



NZX and Media Release
27 February 2009

Solid performance in challenging market

Interim Results to 31 December 2008

- **MARAC achieved a net operating profit of \$19.2m before tax and impaired asset expense.**
- **MARAC continues to support New Zealand businesses and consumers in turbulent times.**
- **Investor confidence increases retail deposits to \$794m.**
- **Liquidity \$340.4m at December.**

MARAC Finance Limited (MARAC) delivered a net operating profit before tax and impaired asset expenses of \$19.2m during the six months to 31 December, a decrease of only 13% on the same period last year in a challenging environment. After providing for higher impaired asset expense, net profit after tax was \$7.0m compared to \$13.5m last year.

Brian Jolliffe, Managing Director of MARAC stated "The result is solid given the difficult economic environment we are operating in and is testament to the strength of our business, our brand and the products and services we offer."

MARAC was the first major finance company to be approved under the New Zealand Deposit Guarantee Scheme. This, along with our retail bond issue raising \$104.0m, has seen retail funding grow to \$794.0m at December, up from \$557.0m at June 2008. Even more pleasing is the increasing level of funds that are invested for terms outside of the guarantee scheme period. Reinvestment rates are at the upper end of MARAC's historical range. The MARAC PIE Fund was launched and has been well received.

Liquidity increased to \$340.4m at December. Although there is a cost to holding a high level of liquidity, we believe this is a prudent measure in today's market.

Finance receivables, comprising 72% business and consumer loans, 9% property investment loans, and 19% property development loans, dropped slightly to \$1.3bn, just \$48.0m below the levels at June 2008. This is a pleasing outcome in a period of economic downturn. The company continues to identify sound lending opportunities from New Zealand businesses and individuals which meet our rigorous credit criteria.

Jolliffe commented "Access to finance in the current environment is critical to New Zealand businesses and consumers, and we will continue to support them during these challenging times."

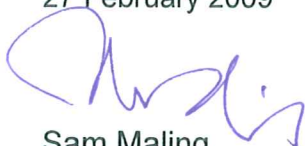
MARAC's dynamic provisioning process identified the need for increased provisions and write offs for impaired assets as would be expected in the current economic environment. The impaired asset expense (the write-off of bad debts plus provisions for doubtful debts less recoveries made) was \$9.2m, compared to \$1.7m in the same period last year. Non-property related impaired asset expense was \$2.9m. Additionally as at 31 December 2008, only half of the previously announced PGC underwrite facility was allocated against specific property loans and the balance of \$12.0m has been retained as an unallocated collective provision by PGC which is considered prudent in the current economic uncertainty.

MARAC has maintained its Standard & Poor's 'investment grade' BBB- (Stable) credit rating.

Managing Director

Following the announcement last October of Brian Jolliffe's decision to step down at the end of the current financial year, the Board has commenced a search for a replacement. We expect to be able to provide further information in the next few months.

27 February 2009



Sam Maling
Chairman



Brian Jolliffe
Managing Director

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About MARAC Finance Limited

MARAC Finance Limited (MARAC) is a wholly New Zealand owned and operated finance company that has been in business for more than 55 years, and today is one of the largest and most successful finance companies in the country. MARAC is owned by Pyne Gould Corporation Limited ("PGC"), a NZX-listed company that has a history stretching back more than 150 years.

MARAC's lending is well spread, both geographically and over a wide range of business sectors including commercial, consumer and property. MARAC has no related party lending and does not lend overseas.

MARAC is funded through retail debentures, committed bank facilities from New Zealand's major banks, a securitisation programme and a secured bond programme ensuring a diverse funding base.

For further information on MARAC visit www.marac.co.nz

MARAC has a BBB- (Stable) credit rating from Standard & Poor's. This rating is recognised by the international investment community as 'investment grade'. For further information visit www.standardandpoors.com