. The group relies primarily on the integrity of the debtor or counterparty and their ability to meet their obligations to the group but in addition, security cover within established loan to security valuation margins is required. Loan securities are generally Registered Charges at the Personal Property Security Register or Registered Mortgages at the Lands Title Office. Industry and product concentrations and maximum aggregated exposure to any one debtor are managed and monitored. Credit risk is strongly monitored with regular credit reviews.

Financial assets which are subject to credit risk principally consist of finance receivables, bank balances and investments.

The group operates principally in the financial services, trustee services and rural services industry segments. Credit risk is concentrated within New Zealand.

	GROUP		HOLDING COMPANY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Maximum credit risk exposures are:				
Cash and bank balances	-	1,582	-	-
Other receivables	8,227	5,869	480	413
Finance receivables	1,259,513	1,092,802	-	-
Investments in subsidiaries and associate	89,231	89,662	99,751	100,182
Advances to subsidiaries	-	-	99,466	99,216
Other investments	1,036	1,064	-	-
Letters of credit, guarantees and performance bonds	6,451	6,285	4,000	4,000
Lending facilities committed but not drawn	40,851	41,509	-	-
Conditional commitments to fund at future dates	97,488	91,230	-	-
Total credit risk exposures	1,502,797	1,330,003	203,697	203,811

The above maximum exposures are net of any recognised provision for losses on those financial instruments. Credit risk concentration is limited by the large number of customers in the group's customer base. Conditional commitments to fund at future dates relate to accounts expected to be advanced in future periods as certificates of completion are provided.

Finance receivables with instalments more than three months in arrears as a % of gross finance receivables	0.3%	0.6%
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Amount owing by the six largest borrowers as a % of gross finance receivables	7.4%	7.5%
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Concentration of credit exposures (financial receivables)

(a) By industry

Agricultural, forestry and fishing	70,404	53,133
Government and public authorities	25,819	19,157
Financial, investments and insurance	24,782	25,182
Construction	85,221	77,084
Transport and storage	95,476	91,746
Wholesale and retail trade	213,002	167,404
Manufacturing and printing	47,719	37,187
Property	341,918	252,466
Consumer & personal	355,172	369,443
Total concentrations of credit exposures by industry	1,259,513	1,092,802

(b) By geographic region

Auckland	562,287	515,124
Wellington	120,596	97,591
Rest of North Island	314,557	253,399
Canterbury	145,631	143,682
Rest of South Island	116,442	83,006
Total concentrations of credit exposures by geographic region	1,259,513	1,092,802

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

33 Liquidity risk

Liquidity risk is the risk that the group may encounter difficulty in raising funds at short notice to meet its commitments and arises from any mismatch of the maturity of financial assets and liabilities. The group manages this risk by forecasting future cash requirements, seeking a diverse and stable funding base and by maintaining committed credit facilities with financial institutions.

	GROUP	
	2007	2006
	\$000	\$000
Bank facilities committed but not drawn	71,350	79,918

Post balance date the MARAC securitisation program, described in note 42, increased cash and bank facilities committed but not drawn by a net \$269,000,000.

Liquidity profile of financial assets and liabilities

Pyne Gould Corporation Group

	0 - 6 Months \$000	6 - 12 Months \$000	1 - 2 Years \$000	2 - 5 Years \$000	Over 5 Years \$000	Total \$000
30 June 2007						
Assets						
Other receivables	7,810	-	417	-	-	8,227
Finance receivables	454,970	275,787	295,543	233,213	-	1,259,513
Investments in subsidiaries and associate	-	-	-	-	89,231	89,231
Other investments	-	-	-	1,026	10	1,036
Total	462,780	275,787	295,960	234,239	89,241	1,358,007

Excludes operating lease assets of \$64,307,000.

Liabilities

Bank overdraft	(1,124)	-	-	-	-	(1,124)
Other payables	(29,421)	-	-	-	-	(29,421)
Borrowings	(553,509)	(231,281)	(345,506)	(49,355)	-	(1,179,651)
Total	(584,054)	(231,281)	(345,506)	(49,355)	-	(1,210,196)

Borrowings of \$28,896,000 are payable on demand.

