Pyne Gould Corporation Limited

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

PYNE GOULD CORPORATION LIMITED

Contents

For the year ended 30 June 2016

PYNE GOULD CORPORATION LIMITED
COMPANY REPORT

Directors' Report

Pyne Gould Corporation Limited's ("PGC" or "the Company") financial results for the 2016 fiscal year saw Net Tangible Assets (NTA) end at £54.2 million (down from £55.2 million last year) or NZD102.5 million (NZD128.4 million last year). On a per share basis this was down in GBP terms from 26.61p per share at 30 June 2015 to 26.11p per share at 30 June 2016 (in NZD terms 61.90 cents per share to 49.40 cents per share).

The NTA impact was predominantly due to the negative impact that accepting Torchlight Fund LP Limited ("TFLP") Partnership interests in exchange for the Residential Communities Limited ("RCL") Participations and satisfaction of loan amounts owing by TFLP had on the balance sheet. This is reflected in the increase in Non-controlling interests from £39.7m to £47.2m.

We remain confident in our core long term strategy of patiently executing the exit and realisation of non-core assets and building a sustainable long term business. As we have previously outlined, the commitment to the growth of TFLP is central to this strategy and is expected to deliver significant long term value to our shareholders.

Variance against preliminary full year announcement

The material variances from the preliminary full year announcement predominantly related to a change in accounting treatment for listed equity investments. Consistent with prior reporting periods the quoted price was not considered to be reflective of the appropriate basis for determining fair value of the investment.

Following further discussions and deliberation with Grant Thornton, the Directors concluded that an active trading market exists in the current year as there were sufficient volumes traded at levels that would meet the definition of an active market in accordance with NZ IFRS 13. As a result the Company adopted the traded market price as at 30 June 2016.

The variance between the preliminary full year announcement and these consolidated financial statements is a decrease of GBP3.0 million in NTA from £104.4 million to £101.4 million, before accounting for Non-controlling interests, at 30 June 2016. Losses for the financial year increased from £0.007 million to £2.556 million for the year ended 30 June 2016.

Long Term Focus

Our long term focus remains unchanged, as is the patience and discipline required to successfully execute this strategy.

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

We recently announced that PGC and Bath Street Capital ("BSC") have agreed to the immediate, and unconditional, discontinuance of their respective High Court claims, without costs, concerning PGC's demand for payment of further consideration due to PGC from its sale of PTL to BSC in January 2014. BSC is currently proceeding towards a float of Complectus, which owns PTL. The agreement means court action has been withdrawn, and the parties are in the process of finalising the terms of a settlement. Once those terms have been finalised, a further announcement will be made.

Operating Performance

At an operating level PGC delivered a Loss after tax of £2.556 million for the 2016 financial year. This compares with a Loss after tax of £6.789 million for the same period last year.

After allowing for non-cash items, Total Comprehensive Income for the 2016 financial year was £6.464 million. This compares with a Total Comprehensive Loss of £22.216 million for the 2015 financial year.

The result was dominated by non-cash movements in foreign currency reserves. In the 2016 financial year, PGC recorded a £9.158 million unrealised gain from the foreign exchange translation of foreign associates and subsidiaries (compared with a £15.028 million unrealised loss from foreign exchange translations for the 2015 financial year).

PYNE GOULD CORPORATION LIMITED
COMPANY REPORT, CONTINUED

Directors' Report, continued

Operating performance, continued
At 30 June 2016, PGC held a deficiency in Net Current Assets of £3.736 million (down from £30.609 million last year). Deterioration in net current assets is due to debt within an RCL subsidiary of the Group maturing within the next 12 months and shifting to a current liability. Subsequent to balance date the RCL subsidiary received an offer from a third party lender to extend the facilities for a further term of 3 years, although negotiation of final terms is still underway.

This offer includes additional acquisition funding to support restocking of the Australian portfolio.

Adjusting for the timing difference for extension of this debt, current assets are £38.462 million.

Total Group assets held of £152.172 million with total equity of £101.404 million (up from £94.940 million in the prior financial year).

After allowing for non-controlling interests of £47.233 million (up from £39.741 million in the prior year), net equity attributable to PGC was £54.171 million (down from £55.199 million in the prior year). As previously outlined, this deterioration was due to the impact of the company accepting TFLP partnership interests for its RCL participations and as part satisfaction for loans owing by TFLP.

Russell Naylor
Director
Date: 29 September 2016

PYNE GOULD CORPORATION LIMITED
COMPANY REPORT, CONTINUED

Managing Director's Report

PGC remains focused on patiently executing on its long-term strategy of exiting non-core assets and building a long term business from distressed assets.

The exit of non-core assets is largely complete. The material residual receivable arose from the exit from Perpetual Trust Limited. This receivable has been independently valued at NZD20.88 million.

Torchlight Fund LP

The core strategy of commitment to the growth of TFLP is expected to deliver long-term value from its two principal investments now that we have exited Local World; ASX-listed Lantern Hotel Group and Residential Communities Limited.

We have discussed previously the exit of Local World in late 2015 at over four times the purchase price. Cash consideration from the sale was repatriated from GBP into Australian dollars in TFLP at the time. Since then, due to Brexit, the Australian dollar has risen approximately 20 percent against the pound, from £0.47 to £0.56 by 30 June 2016.

Lantern Hotel Group

TFLP is the largest shareholder in Lantern Hotel Group. Lantern has a valuable portfolio of freehold gaming pubs in Australia. These pubs require time and expertise to unlock full potential.

For a period, Torchlight was the largest shareholder and dominated Lantern's board. Our preferred approach was a long-term one. As a result of changes at the board level, however, another strategy is now being implemented. While we maintain the Torchlight-led approach would have delivered the highest gains over time to shareholders, the current Lantern board is making progress towards achieving positive results for its shareholders. This was demonstrated over the past year with a cash distribution and unrealised gains over the year.

RCL

The largest investment of TFLP is RCL. This is very long term in nature and value is only realised as blocks of land are converted to actual cash sales over time. RCL is continuing to unlock value in the underlying real estate portfolio. The most significant event during the course of the past financial year has been the positive outcome in progressing a plan change at Jacks Point in Queenstown. The first stage of this project was recently released to the market with all 100 sections selling in line with list prices on the day of release. The near term focus within RCL remains on continuing to progress this project.

The near term focus within RCL remains on continuing to progress this project and optimize planning outcomes from existing Australian projects. RCL also has a number of opportunities to restock the Australian portfolio and expects to execute one or more of these over the next 12 months.

