

**TISE ANNOUNCEMENT**

28 August 2019

**Preliminary Full Year Results to 30 June 2019**

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Pyne Gould Corporation (“PGC”) recorded a Net Loss attributable to security holders of GBP 0.27 million for the year to 30 June 2019 (compared with a Net Profit of GBP 8.94 million for the year to 30 June 2018).

After favourable foreign currency movements in foreign currency translation, PGC recorded Total Comprehensive Income of GBP 1.03 million prior to adjustment for non-controlling interests.

Total comprehensive income attributable to PGC shareholders was GBP 0.65 million.

PGC recorded a 13.89% rise in Net Tangible Assets (NTA) per share from 20.13 pence to 22.92 pence (after allowing for non-controlling interests). Lift in NTA was primarily driven by the positive outcome of the settlement of the Cayman litigation as announced last year.

At 30 June 2019, PGC held Net Current Assets of GBP 53.56 million (down from GBP 65.87 million last year). This is made up of current assets of GBP 60.16 million (GBP 75.58 million last year), with GBP 6.60 million current liabilities (down from GBP 9.71 million last year).

PGC held long-term assets of GBP 72.20 million (up from GBP 63.57 million) with GBP 64.84 million long-term liabilities (up from GBP 55.22 million). Increase in liabilities primarily flowed from payment owing as part of the settlement of the Cayman litigation.

After adjusting for non-controlling interests, equity attributable to security holders rose to GBP 47.55 million (up from GBP 41.76 million).

**Commentary**

Whilst we have previously commented on the settlement of the Cayman litigation, it is worth reiterating that this chapter for the Group is now behind us and we can focus on creating value for shareholders.

The judgement was compelling vindication for the General Partner in defending the action, however, we agree with Aurora, CAML and ACC that all parties’ interests would have been better served had the proceedings not been commenced.

The impact on PGC of the settlement has been positive and is the primary driver for the uplift in NTA for the 2019 financial year. PGC retains 100% ownership of Torchlight GP Limited (the General Partner of Torchlight Fund LP) and our direct limited partner interests increased from 44.2% to 70.3% as a result of the settlement without PGC investing additional capital. All other Limited Partners, with the exception of those involved in the litigation, likewise saw a pro rata increase in their interests without investing additional capital.

The near-term focus remains on finalising the successful exit of our remaining non-core assets, including the realisation of the outstanding receivable from the sale of Perpetual Trust Limited (“PTL”).

As previously announced, PGC has lodged proceedings in the Auckland High Court against Bath Street Capital Ltd (“BSC”) and Mr Barnes seeking damages of not less than NZ\$22 million, together with interest and costs. The claim concerns the sale, in 2013, of PGC’s shareholding in PTL to BSC (then called Coulthard Barnes Capital Ltd). The amount of the claim represents unpaid consideration in respect of carry rights that were vested in PGC.

This matter remains ongoing and consistent with our approach, we will only comment on this as outcomes occur.

Following the successful delivery of the first stage of our residential project located within the Bethlehem suburb of Tauranga City, we are continuing to explore development options for the balance of this site.

### **Torchlight**

Consistent with our previously advised strategy, PGC remains focused on the long run success of Torchlight Fund LP (“TFLP”) in which PGC has an ownership, through direct limited partner interests, of 70.3%.

We continue to see excellent progress from TFLP’s investment in RCL, which has a series of residential land development projects located across Australia (in Victoria, New South Wales and Queensland) and New Zealand (in 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. To date, approximately 510 sites have been sold in a series of progressive releases, with around 260 sites delivered and settled. Focus remains on delivery of the balance of the stock which has already been sold. Subject to market conditions, additional land will be released over the course of calendar year 2019.

RCL continues to look for additional acquisitions to re-stock the underlying portfolio.

Planning work is ongoing on the projects acquired to date with the first of these expected to commence generating sales during calendar year 2020.

### **KCR Investment**

As part of the General Partner’s efforts to maximise its investment and facilitate an exit for RCL, TFLP has made a follow-on investment in KCR, a UK-based, AIM-listed residential REIT.

