



# GPG

G P G F I N A N C E P L C

HALF-YEARLY FINANCIAL REPORT

# 2010

# Chairman's Statement

GPG Finance plc ("the Company") is a company established and organised in England and has securities quoted on the New Zealand Debt Market ("NZDX"). The Company's sole activity is to provide funding for Guinness Peat Group plc ("GPG") and its subsidiary companies (together "the GPG Group") by issuing Capital Notes and lending the proceeds at a margin above its average cost of funds to companies within the GPG Group.

Two issues of capital notes by the Company remain outstanding and both issues are quoted on the NZDX. Summary terms and conditions of both issues are set out below.

The first issue was originally made in 2003. Following a roll-over in 2008 there remain outstanding NZ\$76,851,000 of these notes bearing interest at 9% per annum (the "2008 Notes"). The second issue of the Company's Capital Notes which remain outstanding was made in 2006, raising NZ\$350 million and bearing interest at a rate of 8.3% per annum ("the 2006 Notes").

The 2006 Notes have an initial election date of 15 November 2012, immediately prior to which the Company is required to propose terms and conditions on which 2006 Noteholders may elect to roll over their 2006 Notes. Noteholders would then be entitled to elect to retain some or all of their 2006 Notes for a further period on the new terms and conditions and to convert some or all of these Notes into ordinary shares in GPG. Such elections would be subject to (i) GPG's overriding right (at its option) on the election date to purchase for cash some or all of the 2006 Notes for their principal amount, together with any accrued and unpaid interest, and (ii) specified earlier purchase at a premium by GPG on terms set out in the trust deed that established the 2006 Notes.

The 2008 Notes have similar terms and conditions to the 2006 Notes, the main differences being that the 2008 Notes bear interest at a different rate, have an initial election date of 15 December 2013 and are subject to the condition that the Company or GPG, on giving 6 months' notice, may purchase all or any of the 2008 Notes at any time without payment of a premium.

The obligations of the Company under the 2006 and 2008 Notes are guaranteed by GPG on a subordinated basis. If the interest payments on the Capital Notes are not paid on the due date, for as long as such payments remain unpaid GPG covenants not to pay any dividends or make certain other returns of capital or distributions in respect of its ordinary shares.

The Company has lent to GPG on a subordinated basis the proceeds from the two issues of Capital Notes and receives interest income on those loans. The loans attract interest at an average fixed rate of 9.63% per annum.

Repayment of the loans may not be demanded by the Company except on commencement of a liquidation of GPG. However, to the extent that the Capital Notes are exchanged for ordinary shares in GPG, or purchased by GPG and cancelled, or GPG is required to make a payment under its guarantee of the Capital Notes, an equivalent amount of the loans shall be deemed to have been satisfied.

As the Company's sole activity is the intra-group lending role which it fulfils, its financial data is of little relevance to capital noteholders. Instead, the key to the credit-worthiness of the Company is the financial position and performance of the GPG Group. The financial health of the GPG Group determines the Company's ability to pay money due to its capital noteholders.

In July 2010 the Company obtained an exemption from all requirements currently in force of the Non-bank Deposit Taker regime. The exemption will continue to apply to the Company for so long as the GPG Group meets the provisions of the Deposit Takers (funding conduits) Exemption notice 2010 (as amended).

The Company does not have a formally constituted Audit Committee of the Board of Directors.

B A Nixon

Chairman

16 September 2010

# Profit and Loss Account

	6 months ended 30 June 2010 NZ\$ Unaudited	6 months ended 30 June 2009 NZ\$ Unaudited	Year ended 31 December 2009 NZ\$ Audited
Interest receivable	<b>20,172,726</b>	20,173,920	40,681,899
Interest payable	<b>(18,487,501)</b>	(18,487,501)	(36,983,214)
	<b>1,685,225</b>	1,686,419	3,698,685
Operating expenses	<b>(117,016)</b>	(152,537)	(230,203)
<b>Operating profit and profit on ordinary activities before taxation</b>	<b>1,568,209</b>	1,533,882	3,468,482
Tax on profit on ordinary activities	<b>(146)</b>	(265)	(503)
<b>RETAINED PROFIT FOR THE PERIOD</b>	<b>1,568,063</b>	<b>1,533,617</b>	<b>3,467,979</b>

