

Pyne Gould Corporation Limited

INTERIM REPORT AND UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 2021

PYNE GOULD CORPORATION LIMITED

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PYNE GOULD CORPORATION LIMITED

COMPANY REPORT

Directors' Report

Operating Performance

Pyne Gould Corporation ("PGC" or "the Company") recorded an unaudited Net Loss attributable to security holders of £2.98 million for the half year to 31 December 2021 (compared with a Net Loss attributable to security holders of £3.19 million in the half year to 31 December 2020).

After a small favourable non-cash movement in foreign currency reserves, PGC recorded a Total Comprehensive Loss for the half year to 31 December 2021 of £2.69 million (compared to a Total Comprehensive Loss of £3.64 million in the half year to 31 December 2020).

Total Comprehensive Loss attributable to PGC shareholders was £2.02 million (compared with a Total Comprehensive Loss of £2.69 million for the half year to 31 December 2020)

Loss for the half year was driven predominantly by an increase in finance charges flowing from increased debt levels within RCL to support development activity and consolidation of KCR for the first time.

Statement of Financial Position

After allowing for non-controlling interests of £13.75 million (30 June 2021: £8.30 million), Net Assets attributable to PGC shareholders decreased by 7.0% to £28.85 million in the half year to 31 December 2021 (down from £31.02 million at 30 June 2021). Net assets per share decreased by 6.5% to 14.33 pence per share at 31 December 2021 (down from 15.33 pence per share at 30 June 2021).

On a consolidated basis PGC held Total Assets of £144.44 million at 31 December 2021 (up from £112.40 million at 30 June 2021). This was made up of current assets of £61.31 million (30 June 2021: £59.81 million) and long-term assets of £83.13 million (30 June 2021: £52.59 million). PGC had Total Liabilities of £101.85 million at 31 December 2021 (30 June 2021: £73.08 million).

The increase in total assets and non-controlling interests flowed predominantly from the consolidation of KCR during the half year.

Commentary

The operating environment during the half year improved, with Covid-19 related disruptions easing and activity levels improving.

Revenue during the half was subdued reflecting the legacy impact of Covid-19 related lockdowns on PGC and its subsidiaries (together "the Group"), particularly the RCL business. As we have outlined previously, the negative impact that Covid-19 related lockdowns had on the RCL business, and the resulting inability to release new product during 2020, are reflected in reduced levels of settlements in the half year.

Residential property market conditions have continued to remain robust in Australia and New Zealand and RCL has continued to have ongoing sales releases during the half year which have been quickly absorbed in the market.

As at 31 December 2021, RCL has pre-sales in place of c. AUD 250 million (up from AUD 160 million as at 30 June 2021) across the portfolio and is actively focused on delivering product as expediently as possible. Ongoing sales releases during the half were quickly absorbed.

The current level of pre-sales will support enhanced revenue levels over both the second half of the current financial year and into the 2023 financial year.

Progress continues to be made to progress a liquidity event for Torchlight Fund LP ("TFLP") which is the most significant Group asset.

As we have previously outlined, PGC remains focused on the long run success of TFLP in which PGC has an ownership through direct limited partner interests of 70.3%.

The life of TFLP has been extended until 31 May 2022 and the primary near-term focus of the General Partner is on progressing a liquidity event for TFLP. As outlined in the Annual Report, PGC continues to see significant upside in TFLP's largest investment, RCL, and is exploring options to enable it to continue to participate in the ongoing growth of this investment.

The General Partner is continuing to progress strategic options for RCL including a General Partner led restructure of TFLP to sell the investment in RCL to a new partnership structure to allow value optimisation of RCL to continue.

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT (continued)

Directors' Report (continued)

RCL

TFLP's largest investment is 100% of land developer and home builder RCL. RCL has a series of substantial residential land development projects located across Australia (Victoria, New South Wales and Queensland) and New Zealand (Queenstown). RCL's approach is to effectively manage its portfolio through the successful, timely and efficient re-zoning, construction, development and sale of each project.

RCL's largest project is Hanley's Farm in Queenstown, where it is developing in excess of 1,700 sites. This project is progressing well and as at 31 December 2021, approximately 1,100 sites had been sold in a series of progressive releases, with approximately 628 sites completed and settled.

Market conditions in Queenstown remain robust, with all sales releases continuing to be quickly absorbed. Ongoing sales releases during the half year resulted in total pre-sales being achieved in excess of 450 lots with further releases planned to be released over the course of this financial year. Focus remains on delivering the stock which has been sold with the next round of settlements expected to commence in April 2022.

In the Australian portfolio RCL continues to focus on delivery of its own built form product (turn-key apartments and townhouses), enhancing margins and returns from the existing medium density sites within the portfolio. RCL also intends to progressively introduce a component of turn-key, free-standing houses as part of the sales mix within the existing residential estates, to both provide access to buyers looking for completed product and capture incremental development margins from construction.

Additional sales releases have also occurred in the Sunbury project, which now has pre-sales of around AUD 60 million in place. No further releases are planned at this project for the time being as the focus is on delivering the stock that is currently pre-sold over multiple stages.

RCL continues to actively look for additional re-stocking opportunities in tandem with progressing planning outcomes across a number of sites.

KCR Investment

KCR operates in the private rented residential market in London and surrounds. KCR also owns and operates a portfolio of retirement living accommodation.

The initial TFLP investment enabled KCR to restructure its balance sheet and refinance its portfolio to free up capital to support the restructuring of the business and enable additional investment in the existing portfolio to assist in driving growth from the existing asset base.

KCR is continuing with the transition of its business and, whilst not yet generating positive operating cashflow, good progress continues to be made.

KCR has an active focus on both enhancing returns from its existing assets and reducing operating costs within the business. Whilst KCR remains cash negative it is making good progress towards achieving a break-even position from the combination of enhanced operational returns from the existing assets and cost management.

KCR is part way through its transition process to create a stable platform that can be successfully scaled-up. Good progress has been made since the initial TFLP investment with cash burn continuing to reduce.