	0 - 6 Months \$000	6 - 12 Months \$000	1 - 2 Years \$000	2 - 5 Years \$000	Over 5 Years \$000	Total \$000
30 June 2006						
Assets						
Cash and bank balances	1,582	-	-	-	-	1,582
Other receivables	5,428	-	441	-	-	5,869
Finance receivables	322,789	233,594	244,283	292,136	-	1,092,802
Investments in subsidiaries and associate	-	-	-	-	89,662	89,662
Other investments	-	-	-	1,054	10	1,064
Total	329,799	233,594	244,724	293,190	89,672	1,190,979

Excludes operating lease assets of \$68,908,000.

Liabilities

Bank overdrafts	(6,338)	-	-	-	-	(6,338)
Trade and other creditors	(29,367)	-	-	-	-	(29,367)
Borrowings	(246,354)	(291,994)	(350,322)	(140,683)	-	(1,029,353)
Total	(282,059)	(291,994)	(350,322)	(140,683)	-	(1,065,058)

Borrowings of \$26,242,000 are payable on demand.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

34 Interest rate risk

Interest rate risk is the risk that market interest rates will change and impact on the group's financial results by affecting the interest margin between interest earning assets and interest bearing liabilities. The group monitors market interest rates on a daily basis and regularly reviews interest rate exposure. Interest rate risk is reduced by management's constant monitoring of the interest rate maturity profiles of finance borrowings and finance receivables.

The group holds off-balance sheet financial instruments as a hedge against movements in interest rates.

	GROUP		HOLDING COMPANY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
The principal or contract amounts of interest rate options, swaps, and forward rate agreements contracts are:	472,500	148,000	5,000	10,000

Repricing Analysis

The interest rate risk profile of financial assets and liabilities that follows has been prepared on the basis of maturity or next repricing date, whichever is the earlier.

Pyne Gould Corporation Group

	Effective Interest Rate %	0 - 6 Months \$000	6 - 12 Months \$000	1 - 2 Years \$000	2 - 5 Years \$000	Over 5 Years \$000	Total \$000
30 June 2007							
Assets							
Cash and bank balances		-	-	-	-	-	-
Other receivables	-	7,810	-	417	-	-	8,227
Finance receivables	11.3%	514,434	277,560	260,711	206,808	-	1,259,513
Investments in associate	-	-	-	-	-	89,231	89,231
Other investments	-	-	-	-	1,026	10	1,036
Total		522,244	277,560	261,128	207,834	89,241	1,358,007
Liabilities							
Bank overdraft	12.1%	(1,124)	-	-	-	-	(1,124)
Other payables	-	(29,421)	-	-	-	-	(29,421)
Borrowings	8.1%	(837,009)	(231,281)	(93,006)	(18,355)	-	(1,179,651)
Total		(867,554)	(231,281)	(93,006)	(18,355)	-	(1,210,196)
Off-balance sheet interest rate options and swaps		194,500	(138,000)	-	(56,500)	-	-
30 June 2006							
Assets							
Cash and bank balances	6.5%	1,582	-	-	-	-	1,582
Other receivables	-	5,558	-	311	-	-	5,869
Finance receivables	11.3%	391,150	234,511	231,121	236,020	-	1,092,802
Investments in associate	-	-	-	-	-	89,662	89,662
Other investments	6.2%	-	-	-	1,054	10	1,064
Total	10.4%	398,290	234,511	231,432	237,074	89,672	1,190,979
Liabilities							
Bank overdraft	10.1%	(6,338)	-	-	-	-	(6,338)
Other payables	-	(29,367)	-	-	-	-	(29,367)
Borrowings	7.6%	(568,934)	(241,996)	(191,072)	(27,351)	-	(1,029,353)
Total	7.4%	(604,639)	(241,996)	(191,072)	(27,351)	-	(1,065,058)
Off-balance sheet interest rate options and swaps		(28,000)	13,000	15,000	-	-	-

