

# 2002

GPG Finance Ltd is a company established and organised in England but listed only on the New Zealand Stock Exchange (“NZSE”). This report has accordingly been prepared in a manner which complies with UK generally accepted accounting practice, gives a true and fair view of the matters to which the report relates and accords with the requirements of the NZSE.

The Company is a wholly owned subsidiary of Guinness Peat Group plc (“GPG”) and its sole activity is to borrow, by way of capital notes, and lend at a margin above average cost to GPG Group Companies. During 2001 it raised NZ\$250 million through the issue of unsecured subordinated 9% fixed interest Loan Notes in New Zealand (“Capital Notes”). Consequently, and unusually for a UK company, it reports in New Zealand dollars.

The obligations of the Company under the Capital Notes have been guaranteed by GPG on a subordinated basis. If the interest payments on the Capital Notes are not paid on the due date GPG covenants for as long as such payments remain unpaid not to pay any dividends or make certain other returns of capital or distributions in respect of its ordinary shares.

The Company has lent all its monies to GPG Group Companies in accordance with the terms of the issue of the Capital Notes and accordingly has received interest income on that loan. The loan attracts interest at a fixed rate of 10.25% per annum and is repayable on or after 15 November 2006, the initial election date for the Capital Notes (“the Capital Note Election Date”). No amounts were in arrears at the above date.

Under the terms of the Capital Notes holders may elect that their Capital Notes be redeemed, in whole or in part, for shares in GPG (“Redemption Shares”) on the Capital Note Election Date in satisfaction of the sums owing under the Capital Notes. Alternatively, holders of the Capital Notes will have the right to retain the Capital Notes for a further period bearing interest at a revised interest rate to be determined at that time by the Company. The basis for the redemption will be the issue to holders of Capital Notes of the number of GPG shares equal in value to the principal amount elected to be redeemed under each Capital Note (together with any accrued but unpaid interest). For this purpose such Redemption Shares will be valued at 97% of the price of the GPG share (such price being equivalent to the weighted average sale price of a GPG share on the NZSE over each of the five business days prior to the relevant Capital Note Election Date). Notwithstanding this, GPG will retain the overriding right, on the Capital Note Election Date, to purchase all or any of the Capital Notes for a price equal to the principal amount of, and any accrued but unpaid interest in respect of, the Capital Notes.

The Company does not have a formally constituted audit committee of its Board.

This half year report which is based on unaudited accounts was approved by resolution of the Board at its meeting on 13 September 2002.

**BA Nixon**  
**Director**  
**13 September 2002**

## Statement of Financial Performance

	6 months ended 30 June 2002 NZ\$000	Period ended 31 December 2001 NZ\$000
Operating revenue	–	–
Surplus before taxation	156	75
<b>NET SURPLUS</b>	<b>98</b>	<b>75</b>

### CONTINUING OPERATIONS

The Company was incorporated on 2 July 2001, and was set up for the specific purpose of issuing NZ\$250 million of fixed interest Capital Notes and lending the proceeds to its parent company. No comparative half year information exists for 2001.

## Statement of Movements in Equity

	6 months ended 30 June 2002 NZ\$000	Period ended 31 December 2001 NZ\$000
Opening equity	75	–
Shares issued	–	–
Net surplus	98	75
<b>CLOSING EQUITY</b>	<b>173</b>	<b>75</b>

The paid in share capital of the Company is £2.

# Statement of Financial Position

	30 June 2002 NZ\$000	31 December 2001 NZ\$000
<b>CURRENT ASSETS</b>		
Due from parent company within one year	4,388	3,451
Due from parent company after more than one year	<u>240,725</u>	<u>240,725</u>
	245,113	244,176
Cash at bank and in hand	<u>142</u>	<u>3</u>
<b>TOTAL CURRENT ASSETS</b>	<u>245,255</u>	<u>244,179</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN 1 YEAR</b>	<u>(2,894)</u>	<u>(2,836)</u>
<b>NET CURRENT ASSETS</b>	<u>242,361</u>	<u>241,343</u>
<b>CREDITORS: AMOUNTS FALLING AFTER MORE THAN 1 YEAR</b>		
Capital notes	<u>(242,188)</u>	<u>(241,268)</u>
<b>EQUITY</b>	<u>173</u>	<u>75</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	-	-
Profit and loss account	173	75
<b>EQUITY SHAREHOLDERS' FUNDS</b>	<u>173</u>	<u>75</u>

The paid in share capital of the Company is £2.

# Statement of Cash Flows

	6 months ended 30 June 2002 NZ\$000	Period ended 31 December 2001 NZ\$000
<b>CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES</b>		
Interest received	11,299	5,610
Payments to suppliers	(2)	(2)
Interest paid	<u>(11,158)</u>	<u>(5,605)</u>
<b>TOTAL OPERATING CASH FLOWS</b>	<u>139</u>	<u>3</u>
<b>CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>		
Loans to GPG group companies	<u>-</u>	<u>(240,725)</u>
<b>TOTAL INVESTING CASH FLOWS</b>	<u>-</u>	<u>(240,725)</u>
<b>CASH INFLOWS/(OUTFLOWS) FROM FINANCING ACTIVITIES</b>		
Issue of shares	-	-
Issue of Capital Notes	-	250,000
Capital note issue expenses	-	(9,275)
Repayment of Capital Notes	<u>-</u>	<u>-</u>
<b>TOTAL FINANCING CASH FLOWS</b>	<u>-</u>	<u>240,725</u>
<b>Net change in cash</b>	<b>139</b>	<b>3</b>
Opening cash at bank and in hand	<b>3</b>	-
Effect of acquisition and disposal of subsidiaries	-	-
Effect of exchange rate changes on cash	-	-
<b>CLOSING CASH AT BANK AND IN HAND</b>	<b>142</b>	<b>3</b>

## Reconciliation of Cash Flows from Operating Activities

	6 months ended 30 June 2002 NZ\$000	Period ended 31 December 2001 NZ\$000
Net surplus	98	75
Amortisation of issue costs for Capital Notes	920	543
Due from parent company within one year	(937)	(3,451)
Creditors: amounts falling due within one year	58	2,836
<b>NET CHANGE IN WORKING CAPITAL ITEMS</b>	<b>(879)</b>	<b>(615)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>139</b>	<b>3</b>

## Non Cash Investing and Financing Activities

	6 months ended 30 June 2002 NZ\$000	Period ended 31 December 2001 NZ\$000
Non cash investing activities	—	—
Non cash financing activities	—	—

## Surplus Before Taxation

	6 months ended 30 June 2002 NZ\$000	Period ended 31 December 2001 NZ\$000
The surplus before taxation is arrived at after charging/(crediting):		
Interest paid	11,158	8,441
Amortisation of issue costs for Capital Notes	920	543
Interest received	(12,236)	(8,297)