During the half year, TFLP exercised part of its option to acquire an additional 13.5 million shares, taking its interest in KCR to 55.4%. The additional capital provided to KCR is being used to support the ongoing focus on achieving improved operational performance and provide scope for acquisition activity should suitable assets be found.

TFLP has the ability to subscribe for a further 35.9 million shares under the option agreement.

We look forward to KCR continuing to improve its underlying operating performance.

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT (continued)

Directors' Report (continued)

Share buyback

Capital management remains an ongoing focus for the Board and, consistent with our prior advice, part of the proceeds received from the Perpetual receivable have been used to support buyback activity.

PGC shares trade at a considerable discount to NAV and buying them back is consistent with our value creation strategy.

On 31 December 2021, the Company acquired 1,000,000 of its own shares at a price of NZD 0.29 per share.

Subsequent to the period end, on 28 February 2022, the Company acquired 466,379 of its own shares at a price of NZD 0.25 per share, and on 7 March 2022 announced a proposed buy-back offer for a maximum total of 8,000,000 shares at a price of NZD 0.25 on a first-come-first-served basis, subject to approval by shareholders.

The current open buy back has been well supported, with 272 shareholders, representing 6,815,238 shares, having taken up the offer.

Final comment

We continue to make progress with our strategy of building a long-term sustainable business from distressed assets.

We are grateful to shareholders for the patience and understanding you are demonstrating.

We still have challenges ahead, but the company is well poised to deliver value to shareholders over the coming years as our long-term investment strategy approaches maturity.



George Kerr
Managing Director

11 April 2022

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2021

	Note	Unaudited 6 months to 31 December 2021 £000	Unaudited 6 months to 31 December 2020 £000
Revenue from land development and resale		5,790	5,446
Cost of land development sales		(2,882)	(4,260)
Net revenue from land development and resale		2,908	1,186
Interest revenue		162	176
Interest expense		(5,269)	(1,865)
Net finance expense		(5,107)	(1,689)
Other investment gains/(losses)	5	3,373	(718)
Other revenue	5	984	1,339
Total investment and other revenue		4,357	621
Gross operating revenue		2,158	118
Selling and administration expenses	6	(4,847)	(4,437)
Foreign exchange (losses)/gains		(786)	67
Net operating loss before income tax		(3,475)	(4,252)
Income tax		-	-
Loss for the period after tax		(3,475)	(4,252)
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met</i>			
Foreign currency adjustment on translation to presentation currency		783	616
Total other comprehensive income		783	616
Total comprehensive loss for the period		(2,692)	(3,636)
Loss attributable to:			
Owners of the Parent Company		(2,982)	(3,191)
Non-controlling interests		(493)	(1,061)
Loss for the period		(3,475)	(4,252)
Total comprehensive loss attributable to:			
Owners of the Parent Company		(2,021)	(2,689)
Non-controlling interests		(671)	(947)
Total comprehensive loss for the period		(2,692)	(3,636)
Earnings per share		Pence	Pence
Basic and diluted loss per share attributable to owners of the Parent Company	8	(1.48)	(1.58)
Basic and diluted loss per share attributable to owners of the Parent Company – continuing operations	8	(1.48)	(1.58)

The notes on pages 11 to 28 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the period ended 31 December 2021

31 December 2021 - Unaudited	Share Capital (note 9) £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Non-controlling interests acquisition reserve £000	Non-controlling interests £000	Total Equity £000
Balance at 1 July 2021	151,178	20,319	(144,757)	4,285	8,296	39,321
Total comprehensive loss for the period	-	-	(2,991)	-	(484)	(3,475)
Loss for the period	-	-	-	-	-	-
Other comprehensive income						
Foreign currency adjustment on translation to presentation currency	-	961	-	-	(178)	783
Total comprehensive income/(loss) for the period	-	961	(2,991)	-	(662)	(2,692)
Acquisition of non-controlling interest	-	-	-	-	6,114	6,114
Transactions with owners						
Share buy-back	(147)	-	-	-	-	(147)
Balance at 31 December 2021	151,031	21,280	(147,748)	4,285	13,748	42,596

The notes on pages 11 to 28 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) For the period ended 31 December 2021

	Share Capital (note 9)	Foreign Currency Translation Reserve	Accumulated Losses	Share Capital	Non-controlling interests	Total Equity
	£000	£000	£000	£000	£000	£000
31 December 2020 - Unaudited						
Balance at 1 July 2020	151,197	20,939	(134,034)	4,285	11,561	53,948
Total comprehensive income for the period	-	-	(3,191)	-	(1,061)	(4,252)
Loss for the period						
Other comprehensive loss						
Foreign currency adjustment on translation to presentation currency	-	502	-	-	114	616
Total comprehensive loss for the period	-	502	(3,191)	-	(947)	(3,636)
Transactions with owners						
Share buy-back	(15)	-	-	-	-	(15)
Balance at 31 December 2020	151,182	21,441	(137,225)	4,285	10,614	50,297

The notes on pages 11 to 28 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	Unaudited 31 December 2021 £000	Audited 30 June 2021 £000
ASSETS			
Current assets			
Cash and cash equivalents		15,721	10,323
Finance receivables	10	1,977	1,949
Trade and other receivables		3,030	3,074
Investments – Fair value through profit or loss	13	3,904	12,369
Investments – Loans and receivables at amortised cost	15	1,797	1,787
Inventories	11	34,429	30,144
Prepayments		454	161
Total current assets		61,312	59,807
Non-current assets			
Inventories	11	52,910	48,800
Investment properties	12	24,407	-
Investments – Fair value through profit or loss	13	1,689	-
Advances to related parties	17	3,479	3,249
Property, plant and equipment		647	544
Total non-current assets		83,132	52,593
Total assets		144,444	112,400
LIABILITIES			
Current liabilities			
Trade and other payables		3,425	6,372
Total current liabilities		3,425	6,372
Non-current liabilities			
Borrowings	16	97,473	65,571
Deferred tax liability		950	956
Total non-current liabilities		98,423	66,707
Total liabilities		101,848	73,079
EQUITY			
Share capital	9	151,031	151,178
Foreign currency translation reserve	9	21,280	20,319
Accumulated losses		(147,748)	(144,757)
Non-controlling interests acquisition reserve	9	4,285	4,285
Total equity – attributable to the owners of the Company		28,848	31,025
Non-controlling interests	9	13,748	8,296
Total equity		42,596	39,321
Total equity and liabilities		144,444	112,400
Net assets per share (pence)		14.33p	15.33p

The Board of Directors of Pyne Gould Corporation Limited authorised the interim condensed consolidated financial statements set out on pages 6 to 28 for issue on 11 April 2022.