Litigation

PGC and subsidiaries have been involved with a number of large and complex litigations over the course of the financial year. This is an unwelcome, but necessary, requirement of defending the balance sheet of PGC. We devote considerable resources to this part of the business and fully expect our position to be validated by the courts in all cases.

A small number of limited partners are seeking early exit from the Torchlight Fund partnership and liquidity for their investment. They are petitioning to have the Fund wound up prior to the fund termination date. Torchlight's general partner believes this is an ill-considered and meritless action which has no prospect of success.

As was outlined in the Director's Report, the legal actions concerning PGC and Bath Street Capital over the sale of Perpetual Trust Ltd has been discontinued. The parties are in the process of finalising the terms of a settlement. Once those terms have been finalised, a further announcement will be made.

Torchlight Fund No.1 LP ("Torchlight"), an associate of PGC, is awaiting the outcome of an appeal lodged by Wilaci, an entity connected with Australian businessman John Grill, contesting a High Court ruling over a case between the two entities. Torchlight considers that the High Court's decision was correct and in accordance with long-established legal principles, and that the appeal is without merit.

We will only comment in detail on proceedings as the results are made available.

PYNE GOULD CORPORATION LIMITED
COMPANY REPORT, CONTINUED

Managing Director's Report, continued

PGC Board
The past year saw some changes at the PGC board level. Long-time director and chairman Bryan Mogridge stood down. Mr Mogridge made a significant contribution to the company as a director and then chairman. He was part of the difficult restructuring period beginning in 2009, which saw PGC rescued through a recapitalisation and led to the formation of the Heartland Bank and the Torchlight Group. His contribution was notable.

His position as an independent Director was taken by Paul Dudley. Paul was appointed to the Board in May 2016. Based in London, Paul is a co-founder of HD Capital Partners Limited, a FCA regulated corporate broking and advisory business to growth companies and management teams. HD Capital Partners is a Member Firm of the London Stock Exchange. He is also a Chartered Accountant.

Final comment
Having been through a period of restructuring, PGC is now evolving and transforming into a venture with a very positive outlook ahead for our resolute shareholders. We still have challenges ahead but we have made good progress on a number of fronts over the past year and is well poised to deliver value to shareholders over the coming years as our long term investment strategy approaches maturity.

As our shareholders understand, our style of value investing requires patience in order to reap the rewards. We are a long term investor and, in that, we differ from the focus of most listed companies. We have, however, been consistent in the explanation of this so that shareholders and other investors will not be misled into believing there may be early value and liquidity opportunities.

Essentially, we buy quality assets when their value is low and realise them when the time is right and value is restored, usually at a considerable premium. PGC's Financial Position is well placed to continue this path with a focused implementation strategy.

George Kerr
Managing Director
Date: 29 September 2016

PYNE GOULD CORPORATION LIMITED
BOARD OF DIRECTORS

GEORGE KERR B Com

Non-Independent Director
George is a sophisticated private equity investor with a successful 22-year record in Australasia and the United Kingdom.

He is chairman of Australasian Equity Partners, the cornerstone shareholder in PGC.

George was appointed to the Board of PGC in August 2008 and has been the Group's Managing Director since April 2012. He is also chairman of PGC's Torchlight Group.

RUSSELL NAYLOR

Non-Independent Director
Russell Naylor has an extensive background in banking and finance and is the principal of Naylor Partners, a boutique Sydney-based Corporate Advisory business. Russell is an Executive Director and Investment Committee Member of Torchlight and is a resident of Australia.

Russell was appointed to the PGC Board on 14 February 2012 and is Chair of the audit and risk committee.

NOEL KIRKWOOD BAgri. Com

Non-Independent Director
In 2010 Noel joined Real Estate Credit Limited, a PGC subsidiary, where his skills were employed to unlock value from the assets held in the former MARAC bad bank. Noel holds a B. Agr. Com (Economics) from Lincoln University. A New Zealand resident with 30 years experience in banking and finance, he has held senior credit and lending roles covering rural, business and property transactions and has extensive experience in the work out of distressed property assets.

Noel Kirkwood was appointed to the PGC Board on 27 August 2014.

MICHELLE SMITH M. Com (Hons), ICAEW

Independent Director
Michelle Smith is a Chartered Accountant with over 25 years experience within Investment Banking and Asset Management in Europe.

Recently she helped set up and is the COO of Affirmative Investment Management Partners Limited, an Environmental and Socially responsible Green (ESG) fixed income Fund Management Company based in London.

She trained as a chartered accountant with Ernst & Young, London and worked with Goldman Sachs in London for over 12 years. She has expertise in operational risk, compliance and regulatory risk, processes and controls across complex product lines in a highly control conscious and regulated environment.

Michelle has served on several boards since 2007, NED positions from Fund Management and Insurance, to Retail Banking and Mining and Biofuels.

Michelle was appointed to the PGC Board on 4 November 2014 and is a member of the audit and risk committee.

PAUL DUDLEY BSc (Hons), ACA

Independent Director
Paul Dudley is a Fellow of the Chartered Institute of Accountants of England and Wales and is a Member of the UK's Chartered Institute of Securities and Investment. He co-founded HD Capital in 2010, a corporate advisory business that is authorised and regulated by the UK's Financial Conduct Authority and is a Member Firm of the London Stock Exchange. Whilst at stockbroking firm WH Ireland, Paul acted as the corporate finance adviser on numerous flotations, fundraisings and provided advice on takeovers and other transactions in the private and public arena.

Earlier in his career, Paul was seconded to the listing department of the London Stock Exchange and he also worked at Sigma Capital plc, a venture capital investment firm, where he advised on investment into emerging growth companies. He began his career at PriceWaterhouseCoopers.

Paul is an Independent Director of PGC, based in the United Kingdom.

Paul was appointed to the PGC Board on 23 May 2016 and is a member of the audit and risk committee.

PYNE GOULD CORPORATION LIMITED
CORPORATE GOVERNANCE

The Board and management of Pyne Gould Corporation ("PGC" or the "Company") are committed to ensuring that the Company maintains corporate governance practices in line with current best practice.

The Board, to ensure it governs in accordance with the requirements of the Company's Constitution, has established policies and protocols which comply with the corporate governance requirements of the New Zealand Stock Exchange (NZX) Listing Rules and which are consistent with the principles contained in the NZX Corporate Governance Best Practice Code.

This governance statement outlines the main corporate governance practices as at 30 June 2016.

This section of the Annual Report reflects the requirements of the New Zealand Financial Markets Authority's Corporate Governance in New Zealand – Principles and Guidelines.