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		HOLDING COMPANY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
35 Asset quality				
Non-accrual assets				
Balance at beginning of year	26,131	7,432		
Transfers in	25,057	39,429		
Transfers out	(25,077)	(18,956)		
Bad debts written off	(3,142)	(1,774)		
Balance at end of year	22,969	26,131		
Specific provision for doubtful debts	(1,974)	(2,200)		
Total non-accrual assets	20,995	23,931		
Movements in specific provision for doubtful debts of non-accrual assets				
Balance at beginning of year	2,200	1,904		
Effect of Pyne Gould Guinness Limited deconsolidation	-	(1,010)		
Bad debts written off	(896)	(486)		
Recoveries	272	391		
Charged to net surplus	398	1,401		
Balance at end of year	1,974	2,200		
Restructured assets				
Balance at beginning of year	1,213	1,269		
Transfers in	2,097	1,284		
Transfers out	(1,387)	(1,197)		
Bad debts written off	(152)	(143)		
Balance at end of year	1,771	1,213		
There are no real estate or other assets acquired through the enforcement of security (2006: \$Nil).				
Past due assets				
Balance at beginning of year	7,374	13,063		
Transfers in	48,201	34,507		
Transfers out	(50,719)	(39,732)		
Bad debts written off	(5)	(464)		
Balance at end of year	4,851	7,374		
36 Managed funds, securitisation, custodial and other fiduciary activities				
Perpetual Trust Limited is a trustee company which provides a range of services including estate and trust management, financial and investment advice, distribution and administration of managed funds and corporate trustee services. The company holds and supervises financial assets on behalf of private clients, corporate clients and investors in its managed funds. These activities are subject to particular management, reporting and internal procedures. Where appropriate specialist expert advice is taken to support the company's own governance of these managed funds.				
37 Contingent liabilities				
No contingent liabilities exist at balance date.				
38 Lease commitments				
Within 1 year	1,166	1,231	56	54
Between 1 and 2 years	854	835	43	47
Between 2 and 5 years	1,773	1,604	6	28
Over 5 years	687	200	-	-
Total lease commitments	4,480	3,870	105	129
39 Capital commitments				
Total capital expenditure contracted for at balance date	289	836	-	-

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

40 Staff share ownership arrangements

Staff share purchase schemes have been established to assist staff members to become shareholders in the company. Under the Trust Deeds, Pyne Gould Corporation Limited has the power to appoint the trustees. The trustees of the schemes are Messrs SR Maling and SC Montgomery who retain the voting rights. The price of the shares is set by the directors after considering the current market price. No shares are subject to put and / or call options. Neither Pyne Gould Corporation Limited or any related company has any right to acquire shares held by the staff share purchase schemes.

At 30 June 2007, all shares are fully paid up and were allocated to employees with the exception of 10,400 shares (2006: 4,100 shares). The schemes held 0.3% (2006: 0.3%) of the total issued shares. Advances from Pyne Gould Corporation Limited were \$474,999 (2006: \$304,507).

	2007 \$000	2006 \$000
Abbreviated Statement of Financial Performance:		
Dividend income received	63	54

Abbreviated Statement of Financial Position:

Assets		
Shares at cost	824	676
Liabilities		
Loan from holding company	475	305

Abbreviated Notes to the Accounts:

Shares at fair value	1,266	1,190
Change in value of assets	442	514

Shares held by trustees:

	Number of shares	Number of shares
Balance at beginning of year	290,213	256,413
Issued to trustee	61,438	35,000
Transferred to participants	(76,381)	(1,200)
Balance at end of year	275,270	290,213

41 International Financial Reporting Standards

In December 2002 the New Zealand Accounting Standards Review Board determined that all New Zealand reporting entities were required to adopt New Zealand equivalents to International Financial Reporting Standards (NZIFRS) for reporting periods beginning on or after 1 January 2007. The group adopted on 1 July 2007. Accordingly, the adoption of NZIFRS will be first reflected in the group's interim report for the six month period ended 31 December 2007.

The group has been evaluating the potential impacts of adopting NZIFRS in place of the group's existing accounting policies since February 2004. The objective has been to ensure the conversion occurs within the agreed and required timelines under the the Financial Reporting Act 1993 and results in minimal operational impact on the group.

The year ending 30 June 2008 will be the first full year the group is required to report under NZIFRS. The year ending 30 June 2007 is the comparative period for the 2008 year. The following tables contain a reconciliation of current NZGAAP to NZIFRS for this comparative period and the opening NZIFRS balance sheet at 1 July 2006.

Note that this information excludes the impact of NZIFRS on the group's associate company, PGG Wrightson, who are still to finalise their NZIFRS adjustments.

NZIFRS standards may change between now and the date the group prepares its first interim report under NZIFRS. Therefore the impacts may differ from the below assessment, and that difference may be material.