Russell Naylor – Director


George Kerr – Director

The notes on pages 11 to 28 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 31 December 2021

	Note	Unaudited 6 months to 31 December 2021 £000	Unaudited 6 months to 31 December 2020 £000
Cash flows from operating activities			
Interest received		4	34
Rental revenue		195	5
Proceeds from sale of inventories		5,791	5,446
Fees and other revenue received		789	1,334
		6,779	6,819
Cash flows used in operating activities			
Payments to suppliers and employees		(9,358)	(3,447)
Development costs of inventories		(12,516)	(6,045)
Interest paid		(89)	-
		(21,963)	(9,492)
Net cash flows used in operating activities	7	(15,184)	(2,673)
Cash flows from investing activities			
Disposal of investments	13	6,804	-
Net cash acquired on acquisition of KCR		312	-
		7,116	-
Cash flows used in investing activities			
Increase in finance receivables		-	(38)
Acquisition of property, plant and equipment		(186)	(20)
Increase in advances to other related parties		(92)	(28)
Increase in other investments		(809)	-
		(1,087)	(86)
Net cash flows from/(used in) investing activities		6,029	(86)
Cash flows from financing activities			
Increase in borrowings		15,772	-
		15,772	-
Cash flows used in financing activities			
Decrease in borrowings		(2,026)	(959)
		(2,026)	(959)
Net cash flows from/(used in) financing activities		13,746	(959)
Net increase/(decrease) in cash and cash equivalents		4,591	(3,718)
Foreign currency adjustment on translation of cash balances to presentation currency		807	(1,234)
Opening cash and cash equivalents		10,323	7,253
Closing cash and cash equivalents		15,721	2,301
Represented by:			
Cash and cash equivalents		15,721	2,301
		15,721	2,301

The notes on pages 11 to 28 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 2021

1. Reporting entity

Pyne Gould Corporation Limited is a Guernsey-domiciled company. The financial statements presented are the condensed consolidated interim financial statements comprising Pyne Gould Corporation Limited ("the Company") and its subsidiaries (together "the Group").

Entities within the Group offer financial and asset management services and invest in a portfolio of financial and real estate assets.

The Company listed on the Official List of The International Stock Exchange ("TISE") on 21 November 2018. The registered office address of the Company is Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1GR.

These unaudited interim condensed consolidated financial statements (the "Interim Financial Statements") were authorised by the Directors for issue on 11 April 2022.

2. Basis of preparation

(a) Statement of compliance

These Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' and with applicable legal and regulatory requirements. They do not include all the information and disclosures required in annual consolidated financial statements and should be read in conjunction with the Group's last annual audited consolidated financial statements for the year ended 30 June 2021.

The accounting policies applied in these Interim Financial Statements are consistent with those applied in the last annual audited consolidated financial statements for the year ended 30 June 2021, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. Having reassessed the principal risks, the Group's financial position as at 31 December 2021 and the factors that may impact its performance in the forthcoming year, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Interim Financial Statements.

As a Guernsey domiciled company, the Interim Financial Statements also comply with the legal and regulatory requirements of The Companies (Guernsey) Law, 2008 (as amended).

(b) Accounting judgements and major sources of estimation uncertainty

The estimates and judgements made by the Board of Directors are consistent with those made in the audited consolidated financial statements for the year ended 30 June 2021. During the period, the Group exercised options to acquire an increased stake in KCR Residential REIT plc ("KCR"), and accordingly, the Board has determined that the Group now has control over KCR, which has therefore been reclassified from an associate to a subsidiary (see notes 13 and 14).

Going concern

During the prior year, the Group successfully closed a restructuring of its financing arrangements, providing an increase in funding and an extension of a further 3 years to the financing term.

As a result, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for at least twelve months from the date of approval of these Interim Financial Statements.

In reaching this conclusion, the Directors have considered the risks (detailed below) that could impact on the Group's liquidity over the next twelve months from the date of approval of these Interim Financial Statements, and are of the opinion that it is appropriate to present these Interim Financial Statements on a going concern basis.

Covid-19

There remains a degree of uncertainty in assessing the financial impact that the Covid-19 pandemic will ultimately have on the Group, however as restrictions are in the process of largely being removed globally, the Directors are of the opinion that the ongoing Covid-19 situation will not impact the use of the going concern assumption in preparing these Financial Statements.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 2021

2. Basis of preparation (continued)

(b) Accounting judgements and major sources of estimation uncertainty (continued)

Going concern (continued)

Torchlight Fund LP

On 13 December 2021, the limited partners of Torchlight Fund LP ("TFLP"), the most significant component of the Group, approved an extension of the life of TFLP by 6 months to 31 May 2022, and the Group is in the process of facilitating non-pro rata exits for a number of limited partners. TFLP's audited financial statements for the year ended 31 March 2021 were prepared on a non-going concern basis, however the Group has committed to rolling its investment in RCL into a new structure to enable ongoing participation in the RCL investment, as a result of which it is not anticipated that the winding up of TFLP will impact the viability of the Group.

3. Significant accounting policies

There have been no new standards or amendments applied during the period which have had a material impact on these Interim Financial Statements.

