Pyne Gould Corporation Limited

INTERIM REPORT
For the period ended 31 December 2012

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COMPANY REPORT

On behalf of the Board, please find the interim report for Pyne Gould Corporation Limited for the six months ending 31 December 2012.

Pyne Gould Corporation ("PGC") made an unaudited after tax profit of $1.5m for the half year to 31 December 2012 compared with a loss of $27.1m for the same period last year.

PGC expects a full year profit to 30 June 2013 in excess of $10m, as compared with a loss of $47.7m for the 30 June 2012 year.

PROFIT AND LOSS

Consolidated segment income across the Group was $26.1m, which is up 10.1% on the $23.7m same period last year. Of this, net operating income from continuing operations was $11.1m, up 24.7% on the $8.9m in the same period last year. Operating Profit from continuing operations was $3.4m compared with a loss of $26.7m last year.

Profit from continuing operations was $1.9m compared with a loss of $27.1m. Perpetual Group was announced as conditionally sold on 3 January 2013. PGC expects this transaction to be unconditional by the end of Quarter 1, 2013. It has, therefore, been treated as discontinued operations, consistent with accounting standards.

BALANCE SHEET

During the period PGC completed the liquidation of its residual PGW and Heartland shares and repaid $20m of term bank debt and repaid its working capital overdraft.

Torchlight Investment Group (TIG) has continued to build its core investment and asset management business during the period under review.

Its largest investment is its cornerstone holding in Torchlight Fund LP 1 (Torchlight Fund). In December 2012, in response to the requirements of offshore limited partners, PGC, together with its professional advisers reviewed the domicile of the fund. The outcome was a restructure of the fund into an Australian Dollar fund with a tax neutral domicile, which is better suited to the future growth of the fund. The fund is currently raising further funds to expand in Australia and the UK.

TIG, via sister company Torchlight Securities, owns circa 42 million shares in EPIC. Torchlight has repeatedly said that it expects EPIC's principal investment in United Kingdom motorway services area company Moto to prove to be a valuable long-term real estate investment. Moto remains the number one motorway services area company in the UK market.

TIG holds assets inherited from the old bad book of MARAC. TIG collects and reinvests these via Torchlight Fund LP 2. Torchlight LP 2 focuses on real estate and financial services has exited its initial exposure to litigation funding. The financial services investment is Australian investment research and management firm Van Eyk – which is expected to be sold as part of the exit of Perpetual this quarter.

Property Assets Limited has $9.6m left at book value to realize. Real Estate Credit Limited (RECL) has a security pool of assets sufficient to fund the maximum residual claim cap of $28m under the management agreement with MARAC. RECL has immaterial net impact on PGC.

COMPANY REPORT

PERPETUAL GROUP

PGC is in the final stages of its exit from Perpetual Group. We will update the market once complete.

George Kerr
Managing Director
1 March 2013

RECONCILIATION TO GAAP PROFIT

	6 MONTHS TO 31 DEC 12			6 MONTHS TO 31 DEC 11		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Management fees and trustee fees revenue	3,250	13,144	16,394	6,161	8,207	14,368
Other income	2,646	62	2,708	2,572	-	2,572
Interest income	6,398	623	7,021	6,782	-	6,782
Consolidated segment income	**12,294**	**13,829**	**26,123**	**15,515**	**8,207**	**23,722**
Interest expense	1,194	206	1,400	6,581	53	6,634
Net Operating income	**11,100**	**13,623**	**24,723**	**8,934**	**8,154**	**17,088**
Selling and administration expenses	3,591	13,922	17,513	6,510	8,182	14,692
Impairment asset expense and investment write down	4,072	-	4,072	29,156	-	29,156
Operating profit	**3,437**	**(299)**	**3,138**	**(26,732)**	**(28)**	**(26,760)**
Share of equity accounted investees loss	(1,530)	-	(1,530)	(346)	-	(346)
Tax	-	(123)	(123)	8	(8)	-
GAAP Profit/(loss)	**1,907**	**(422)**	**1,485**	**(27,070)**	**(36)**	**(27,106)**

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2012

	NOTE	UNAUDITED 6 months Dec 12 $000	UNAUDITED 6 months Dec 11 $000 Restated*	AUDITED 12 months Jun 12 $000
Continuing operations				
Management fees and trustee fees revenue		3,250	6,161	9,747
Other income		2,646	2,572	2,896
Total fees and other income		**5,896**	**8,733**	**12,643**
Interest income		6,398	6,782	12,265
Interest expense		1,194	6,581	13,997
Net interest income / (expense)		**5,204**	**201**	**(1,732)**
Net operating income		**11,100**	**8,934**	**10,911**
Selling and administration expenses	5	3,591	6,510	14,211
Impaired asset expense and investment write-down	6	4,072	29,156	43,083
Operating profit / (loss)		**3,437**	**(26,732)**	**(46,383)**
Share of equity accounted investees' loss		(1,530)	(346)	(749)
Profit / (Loss) from continuing operations before income tax		**1,907**	**(27,078)**	**(47,132)**
Income tax (benefit) / expense		-	(8)	(4,638)
Profit / (Loss) from continuing operations		**1,907**	**(27,070)**	**(42,494)**
Discontinued operations				
Loss from discontinued operations, before income tax	20	(299)	(28)	(5,209)
Income tax expense	20	123	8	-
Profit / (Loss) from discontinued operations		**(422)**	**(36)**	**(5,209)**
Profit / (Loss) for the period		**1,485**	**(27,106)**	**(47,703)**
Other comprehensive income, net of income tax				
Items that may be reclassified subsequently to profit and loss				
Share of associates' other comprehensive income, after tax		(298)	-	(39)
Translation of foreign associates		-	-	134
Translation of foreign subsidiaries		(381)	-	-
Total comprehensive income / (loss) for the period		**806**	**(27,106)**	**(47,608)**
Profit / (Loss) attributable to:				
Owners of the Company		958	(27,106)	(47,703)
Non-controlling interests		527	-	-
Profit / (Loss) for the period		**1,485**	**(27,106)**	**(47,703)**
Total comprehensive income attributable to:				
Owners of the Company		279	(27,106)	(47,608)
Non-controlling interests		527	-	-
Total comprehensive income / (loss) for the period		**806**	**(27,106)**	**(47,608)**
Earnings per share attributable to the Owners of the Company		**Cents**	**Cents**	**Cents**
Basic and diluted earnings per share	9	0.4	(12.5)	(22.0)
Basic and diluted earnings per share - continuing operations	9	0.9	(12.5)	(19.6)