PYNE GOULD CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

Reconciliation of net surplus for 2007	NOTE	GROUP			HOLDING COMPANY		
		Current	Effect of	Restated	Current	Effect of	Restated
		NZGAAP	transition to NZIFRS (Excluding PGG Wrightson)	NZIFRS	NZGAAP	transition to NZIFRS	NZIFRS
		\$000	\$000	\$000	\$000	\$000	\$000
Operating revenue							
Interest revenue	a	126,253	1,220	127,473	-	-	-
Operating lease revenue		23,160	-	23,160	-	-	-
Fee and other income	b	35,899	(1,224)	34,675	1,984	-	1,984
Dividend revenue	c	-	-	-	15,500	6,244	21,744
Equity accounted earnings of associate	c	5,813	-	5,813	5,813	(5,813)	-
Total operating revenue		191,125	(4)	191,121	23,297	431	23,728
Direct expenses							
Interest & funding expense	d, e	88,083	(688)	87,395	1,455	-	1,455
Operating lease expense	f	18,336	(49)	18,287	-	-	-
Total direct expenses		106,419	(737)	105,682	1,455	-	1,455
Net operating revenue		84,706	733	85,439	21,842	431	22,273
Other costs and expenses							
Selling and administration expenses	g	35,397	594	35,991	3,171	-	3,171
Impaired asset expense	a	514	599	1,113	-	-	-
Amortisation - brand	i	645	(645)	-	-	-	-
Amortisation - goodwill	i	2,548	(2,548)	-	-	-	-
Depreciation - office fit-out and equipment	j	1,260	(448)	812	375	-	375
Depreciation - intangible assets	j	-	448	448	-	-	-
Total other costs and expenses		40,364	(2,000)	38,364	3,546	-	3,546
Operating surplus before taxation		44,342	2,733	47,075	18,296	431	18,727
Taxation charge	k	13,676	(139)	13,537	(998)	-	(998)
Operating surplus after taxation		30,666	2,872	33,538	19,294	431	19,725
Minority interests		(30)	-	(30)	-	-	-
Net surplus after taxation		30,636	2,872	33,508	19,294	431	19,725
Reconciliation of equity							
Transition balance sheet - 30 June 2007	NOTE	Current	Effect of	Restated	Current	Effect of	Restated
		NZGAAP	transition to NZIFRS (Excluding PGG Wrightson)	NZIFRS	NZGAAP	transition to NZIFRS	NZIFRS
		\$000	\$000	\$000	\$000	\$000	\$000
Assets							
Current assets	d, g, k	7,842	2,203	10,045	291	-	291
Finance receivables	a, b	1,259,513	(6,707)	1,252,806	-	-	-
Operating lease vehicles	f	64,307	312	64,619	-	-	-
Non current assets		1,453	-	1,453	110,942	-	110,942
Investment in associate	c	89,231	-	89,231	89,231	(2,599)	86,632
Intangible assets	i, j	16,713	8,215	24,928	-	-	-
Property, plant and equipment	j	5,115	(880)	4,235	2,761	-	2,761
Total assets		1,444,174	3,143	1,447,317	203,225	(2,599)	200,626
Liabilities							
Current liabilities	h	33,084	200	33,284	1,958	-	1,958
Borrowings	e	1,179,651	(750)	1,178,901	17,500	-	17,500
Total liabilities		1,212,735	(550)	1,212,185	19,458	-	19,458
Equity							
Share capital		85,373	-	85,373	85,373	-	85,373
Retained earnings		146,066	3,693	149,759	98,394	(2,599)	95,795
Shareholders' equity		231,439	3,693	235,132	183,767	(2,599)	181,168
Total equity and liabilities		1,444,174	3,143	1,447,317	203,225	(2,599)	200,626