Following the reclassification of KCR Residential REIT plc from an associate of the Group to a subsidiary (see note 14), the Group has adopted the following new accounting policies:

Investment properties

Investment properties comprise properties owned by the Group which are held for capital appreciation, rental income or both. Investment properties are initially measured at cost, including expenditure that is directly attributable to the acquisition of the asset. Investment properties are revalued on acquisition by independent external valuers and then by the directors or independent valuers annually thereafter. Acquisitions and disposals are recognised on completion. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Further details of the investment property valuation methodology are contained in note 18.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Leasing

The Group applies IFRS 16 Leases. Lessees, with certain exceptions for short term or low value leases, are required to recognise all leased assets on their Statement of Financial Position as 'right-of-use assets' with a corresponding lease liability.

The Group has a small number of operating leases concerning office premises and plant and equipment. IFRS 16 provides an exemption for short term operating leases and leases of low value. The Group has taken advantage of the exemptions rather than establishing a right to use asset.

The costs of leases of low value items and those with a short term at inception are recognised as incurred.

4. Segmental analysis

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The following summary describes the operations in each of the Group's reportable segments for the current period:

Torchlight 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
Parent Company	Parent Company that holds investments in and advances to/from subsidiaries

Information regarding the results of each reportable segment is shown on the following pages. Performance is measured based on segment profit/(loss) for the period, as included in the internal management reports that are reviewed by the Board, which is the Chief Operating Decision Maker ("CODM"). 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.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2021

4. Segmental analysis (continued)

Group's reportable segments

Revenue and expenditure

For the period ended
31 December 2021 -
Unaudited

	Continuing Operations				Total
	Torchlight Segment	Property Group	Parent Company	Inter-segment eliminations	
	£000	£000	£000	£000	£000
External revenue					
Interest revenue	162	-	-	-	162
Other revenue	978	6	-	-	984
Gross revenue from land development and resale	5,790	-	-	-	5,790
Cost of land development sales	(2,882)	-	-	-	(2,882)
Other investment gains	3,373	-	-	-	3,373
	7,421	6	-	-	7,427
Internal revenue					
Foreign exchange (losses)/gains	(778)	5	(13)	-	(786)
Total segment revenue	6,643	11	(13)	-	6,641
Expenses					
Interest expense	(5,269)	-	-	-	(5,269)
Selling and administration expenses	(4,436)	(57)	(354)	-	(4,847)
Total operating expenses	(9,705)	(57)	(354)	-	(10,116)
Loss before tax	(3,062)	(46)	(367)	-	(3,475)
Income tax	-	-	-	-	-
Loss after tax	(3,062)	(46)	(367)	-	(3,475)
Non-controlling interests	493	-	-	-	493
Loss for the period attributable to owners of the Company	(2,569)	(46)	(367)	-	(2,982)

Assets and liabilities

As at 31 December 2021 - Unaudited

	Continuing operations				Total
	Torchlight Group	Property Group	Parent Company	Inter-segment eliminations	
	£000	£000	£000	£000	£000
Total assets	185,498	1,906	64,978	(107,938)	144,444
Total liabilities	130,427	11,587	232	(40,398)	101,848

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2021

4. Segmental analysis (continued)

Group's reportable segments (continued)

Revenue and expenditure For the period ended 31 December 2020 - Unaudited	Continuing Operations				Total
	Torchlight Group	Property Group	Parent Company	Inter- segment eliminations	
	£000	£000	£000	£000	£000
External revenue					
Interest revenue	176	-	-	-	176
Other revenue	1,334	5	-	-	1,339
Gross revenue from land development and resale	5,312	134	-	-	5,446
Cost of land development sales	(4,125)	(135)	-	-	(4,260)
Other investment gains	(718)	-	-	-	(718)
	1,979	4	-	-	1,983
Internal revenue					
Foreign exchange gains/(losses)	20	42	5	-	67
Total segment revenue	1,999	46	5	-	2,050
Expenses					
Interest expense	(1,865)	-	-	-	(1,865)
Selling and administration expenses	(3,969)	(67)	(401)	-	(4,437)
Total operating expenses	(5,834)	(67)	(401)	-	(6,302)
Profit/(loss) before tax	(3,835)	(21)	(396)	-	(4,252)
Income tax	-	-	-	-	-
Profit/(loss) after tax	(3,835)	(21)	(396)	-	(4,252)
Non-controlling interests	1,061	-	-	-	1,061
Loss for the period attributable to owners of the Company	(2,774)	(21)	(396)	-	(3,191)
Assets and liabilities					
	Torchlight Group	Property Group	Parent Company	Inter- segment eliminations	Total
As at 30 June 2021 - Audited	£000	£000	£000	£000	£000
Total assets	207,724	1,887	65,720	(162,931)	112,400
Total liabilities	97,822	11,474	804	(37,021)	73,079

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2021

5. Investment and other revenue

	Unaudited 6 months to 31 December 2021 £000	Unaudited 6 months to 31 December 2020 £000
Investment gain/(loss)		
Movement in fair value of listed equity securities	624	(718)
Bargain gain on acquisition of controlling interest in listed equity investment (note 14)	2,604	-
Gain on revaluation of investment properties (note 12)	145	-
Net investment gain/(loss)	3,373	(718)
Other revenue		
Golf revenue	752	1,081
KCR revenue	222	-
Miscellaneous revenue	10	258
Total other revenue	984	1,339

Golf revenue and expenses have been generated from the operations of a golf course within the Group's subsidiary RCL Pacific Dunes Golf Operations Pty Ltd.

6. Selling and administration expenses

	Unaudited 6 months to 31 December 2021 £000	Unaudited 6 months to 31 December 2020 £000
Directors' fees	70	60
Personnel expenses *	1,010	938
Legal and consultancy fees	1,408	1,350
Other operating expenses **	2,359	2,089
Selling and administration expenses	4,847	4,437

* Personnel expenses have been generated from within the RCL Group and KCR (2020: RCL Group).

