



NZX ANNOUNCEMENT

29 August 2013

Pyne Gould Corporation Annual Result to 30 June 2013

PGC recorded a better than expected (unaudited) Net Profit After Tax attributable to PGC shareholders (NPAT) of \$44.4m to June 30 2013. The result drove a 41% gain in shareholder funds from \$97.5m (43 cents a share) to \$137.7m (64 cents a share).

Profit Commentary

Operating Earnings

Of the \$44.4m NPAT, the operating profit (excluding capital gains from property and discontinued operations) was \$19.4m (or 9 cents a share) and up sharply from last year's result. Torchlight gained both from investment returns and greater funds under management as it deployed capital in Australia and the United Kingdom.

PGC's operating NPAT represents a very healthy 19.9% return on opening shareholders' funds.

Non-Operating Earnings

PGC recorded a profit of \$25m on the exit of non-core assets.

The property group contributed a \$7.7m gain, which is attributable to the negotiated termination of the Real Estate Credit Limited arrangements.

A gain of \$17.3m is attributed to PGC's exit of retail financial services – van Eyk in Australia, and Perpetual Group and Perpetual Trust in New Zealand. The sale of Perpetual Trust is now confirmed and due to complete settlement on or prior to 8 December. Control passed on 24 April and has, therefore, been deconsolidated from PGC. The gain from the sale of Perpetual was after accounting for sharply higher legal and compliance costs incurred as a result of its 2012 engagement with the regulator.

Balance Sheet

PGC shareholder funds grew 41% from \$97.5m to \$137.7m over the 12 months to 30 June 2013.

The balance sheet reflects the strategy of divesting non-core assets and growing Torchlight in Australia and the UK. Our focus is to build shareholders' funds by redeploying proceeds from non-core asset sales into growth in the core business and driving growth in operating earnings.

We hold our assets in two groups: PGC itself and PGC's 100% subsidiary, the Torchlight Group. Neither group has any debt.

PGC holds around \$23m of net current assets and assets held for sale, plus \$17m of securities.

The net current assets reflect proceeds and receivables from non-core asset sales. The securities are 42m shares (or 26.9% of the shares) in Equity Partners Infrastructure Company No.1 Limited (EPIC) - which in turn owns around 17% of Moto, the largest motorway service area in the UK.

Moto itself owns around GBP900m of largely real estate assets. Its debt sits at circa 54% of assets and it generates circa GBP80m of EBITDA a year. EPIC acquired its stake in Moto in the last days of the global financial crisis in July 2009 at a distressed market valuation and has since made follow-on investments to protect and grow its investment. EPIC shareholders have just voted 96% in favour of EPIC changing its incorporation to Bermuda ahead of a planned listing on the AIM Market of the London Stock Exchange. We have a positive long-term view of this investment and are fully supportive of EPIC's path forward.

Torchlight Group holds around \$100m of assets - being net current assets of \$20m, \$46.3m of Torchlight Fund LP interests and \$32.1m of direct co-investments.

Torchlight Fund LP has well in excess of \$300m of assets and, after a successful capital raising in the UK and Australia, has been actively investing in both countries.

In the UK, it acquired 11% of Local World Media, which owns 110 regional newspapers in the UK. Local World is expected to make GBP36m EBIT in 2013 and then grow through cost cutting and growth in digital advertising to offset any decline in print advertising.

In Australia, the fund lifted its interest in two existing Australian real estate investments –the ASX listed Lantern Hotel Group and Residential Communities Limited (RCL). Lantern Hotel Group is a freehold hotel group with AUD100m of NTA. It is seeking to grow by acquisition and use operating cash-flow to buyback stock. RCL holds a land bank of over 7000 sites spread across 17 major projects. Torchlight has recently received Australian Government Foreign Investment Review Board approval to acquire the assets of RCL in exchange for the debt.

Share Buybacks and Listing Options

We have previously advised we will consider returning capital from the sale of Perpetual

Group to shareholders. That remains the intention and we expect to implement this via an on-market share buyback program. This is the most rational approach to returning capital on the basis that the price the shares are bought back at is below our assessment of intrinsic value. We have the ability under NZX rules to acquire on market as opportunities arise.

