

NZX ANNOUNCEMENT

24 May 2016

PGC Audited Financial Statements to 30 June 2015

Pyne Gould Corporation Limited (“PGC”) has received an unqualified audit opinion for its annual financial statements to 30 June 2015.

The financial results for the 2015 fiscal year saw Net Tangible Assets (NTA) of GBP55.2 million (down from GBP71.1 million last year) or NZD128.4 million (NZD138.6 million last year). Over the year NTA per share was down in GBP terms from 33.5 pence per share to 26.6 pence per share (in NZD terms from 66.6 cents per share to 62 cents per share).

PGC’s NTA is now up 44% in NZD terms since 30 June 2012. Since that time, NTA has grown from (in NZD) 43 cents per share to 62 cents per share.

The NTA impact to June 30 2015 was non cash and predominately due to, firstly, the impact of foreign exchange movements arising from a weak New Zealand dollar and strong British pound sterling (GBP) and, secondly, the impact of consolidating Torchlight Fund LP (“TFLP”) into PGC for part of the year.

Torchlight Consolidation

The Group has an investment in TFLP which with effect from 30 September 2014 has been accounted for as a subsidiary. The investment is held through the Company’s subsidiary Torchlight Group Limited. Whilst PGC has previously announced that TFLP would be treated as a subsidiary for the 2016 financial year, the Company entered into conditional agreements on that date which gave rise to future potential voting rights in TFLP.

The company has historically treated TFLP as an associate, however, it has since been determined that the hypothetical ability to gain control of TFLP arising from the future potential voting rights resulted (under IFRS10) in the Company gaining control of TFLP on 30 September 2014.

Outlook

The Board of PGC is confident that the 10 year plan is on track. We expect successful execution of the plan to be reflected in gains from TFLP as its investments mature towards potential value.

TFLP has already exited its position in Local World at a multiple of initial investment in less than three years. TFLP’s largest remaining holding is 100% of land bank investor and developer RCL - which is set to be a significant beneficiary of land rezoning in Queenstown. The financial gains from this rezoning will be reflected in RCL as it unlocks the value by developing and selling residential land sites over time.

This style of value investing requires patience that is not generally the focus of other listed companies. We have, however, been consistent in the explanation of this so that shareholders and other investors will not be misled into believing there may be early value and liquidity opportunities.

PGC’s Financial Position is well placed to follow this path with a focused implementation strategy.

Litigation Update

As the Financial Statements note, TFLP's General Partner is robustly defending an attempt to prematurely wind up TFLP. As this matter is before the Court we do not intend to comment until it has concluded.

New Director

The Board is pleased to announce the appointment of Paul Dudley as a new independent director. Paul is based in London and was co-founder of HD Capital Partners Limited, an FCA regulated corporate broking and advisory business to growth companies and management teams. HD Capital Partners is a Member Firm of the London Stock Exchange.

Paul is also a Chartered Accountant and his appointment adds further depth and strength to the Board and we look forward to his future contributions.

Annual General Meeting

The Board is reviewing its stated intention to list PGC on the London Stock exchange in due course and will provide a further update at this year's annual shareholders meeting (AGM). The time and place for the AGM are yet to be set but is expected to be held during July.

A copy of the PGC annual financial statements to 30 June 2015 is attached to this announcement and will be available on PGC's website.

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