** Other operating expenses include property expenses, golf expenses, listing and regulatory costs, audit fees and other overhead expenditure. There are no other individual (or aggregated) significant expenses for further disaggregation.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2021

7. Reconciliation of profit after tax to net cash flows from operating activities

	Unaudited 6 months to 31 December 2021 £000	Unaudited 6 months to 31 December 2020 £000
Loss for the period	(3,475)	(4,252)
Adjustments for non-cash items:		
Foreign exchange losses/(gains)	786	(58)
Depreciation and amortisation of non-current assets	101	31
Unrealised (gain)/loss on investments	(3,373)	718
Interest revenue	(157)	(143)
Interest paid	5,180	1,866
Total non-cash items	2,537	2,414
Adjustments for movements in working capital:		
Trade and other receivables	(186)	(49)
Trade and other payables	(4,427)	996
Movement in development costs	(9,633)	(1,782)
Total movements in working capital	(14,246)	(835)
Net cash flows applied to operating activities	(15,184)	(2,673)

8. Loss per share

Basic and diluted loss per share is calculated by dividing the net loss after tax by the weighted average number of ordinary shares in issue during the period.

	Unaudited 6 months to 31 December 2021	Unaudited 6 months to 31 December 2020
Loss after tax attributable to owners of the Company (£000)	(2,982)	(3,191)
Loss after tax attributable to owners of the Company – continuing operations (£000)	(2,982)	(3,191)
Weighted average number of ordinary shares in issue (000)	202,316	202,436
Basic and diluted loss (pence per share)	(1.48)p	(1.58)p
Basic and diluted loss – continuing operations (pence per share)	(1.48)p	(1.58)p
	Unaudited 31 December 2021	Audited 30 June 2021
Net tangible assets per share (pence per share)*	14.33p	15.33p

* Net tangible assets per share are calculated by dividing the net tangible assets by the shares in issue at period/year end.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 31 December 2021

9. Share capital and reserves

Authorised capital

The Company has the power to issue an unlimited number of shares of no par value which may be issued as Redeemable Shares or otherwise. The Company only has NZ Dollar non-redeemable Ordinary Shares in issue at the date of this report.

	Unaudited 31 December 2021 Shares 000s	Audited 30 June 2021 Shares 000s
Number of issued shares		
Opening balance	202,319	202,463
Share buy-back	(1,000)	(144)
Closing balance	201,319	202,319

The shares have equal voting rights and rights to dividends and distributions and do not have a par value.

	Unaudited 31 December 2021 £000	Audited 30 June 2021 £000
Share premium		
Opening balance	151,178	151,197
Share buy-backs	(147)	(19)
Closing balance	151,031	151,178

On 31 December 2021, the Company acquired 1,000,000 of its own shares at a price of NZD 0.29 per share.

Subsequent to the period end, on 28 February 2022, the Company acquired 466,379 of its own shares at a price of NZD 0.25 per share, and on 7 March 2022 announced a proposed buy-back offer for a maximum total of 8,000,000 shares at a price of NZD 0.25 on a first-come-first-served basis, subject to approval by shareholders.

Foreign currency translation reserve

The foreign currency translation reserve comprises accumulated exchange differences arising on the conversion of the Group's operations denominated in New Zealand Dollars and Australian Dollars to British Pound Sterling.

Non-controlling interests ("NCI") reserve

NCI reserve represents the accumulated profits attributable to the NCIs.

NCI acquisition reserve

NCI acquisition reserve represents the accumulated net gains recognised by the Group in transactions between the Group and NCIs.

10. Finance receivables

	Unaudited 31 December 2021 £000	Audited 30 June 2021 £000
Current		
Gross finance receivables	1,977	1,949
Total finance receivables	1,977	1,949

Finance receivables are loans with various terms and interest rates.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 31 December 2021

11. Inventories

	Unaudited 31 December 2021 £000	Audited 30 June 2021 £000
<i>Land held for resale</i>		
Current assets		
Cost of acquisition	17,606	18,714
Development costs	16,823	11,430
	34,429	30,144
Non-current assets		
Cost of acquisition	43,075	43,308
Development costs	9,835	6,157
Less: impairment	-	(665)
	52,910	48,800
Total inventories	87,339	78,944

The majority of the Group's inventories are held in the Torchlight Group segment of the business, principally through the RCL Australian and New Zealand registered subsidiaries, with a small amount held through the Real Estate Southern Holdings Limited ("RESHL") subsidiary. These inventories consist of residential land subdivisions and property development in the geographical areas of Australia and New Zealand. In accordance with the Group's accounting policy, inventories are held at the lower of cost and net realisable value. All inventories are held at cost. At 31 December 2021, the RCL inventories are pledged as security to a third party corporate debt facility as detailed further in note 16.

The remaining inventories were held in the Property Group segment of the business through Land House Limited ("LHL"). There is no security held over these properties.

During the period, AUD Nil (£Nil) (31 December 2020: AUD 5.0 million (£2.8 million)) and NZD 4.8 million (£2.6 million) (31 December 2020: NZD 2.6 million (£1.3 million)) of inventories in respect of the RCL subsidiaries, NZD 0.6 million (£0.3 million) in respect of the RESHL subsidiary, and NZD Nil (£Nil) (31 December 2020: NZD 0.3 million (£0.1 million)) in respect of the LHL subsidiary were recognised as an expenses in the condensed consolidated Statement of Comprehensive Income. No write-down of inventories to fair value less costs to sell nor any reversal of any such write-downs were recognised as an expense during the period (31 December 2020: £0.7 million).

12. Investment properties

	Unaudited 31 December 2021 £000	Audited 30 June 2021 £000
Acquisition on assuming control of KCR (note 14)	24,262	-
Revaluation	145	-
Total investment properties	24,407	-

Investment properties were valued by professionally qualified independent external valuers at or within three months of 30 June 2021, and at acquisition were recorded at the values that were attributed to the properties at the acquisition date. The Directors have further considered the values as at 31 December 2021 and concluded that a small uplift to the value of one of the properties, which was purchased in July 2021, was appropriate.