Corporate Governance Best Practice Code – Statement of Material Differences

This statement describes how the corporate governance principles adopted and followed by PGC differ materially from the principles of the NZX Corporate Governance Best Practice Code ("Code").

1. Code clause 3.1: Membership on the Audit Committee should comprise solely of non-executive Directors of the Issuer.

   As this committee is comprised of all of the Directors of the Company, the Company does not comply with this recommendation in the Code.

   Under NZX Listing Rule 3.6.2(b) the Audit Committee should have a minimum of 3 members, all of which are to be directors of the Issuer. The Board of Directors of the Company currently comprises 2 independent directors and 3 executive directors and so the Company cannot comply with this recommendation in the Code.

   The Board has determined that although there is not a majority of non-executive directors on the Committee, membership is dictated by the size and composition of the Board and the Board considers that all the Directors should participate in order to provide relevant expertise in financial matters, risk mitigation and corporate governance matters required for such a committee.

2. Code clause 3.11: an Issuer should establish a nomination committee (which may be comprised of members of the Issuers remuneration committee) to recommend Director appointments to the Board. At least a majority of the nomination committee should be independent Directors.

   The Company currently has a combined Remuneration and Appointments Committee.

   As this committee is comprised of all of the Directors of the Company the Company cannot comply with the recommendation in the Code to comprise a majority of independent directors. The Board considers that due to the size of the Board, the experience of the full Board was necessary to mitigate the risk inherent in the process of Remuneration and Appointments and comply with a good governance process.

The Company's Constitution is available to view on the Company's website www.pgc.co.nz.

PRINCIPLE 1 - ETHICAL STANDARDS

PGC expects its Directors and staff to at all times act honestly and in good faith, and in the best interests of the Company. They must act with the care, diligence and skill expected of a Director or staff member of a Company that has shares that are publicly traded on the NZX. Directors and staff are required to act honestly and fairly in all dealings with the Company's shareholders, investors, clients and service providers.

Each Director and staff member has an obligation, at all times, to comply with the spirit as well as the letter of the law, to comply with the principles of the Company's Corporate Governance Code and the Constitution of the Company and to exhibit a high standard of ethical behaviour.

The Company's Code of Conduct covers, amongst other things:-

- receipt and use of Company assets and property
- receipt and use of Company information
- conflicts of interest
- buying and selling Company shares

All Directors and officers of the Company are required to obtain prior consent before buying or selling shares in the Company and to certify that their decision to buy or sell shares has not been made on the basis of inside information.

PRINCIPLE 2 - BOARD COMPOSITION AND PERFORMANCE

Role of the Board
The Board of Directors is responsible for corporate governance and the Company's overall direction. The Board establishes objectives, strategies and an overall policy framework within which the business is conducted. Day-to-day management is delegated to the Managing Director. The Board regularly monitors and reviews performance at scheduled meetings.

Board Membership, Size and Composition
The constitution provides that the number of Directors must not be more than ten nor fewer than three, but subject to these limitations the size of the Board is determined from time to time by the Board.

During the financial year, the Board comprised five Directors, being the Managing Director, two executive Directors and two non-executive Directors.

A Director is appointed by ordinary resolution of the shareholders, although the Board may fill a casual vacancy in which case the appointed Director retires at the next annual meeting but is eligible for election. Nominations for election as a director may be made by shareholders no more than two months before the date of the annual meeting.

At each annual general meeting ("AGM"), one-third of the Directors retire from office by rotation. If they wish to continue they may stand for re-election. Any Director appointed by the Board since the last AGM must also stand for re-election.

George Kerr, Russell Naylor and Paul Dudley are standing for re-election at this year's annual meeting.

The specialist expertise provided by the executive board members is essential to the governance structure and while there are only two non-executive directors, the Board has determined that its composition and the skill sets of the directors are satisfactory for the size and nature of the Company and that the cost of increasing the number of non-executive directors is not warranted at this time.

Independence of Directors
A Director is considered to be independent if that Director is not an executive of the Company and if the Director has no direct or indirect interest or relationship that could reasonably influence, in a material way, the Directors' decisions in relation to the Company.

The Board has determined that Michelle Smith and Paul Dudley were independent Directors during the financial year, Russell Naylor and Noel Kirkwood are executive Directors and therefore non-independent and George Kerr, as an executive director and substantial security holder (through an associated entity) in the Company, is non-independent.

Between the dates of the retirement of Mr Bryan Mogridge in October 2015 and the appointment of Mr Paul Dudley in May 2016 the Company did not comply with the NZX listing requirement to have two independent directors on the Board. The Directors considered that it would be inappropriate to fill the vacancy until completion of the 2015 accounts.

Board Performance Assessment
The Board undertakes a regular review of the Board committees' and individual Director's performance. This is to ensure it has the right composition and appropriate skills, qualifications, experience and background to effectively govern the Company and monitor the Company's performance in the interests of shareholders.

PRINCIPLE 3 - BOARD COMMITTEES

Board Committees
The Board has two permanently constituted committees to assist the Board by working with management in specific areas of responsibility and then reporting their findings and recommendations back to the Board. Each of these committees has terms of reference which set out the committees' objectives, membership, procedures and responsibilities.

Other ad hoc Board committees are established for specific purposes from time to time.

PRINCIPLE 3 - BOARD COMMITTEES, CONTINUED

Audit and Risk Committee
The role of the Audit and Risk Committee is to assist the Board in:

- discharging its financial reporting and regulatory responsibilities
- ensuring that the ability and independence of the external auditor to carry out its statutory audit role is not impaired
- maintaining effective internal control systems overseeing the Company's Risk Profile
- approving the risk management framework within the context of the risk-reward strategy determined by the Board.

The Committee is chaired by Michelle Smith and all other Directors are members of the Committee. The Board has determined that Michelle meets the requirement of being a "financial expert" in accordance with the committee's terms of reference and that she is the right person to direct the Committee.

Remuneration and Appointments Committee
The role of the Remuneration and Appointments Committee is to:

- oversee a formal and transparent method of recommending Director remuneration to shareholders
- assist the Board in establishing remuneration policies and practices for the Company and in discharging its responsibilities for reviewing and setting the remuneration of the Managing Director and his direct reports
- assist the Board in reviewing the Board's composition and the competencies required of prospective Directors, identifying prospective Directors, developing succession plans for the Board and making recommendations to the Board accordingly.

The Company has a combined Remuneration and Appointments Committee. The Committee is chaired by Paul Dudley and all the Directors are members.

PRINCIPLE 4 - REPORTING AND DISCLOSURES
The Board is committed to ensuring the highest standards are maintained in financial reporting and disclosure of all relevant information.