# Balance Sheet

	30 June 2010 NZ\$ Unaudited	30 June 2009 NZ\$ Unaudited	31 December 2009 NZ\$ Audited
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	<b>16,606,236</b>	12,085,425	14,532,653
Debtors: amounts falling due after more than one year	<b>422,230,489</b>	422,230,489	422,230,489
	<b>438,836,725</b>	434,315,914	436,763,142
Cash at bank and in hand	<b>32,472</b>	34,087	33,785
<b>TOTAL CURRENT ASSETS</b>	<b>438,869,197</b>	434,350,001	436,796,927
Creditors: amounts falling due within one year	<b>(3,994,283)</b>	(3,994,281)	(3,994,282)
<b>NET CURRENT ASSETS</b>	<b>434,874,914</b>	430,355,720	432,802,645
Creditors: amounts falling due after more than one year	<b>(424,605,751)</b>	(423,588,982)	(424,101,545)
<b>NET ASSETS</b>	<b>10,269,163</b>	<b>6,766,738</b>	<b>8,701,100</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	<b>140,931</b>	140,931	140,931
Profit and loss account	<b>10,128,232</b>	6,625,807	8,560,169
<b>SHAREHOLDER'S FUNDS</b>	<b>10,269,163</b>	<b>6,766,738</b>	<b>8,701,100</b>

The paid in share capital of the Company is £50,000 (2009: £50,000).

Net tangible assets per share – NZ\$	<b>205.38</b>	135.33	174.02
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# Statement of Total Recognised Gains and Losses

The Company has no recognised gains or losses in the current period or prior periods other than the profit for those periods.

## Reconciliation of Movements in Shareholder's Funds

	6 months ended 30 June 2010 NZ\$ Unaudited	6 months ended 30 June 2009 NZ\$ Unaudited	Year ended 31 December 2009 NZ\$ Audited
Shareholder's funds brought forward	8,701,100	5,233,121	5,233,121
Profit attributable to ordinary shareholder	1,568,063	1,533,617	3,467,979
<b>SHAREHOLDER'S FUNDS CARRIED FORWARD</b>	<b>10,269,163</b>	<b>6,766,738</b>	<b>8,701,100</b>

## Cash Flow Statement

	6 months ended 30 June 2010 NZ\$ Unaudited	6 months ended 30 June 2009 NZ\$ Unaudited	Year ended 31 December 2009 NZ\$ Audited
Net cash (outflow)/inflow from operating activities	(1,167)	12	(52)
Taxation paid	(146)	(265)	(503)
<b>DECREASE IN CASH FOR THE PERIOD</b>	<b>(1,313)</b>	<b>(253)</b>	<b>(555)</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
Decrease in cash for the period	(1,313)	(253)	(555)
Non-cash movements	(504,206)	(504,206)	(1,016,769)
<b>Movement in net debt for the period</b>	<b>(505,519)</b>	<b>(504,459)</b>	<b>(1,017,324)</b>
Net debt brought forward	(424,067,760)	(423,050,436)	(423,050,436)
<b>NET DEBT CARRIED FORWARD</b>	<b>(424,573,279)</b>	<b>(423,554,895)</b>	<b>(424,067,760)</b>

The non-cash movements comprise the amortisation of issue costs for capital notes.

# Notes to the Financial Statements

1. The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

The Company operates as a finance vehicle, and accordingly its interest receivable and interest payable are presented within operating profit.

The accounting policies adopted in preparing these financial statements have been consistently applied throughout the current period, the corresponding preceding period and the preceding year.

2. The figures for the year ended 31 December 2009 do not constitute statutory accounts for that year but have been extracted from the statutory accounts, which have been filed with the Registrar of Companies. The auditors reported on those accounts and that report was unqualified and did not contain statements under Sections 498(2) or (3) of the Companies Act 1986. The financial information for the six months ended 30 June 2010 has not been audited and the financial information for the equivalent period in 2009 was similarly not audited.
3. The directors have not recommended the payment of an interim or a final dividend in respect of the period (6 months to 30 June 2009: Nil; Year ended 31 December 2009: Nil).

## Capital Note Registrar Address

Computershare Investor Services Limited  
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Auckland 1142  
Telephone: 09 488 8777 Facsimile: 09 488 8787

## GPG Finance plc

### NEW ZEALAND

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### UNITED KINGDOM

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**Registered in England No. 4244726**

Registered office – as above