For further details of the methods and assumptions used to estimate the fair value of the investment properties see note 18.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 31 December 2021

13. Investments – Fair value through profit or loss

	Unaudited 31 December 2021 £000	Audited 30 June 2021 £000
Non-current assets		
KCR Residential REIT	-	1,680
PTL receivable	-	6,804
4B Mining Corp	1,689	-
Loans and receivables	3,904	3,885
Total Investments – Fair value through profit or loss	5,593	12,369

KCR Residential REIT

On 27 October 2021, the Group exercised options to acquire additional shares in KCR Residential REIT plc (“KCR”). As a result, with effect from 27 October 2021, the Group acquired control of KCR, which became a subsidiary of the Group and is no longer classified as an investment at fair value through profit or loss. For further details, see note 14.

PTL receivable

As at 30 June 2021, the fair value of the PTL receivable was arrived at on the basis of a settlement in the amount of NZD 13.5 million (£6.8 million) agreed between the Group and the sale counterparty, which was executed and settled during the period.

4B Mining Corp

On 21 October 2021, the Group, through its subsidiary Torchlight Group Limited, acquired an investment in 4B Mining Corp (“4B”), a company incorporated in Canada, for a total consideration of US\$2.35 million (£1.7 million), of which US\$1.13 million (£0.8 million) was settled in the period. The balance was settled in February 2022.

The investment comprises a holding in the common shares of 4B and a 1% royalty interest in the gross revenue of a project to be pursued by Mineracao Piramide Participacoes Ltda, a Brazilian subsidiary of 4B. The investment is classified as an investment at fair value through profit or loss.

Loans and receivables

Loans and receivables comprise the following amounts:

- (a) a loan to an Australian borrower group that is in default, which is measured at a fair value of AUD 73,000 (£40,000) (30 June 2021: AUD 73,000 (£40,000)) based on the future discounted cash flows expected to be received.
- (b) a receivable of NZD7.6 million (£3.9 million) (30 June 2021: AUD7.6 million (£3.8million)) due from an Australian investment company in relation to the acquisition by that company of a partnership interest in Torchlight Fund LP.

For further details of the methods and assumptions used to estimate the fair value of the above assets see note 18.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 31 December 2021

14. Acquisition of subsidiary

On 27 October 2021, the Company announced that it had exercised options in respect of an additional 13,500,000 shares in KCR Residential REIT plc ("KCR") through its investment in its subsidiary, TFLP. As a result, with effect from 27 October 2021, the Group held 55.44% (30 June 2021: 34.08%) of KCR's issued share capital and thus acquired control of KCR. KCR therefore became a subsidiary of the Group and the Group is required to consolidate the balances and results of KCR, and no longer account for its investment as an investment at fair value through profit or loss. The fair values of the assets and liabilities acquired by the Group at the date of acquisition are set out in the following table.

Assets	£000
Freehold property	24,262
Cash and cash equivalents	3,009
Other assets	80
Total assets	27,351
Liabilities	
Loans payable	(13,178)
Other payables	(454)
Total liabilities	(13,632)
Net assets acquired	13,719
Fair value of net assets attributable to the Group (55.44%)	7,605
Fair value of net assets attributable to non-controlling interests (44.56%)	6,114
	13,719

The consideration provided for the acquisition comprised a holding of 9,600,000 shares in KCR, together with an additional 13,500,000 KCR shares arising from the exercise of options, as follows:

	£000
Fair value of equity interest in KCR immediately prior to acquisition	2,304
Exercise cost of additional options in KCR	2,697
	5,001
Bargain gain on acquisition of controlling interest in KCR	2,604
Net assets of KCR attributable to the Group on acquisition	7,605

The bargain gain on the acquisition of the controlling interest in KCR is recognised in Other investment gains/(losses) in the Condensed Consolidated Statement of Comprehensive Income.

Revenue of £222,000 and a net loss of £66,000 relating to KCR have been included in the Condensed Consolidated Statement of Comprehensive Income in respect of the period since the acquisition date. No costs related to the acquisition have been incurred in the period.

Had the acquisition of KCR occurred at the beginning of the current period, the Group's revenue for the period would have been £382,000 higher, and the Group's loss for the period would have been £299,000 lower.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 31 December 2021

15. Investments – Loans and receivables at amortised cost

	Unaudited 31 December 2021 £000	Audited 30 June 2021 £000
Current assets		
Loans receivable – gross	2,279	2,268
Impairment of loans receivable	(1,774)	(1,766)
Other Receivables	1,292	1,285
Total current loans and receivables at amortised cost	1,797	1,787
Non-current assets		
Loans receivable – gross	33,954	34,154
Impairment of loans receivable	(33,954)	(34,154)
Total non-current loans at amortised cost	-	-
Total Loans and receivables at amortised cost	1,797	1,787

Loans receivable

Loans receivable have been impaired based on expected recoveries from underlying projects. These loans have been valued and assessed for impairment based on discount cash flow (DCF) analysis of the underlying projects. The discount rates applied within these DCF analyses range from 9% to 20% (30 June 2021: 9% to 20%).

Other receivables

Other receivables comprises an amount of NZD 2.6 million (£1.3 million) paid as a deposit towards 50% of development costs on an initial exercise of a call option in respect of 42 residential lots (30 June 2021: NZD 3.0 million (£1.6 million) on an initial exercise of a call option in respect of 50 residential lots).