** December 2011 comparatives restated, refer note 2(c)*

The notes on pages 13 to 31 are an integral part of these financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2012

	Share Capital $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Non Controlling Interest $000	Total Equity $000
DECEMBER 2012 - UNAUDITED					
Balance at 1 July 2012	**358,114**	**134**	**(260,739)**	**-**	**97,509**
Total comprehensive income for the period					
Profit for the period	-	-	958	527	1,485
Other comprehensive income					
Share of associates' other comprehensive income, net of income tax	-	-	(298)	-	(298)
Translation of foreign associates	-	-	-	-	-
Translation of foreign subsidiaries	-	(381)	-	-	(381)
Total other comprehensive income	**-**	**(381)**	**(298)**	**-**	**(679)**
Total comprehensive income for the period	**-**	**(381)**	**660**	**527**	**806**
Transactions with owners, recorded directly in equity					
Initial recognition of non controlling interest	-	-	-	293	293
Total transactions with owners	**-**	**-**	**-**	**293**	**293**
Balance at 31 December 2012	**358,114**	**(247)**	**(260,079)**	**820**	**98,608**

	Share Capital $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Non Controlling Interest $000	Total Equity $000
DECEMBER 2011 - UNAUDITED					
Balance at 1 July 2011	**358,040**	**-**	**(212,997)**	**-**	**145,043**
Total comprehensive income for the period					
Loss for the period	-	-	(27,106)	-	(27,106)
Other comprehensive income					
Share of associates' other comprehensive income, net of income tax	-	-	-	-	-
Gain on translation of foreign associates	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**(27,106)**	**-**	**(27,106)**
Transactions with owners, recorded directly in equity					
Director and staff share issues	74	-	-	-	74
Total transactions with owners	**74**	**-**	**-**	**-**	**74**
Balance at 31 December 2011	**358,114**	**-**	**(240,103)**	**-**	**118,011**

The notes on pages 13 to 31 are an integral part of these financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the period ended 31 December 2012

	Share Capital $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Non Controlling Interest $000	Total Equity $000
JUNE 2012 - AUDITED					
Balance at 1 July 2011	**358,040**	**-**	**(212,997)**	**-**	**145,043**
Total comprehensive income for the year					
Loss for the year	-	-	(47,703)	-	(47,703)
Other comprehensive income					
Share of associates' other comprehensive income, net of income tax	-	-	(39)	-	(39)
Gain on translation of foreign associates	-	134	-	-	134
Total other comprehensive income	**-**	**134**	**(39)**	**-**	**95**
Total comprehensive income for the year	**-**	**134**	**(47,742)**	**-**	**(47,608)**
Transactions with owners, recorded directly in equity					
Director and staff share issues	74	-	-	-	74
Total transactions with owners	**74**	**-**	**-**	**-**	**74**
Balance at 30 June 2012	**358,114**	**134**	**(260,739)**	**-**	**97,509**

The notes on pages 13 to 31 are an integral part of these financial statements.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	NOTE	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000 Restated*	AUDITED Jun 12 $000
ASSETS				
Current assets				
Cash at bank		811	17,557	1,459
Advances to other related parties	18	-	-	1,400
Advances to associates	18	11,489	-	-
Finance receivables - MARAC	17	42,046	38,565	36,858
Finance receivables - Other	10	2,493	1,831	10,956
Trade and other receivables		3,212	12,212	16,014
Current tax asset		16	-	13
Assets held for sale - Perpetual and Van Eyk Groups	20	21,018	-	-
Assets held for sale - Other	15	3,390	8,781	39,162
Other assets		-	189	123
Total current assets		**84,475**	**79,135**	**105,985**
Non-current assets				
Advances to other related parties	18	-	6,036	16,160
Advances to associates	18	-	3,251	3,765
Finance receivables - MARAC	17	15,596	32,870	26,104
Finance receivables - Other	10	35,296	1,847	10,172
Investment property	11	19,044	39,434	20,974
Property, plant and equipment		1,828	3,825	3,216
Investment in associates	14	47,522	5,665	24,207
Investments - Available for sale financial assets	12	677	59,176	17,692
Investments - Loans and receivables	13	9,570	8,747	9,303
Intangible assets		-	10,451	5,216
Total non-current assets		**129,533**	**171,302**	**136,809**
Total assets		**214,008**	**250,437**	**242,794**
LIABILITIES				
Current liabilities				
Bank overdrafts		184	3,591	9,209
Liabilities held for sale - Perpetual and Van Eyk Groups	20	11,737	-	-
Borrowings		1,423	18,671	14,964
Advances from associates	18	1,414	-	879
Liabilities for MARAC finance receivables	17	59,215	55,185	54,358
Other liabilities	16	10,522	8,804	16,690
Total current liabilities		**84,495**	**86,251**	**96,100**
Non-current liabilities				
Borrowings		-	6,680	6,548
Liabilities for MARAC finance receivables	17	26,481	32,870	37,104
Other liabilities	16	4,424	6,625	5,533
Total non-current liabilities		**30,905**	**46,175**	**49,185**
Total liabilities		**115,400**	**132,426**	**145,285**

The notes on pages 13 to 31 are an integral part of these financial statements.

INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2012

	NOTE	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000 Restated*	AUDITED Jun 12 $000
EQUITY				
Share capital		358,114	358,114	358,114
Foreign Currency Translation Reserve		(247)	-	134
Accumulated losses and reserves		(260,079)	(240,103)	(260,739)
Total equity attributable to Owners of the Company		**97,788**	**118,011**	**97,509**
Non controlling interest		820	-	-
Total equity		**98,608**	**118,011**	**97,509**
Total equity and liabilities		**214,008**	**250,437**	**242,794**
Net tangible assets per share	9	40c	50c	43c

** December 2011 comparatives restated, refer note 2(c)*

The notes on pages 13 to 31 are an integral part of these financial statements.

INTERIM STATEMENT OF CASH FLOWS

For the period ended 31 December 2012

	NOTE	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000 Restated*	AUDITED Jun 12 $000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received		70	539	1,043
Proceeds from offset of tax losses and subvention payment		-	2,700	7,338
Fees and other income received		16,135	11,722	23,056
Total cash provided from operating activities		**16,205**	**14,961**	**31,437**
Payments to suppliers and employees		17,079	16,451	28,583
Interest paid		558	565	1,393
Taxation paid		(9)	-	13
Payments under RECL management agreement		445	1,500	1,500
Total cash applied to operating activities		**18,073**	**18,516**	**31,489**
Net cash flows applied to operating activities	**8**	**(1,868)**	**(3,555)**	**(52)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of assets held for sale		24,926	4,808	10,769
Proceeds from sale of investment property		13,203	1,280	2,486
Proceeds from staff share purchase schemes		-	162	162
Proceeds from repayment of finance receivables		7,445	14,000	-
Proceeds from redemption of investment		1,300	-	-
Proceeds from repayment of advances to associates		6,969	-	-
Sale of property, plant, equipment and intangible assets		140	-	-
Total cash provided from investing activities		**53,983**	**20,250**	**13,417**
Increase in advances to associates		-	-	2,547
Increase in finance receivables		-	19,415	8,189
Increase in sub participation finance receivables		27,474	-	-
Increase in investments - available for sale financial assets		-	16,532	19,536
Increase in investment in associates		530	-	3,033
Increase in advance to other related parties		-	-	14,733
Purchase of property, plant, equipment and intangible assets		-	17	714
Total cash applied to investing activities		**28,004**	**35,964**	**48,752**
Net cash flows (applied to) / from investing activities		**25,979**	**(15,714)**	**(35,335)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in share capital		-	74	74
Increase in borrowings		-	16,531	10,933
Total cash provided from financing activities		**-**	**16,605**	**11,007**
Decrease in borrowings		20,091	-	-
Total cash applied to financing activities		**20,091**	**-**	**-**
Net cash flows (applied to) / from financing activities		**(20,091)**	**16,605**	**11,007**

The notes on pages 13 to 31 are an integral part of these financial statements.

INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

For the period ended 31 December 2012

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000 Restated*	AUDITED Jun 12 $000
Net (decrease) / increase in cash and cash equivalents	**4,020**	**(2,664)**	**(24,380)**
Opening cash and cash equivalents	(7,750)	16,630	16,630
Opening cash and cash equivalents - Van Eyk Group	955	-	-
Closing cash and cash equivalents	**(2,775)**	**13,966**	**(7,750)**
Cash and cash equivalents consists of:			
Cash at bank	811	17,557	1,459
Bank overdraft	(184)	(3,591)	(9,209)
Cash at bank in assets held for sale - Perpetual and Van Eyk Groups	850	-	-
Bank overdraft in liabilites held for sale - Perpetual and Van Eyk Groups	(4,252)	-	-
Closing cash and cash equivalents	**(2,775)**	**13,966**	**(7,750)**

** December 2011 comparatives restated, refer note 2(c)*

The notes on pages 13 to 31 are an integral part of these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended 31 December 2012

1. REPORTING ENTITY

The interim financial statements presented are the condensed interim consolidated financial statements comprising Pyne Gould Corporation Limited ("the Holding Company" or "the Company" or "PGC") and its subsidiaries, joint ventures and associates ("the Group").

Entities within the Group offer financial, trustee and asset management services. The registered office address is 80 Queen Street, Auckland.

These interim financial statements were authorised for issue in accordance with a resolution of the Directors on 28 February 2013.

2. BASIS OF PREPARATION

The financial statements presented here are for the following periods:

At 31 December 2012: 6-month period - unaudited
At 31 December 2011: 6-month period - unaudited
At 30 June 2012: 12-month period - audited

(a) Statement of compliance
The interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as appropriate for interim financial statements and comply with NZ IAS 34 and IAS 34 Interim Financial Reporting. They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements for the Group as at and for the year ended 30 June 2012 ('Annual Financial Statements').

The Company and all entities within the Group are profit-oriented entities. The Company is a reporting entity and an issuer for the purposes of the Financial Reporting Act 1993.

(b) Going concern
The Directors consider that PGC is a going concern as the Company is profitable, has no bank debt and its investments have low levels of bank debt. In addition, there are certain liabilities classified as current as required by NZ IAS 1 Presentation of Financial Statements which the Directors believe will not be required to be settled within 12 months of balance date.