The Audit Committee oversees the quality and timeliness of all financial reports, including all Prospectuses issued by group companies.

PRINCIPLE 5 - REMUNERATION
Total remuneration available to non-executive Directors is determined by shareholders. The current aggregate approved amount is NZD700,000.

The Company's policy is to pay Directors fees in cash. There is no requirement for Directors to take a portion of their remuneration in shares and there is no requirement for Directors to hold shares in the Company.

For senior executives the objective is to provide competitive remuneration that aligns the executive's remuneration with shareholder value and rewards the achievement of the Company's strategies and business plans.

PRINCIPLE 6 - RISK MANAGEMENT
The Board ensures that the Company has processes in place to identify and manage risk in the business. The three main types of risk identified are operational risk, business and market risks. Specific risk management strategies have been developed for each of these.

The Company also has in place insurance cover for insurable liability and general business risk.

PRINCIPLE 7 - AUDITORS
The Audit and Risk Committee is responsible for overseeing the external and independent audit of the Company's financial statements. The Committee ensures that the level of non-audit work undertaken by the auditors does not result in their independence being jeopardized.

PYNE GOULD CORPORATION LIMITED
CORPORATE GOVERNANCE, CONTINUED

PRINCIPLE 8 - SHAREHOLDER RELATIONS
The Board is committed to maintaining a full and open dialogue with all shareholders.

The Company is well aware of and appreciative of the number of shareholders who have supported the Company over many years.

PRINCIPLE 9 - STAKEHOLDER INTERESTS
The Board is committed to ensuring positive outcomes for all stakeholders, be they shareholders, clients, service providers, staff and the general public.

PYNE GOULD CORPORATION LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the consolidated financial statements present fairly the financial position of the Group as at 30 June 2016 and the financial performance and cash flows for the year ended on that date.

The Directors consider that the consolidated financial statements of the Group have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates, that all the relevant financial reporting and accounting standards have been followed and that the consolidated financial statements are prepared on a going concern basis unless it is inappropriate to assume that the Group will continue in business.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the consolidated financial statements with Part 7 of the Financial Markets Conduct Act 2013 and the Companies (Guernsey) Law, 2008.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Board of Directors of Pyne Gould Corporation Limited authorised the consolidated financial statements set out on pages 14 to 64 for issue on 29 September 2016.

For and on behalf of the Board

Russell Naylor
Director

George Kerr
Managing Director

PYNE GOULD CORPORATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016

	NOTE	2016 £000	2015 £000
Continuing operations			
Management fees revenue	6	-	428
Other revenue	6	1,201	1,078
Total fees and other income		**1,201**	**1,506**
Interest income	5	300	808
Interest expense	5	(8,004)	(7,088)
Net interest income		**(7,704)**	**(6,280)**
Revenue from land development and resale	6	36,882	21,933
Cost of land development sales	6	(31,073)	(21,672)
		5,809	**261**
Investment income	6	2,153	8,579
Net operating income		**1,459**	**4,066**
Selling and administration expenses	7	(10,973)	(9,870)
Foreign exchange (losses)/gains		(1,586)	1,577
Impaired asset reversal/(expense)	8	8,341	(588)
Operating loss		**(2,759)**	**(4,815)**
Share of equity accounted investees' profits/(losses)	25	972	(1,496)
Loss from continuing operations before income tax		**(1,787)**	**(6,311)**
Income tax expense	10	(769)	(478)
Loss from continuing operations		**(2,556)**	**(6,789)**
Loss for the year after tax		**(2,556)**	**(6,789)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change on fair value of available for sale financial asset	21	(138)	(399)
Foreign currency adjustment on translation to presentation currency		9,158	(15,028)
Income tax expense on other comprehensive income		-	-
Total other comprehensive income/(loss)		**9,020**	**(15,427)**
Total comprehensive income/(loss) for the year		**6,464**	**(22,216)**
Loss attributable to:			
Owners of the Parent Company		(2,836)	(4,918)
Non-controlling interests		280	(1,871)
Loss for the year		**(2,556)**	**(6,789)**
Total comprehensive income/(loss) attributable to:			
Owners of the Parent Company		(191)	(15,772)
Non-controlling interests		6,655	(6,444)
Total comprehensive income/(loss) for the year		**6,464**	**(22,216)**
Loss per share		**Pence**	**Pence**
Basic and diluted loss per share	14	(1.37)	(2.37)
Basic and diluted loss per share – continuing operations	14	(1.37)	(2.37)

The notes on pages 19 to 64 are an integral part of these consolidated financial statements.

Marked for identification purposes

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

2015	NOTE	Share Capital £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Available for Sale reserve £000	Non-controlling interests £000	Total Equity £000
Balance at 1 July 2014		152,057	28,127	(109,096)	-	-	71,088
Total comprehensive income for the year							
Loss for the year		-	-	(4,918)	-	(1,871)	(6,789)
Other comprehensive loss							
Change on fair value of available for sale financial asset	21	-	-	-	(399)	-	(399)
Foreign currency adjustment on translation to presentation currency		-	(10,455)	-	-	(4,573)	(15,028)
Total other comprehensive loss		-	(10,455)	-	(399)	(4,573)	(15,427)
Total comprehensive loss for the year attributable to owners of the Parent Company		-	**(10,455)**	**(4,918)**	**(399)**	**(6,444)**	**(22,216)**
Transactions with owners:							
Share buy backs		(117)	-	-	-	-	(117)
Acquisition of non-controlling interests	26	-	-	-	-	54,640	54,640
Disposal of non-controlling interests	26	-	-	-	-	(8,455)	(8,455)
Total transactions with owners		**(117)**	-	-	-	**46,185**	**46,068**
Balance at 30 June 2015		**151,940**	**17,672**	**(114,014)**	**(399)**	**39,741**	**94,940**

The notes on pages 19 to 64 are an integral part of these consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

2016	NOTE	Share Capital £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Available for Sale reserve £000	Non-controlling interests acquisition reserve £000	Non-controlling interests £000	Total Equity £000
Balance at 1 July 2015		151,940	17,672	(114,014)	(399)	-	39,741	94,940
Total comprehensive income for the year								
Loss for the year		-	-	(2,836)	-	-	280	(2,556)
Other comprehensive income/(loss)								
Change on fair value of available for sale financial asset	21	-	-	-	(138)	-	-	(138)
Foreign currency adjustment on translation to presentation currency		-	2,783	-	-	-	6,375	9,158
Total other comprehensive income/(loss)		-	2,783	-	(138)	-	6,375	9,020
Total comprehensive income for the year attributable to owners of the Parent Company		-	2,783	(2,836)	(138)	-	6,655	6,464
Transactions with owners:								
Acquisition of non-controlling interests	26	-	-	-	-	(837)	837	-
Total transactions with owners		-	-	-	-	(837)	837	-
Balance at 30 June 2016		151,940	20,455	(116,850)	(537)	(837)	47,233	101,404

The notes on pages 19 to 64 are an integral part of these consolidated financial statements.