We advised last year on completion of the restructure that we would review PGC's domicile and listing in the light of the operational strategy. This far the focus has been on execution of the strategy, but with a successful outcome to 30 June 2013 we are reviewing which jurisdiction and which financial market is optimal for shareholders' long-term value.

Once we complete our work in that area we will seek shareholder approval accordingly.

George Kerr
Managing Director
Pyne Gould Corporation

RECONCILIATION TO GAAP PROFIT

	30 June 2013			30 June 2012		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Management fees and trustee fees revenue	18,651	20,921	39,572	9,747	16,919	26,666
Other revenue	337	-	337	2,896	-	2,896
Gain on termination of management agreement ¹	7,732	-	7,732	-	-	-
Gain on disposal of discontinued operations ²	-	17,339	17,339	-	-	-
Other income	3,532	5,237	8,769	-	-	-
Total fees and other income	30,252	43,497	73,748	12,643	16,919	29,562
Interest income	12,799	226	13,025	12,265	-	12,265
Interest expense	510	319	829	13,997	146	14,143
Net operating income	42,541	43,404	85,945	10,911	16,773	27,684
Selling and administration expenses	13,549	22,049	35,599	14,211	21,410	35,621
Impairment asset expense and investment write down	8,672	42	8,713	43,083	571	43,654
Operating profit/(loss)	20,320	21,313	41,633	(46,383)	(5,209)	(51,592)
Share of equity accounted investees loss	(313)	-	(313)	(749)	-	(749)
Other income recognised from equity accounting	4,347	-	4,347	-	-	-
Income tax (expense) / benefit	-	(509)	(509)	4,638	-	4,638
GAAP profit/(loss)	24,354	20,804	45,158	(42,494)	(5,209)	(47,703)
Non controlling interest	-	(734)	(734)	-	-	-
GAAP profit/(loss) attributable to PGC shareholders	24,354	20,070	44,424	(42,494)	(5,209)	(47,703)
Comprised of:						
Profit on sale of non-core assets ¹⁺²	7,732	17,339	25,071	-	-	-
Operating profit (excluding capital gains)	16,622	2,731	19,353	(42,494)	(5,209)	(47,703)
GAAP profit/(loss) attributable to PGC shareholders	24,354	20,070	44,424	(42,494)	(5,209)	(47,703)

For media enquiry contact David Lewis +64-21-976 119

Name of Listed Issuer:

Pyne Gould Corporation Limited

Preliminary unaudited results for announcement to the market

Reporting Period

12 months to 30 June 2013

Previous Reporting Period

12 months to 30 June 2012

	Amount \$NZ'000	Percentage change favourable / (unfavourable)
Revenue from ordinary activities (including interest income)	52,935	27%
Profit/(loss) from ordinary activities after tax attributable to security holders (excludes discontinued operations and non-controlling interests)	24,354	157%
Net Profit /(loss) attributable to security holders (excludes non-controlling interests)	44,424	193%

Final Dividend - The Company does not propose to pay a final dividend.	Nil
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These are unaudited results.

Statement of Financial Performance

	Unaudited 12 months to June 2013 \$NZ'000	Audited 12 months to June 2012 \$NZ'000	Percentage change favourable / (unfavourable)
Continuing operations			
Management fees and trustee fees revenue	18,651	9,747	91%
Other revenue	337	2,896	(88%)
Other income	11,264	-	N/A
Total fees and other income	30,252	12,643	139%
Interest income	12,799	12,265	4%
Interest expense	510	13,997	96%
Net interest income	12,289	(1,732)	809%
Net operating income	42,541	10,911	290%
Selling and administration expenses	13,549	14,211	5%
Impaired asset expense and investment write-down	8,672	43,083	80%
Operating profit / (loss)	20,320	(46,383)	144%
Share of equity accounted investees' profit / (loss)	(313)	(749)	
Other income recognised from equity accounting	4,347	-	N/A
Profit / (loss) before tax from continuing operations	24,354	(47,132)	152%
Income tax benefit	-	4,638	N/A
Profit / (loss) after tax from continuing operations	24,354	(42,494)	157%
Discontinued operations			
Profit / (loss) from discontinued operations, before income tax	3,974	(5,209)	176%
Gain on disposal of discontinued operation	17,339	-	N/A
Income tax expense	(509)	-	N/A
Profit / (loss) from discontinued operations	20,804	(5,209)	499%
Profit/ (loss) for the year	45,158	(47,703)	195%
Profit / (loss) attributable to:			
Owners of the Company	44,424	(47,703)	193%
Non-controlling interests	734	-	N/A
Profit / (loss) for the year	45,158	(47,703)	195%
Basic earnings per share	20.5 cents	(22.0 cents)	