(c) Restatement of prior year financial statements
On 30 May 2011 the Group disposed of its 72.21% interest in Heartland New Zealand Limited by way of an in specie distribution to PGC's shareholders. As a result, PGC no longer held a controlling interest in MARAC Finance Limited (MARAC), a subsidiary of Heartland New Zealand Limited. Prior to the in specie distribution, Real Estate Credit Limited (RECL), a wholly owned subsidiary of PGC, entered into an agreement with MARAC to manage certain non-core real estate loans for a 5 year period and to assume the risk of loss on the loans up to $33 million (this cap was reduced to $30 million through amendments made to the agreement in October 2011). The Directors have re-examined the impact of this management agreement on the accounting treatment of the related loans and have determined that the loans should not have been derecognised at the time of the in specie distribution. The Group retained significant exposure to the loans through the management agreement and therefore the loans did not meet the de-recognition requirements under NZ IAS 39 *Financial Instruments: Recognition and Measurement.*

2. BASIS OF PREPARATION (CONTINUED)

The interim financial statements for the comparative period of December 2011 have been restated in accordance with NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact of the restatement on the Statement of Financial Position of the Group at 31 December 2011 was to increase finance receivables and financial liabilities by $71.4 million. The impact of the restatement on the Interim Statement of Comprehensive Income was a reclassification of amounts relating to the loans between line items with no change to profit or loss for the period and no change to total comprehensive income for the period. Other income increased by $0.05 million, interest income increased by $5.7 million, interest expense increased by $6.0 million and impaired asset expense and investment write-down decreased by $0.3 million. There was no impact to basic and diluted earnings per share arising from the restatement.

In addition, due to improvements in the disclosure of certain items in the cash flow statement in the year ended 30 June 2012, certain items in the December 2011 cash flow statement comparative have been reclassified for consistency of presentation across all periods presented.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the 2012 Annual Report have been applied consistently to all periods presented in these financial statements.

4. SEGMENT ANALYSIS

The Group has 5 reportable segments, as described below, which are the Group's strategic divisions.

During the year ended 30 June 2012 the Group changed the structure of its internal organisation into 4 new reportable segments (2011: 4). The December 2011 comparatives have been restated accordingly based on the new segments. During the period ended 31 December 2012, Van Eyk was consolidated and is shown as the fifth reportable segment.

The following summary describes the operations in each of the Group's reportable segments:

Van Eyk Group	Financial research and management.
Perpetual Group	Personal trust, estate and corporate trustee and wealth management services.
Torchlight Investment Group	Provider of investment management services and a proprietary investor (both directly and in funds it manages).
Property Group	Management of the Group's property assets.
Head Office	Parent Company that holds investments in and advances to / from subsidiaries.

Information regarding the results of each reportable segment is shown below. Performance is measured based on segment profit/(loss) for the year, as included in the internal management reports that are reviewed by the Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

4. SEGMENT ANALYSIS (CONTINUED)

	DISCONTINUED OPERATIONS		CONTINUING OPERATIONS				
	Van Eyk Group	Perpetual Group	Torchlight Investment Group	Property Group	Head Office	Inter-segment Elimination	Total
GROUP							
December 2012 - Unaudited							
External income							
Commission and fees	5,611	7,533	2,041	1,209	-	-	16,394
Interest income	607	16	1,650	4,715	33	-	7,021
Other revenue	62	-	74	239	2,333	-	2,708
Internal income							
Commission and fees	-	-	400	-	-	(400)	-
Total segment income	**6,280**	**7,549**	**4,165**	**6,163**	**2,366**	**(400)**	**26,123**
Expenses							
Personnel expenses	3,660	3,683	2	47	(1,436)	-	5,956
Interest expense	102	104	3	1,152	39	-	1,400
Depreciation and amortisation	-	368	-	-	-	-	368
Other operating expenses	1,542	4,669	2,513	1,609	1,256	(400)	11,189
Total operating expenses	**5,304**	**8,824**	**2,518**	**2,808**	**(141)**	**(400)**	**18,913**
Impairment	-	-	561	3,511	-	-	4,072
Equity accounted share of loss	-	-	1,530	-	-	-	1,530
Profit / (Loss) before tax	**976**	**(1,275)**	**(444)**	**(156)**	**2,507**	**-**	**1,608**
Income tax benefit /(expense)	(123)	-	-	-	-	-	(123)
Profit / (Loss) after tax	**853**	**(1,275)**	**(444)**	**(156)**	**2,507**	**-**	**1,485**
Total assets	**15,562**	**17,286**	**323,559**	**93,936**	**102,102**	**(338,437)**	**214,008**
Total liabilities	**14,232**	**18,250**	**178,338**	**119,129**	**2,153**	**(216,702)**	**115,400**

4. SEGMENT ANALYSIS (CONTINUED)

	DISCONTINUED OPERATIONS	CONTINUING OPERATIONS				
	Perpetual Group	Torchlight Investment Group	Property Group	Head Office	Inter-segment Elimination	Total
GROUP						
December 2011 - Unaudited						
External income						
Commission and fees	8,207	4,930	1,231	-	-	14,368
Interest income	-	83	6,162	537	-	6,782
Other revenue	-	(85)	2,305	352	-	2,572
Internal income						
Dividend income	-	5,187	-	-	(5,187)	-
Total segment income	**8,207**	**10,115**	**9,698**	**889**	**(5,187)**	**23,722**
Expenses						
Personnel expenses	4,135	698	196	548	-	5,577
Interest expense	53	-	6,339	242	-	6,634
Depreciation and amortisation	305	134	5	4	-	448
Other operating expenses	3,742	937	2,029	1,959	-	8,667
Total operating expenses	**8,235**	**1,769**	**8,569**	**2,753**	**-**	**21,326**
Impairment	-	6,481	10,150	12,525	-	29,156
Equity accounted share of loss	-	346	-	-	-	346
(Loss) / Profit before tax	**(28)**	**1,519**	**(9,021)**	**(14,389)**	**(5,187)**	**(27,106)**
Income tax benefit /(expense)	(8)	(874)	(114)	514	482	-
(Loss) / Profit after tax	**(36)**	**645**	**(9,135)**	**(13,875)**	**(4,705)**	**(27,106)**
Total assets	**10,821**	**277,375**	**132,785**	**151,068**	**(321,612)**	**250,437**
Total liabilities	**8,518**	**121,768**	**142,041**	**20,139**	**(160,040)**	**132,426**