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Transition balance sheet - 1 July 2006	NOTE	GROUP			HOLDING COMPANY		
		Current NZGAAP \$000	Effect of transition to NZIFRS (Excluding PGG Wrightson) \$000	Restated NZIFRS \$000	Current NZGAAP \$000	Effect of transition to NZIFRS \$000	Restated NZIFRS \$000
Assets							
Current assets	d, g, k	7,913	1,636	9,549	232	-	232
Finance receivables	a, b	1,092,802	(6,127)	1,086,675	-	-	-
Operating lease vehicles	f	68,908	263	69,171	-	-	-
Non current assets		1,245	-	1,245	110,473	-	110,473
Investment in associate	c	89,662	-	89,662	89,662	(3,030)	86,632
Intangible assets	i, j	21,351	4,587	25,938	-	-	-
Property, plant and equipment	j	4,644	(405)	4,239	3,094	-	3,094
Total assets		1,286,525	(46)	1,286,479	203,461	(3,030)	200,431
Liabilities							
Current liabilities	h	36,518	200	36,718	2,022	-	2,022
Borrowings	e	1,029,353	(1,067)	1,028,286	17,600	-	17,600
Total liabilities		1,065,871	(867)	1,065,004	19,622	-	19,622
Equity							
Share capital		85,130	-	85,130	85,130	-	85,130
Retained earnings		135,039	821	135,860	98,709	(3,030)	95,679
Shareholders' equity		220,169	821	220,990	183,839	(3,030)	180,809
Minority interests		485	-	485	-	-	-
Total equity and liabilities		1,286,525	(46)	1,286,479	203,461	(3,030)	200,431

Notes to the reconciliation of previous GAAP

(a) Impaired asset expense (NZ IAS 37)

Estimated losses on specifically impaired exposures are discounted to their present value. As the discount unwinds over time this value is recognised as interest income in the statement of financial performance. Under NZGAAP the group used the future value in determining the estimated recovery of these assets.

(b) Fees (NZ IAS 39)

Fees that are integral to the effective yield of a financial instrument must be capitalised and recognised over the term of the loan. Under NZGAAP these items were recognised up front.

(c) Equity accounted earnings of associate (NZ IAS 28)

Under NZGAAP the investment in associate was valued using the equity accounted earnings method in both the holding company and at a consolidated group level. NZIFRS allows the holding company to value the investment in associate at cost, with dividends received recorded in the income statement. The group will continue to equity account associate company earnings.

(d) Derivatives (NZ IAS 39)

NZ IAS 39 requires that all derivative contracts are carried at fair value on the balance sheet and movements in their fair value are reflected in the income statement, except where cash flow hedges are in place. Under NZGAAP hedges were recognised on an accruals basis.

The group has not changed the way it hedges economic exposures as a result of the implementation of NZIFRS.

(e) Brokerage (NZ IAS 39)

Brokerage costs that are integral to the effective yield of a financial instrument must be capitalised and recognised over the term the loan. Under NZGAAP these items were expensed up front.

(f) Lease commission (NZ IAS 17)

Commission costs that are integral to the effective yield of a financial instrument must be capitalised and recognised over the term of the lease agreement. Under NZGAAP these items were expensed up front.

(g) Capitalised costs (NZ IAS 39)

Costs associated with the establishment of the MARAC securitisation funding program have been capitalised under NZGAAP. Under NZIFRS these costs are not able to be capitalised.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

(h) Long service leave (NZ IAS 19)

NZ IAS 19 requires a provision to be established where an entity has a framework to provide additional leave on completion of long service. This provision has to be calculated as the net present value of the liability.

(i) Impairment of intangible assets (NZ IAS 36)

Indefinite useful life intangible assets and goodwill held by the group no longer require amortisation, with an adjustment made to write their value back to the cost price for brands, and to the value at NZIFRS transition date (1 July 2006) for goodwill.

(j) Reclassification of software to intangible assets (NZ IAS 38)

The depreciation of computer software must be reported separately under NZIFRS.

(k) Taxation (NZ IAS 12)

Income tax expense and deferred tax change under IFRS as a result of the changes in profit and loss from adopting NZIFRS as highlighted above. These profit and loss changes which flow to income tax expense are temporary deferred tax differences.

42 Post balance sheet event - New funding source for MARAC Finance Limited (MARAC)

On 17 August 2007 MARAC established a securitisation program. This entailed creation of a special purpose entity which purchased receivables from MARAC and in turn funded these from the wholesale financial markets. This program provides greater diversification of funding sources for MARAC.

On the date that securitisation was established, receivables with a value of \$311m were sold by MARAC to a new special purpose securitisation vehicle. MARAC continues as manager and servicer for these assets.

As MARAC has retained certain risks and rewards relating to these sold receivables, they will continue to appear in MARAC's financial statements. However these receivables will no longer form part of the assets which are secured under MARAC's debenture trust deed.

The net proceeds from the sale of receivables to the securitisation vehicle were applied to repay debt secured under the debenture trust deed. MARAC's equity level has been maintained at previous levels.