Marked for identification purposes

PYNE GOULD CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	NOTE	2016 £000	2015 £000
ASSETS			
Current assets			
Cash and cash equivalents	16	8,593	10,937
Trade and other receivables	20	1,025	3,239
Advances to related parties	29	1,796	1,362
Finance receivables – Other	17	1,151	937
Inventories	19	29,282	24,614
Investments – Fair value through profit or loss	22	1,520	20,248
Prepayments		509	70
Total current assets		**43,876**	**61,407**
Non-current assets			
Property, plant and equipment		92	142
Investment in joint venture	25	-	1,242
Investment property	18	3,454	2,995
Inventories	19	24,716	38,934
Investment – Available for sale financial asset	21, 30	11,036	9,104
Investments – Loans and receivables	24	43,612	23,014
Investments – Derivative financial instruments	23	6,112	-
Investments – Fair value through profit or loss	22	19,274	24,560
Total non-current assets		**108,296**	**99,991**
Total assets		**152,172**	**161,398**
LIABILITIES			
Current liabilities			
Borrowings	27	42,198	18,523
Trade and other payables	28	5,414	12,275
Total current liabilities		**47,612**	**30,798**
Non-current liabilities			
Deferred tax liability	11	3,156	2,024
Other borrowings	27	-	33,636
Total non-current liabilities		**3,156**	**35,660**
Total liabilities		**50,768**	**66,458**
EQUITY			
Share capital	15	151,940	151,940
Foreign currency translation reserve		20,455	17,672
Accumulated losses		(116,850)	(114,014)
Available for Sale reserve		(537)	(399)
Non-controlling interests acquisition reserve		(837)	-
Total equity – attributable to the owners of the Parent Company		**54,171**	**55,199**
Non-controlling interests	26	**47,233**	**39,741**
Total equity		**101,404**	**94,940**
Total equity and liabilities		**152,172**	**161,398**

The notes on pages 19 to 64 are an integral part of these consolidated financial statements.

Marked for Identification Purposes

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	NOTE	2016 £000	2015 £000
Cash flows from operating activities			
Interest received		100	15
Rental income		6	11
Dividend income		96	6,537
Proceeds from sale of inventories		36,882	23,947
Fees and other income received		1,174	820
Total cash provided from operating activities		**38,258**	**31,330**
Payments to suppliers and employees		(17,083)	(10,552)
Development costs of inventories		(14,071)	(11,595)
Interest paid		(1,003)	(3,404)
Total cash applied to operating activities		**(32,157)**	**(25,551)**
Net cash flows applied to operating activities	13	**6,101**	**5,779**
Cash flows from investing activities			
Proceeds from sale of assets held for sale		-	507
Proceeds from sale of FVTPL financial assets		-	238
Proceeds from settlement of finance receivables		6	635
Repayments of advances to other related parties		-	2,351
Proceeds from disposal of investments		15,842	12,697
Proceeds of repayment of loans		644	1,315
Cash recognised on reclassification of associate as a subsidiary		-	14,548
Total cash provided from investing activities		**16,492**	**32,291**
Increase in advances to associates		-	(894)
Acquisition of property, plant and equipment		(9)	(3)
Increase in other investments		(3,234)	(1,856)
Increase in loan advances		-	(454)
Increase in investment in associates		-	(801)
Total cash applied to investing activities		**(3,243)**	**(4,008)**
Net cash flows from investing activities		**13,249**	**28,283**
Cash flows from financing activities			
Non pro-rata exit payments to TFLP limited partners		(5,413)	(10,071)
Decrease in borrowings		(22,380)	(11,445)
Share buy backs		-	(115)
Total cash applied to financing activities		**(27,793)**	**(21,631)**
Net cash flows applied to financing activities		**(27,793)**	**(21,631)**
Net (decrease)/increase in cash and cash equivalents		**(8,443)**	**12,431**
Foreign currency adjustment on translation of cash balances to presentation currency	2(d)	6,099	(1,529)
Opening cash and cash equivalents		10,937	35
Closing cash and cash equivalents	16	**8,593**	**10,937**
Represented by:			
Cash and cash equivalents		8,593	10,937
		8,593	10,937

There were no significant non-cash investing and financing activities in either the current or prior reporting periods.

The notes on pages 19 to 64 are an integral part of these financial statements.

1. Reporting Entity:

Pyne Gould Corporation Limited is a listed Company in New Zealand. The financial statements presented are the consolidated financial statements comprising Pyne Gould Corporation Limited (the "Company" or "Parent Company") and its subsidiaries ("the Group").

Entities within the Parent Company and Group offer financial and asset management services. With effect from the 12 February 2014, the registered office address is Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1GR.

On 12 February 2014, the Company was deregistered as a New Zealand company (its original location of incorporation) and re-registered as a Guernsey domiciled company. In New Zealand the Company is now registered as an Overseas Non-ASIC Company.

These financial statements were authorised by the Directors for issue on 29 September 2016.

2. Basis of Preparation:

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and The Companies (Guernsey) Law, 2008. They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable New Zealand Financial Reporting Standards as appropriate to profit-oriented entities. The Group is a "Tier 1" reporting entity in accordance with the *Accounting Standards Framework* issued by the External Reporting Board. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

The Company and all entities within the Group are profit-oriented entities. The Company is an overseas FMC reporting entity under the Financial Markets Conduct Act 2013 ("FMCA 2013"). The Group reports in accordance with Part 7 of the FMCA 2013.

In addition, as a Guernsey domiciled company, the consolidated financial statements also comply with the legal and regulatory requirements of the Companies (Guernsey) Law, 2008.

(b) Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for investment property recorded at fair value, assets held for sale recorded at the lower of cost or fair value less costs to sell, available for sale financial assets recorded at fair value, impaired loans and advances carried at the fair value of the underlying security and financial assets at fair value through profit or loss.

(c) Functional currency

The Board of Directors considers New Zealand dollars (NZD) is the functional currency of the Company, as it is the currency in which capital is raised and returned. In addition, the Company's shares are listed on the NZX, as a result all equity related transactions (including dividends) are settled in NZD. Whilst the Company's operations are conducted in multi-currencies, historically the functional currency has been NZD and for this financial year the Directors' have determined the underlying transactions, events and conditions have not changed from the historic functional currency position of NZD. For further details on the functional currency, see note 2(e)(i).