4. SEGMENT ANALYSIS (CONTINUED)

	DISCONTINUED OPERATIONS	CONTINUING OPERATIONS				
	Perpetual Group	Torchlight Investment Group	Property Group	Head Office	Inter-segment Elimination	Total
GROUP						
June 2012 - Audited						
External income						
Commission and fees	16,919	7,017	2,730	-	-	26,666
Interest income	-	254	11,245	766	-	12,265
Other revenue	-	112	2,402	382	-	2,896
Internal income						
Commission and fees	-	-	-	3,800	(3,800)	-
Dividend income	-	5,187	-	-	(5,187)	-
Total segment income	**16,919**	**12,570**	**16,377**	**4,948**	**(8,987)**	**41,827**
Expenses						
Personnel expenses	9,237	978	371	1,094	-	11,680
Interest expense	146	1	13,288	708	-	14,143
Depreciation and amortisation	648	181	4	8	-	841
Other operating expenses	11,527	7,999	3,276	4,100	(3,800)	23,102
Total operating expenses	**21,558**	**9,159**	**16,939**	**5,910**	**(3,800)**	**49,766**
Impairment	571	19,540	23,542	-	-	43,653
Equity accounted share of loss	-	749	-	-	-	749
(Loss) / Profit before tax	**(5,210)**	**(16,878)**	**(24,104)**	**(962)**	**(5,187)**	**(52,341)**
Income tax benefit /(expense)	-	4,638	-	-	-	4,638
(Loss) / Profit after tax	**(5,210)**	**(12,240)**	**(24,104)**	**(962)**	**(5,187)**	**(47,703)**
Total assets	**8,633**	**173,757**	**83,767**	**245,053**	**(268,416)**	**242,794**
Total liabilities	**11,723**	**26,847**	**108,726**	**113,305**	**(115,316)**	**145,285**

5. SELLING AND ADMINISTRATION EXPENSES

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Personnel expenses	(1,387)	1,442	2,444
Directors' fees	125	277	493
Audit fees - PricewaterhouseCoopers	373	-	299
Audit fees - KPMG	-	59	10
Audit related fees - KPMG	-	33	-
Depreciation - plant and equipment	-	9	58
Amortisation expense	-	134	134
Loss on disposal of assets	379	44	135
Operating lease expense as a lessee	79	475	681
Other operating expenses *	4,022	4,037	9,957
Total selling and administration expenses	**3,591**	**6,510**	**14,211**

** Other operating expenses include professional and consultancy fees, property expenses, advisor commissions, listing and regulatory costs and other overhead expenditure.*

6. IMPAIRED ASSET EXPENSE

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Assets held for sale	(182)	283	623
MARAC financial receivables	3,385	8,517	13,624
MARAC management agreement	-	-	4,562
Other finance receivables individually assessed	353	400	352
Available for sale financial assets	692	5,308	3,269
EPIC management contract	-	2,552	2,552
Investment in EPIC	-	3,929	2,728
Investment in PGW	(331)	7,217	11,074
Other assets individually assessed	-	-	(14)
Investment property change in fair value	155	950	4,313
Total impaired asset expense	**4,072**	**29,156**	**43,083**

7. TAX

The income tax expense for NZ Companies is nil as the Group has losses brought forward of $23.3 million from 30 June 2012 to offset against its taxable income for the six months ended 31 December 2012.

The tax charge of $0.123 million in discontinued operations relates to Australian Subsidiary Van Eyk.

8. RECONCILIATION OF PROFIT / (LOSS) AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Profit / (Loss) for the year	**1,485**	**(27,106)**	**(47,703)**
Add / (less) non-cash items:			
Accruals, capitalised interest and prepaid items	(3,358)	(2,202)	(1,655)
Disposal of property, plant and equipment	-	(157)	135
(Gain) / Loss on sale of investments	(2,737)	-	-
Trade receivables written off as uncollectible	-	400	-
Foreign exchange (gain) / loss	554	-	-
Share of equity accounted investees' (profit) / loss	1,530	346	749
Impairment loss on non-current assets recognised in profit and loss	326	21,810	46,135
Write-down investment in associates - assets held for sale	-	7,217	-
Change in fair value of investments	798	(280)	-
Depreciation and amortisation of non-current assets	419	448	841
Management fees	-	-	(4,784)
Total non-cash items	**(2,468)**	**27,582**	**41,421**
Add / (less) movements in working capital items:			
Trade and other receivables	12,646	(2,468)	1,398
Other assets	(197)	(175)	(109)
Other liabilities	(1,607)	1,675	393
MARAC finance recievables	(445)	-	-
Advances to associates	-	-	(163)
Advances from associates	-	-	879
Trade and other payables	152	(5,250)	1,145
Current tax	132	-	(13)
Deferred tax	-	2,700	2,700
Total movements in working capital items	**10,681**	**(3,518)**	**6,230**

8. RECONCILIATION OF PROFIT / (LOSS) AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Add / (less) items classified as investing activities:			
Gain on sale of assets and investments	-	(504)	-
Proceeds from sale of investment property	(11,566)	(9)	-
Total items classified as investing activities	**(11,566)**	**(513)**	**-**
Net cash flows from operating activities	**(1,868)**	**(3,555)**	**(52)**

9. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net profit after tax by the weighted average number of ordinary shares on issue during the period.