The ageing analysis of the loans and receivables is as follows:

	Unaudited 31 December 2021			£000
	£000	£000	£000	
	Not yet due	Past due and impaired	Past due and not impaired	Total
Not yet due	1,292	-	-	1,292
Up to 12 months	-	505	-	505
Total	1,292	505	-	1,797

	Audited 30 June 2021			£000
	£000	£000	£000	
	Not yet due	Past due and impaired	Past due and not impaired	Total
Not yet due	1,285	-	-	1,285
Up to 12 months	-	502	-	502
Total	1,285	502	-	1,787

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 31 December 2021

16. Borrowings

	Unaudited 31 December 2021 £000	Audited 30 June 2021 £000
Non-current		
RCL third party corporate debt facility – secured	84,198	65,751
KCR bank facility	13,275	-
Total borrowings	97,473	65,751

RCL borrowing

The AUD borrowing facility within the RCL Group was due to expire in February 2021 and was refinanced on 8 January 2021. The facility was increased to AUD 82.4 million (£44.3 million) and extended to January 2024. Interest is payable on the facility of 13.75% per annum (30 June 2021: 13.75% per annum) and is capitalised quarterly.

The NZD borrowing facility was refinanced at the same time, with the facility being increased to NZD 60.6 million (£30.7 million), reducing to NZD 37.0 million (£18.7 million) in July 2021. On 31 August 2021, RCL entered into a new facility with a 3 year term providing an additional NZD 30 million (£15.2 million) in working capital to support accelerated development activity across the portfolio. Interest is payable on the facility of 13.75% per annum (30 June 2021: 10.00% per annum) and is capitalised quarterly.

These facilities are cross-collateralised, secured on the RCL Group's inventories (see note 11) and mature in January 2024.

KCR borrowing

The KCR borrowings comprise four separate facilities with three separate lenders (two banks and one third party corporate lender). The expiries of the facilities range between August 2026 and February 2045, and interest is chargeable at rates between 3.5% and 3.7% per annum, payable monthly.

Each facility is secured on a specific investment property within the KCR portfolio.

17. Related party transactions

(a) Transactions with related parties

Parent and its associated entity

Chase Nominees Limited (“Chase”)

Chase is the parent of PGC, holding 51.63% of the Company's shares as at 31 December 2021 (30 June 2021: 51.63%). Entities associated with George Kerr are the ultimate beneficial owners of the shares held by Chase, which is acting as custodian.

Australasian Equity Partners (GP) No. 1 Limited (“AEP GP”)

AEP GP is the general partner of Australasian Equity Partners Fund No.1 LP (“AEP LP”), of which George Kerr is the ultimate controlling party. During the period, AEP GP charged Torchlight Group Limited, a subsidiary of the Company, administration fees of £Nil (31 December 2020: £16,150). At 31 December 2021, an amount of £Nil was payable to AEP GP (30 June 2021: £1,500). The above expenses have been included in selling and administration expenses in the Condensed Consolidated Statement of Comprehensive Income.

During the period, the Group made additional unsecured loan advances to AEP GP of £76,000. As at 31 December 2021, the amount receivable from AEP GP was £3.5 million (30 June 2021: £3.3 million). These amounts are repayable by AEP GP on demand, or by the loan expiry date of 30 November 2023, whichever is the earlier. General advances accrue interest at 9%. Total interest recognised during the period was £158,000 (31 December 2020: £143,000).

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 31 December 2021

17. Related party transactions (continued)

(b) Transactions with 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 31 December 2021 £000	Unaudited 31 December 2020 £000
Key management personnel compensation from the Parent Company is as follows:		
Directors' fees payable to non-executive Directors	60	60
Consultancy fees payable to executive Directors	517	567
Total	577	627

Directors' fees of £Nil were outstanding at 31 December 2021 (30 June 2021: £60,000). Consultancy fees of £Nil were outstanding at 31 December 2021 (30 June 2021: £712,000).

Personnel compensation within the Group is as follows:

	Unaudited 31 December 2021 £000	Unaudited 31 December 2020 £000
RCL Group short-term employee benefits	976	938
KCR short-term employee benefits	34	-
Total	1,010	938

There were no employee benefits outstanding at 31 December 2021 or 30 June 2021.

18. Fair value

The following methods and assumptions were used to estimate the fair value of each class of asset and financial liability.

Fair value measurement of financial instruments

Finance receivables

The fair value of the Group's finance receivables are considered equivalent to their carrying value due to their short term nature.

Loans and receivables at amortised cost

Loans and receivables are measured at amortised cost. For purposes of fair value disclosures, the carrying amount of short-term loans and receivables approximates fair value. For long term loans and receivables, fair value is determined based on discounted cash flows using the current market interest rate of a similar instrument and based on this the amortised cost approximates the fair value.

Borrowings

Borrowings are measured at amortised cost. For purposes of fair value disclosures, the carrying amount of short-term borrowings approximates fair value. For long term borrowings, fair value is determined based on discounted cash flows using the current market interest rate of a similar instrument and based on this the amortised cost approximates the fair value.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2021

18. Fair value (continued)

Fair value measurement of financial instruments (continued)

Investments - Fair value through profit or loss

PTL Receivable

As at 30 June 2021, the PTL receivable was valued in accordance with a settlement agreed between the Group and the settlement counterparty, which was executed and settled during the period.

Listed equity securities

As at 30 June 2021, listed equity securities comprised an investment in KCR Residential REIT ("KCR"), an entity listed on the AIM segment of the LSE and held by a subsidiary of the Group, Torchlight Fund LP, which held 34.08% of the total shares. The investment in KCR was measured at fair value at 30 June 2021, based on unadjusted quoted prices in active markets for identical assets. On 27 October 2021, the Company announced that it had exercised options in respect of an additional 13,500,000 shares in KCR. As a result, with effect from that date, the Group held 55.44% of KCR's issued share capital and thus acquired control of KCR. KCR therefore became a subsidiary of the Group and the Group is required to consolidate the results of KCR, and no longer account for its investment as an investment at fair value through profit or loss.

Unlisted equity securities

On 21 October 2021, the Group, through its subsidiary Torchlight Group Limited, acquired an investment in 4B Mining Corp ("4B"), a company incorporated in Canada. The investment comprises a holding in the common shares of 4B and a 1% royalty interest in the gross revenue of a project to be pursued by Mineracao Piramide Participacoes Ltda, a Brazilian subsidiary of 4B. The investment is classified as an investment at fair value through profit or loss. As at 31 December 2021, the group has determined that the fair value of the investment should be its cost.