The investment is strategic as a potential avenue to assist with value crystallisation for TFLP’s investment in RCL.

The investment was made at a discount to Net Asset Value and will enable TFLP to establish a global REIT with a Strategic Partnership Agreement entered into with RCL.

The Strategic Agreement with RCL enables sale of completed product for a mix of cash and scrip.

### **TFLP:**

- Invested GBP 4.05 million to acquire 9,000,000 ordinary shares at 45 pence per share;
- Entered into an Option Agreement to subscribe for a further 50,000,000 ordinary shares during the option agreement; and
- KCR entered into a Strategic Agreement with RCL.

### **Share buyback**

Capital management remains an ongoing focus for the Board and we expect part of the proceeds generated from the divestment of non-core assets to be used to facilitate buyback of shares on market.

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

### **Final Comment**

Overall, it has been another challenging year for PGC, however, good progress continues to be made toward our goal of realising significant value from all the distressed assets acquired over the past decade.

We are well advanced with our strategy of building a long-term, sustainable business from distressed assets and expect to reward our shareholders for their patience as the investment strategy reaches maturity.

***Ends***

Name of Listed Issuer:

Pyne Gould Corporation Limited

**Preliminary unaudited results for announcement to the market**

Reporting period

Year ended 30 June 2019

Previous Reporting period

Year ended 30 June 2018

	Amount £'000	Percentage change favourable / (unfavourable)
Revenue from ordinary activities (including interest revenue)	2,140	11%
Loss from ordinary activities after tax attributable to security holders	(271)	(103%)
Net loss attributable to security holders	(271)	(103%)

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

## STATEMENT OF COMPREHENSIVE INCOME

	Unaudited* Year ended 30 June 2019	Audited Year ended 30 June 2018	Percentage change favourable / (unfavourable)
	£'000	£'000	
<b>Continuing operations</b>			
Revenue from land development and resale	67,604	21,779	210%
Cost of land development sales	(53,533)	(19,729)	(171)%
<b>Net revenue from land development and resale</b>	<b>14,071</b>	<b>2,050</b>	<b>586%</b>
Interest revenue	442	396	12%
Interest expense	(5,984)	(5,299)	(13)%
<b>Net finance costs</b>	<b>(5,542)</b>	<b>(4,903)</b>	<b>(13)%</b>
Dividend revenue	88	50	76%
Other investment loss	(1,738)	(121)	(1,336)%
Other revenue	1,698	1,538	10%
<b>Net investment (loss)/revenue</b>	<b>48</b>	<b>1,467</b>	<b>(97)%</b>
<b>Gross operating revenue/(loss)</b>	<b>8,577</b>	<b>(1,386)</b>	<b>719%</b>
Selling and administration expenses	(8,245)	(11,038)	25%
Wilaci litigation claim write-back	-	2,910	(100)%
Foreign exchange losses	(50)	(1,667)	97%
Impaired asset (expense)/reversal	(313)	5,290	(106)%
<b>Net operating loss before tax</b>	<b>(31)</b>	<b>(5,891)</b>	<b>99%</b>
Income tax benefit	-	228	(100)%
<b>Loss for the year</b>	<b>(31)</b>	<b>(5,663)</b>	<b>99%</b>
<b>Other comprehensive income/(loss)</b>			
Change in fair value of available for sale financial asset	-	(559)	100%
Foreign currency adjustment on translation to presentation currency	1,064	(5,042)	121%
	<b>1,064</b>	<b>(5,601)</b>	<b>119%</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>1,033</b>	<b>(11,264)</b>	<b>109%</b>
<b>Loss attributable to:</b>			
Owners of the Parent Company	(271)	8,939	(103)%
Non-controlling interests	240	(14,602)	102%
<b>Loss for the year</b>	<b>(31)</b>	<b>(5,663)</b>	<b>99%</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Parent Company	652	5,679	(89)%
Non-controlling interests	381	(16,943)	102%
<b>Total comprehensive income/(loss) for the year</b>	<b>1,033</b>	<b>(11,264)</b>	<b>109%</b>
<b>(Loss)/earnings per share attributable to owners of the Company</b>			
Basic & diluted (loss)/earnings per share	Pence (0.13)	Pence 4.31	(103)%

\*Preliminary results are unaudited and may differ from the final results due to be released by the end of September 2019.