	UNAUDITED Dec 12	UNAUDITED Dec 11	AUDITED Jun 12
Profit / (loss) after tax attributable to Owners of the Company ($000)	958	(27,106)	(47,703)
Profit / (loss) after tax attributable to Owners of the Company - continuing operations ($000)	1,907	(27,070)	(42,494)
Profit / (loss) after tax attributable to Owners of the Company - discontinued operations ($000)	(949)	(36)	(5,209)
Weighted average number of ordinary shares on issue (000)	216,630	216,630	216,630
Basic and diluted earnings / (loss) (cents per share)	**0.4**	**(12.5)**	**(22.0)**
Basic and diluted earnings / (loss) (cents per share) - continuing operations	**0.9**	**(12.5)**	**(19.6)**
Basic and diluted earnings / (loss) (cents per share) - discontinued operations	**(0.4)**	**(0.0)**	**(2.4)**
Net tangible assets per share *	**40c**	**50c**	**43c**

** Net tangible assets are calculated by deducting deferred tax and intangible assets (including in relation to discontinued operations) from total equity attributable to owners of the Company. Net tangible assets per share are calculated by dividing the net tangible assets by the shares on issue at 31 December 2012.*

10. FINANCE RECEIVABLES - OTHER

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Current			
Gross finance receivables	2,647	2,231	11,805
Less allowance for impairment	(154)	(400)	(849)
Total current	**2,493**	**1,831**	**10,956**
Non-Current			
Gross finance receivables	35,296	1,847	10,172
Total non-current	**35,296**	**1,847**	**10,172**
Total finance receivables	**37,789**	**3,678**	**21,128**

11. INVESTMENT PROPERTY

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Opening balance	20,974	39,760	39,760
Acquisitions and enforced security	800	1,800	1,800
Change in fair value	(155)	(950)	(4,313)
Disposals	(2,575)	(766)	(13,436)
Transfer to assets held for sale	-	(410)	(2,837)
Closing balance	**19,044**	**39,434**	**20,974**

During the period, $0.8 million of investment properties were acquired as a result of enforcement of security over finance receivables (December 2011: $1.8 million; June 2012: $1.8 million).

12. INVESTMENTS - AVAILABLE FOR SALE FINANCIAL ASSETS

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
PGW Shares	-	26,703	-
HNZ Shares	-	11,223	-
Torchlight Fund No. 1 Limited Partnership (TLP)	-	14,359	15,298
Strait Resources Limited (SRQ)	677	-	1,167
Equity Partners Infrastructure Company No 1 Limited (EPIC)	-	5,766	-
Other investments	-	1,125	1,227
	677	**59,176**	**17,692**

The Group increased its shareholding in EPIC during the year ended 30 June 2012 and considered the investment an associate from 4 May 2012. The Group increased its shareholding in TLP during the period ended 31 December 2012 and considered TLP an associate from 2 October 2012, refer notes 14 and 18.

Investments in PGW shares and HNZ shares were reclassified to assets held for sale at 30 June 2012 and subsequently sold during the period ended 31 December 2012, refer note 15.

13. INVESTMENTS - LOANS AND RECEIVABLES

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Zero coupon bond	9,215	8,747	8,948
Other loans and receivables	355	-	355
	9,570	**8,747**	**9,303**

14. INVESTMENT IN ASSOCIATES

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Torchlight Fund Limited Partnership (TFLP)	30,531	-	-
Equity Partners Infrastructure Company No.1 Limited (EPIC)	16,991	-	18,772
Van Eyk Research Pty Limited (Van Eyk)	-	5,665	5,435
Total Carrying amount at end of year	**47,522**	**5,665**	**24,207**

Total assets of associates	404,710	2,174	97,784
Total liabilities of associates	(155,461)	(1,798)	(5,945)
Total revenue of associates	11,542	2,142	1,260
Total net profit / (loss) after tax of associates	(5,682)	(346)	(2,149)

Torchlight Fund Limited Partnership (TFLP)
The Group increased its investment in TLP to 20.5% through the purchase of partnership interests from existing limited partners in the period to 2 October 2012. From this date, the Group considered TLP to be an associate.

On 21 December 2012, the assets and liabilities of TLP were transferred to Torchlight Fund Limited Partnership ('TFLP'), a newly formed limited partnership registered in the Cayman Islands. The investment held by TLP in TFLP was then in specie distributed to the limited partners of TLP.

Equity Partners Infrastructure Company No.1 Limited (EPIC)
At 31 December 2012, the Group held a 26.96% stake in EPIC (December 2011: 11.05%; June 2012: 26.96%).

Van Eyk Research Pty Limited (Van Eyk)
At 30 June 2012, the Group had provided loans to Van Eyk (AU$1.8 million, NZ$2.3 million) and associated parties (AU$0.9 million, NZ$1.3 million). In the period to 31 December 2012, the directors have reconsidered the rights under the agreements and concluded that the exercisable conversion features in these loan agreements allow the Group to acquire over 50% of the share capital and voting rights of Van Eyk when combined with the Group's existing 38.21% ordinary share ownership at 30 June 2012. Therefore, Van Eyk has been consolidated in the Group's financial statements from 1 July 2012.

15. ASSETS HELD FOR SALE- OTHER

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Balance at end of year	**3,390**	**8,781**	**39,162**
Represented by:			
Investment property	3,390	8,781	4,365
Investment in HNZ	-	-	19,427
Investment in PGW	-	-	15,370
	3,390	**8,781**	**39,162**

In the period to 31 December 2012, the Group disposed of all of its investments in PGW and HNZ.