Statement of Financial Position

	Unaudited Current at 30/06/2013 \$NZ'000	Audited Previous at 30/06/2012 \$NZ'000
ASSETS		
Current assets		
Cash and cash equivalents	377	1,459
Advances to other related parties	-	1,400
Advances to associates	20,362	-
Finance receivables- MARAC	-	36,858
Finance receivables- Other	3,420	10,956
Current tax asset	18	13
Assets held for sale	3,949	39,162
Prepayments	176	123
Trade and other receivables	13,818	16,014
Total current assets	42,120	105,985
Non-current assets		
Advances to other related parties	-	16,160
Advances to associates	1,269	3,765
Finance receivables- MARAC	-	26,104
Finance receivables- Other	32,077	10,172
Investment property	4,800	20,974
Property, plant and equipment	1,832	3,216
Investment in associates	62,619	24,207
Investments - Available for sale financial assets	160	17,692
Investments - Loans and receivables	355	9,303
Investments - Fair value through profit and loss	6,610	-
Intangible assets	-	5,216
Total non-current assets	109,722	136,809
Total assets	151,842	242,794
LIABILITIES		
Current liabilities		
Bank overdrafts	239	9,209
Borrowings	588	14,964
Advances from associates	564	879
Liabilities for MARAC finance receivables	-	54,358
Other liabilities	12,767	16,690
Total current liabilities	14,158	96,100
Non-current liabilities		
Borrowings	-	6,548
Liabilities for MARAC finance receivables	-	37,104
Other liabilities	-	5,533
Total non-current liabilities	-	49,185
Total liabilities	14,158	145,285
EQUITY		
Share capital	358,114	358,114
Retained earnings and reserves	(220,430)	(260,605)
Total equity	137,684	97,509
Total equity and liabilities	151,842	242,794
Net tangible assets per share	64 cents	43 cents

Statement of Movements in Equity

	Unaudited Current Ended 30/06/2013 \$NZ'000	Audited Previous Ended 30/06/2012 \$NZ'000
Equity at the beginning of the year	97,509	145,043
Profit / (Loss) for the year	45,158	(47,703)
Other comprehensive income	(4,249)	95
Non controlling interest	(734)	74
Equity at the end of the year	137,684	97,509

Statement of Cash Flows

	Unaudited Current Ended 30/06/2013 \$NZ'000	Audited Previous Ended 30/06/2012 \$NZ'000
Cash at the beginning of the year	(7,750)	16,630
Net cash (applied to) / from operating activities	10,155	(52)
Net cash (applied to) investing activities	9,794	(35,335)
Net cash from/ (to) financing activities	(12,061)	11,007
Total cash inflow/ (outflow) for the year	7,888	(24,380)
Cash at the end of the year	138	(7,750)

Details of associates:

Name	% owned
Torchlight Fund LP	23.50%
Equity Partners Infrastructure Company No.1 Limited	26.96%
van Eyk Research Pty Limited *	0.00%

* PGC retains a convertible note issued by van Eyk, which, if converted would give PGC a 27.1% interest in van Eyk.

Details of entities over which control has been gained or lost during the period:

Name	Date
Entities over which control has been lost during the period	
Perpetual Asset Management Limited (PAM)	15-Mar-13
Perpetual Portfolio Management Limited (PPM)	15-Mar-13
Perpetual Trust Limited (PTL)	24-Apr-13
van Eyk Research Pty Limited	28-Mar-13
Torchlight Australia (Pty) Limited	28-Mar-13
Entities over which control has been gained during the period	
van Eyk Research Pty Limited	1-Jul-12