(d) Presentational currency

Due to the migration of the Company from New Zealand to Guernsey and the intention to become listed on the London Stock Exchange in due course, the Board of Directors agreed the presentational currency of these consolidated financial statements should be British Pound Sterling. The consolidated financial statements and related notes have been translated from New Zealand dollars to British Pound Sterling ("GBP" or "£") using the procedures outlined below:

- Assets and liabilities have been translated into GBP using the closing rates of exchange applicable at 30 June 2016 (for comparatives, at 30 June 2015);
- Revenue and expenses, including any comprehensive income, have been translated into GBP at average rates of exchange for the relevant accounting year, for 30 June 2016 average rate applied NZD0.4562 to GBP1.00 (30 June 2015: NZD0.4873 to GBP1.00);

2. Basis of Preparation, continued:

(d) Presentational currency, continued

- Movements in share capital and share premium are translated into GBP at the rates applicable at the dates of the transactions;
- All differences arising on the above translations have been taken to the foreign currency translation reserve.

All resulting exchange differences are recognised under other comprehensive income and presented as a separate component of equity ("Foreign Currency Translation Reserve").

Unless otherwise indicated, amounts are rounded to the nearest thousand.

(e) Accounting judgements and major sources of estimation uncertainty
In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements and estimation uncertainty
The following are the key accounting judgements and sources of estimation uncertainty at 30 June 2016 that have significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Critical judgements in applying accounting policies:

(i) Functional currency
The Board of Directors considers NZD as the functional currency of the Company, as NZD is currency in which capital is raised, dividends are declared and paid, capital returned and ultimately the currency that would be returned if the Company was wound up. In addition, the Company has no bank facility debt and is wholly funded through equity. The shares are listed on the NZX and all equity related transactions (including dividends) are settled in NZD.

The Directors have also considered the currencies to which the underlying assets are exposed, the Company is exposed to multi-currencies from it underlying assets with the majority of which being to NZD and Australian Dollar (AUD). However, the majority of the Company's expenditure during the current financial year has remained in NZD.

Due to the Company's NZX listing, regulations which have the most significant influence on the Company's financial position and performance originate in New Zealand. Whilst the Company's operations are conducted in multi-currencies, historically the functional currency has been NZD and for this financial year the Directors' have determined the underlying transactions, events and conditions have not changed from the historic functional currency position of NZD.

(ii) Impairment/fair value of financial instruments
The Directors must evaluate the carrying amount of the Group's financial assets for impairment to determine fair value. The Group's financial assets which are subject to impairment/fair value adjustment are trade and other receivables, loans and receivables, available for sale financial assets and investments held at fair value through profit or loss. Where there is no active market price for a financial instrument, the Directors must use their judgement in selecting an appropriate valuation technique. Details of the assumptions used are described in notes 19, 21, 22, 23 and 30.

2. **Basis of Preparation, continued:**

(e) Accounting judgements and major sources of estimation uncertainty, continued

Critical judgements in applying accounting policies, continued:

(iii) Investment in subsidiary
The Group has an investment in Torchlight Fund LP ("TFLP") which with effect from 30 September 2014 is accounted for as a subsidiary. The investment is held through the Company's subsidiary Torchlight Group Limited.

The Group had an ownership through direct limited partnership interests in TFLP of 44.2% at 30 June 2016 (30 June 2015: 30.6%). On 1 July 2015, £21.2 million (AUD43.5 million) of the Group's other finance receivables and advances to associates, were settled via conversions to Limited Partner interests in TFLP (the "Subscription Transaction"). This increased the Group's investment in TFLP to 42.34%. The Group's increase in Limited Partnership interests in TFLP was pending the satisfactory completion of the TFLP 31 March 2014 audit. The TFLP audit was finalised and signed off on 30 June 2015, subsequently the increase in Limited Partnership interests was completed on the next Cayman Islands (the country of incorporation for TFLP) business day, being 1 July 2015.

Whilst conditions of the Subscription Transactions were not met until 1 July 2015, the agreements for £19.8m (AUD36.7m) of the Subscription Transactions were entered into on 30 September 2014 and escrowed until such a time as the conditions of the escrow were met. The presence of the agreements entered into on 30 September 2014 resulted in the Group having potential voting rights in TFLP. These future potential voting rights, increased the Group's future voting powers in TFLP to 37.11% from 30 September 2014. In accordance with the TFLP limited partnership agreement, substantive control over TFLP is deemed to be established when a single investor holds greater than 34% of the limited partnership interests in TFLP. As a result, due to the potential voting rights established on 30 September 2014, the Group gained control over TFLP with effect from this date.

In accordance with note 3(x), the Directors accounted for the business combination of TFLP using the acquisition method in the year ended 30 June 2015. As such all identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values at 30 September 2014. In addition, the Group measures the non-controlling interests in TFLP at fair value.

(iv) Winding up petition and going concern of TFLP
A Winding Up Petition was filed by certain Limited Partners with the Grand Court of The Cayman Islands and served at the registered office of TFLP on 26 June 2015 and the 22 January 2016 injunction to prevent payment to parties related to the General Partner without consent of the petitioners or the Grand Court of the Cayman Islands. The petition seeks an order to wind up TFLP. The hearing date for this petition is scheduled to commence on 20 February 2017. Torchlight (GP) Limited, a subsidiary of the Group and the General Partner to TFLP, will be robustly defending the petition. Accordingly the General Partner considers it is still appropriate to include TFLP in these consolidated financial statements using the going concern assumption; however the Directors do acknowledge that the filing of the petition indicates the existence of a material uncertainty that may cast significant doubt about the TFLP's ability to continue as a going concern. See note 36 for more information.

(v) Investment in associates
At 30 June 2016, the Group held 36.86% (30 June 2015: 34.39%) of the issued share capital in Lantern Hotel Group ("Lantern"). Although the Group's stake in Lantern at 30 June 2016 is greater than 20%, the Directors are of the opinion that the Group did not have the power to participate in the financial or operating policy decisions of Lantern at the reporting date, or during the reporting period. In forming this opinion, the Directors considered board representation of Lantern and the Group's voting rights within Lantern. During 2015, the Group's appointed directors on Lantern were removed by other combined shareholders and the Group's voting rights are not sufficient at the reporting date to enforce any operational or financial changes to Lantern. This being the case, for the purposes of these financial statements, Lantern is not deemed an associate and has been accounted for as a financial asset at fair value through profit or loss (see note 22).