16. OTHER LIABILITIES

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Current			
Trade payables	8,232	4,373	11,599
Income in advance	2,290	2,225	2,648
Employee entitlements	-	2,206	2,443
Total other current liabilities	**10,522**	**8,804**	**16,690**
Non-current			
Income in advance	4,424	6,625	5,533
Total other non-current liabilities	**4,424**	**6,625**	**5,533**
Total other liabilities	**14,946**	**15,429**	**22,223**

17. FINANCE RECEIVABLES SUBJECT TO MANAGEMENT AGREEMENT

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
MARAC FINANCE RECEIVABLES			
Current			
Gross finance receivables - MARAC	70,838	58,890	62,422
Less allowance for impairment - MARAC	(28,792)	(20,325)	(25,564)
Total current	**42,046**	**38,565**	**36,858**
Non-Current			
Gross finance receivables - MARAC	15,596	32,870	26,104
Total non-current	**15,596**	**32,870**	**26,104**
Total MARAC finance receivables after impairment	**57,642**	**71,435**	**62,962**
LIABILITY FOR MARAC FINANCE RECEIVABLES			
Current			
Liability for MARAC finance receivables	59,215	55,185	54,358
Total current	**59,215**	**55,185**	**54,358**
Non-Current			
Liability for MARAC finance receivables	26,481	32,870	37,104
Total non-current	**26,481**	**32,870**	**37,104**
Total liability for MARAC finance receivables	**85,696**	**88,055**	**91,462**
Net liability under management agreement	**(28,054)**	**(16,620)**	**(28,500)**

On 5 January 2011, Real Estate Credit Limited (RECL), a wholly owned subsidiary of PGC, entered into a management agreement with MARAC Finance Limited (MARAC). Under this arrangement, RECL agreed to manage certain non-core real estate loans of MARAC for a 5 year period (ending 5 January 2016) and assumed the risk of loss on those loans for that period. The maximum amount payable to MARAC under the initial agreement was $33 million. Amendments to the agreement on 19 October 2011 reduced the maximum amount payable to $30 million (including interest accruing on the loan balances until the due date for payment). Any payment by RECL to MARAC in respect of that loss is due at the end of the 5 year period (with some limited right on the part of MARAC to earlier payment).

17. FINANCE RECEIVABLES SUBJECT TO MANAGEMENT AGREEMENT (CONTINUED)

The payment obligations of RECL are “limited in recourse” to a pool of security provided by RECL. The terms of the agreement require the pool of security to include an $11 million 5 year zero coupon bond (issued by Westpac New Zealand Limited which is rated AA- by Standard & Poor’s (Australia) Pty Limited), and a minimum $19 million in security value of other assets (initially real estate or real estate loans) less any amounts paid to MARAC. RECL has since paid $1.9 million cash for claims to MARAC. These payments reduced the required minimum security value of the other assets to $17.1 million. The Group will be obliged to top up the security pool to the extent there is a shortfall in the security value of the other assets. The directors believe RECL has a pool of assets including RECL cash reserves that are sufficient to meet its obligations under the agreement at this time.

MARAC paid RECL an upfront fee of $11 million (which is being amortised over the 5 year period of the arrangement) and will pay an on-going management fee of $200,000 per annum for the 5 year period.

As stated in note 2, the comparative period of December 2011 has been restated.

18. RELATED PARTY TRANSACTIONS

PARENT AND ITS ASSOCIATED ENTITY

AEP LP
AEP is the parent of PGC holding 76.77% of PGC’s shares at 31 December 2012.

AEP LP charged PGC consulting fees of $0.4 million (December 2011: nil; June 2012: nil) which includes cost recovery of $0.2 million for restructuring advice provided. The balance receivable at 31 December 2012 is $0.3 million (December 2011: $0.3 million receivable, June 2012: $0.3 million receivable).

AEP GP
AEP GP is the general partner of AEP LP. AEP GP charged PGC management fees of $0.2 million (December 2011: nil; June 2012: nil).

ASSOCIATES

EPIC
On 4 May 2012, EPIC became an associate of the Group following the issue of shares by EPIC in satisfaction of amounts owing under the Termination and Secondment agreement between the two parties. Under this arrangement, the Group agreed to provide certain management services until February 2013 and to reimburse EPIC for advisors fees incurred in connection with the arrangement. During the period, income recognized for management services was $0.4 million (December 2011: nil, June 2012: $0.3 million) and reimbursement expense was $0.5 million (December 2011: nil; June 2012: $0.3 million). The balance payable at 31 December 2012 is $1.4 million (December 2011: nil, June 2012: $0.7 million payable).

18. RELATED PARTY TRANSACTIONS (CONTINUED)

Van Eyk and associated person

At 30 June 2012, the Group had provided loans to Van Eyk (AU$1.8 million, NZ$2.3 million) and associated parties (AU$0.9 million, NZ$1.3 million). In the period to 31 December 2012 the Directors concluded that Van Eyk was a subsidiary and therefore it has been consolidated (note 14). The remaining balance of $1.3 million, included in assets held for sale, represents amounts owing from associated persons of Van Eyk (December 2011: $1.2 million , June 2012: $1.3 million).

TLP

The Group as manager of TLP received management, investment acquisition and performance fees from TLP. During the period to 21 December 2012, total fees recognised were $1.3 million (December 2011: $1.4 million; June 2012: $2.8 million). Due to the in specie distribution on 21 December 2012 (refer note 14) loan advance amounts owing from TLP are now repayable by TFLP.