## STATEMENT OF FINANCIAL POSITION

	Unaudited* At 30 June 2019	Audited At 30 June 2018
	£'000	£'000
<b>ASSETS</b>		
<b>Current assets</b>		
Inventories	37,588	45,931
Cash and cash equivalents	15,099	13,554
Investments - Fair value through profit and loss	144	274
Investments - Loans and receivables	937	10,395
Finance receivables - Other	672	1,015
Trade and other receivables	5,580	4,236
Prepayments	147	172
<b>Total current assets</b>	<b>60,167</b>	<b>75,577</b>
<b>Non-current assets</b>		
Inventories	51,515	42,076
Investments - Fair value through profit and loss	14,120	-
Property, plant and equipment	145	161
Advances to related parties	2,700	2,404
Investments - Available for sale financial assets	-	8,531
Investments - Loans and receivables	1,606	6,583
Investments - Derivative financial instruments	2,119	3,815
<b>Total non-current assets</b>	<b>72,205</b>	<b>63,570</b>
<b>Total assets</b>	<b>132,372</b>	<b>139,147</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Borrowings	617	930
Trade and other payables	5,987	8,778
<b>Total current liabilities</b>	<b>6,604</b>	<b>9,708</b>
<b>Non-current liabilities</b>		
Borrowings	49,100	53,558
Deferred tax liability	1,639	1,661
Settlement payable re acquisition of non-controlling interests	14,103	-
<b>Total non-current liabilities</b>	<b>64,842</b>	<b>55,219</b>
<b>Total liabilities</b>	<b>71,446</b>	<b>64,927</b>
<b>EQUITY</b>		
Share capital	151,940	151,940
Foreign current translation reserve	22,107	21,184
Retained earnings and reserves	(126,493)	(131,368)
<b>Total equity - attributable to the entity's owners</b>	<b>47,554</b>	<b>41,756</b>
<b>Non-controlling interests</b>	<b>13,372</b>	<b>32,464</b>
<b>Total equity</b>	<b>60,926</b>	<b>74,220</b>
<b>Total equity and liabilities</b>	<b>132,372</b>	<b>139,147</b>
<b>Net tangible assets per share (pence)</b>	<b>22.92</b>	<b>20.13</b>

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## STATEMENT OF CHANGES IN EQUITY

	Unaudited*	Audited
	Year ended 30 June 2019	Year ended 30 June 2018
	£'000	£'000
Equity at the beginning of the year	74,220	85,484
Loss for the year	(31)	(5,663)
Other comprehensive income/(loss) for the year	1,064	(5,601)
NCI acquisition during the year	(14,327)	-
<b>Equity at the end of the year</b>	<b>60,926</b>	<b>74,220</b>

## STATEMENT OF CASH FLOWS

	Unaudited*	Audited
	Year ended 30 June 2019	Year ended 30 June 2018
	£'000	£'000
Cash at the beginning of the year	13,554	35,789
Net cash from/(applied to) operating activities	14,171	(25,342)
Net cash (applied to)/from investing activities	(1,232)	3,430
Net cash (applied to)/from financing activities	(13,499)	1,678
Effect of foreign exchange on cashflows	2,105	(2,001)
Total cash inflow/(outflow) for the year	<b>1,545</b>	<b>(22,235)</b>
<b>Cash at the end of the year</b>	<b>15,099</b>	<b>13,554</b>

During the year NZ Credit Fund (GP) Limited, a subsidiary of the Company, was taken out of liquidation, and as a result the Group has reacquired control over this entity. There were no other entities over which control has been gained or lost during the year.

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