2. Basis of Preparation, continued:

(e) Accounting judgements and major sources of estimation uncertainty, continued

Critical judgements in applying accounting policies, continued:

(vi) Investments – Available for Sale Financial Assets
The fair value of the Group's investment in the Available for Sale Financial Asset has been arrived at on the basis of a valuation carried out by an external party to the Group, Simmons Corporate Finance, in August 2016. The key assumptions are detailed further in Note 30, however there are two primary scenarios, the Company pursues payment of the Available for Sale Financial Assets through the New Zealand Courts (the "litigation scenario") or in accordance with the original agreed terms an IPO of a Newco listing on the NZX Main Board would occur with the Company subsequently receiving the settlement of the asset (the "IPO scenario"). In assessing the fair value of the receivable at 30 June 2016, the valuer applied probability weightings to each scenario, assigned a gross value at various dates that the payment could be expected and calculated the net present value (NPV) of the gross value at 30 June 2016 under each scenario. Following an announcement from the settling party, on 2 August 2016, that they planned to list the Newco on the NZX Main Board and the Australian Securities Exchange by the end of 2016 and raise up to NZD150m, greater probability weighting has been applied to the IPO scenario. The Directors support this view that there is a higher probability that settlement of the Available for Sale Financial Asset will be received from the IPO scenario.

(vii) Investments – Derivative financial instruments
In determining whether an option contract to acquire a tangible asset meets the definition of a derivative accounted for in accordance with NZ IAS 39, management must determine whether or not the instrument is net settled as defined within NZ IAS 39. Such an assessment requires judgement, and management have concluded that the 50% non-refundable deposit payable in respect to the instrument does not preclude them from assessing the instrument is net settled. In valuing the derivative, the fair value of the Group's investment in the Derivative financial instruments has been arrived at on the basis of a valuation carried out by an external valuer.

A stochastic discounted cash flow ("DCF") analysis was used by the valuer to determine the fair value of the Derivative financial instruments. The key assumptions are detailed further in Note 30. The valuer modelled various outcomes by simulating changes to key underlying assumptions and determining a weighted outcome.

Key sources of estimation uncertainty:

(i) Valuation of investment property
As described in note 3(n) investment properties are carried at fair value in the consolidated financial statements. The Directors obtain external valuations and other evidence supporting the carrying amounts of the Group's investment properties. Information about the investment properties and their valuations is included in note 18.

(ii) Inventories
Inventories are stated at the lower of cost or net realisable value, which have been determined using forecast feasibility estimates. These forecast feasibility estimates require the application of estimations around sales volume rates, development costs, selling prices and financing costs over the life of each project. The basis for which inventory is carried in the consolidated financial statements is disclosed above, whilst the carrying values of inventory are disclosed in note 19.

3. Significant Accounting Policies:

The accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements comprise the results and assets and liabilities of the Company and its subsidiaries (the "Group") for the year ended 30 June 2016. Subsidiaries are all entities over which the Company exercises control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Intra-Group balances, transactions and revenue and expenses arising from intra-Group transactions, are eliminated in full on consolidation.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent Company and the non-controlling interests based on their respective ownership interests.

(b) Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for by the Group using the equity method and are recognised initially at cost. The consolidated financial statements include the Group's share of the revenue and expenses and equity movements of equity accounted investees, from the date that significant influence until the date that significant influence ceases. Where significant influence ceases, but the Group retains its investment in the asset, the investment is re-classified within the consolidated financial statements to "investments at fair value through profit or loss".

(c) Investments in joint ventures

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in joint ventures are accounted for by the Group using the equity method and are recognised initially at cost.

(d) Interest

Interest income and expense are recognised using the effective interest method in profit or loss within the consolidated statement of comprehensive income. The effective interest rate is established on initial recognition of the financial assets and liabilities and is not revised subsequently. The calculation of the effective interest rate includes all yield related fees and commissions paid or received that are an integral part of the effective interest rate.

(e) Employee benefit

Salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables or provisions in respect of employees services up to the reporting date and are measure at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits.

(f) Management fee revenue

Management fees are recognised as the related services are rendered.

Performance management fees are recognised when it is probable that they will be received, and they can be reliably measured.

3. Significant Accounting Policies, continued:

(g) Other Revenue

Revenue, including revenue from golf operations, is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenues are net of trade allowances, amounts collected on behalf of third parties and net of the amount of goods and services tax ("GST") levied.

Dividend Income

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established, normally the ex-dividend date.

(h) Revenue from land development and resale

Timing of recognition

Revenue is recognised when the risks and rewards have been transferred and the entity does not retain either continuing managerial involvement to the degree usually associated with ownership, or effective control over the units sold. Due to the nature of the agreements entered into by the group, this occurs on settlement.

Measurement of revenue

The revenue is measured at the amount receivable under the contract. It is discounted to present value if deferred payments have been agreed and the impact of discounting is material.

(i) Foreign currencies

Foreign currency assets and liabilities are translated into New Zealand dollars, the Company's functional currency, at the rate of exchange ruling at the end of the reporting date. Transactions in foreign currency are translated at the rate of exchange ruling at the date of the transaction. Gains and losses on currency are included in the profit or loss within the consolidated Statement of Comprehensive Income.

The results of operation and financial position of subsidiaries that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the end of the reporting period; and
- Income and expenses are translated at average exchange rates.

All resulting exchange differences are recognised under other comprehensive income and presented as a separate component of equity ("Foreign Currency Translation Reserve").

(j) Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation and impairment. Subsequent costs are capitalised if it is probable that future economic benefits will flow to the Group and the costs can be measured reliably.

Plant and equipment are depreciated on a straight line basis, at rates which will write off cost less estimated residual values over their estimated economic lives as follows:

Plant and equipment	1 - 13 years

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash and liquid assets used in the day to day cash management of the Group, including call deposits with original maturities of three months or less where there is an insignificant risk of changes in value. Cash and cash equivalents are carried at amortised cost in the consolidated Statement of Financial Position.

(l) Treasury shares

The cost of an entity's own equity instruments that it has reacquired ("treasury shares" or "share buy backs") is deducted from equity. Gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares. Treasury shares may be acquired and held by the Company or by other members of the consolidated group. Consideration paid or received is recognised directly in equity.

3. Significant Accounting Policies, continued:

(m) Tax

The Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,200. In respect to income tax arising in other jurisdictions, income tax expense for the year comprises current and deferred tax. Income tax expense is recognised in profit or loss within the consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity.