TFLP

A subsidiary of PGC, Torchlight GP Limited (a Caymans Registered company) is the general partner of TFLP and is entitled to management, investment acquisition and performance fees on a similar basis to the previous arrangement between the Group and TLP. Between 21 December 2012 and balance date, management fees of AU$0.12 million were recognised.

During the period, general loan advances were provided to TLP. These amounts are now repayable by TFLP. At balance date, the amount receivable from TFLP was $11.5 million (December 2011: $6.0 million, June 2012: $17.6 million). General advances accrue interest at 9%. Total interest recognised during the period was $0.6 million.

RCL Finance Receivables - sub participation

During the period, sub participation agreements for AU$21.2 million were entered into between subsidiaries of PGC and Torchlight Real Estate Fund Limited in relation to RCL finance receivables held by TLP. The sub participation accrues interest at rates between 11.54% and 11.94%. Total interest recognised during the period was $1.7 million. Total sub participations at 31 December are $32.5 million (December 2011: nil, June 2012: $4.2 million).

Fund management fees

Fees of $3.0 million were received by the Perpetual Group segment for fund management services provided during the period ended 31 December 2012 (December 2011: $3.4 million, June 2012: $6.8 million). In addition, the Perpetual Group has paid expenses on behalf of Funds which are subsequently reimbursed. The amounts payable at 31 December 2012 were nil (December 2011: amount receivable $0.3 million, June 2012: amount receivable $0.2 million).

18. RELATED PARTY TRANSACTIONS (CONTINUED)

Key Management Personnel

Key management personnel, being Directors of the Group and staff reporting directly to the Managing Director, transacted with the Group during the period as follows:

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Key management personnel compensation is as follows:			
Short-term employee benefits	1,391	605	3,174
Total	**1,391**	**605**	**3,174**

19. CONTINGENT LIABILITIES AND COMMITMENTS

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Letters of credit, guarantees and performance bonds	-	-	890
Total contingent liabilities	**-**	**-**	**890**

The liability in relation to the MARAC management agreement is described in note 17.

PGC is currently involved in a dispute in the employment court in respect of claims made by 2 former employees. PGC refutes the claims and is vigorously defending its position. PGC has a contingent liability in respect of a potential adverse ruling by the tribunal, however, if this eventuated it would not have a material impact on the Group.

20. DISCONTINUED OPERATIONS

Divestment of Perpetual and Van Eyk Groups

During the period to 31 December 2012 the Board of Directors announced a plan to dispose of the Group's investment in Perpetual Group. The disposal is consistent with the Group's long term policy to focus on investments in Torchlight Group and its assets in Australia and the United Kingdom. On 3 January 2013, the Board of Directors announced a conditional agreement for the sale of Perpetual Group. In addition, the Group announced a conditional sale of its ordinary shareholding in Van Eyk. This will result in a loss of control of Van Eyk notwithstanding that the Group may retain certain convertible loan notes. Accordingly, Perpetual Group and Van Eyk have been treated as disposal groups held for sale at balance date.

The Perpetual and Van Eyk segments have been classified and accounted for at 31 December 2012 as disposal groups held for sale. The assets and liabilities of the disposal groups held for sale are as follows:

	UNAUDITED Dec 12 $000
Assets held for sale	
Cash at bank	850
Trade and other receivables	7,496
Other investments	1,114
Property, plant and equipment	1,221
Intangible assets	10,337
	21,018
Liabilities held for sale	
Bank overdrafts	4,252
Trade and other payables	7,083
Bank loan facilities	252
Other liabilities	150
	11,737
Net assets held for sale	**9,281**

20. DISCONTINUED OPERATIONS (CONTINUED)

The combined results of the discontinued operations included in the statement of comprehensive income are set out below.

The comparative profit from discontinued operations has been re-presented to include those operations classified as discontinued in the current year.

	UNAUDITED Dec 12 $000	UNAUDITED Dec 11 $000	AUDITED Jun 12 $000
Results of discontinued operations			
Revenue	13,829	8,207	16,919
Expenses	14,128	8,235	22,128
Results from operating activities	**(299)**	**(28)**	**(5,209)**
Income tax (benefit) / expense	123	8	-
Results from operations, net of income tax	**(422)**	**(36)**	**(5,209)**
Loss on remeasurement to fair value	-	-	-
Income tax on remeasurement to fair value	-	-	-
(Loss) from discontinued operations for the period	**(422)**	**(36)**	**(5,209)**
Profit/(Loss) from discontinued operations attributable to:			
Owners of the Company	(949)	(36)	(5,209)
Non-controlling interests	527	-	-
(Loss) from discontinued operations for the period	**(422)**	**(36)**	**(5,209)**
Cash flows from discontinued operations			
Net cash from operating activities	(1,127)	310	(886)
Net cash from investing activities	73	(602)	103
Net cash from financing activities	790	38	(1,364)
Net cash from / (used in) discontinued operations	**(264)**	**(254)**	**(2,147)**

21. SUBSEQUENT EVENTS

TFLP

As stated in note 14 and 18, TLP in specie distributed its interest in TFLP on 21 December 2012 to the limited partners. TFLP immediately made a pro rata non mandatory capital call from the limited partners for AUD100m new capital with the right to take over subscriptions up to AUD50m. TFLP expects to be in a position to close fully subscribed and issue partnership interests within the first quarter of the calendar year of 2013. Subscriptions will be used for investment purposes - primarily to consolidate ownership of key investments and targets, in particular RCL debt which is TFLP's largest asset.

Sale of Perpetual and Van Eyk Groups

As stated in note 20, the Group announced the conditional sale of Perpetual and Van Eyk Groups on 3 January 2013.

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DIRECTORY

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Bryan Mogridge - Independent Chairman
George Kerr - Managing Director
Russell Naylor - Non-independent
Gregory Bright - Independent

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