Loans and receivables

Loans and receivables measured at fair value are valued on the basis of the future discounted cash flows expected to be received from the assets, which the Directors consider to be the best estimate of fair value for the assets at the reporting date.

Other financial assets and liabilities

The fair value of other financial assets and liabilities is considered equivalent to their carrying value due to their short-term nature.

Fair value measurement of Investment properties

Investment properties are valued by the directors of KCR with reference to valuations carried out by professionally qualified independent external valuers in accordance with the Royal Institution of Chartered Surveyors' Valuation - Global Standards, 2020 (Red Book). Fair value is based on current prices in an active market for similar properties in the same location and condition. The current price is the estimated amount for which a property could be exchanged between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuations are based on a market approach which provides an indicative value by comparing the property with other similar properties for which price information is available. Comparisons have been adjusted to reflect differences in age, size, condition, location and any other relevant factors.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 31 December 2021

18. Fair value (continued)

Fair Value Hierarchy

The following tables provide an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value grouped as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Note	Unaudited 31 December 2021			Total £000
		Level 1 £000	Level 2 £000	Level 3 £000	
Assets					
Investment properties	12	-	-	24,407	24,407
Loans and receivables	13	-	-	3,904	3,904
Unlisted equity securities	13	-	-	1,689	1,689
Total Assets		-	-	30,000	30,000

There were no transfers between Levels 1, 2 and 3 in the period (31 December 2020: no transfers).

	Note	Audited 30 June 2021			Total £000
		Level 1 £000	Level 2 £000	Level 3 £000	
Assets					
Investments – PTL receivable	13	-	-	6,804	6,804
Listed equity securities	13	1,680	-	-	1,680
Loans and receivables	13	-	-	3,885	3,885
Total Assets		1,680	-	10,689	12,369

There were no transfers between Levels 1, 2 and 3 in the year.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2021

18. Fair value (continued)

Reconciliation of Level 3 fair value measurements of assets

Foreign exchange translation movements are recognised in other comprehensive income.

	Unaudited				
	31 December 2021				
	Investment	PTL	Loans and	Unlisted	Total
	properties	receivable	receivables at	equity	
	£000	£000	fair value	securities	£000
			through profit or	£000	£000
			loss		
			£000		
Investments held at fair value					
Balance at the beginning of the period	-	6,804	3,885	-	10,689
Acquisition	24,262	-	-	1,689	25,951
Disposal	-	(6,804)	-	-	(6,804)
Revaluation	145	-	-	-	145
Foreign exchange on translation	-	-	19	-	19
Balance at the end of the period	24,407	-	3,904	1,689	30,000

	Audited				
	30 June 2021				
		PTL	Loans and	Derivative	Total
		receivable	receivables at	Financial	£000
		£000	fair value	instruments	£000
			through profit or	£000	£000
			loss		
			£000		
Investments held at fair value					
Balance at the beginning of the year		8,742	5,095	1,849	15,686
Disposal		-	(1,208)	(1,828)	(3,036)
Change in fair value through profit or loss within investment revenue		(1,682)	150	-	(1,532)
Foreign exchange on translation		(256)	(152)	(21)	(429)
Balance at the end of the year		6,804	3,885	-	10,689

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2021

18. Fair value (continued)

Valuation process (continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Unaudited Fair value at 31 December 2021 £000	Audited Fair value at 30 June 2021 £000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	24,407	-	Income capitalisation and capital value on a per square foot basis	Adopted gross yield Adopted rate per square foot	3.00% - 5.76% £303 - £982	If the yield had been higher/lower, the fair value would decrease/increase. If the rate per square foot were higher/lower, the fair value would increase/decrease.
PTL receivable	-	6,804	31 December 2021 N/A	31 December 2021 N/A	See page 22	See page 22
Unlisted equity investments	1,689	-	Cost	Acquisition price	See page 22	If the acquisition price had been higher/lower, the fair value would increase/decrease
Loan at fair value through profit or loss	40	40	Based on NPV of future cash flows and cash balance	Discount rate	10% discount rate 30% entitlement	If the discount rate used was higher/lower, the fair value would decrease/increase. The effect of any such decreases/increases would be immaterial
Receivable at fair value through profit or loss	3,864	3,845	Cost adjusted for any estimated shortfall in future distribution payable to Limited Partner in Torchlight	Torchlight NAV, principally determined by valuation of underlying assets	Torchlight NAV (30 September 2021: AUD 254.3 million (£136.8 million), 30 June 2021: AUD 253.3 million (137.1 million))	Any increase, or a decrease of up to 27%, in the Torchlight NAV would have no effect on the fair value. A decrease of 50% in the Torchlight NAV would result in a decrease of 32% in the fair value.
	30,000	10,689				

PYNE GOULD CORPORATION LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2021

19. Contingent liabilities and commitments

Torchlight Fund LP and its subsidiaries

The Group had the following commitments within the RCL group:

	Unaudited 31 December 2021 £000	Audited 30 June 2021 £000
Contracted work to complete		
<i>Expenditure contracted for at the reporting date but not recognised as liabilities</i>		
Within one year	7,130	4,373

Torchlight Fund LP and its subsidiaries – Contingent assets

The Group has financial guarantees in respect of completion of development works and maintenance bonds to relevant authorities. The value of these guarantees at 31 December 2021 was £0.3 million (30 June 2021: £0.3 million).

20. Subsequent events

The following material events have occurred subsequent to 31 December 2021 to the date when these interim condensed consolidated financial statements were authorised for issue:

- On 28 February 2022, the Company acquired 466,379 of its own shares at a price of NZD 0.25 per share. These shares have been cancelled.
- On 7 March 2022, the Company announced a proposed buy-back offer for a maximum total of 8,000,000 shares at a price of NZD 0.25 on a first-come-first-served basis. 272 shareholders, representing 6,815,238 shares, have accepted the offer.