Current tax is the expected tax payable in countries where the Company's subsidiaries, associates and joint ventures and associate operate and generate taxable income for the period, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the financial reporting carrying amount of assets and liabilities and the amounts used for tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(n) Investment property

Investment property has been acquired through the enforcement of security over finance receivables and are held to earn rental income or for capital appreciation (or both). Investment property is initially recognised at its cost, cost being the value of the finance receivable over which the enforcement of security has been exercised, including related transaction costs. After initial recognition investment property is carried at fair value, with subsequent changes in fair value recognised in profit or loss.

(o) Inventories

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. The costs of individual items of inventory are determined using the weighted average costs. The exception is land held for development and resale where cost are assigned specific identification and include the cost of acquisition and development costs during development.

(p) Finance receivables

Finance receivables are initially recognised at fair value plus incremental direct transaction costs and are subsequently measured at amortised cost using the effective interest method, less any impairment loss.

(q) Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss within the consolidated Statement of Comprehensive Income. Gains are not recognised in excess of any cumulative impairment loss.

(r) Financial assets and liabilities

Recognition

The Group initially recognises finance receivables, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

3. Significant Accounting Policies, continued:

(r) Financial assets and liabilities, continued

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group enters into transactions whereby it transfers assets recognised on its consolidated Statement of Financial Position, but retains either all of the risks and rewards of the transferred assets or a portion of them. Transfers of assets with the retention of all or substantially all risks and rewards include, for example, securitised assets and repurchase transactions.

Classification
Financial assets and liabilities are classified in the following accounting categories:

Financial assets/liabilities	Accounting Category
Cash and cash equivalents	Loans and Receivables
Finance receivables	Loans and Receivables
Trade and other receivables	Loans and Receivables
Investments – Available for sale financial asset	Available for sale financial asset
Investments – Loans and receivables	Loans and Receivables
Investments – Derivative financial instruments	Fair value through profit or loss
Investments – Fair value through profit and loss	Fair value through profit or loss
Advances to other entities	Loans and Receivables
Advances from other entities	Other liabilities at amortised cost
Bank overdrafts	Other liabilities at amortised cost
Borrowings	Other liabilities at amortised cost
Other financial liabilities	Other liabilities at amortised cost

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Financial Assets at Fair Value through Profit or Loss (FVTPL)
Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition, this includes derivative financial instruments.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss within the consolidated Statement of Comprehensive Income. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Available for sale financial assets
Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss. Certain investments held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in note 30.

3. Significant Accounting Policies, continued:

(r) Financial assets and liabilities, continued

Available for sale financial assets, continued
Gains and losses arising from changes in fair value are recognised directly in the Available for Sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the Available for Sale revaluation reserve is included in profit or loss within the consolidated Statement of Comprehensive Income for the period. The net gain or loss includes any dividend income on the investments.

Non-derivative financial liabilities
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise borrowings, trade and other payables and advances from other entities.

(s) Impaired financial assets and past due assets
Impaired financial assets are those finance receivables for which the Group has evidence that it has incurred a loss, and will be unable to collect all principal and interest due according to the contractual terms of the loan.

The term collectively impaired asset refers to an asset where an event has occurred which past history indicates increases the possibility that the Group will not collect all its principal and interest as it falls due. No losses have yet been identified on these individual loans within the collectively impaired asset grouping, and history would indicate that only a small portion of these loans will eventually not be recovered. The Group provides fully for its estimated incurred losses.

Past due but not impaired assets are any assets which have not been operated by the counterparty within their key terms but are not considered to be impaired by the Group.

Bad debts provided for are written off against individual or collective valuation allowances. Amounts required to bring the provisions to their assessed levels are recognised in profit or loss within the consolidated Statement of Comprehensive Income. Any future recoveries of amounts provided for are taken to profit or loss.

For further information about credit impairment provisioning refer to note 32 - Credit risk exposure.

(t) Distribution of non-cash assets to owners
Non-reciprocal distributions of non-cash assets by the Group to its shareholders acting in their capacity as owners are recognised when authorised and approved by the Board of Directors and shareholders. Such distributions are measured at the fair value of assets to be distributed with any corresponding gain or loss recognised through profit or loss.

(u) Borrowings
Bank borrowings are initially recognised at fair value including incremental direct transaction costs. They are subsequently measured at amortised cost using the effective interest method.

3. Significant Accounting Policies, continued:

(v) Goods and services tax (GST)

GST for New Zealand subsidiaries
All items in the consolidated financial statements are stated exclusive of recoverable GST, except for receivables and payables, which are stated on a GST-inclusive basis. The net amount of GST recoverable from, or payable to New Zealand Inland Revenue, is included as part of receivables or payables in the consolidated Statement of Financial Position. Commitments and contingencies are disclosed exclusive of GST.

As at 30 June 2016, only two wholly owned subsidiaries remained registered for GST within New Zealand. Upon the Company's re-domicile to Guernsey, its operating activities were no longer subject to GST.

GST for Australian subsidiaries
Revenues, expenses and assets are recognised net of the amount of GST or if applicable, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(w) Statement of cash flows
The consolidated Statement of Cash Flows has been prepared using the direct method modified by the netting of certain permitted cash flows, in order to provide more meaningful disclosure. Cash and cash equivalents consist of cash and liquid assets convertible to cash within 90 days and used in the day to day cash management of the Group.

(x) Business combinations
Business combinations are accounted for using the acquisition method. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interests in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a gain from a bargain purchase.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree at fair value.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

(y) Discontinued operations
A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated Statement of Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative year.

(z) Segment reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the Managing Director, who is the CODM, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3. Significant Accounting Policies, continued:

(aa)Standards, interpretations and amendments to published standards

There are no new accounting standards, interpretations and amendments that have been adopted in the current year which have had a material impact in these consolidated financial statements.

At the date of approval of these consolidated financial statements, the following standards and interpretations, which are applicable to the Group's operations but which have not been applied in these consolidated financial statements, were in issue but not yet effective:

- NZ IFRS 9 – *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018) – NZ IFRS 9 includes requirements for the classification and measurement of financial instruments, impairment, recognition of financial instruments and hedge accounting.
- NZ IFRS 15 – *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018) - NZ IFRS 15 specifies how and when a reporting entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.
- NZ IFRS 16 – *Leases* (effective for annual periods beginning on or after 1 January 2019) – eliminates the classification of leases for the lessee as either operating leases or finance leases. Instead there is a single lease under which requires a lessee to recognise on the consolidated Statement of Financial Position assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of lower value.

The Directors have considered the impact that the adoption of NZ IFRS 9, NZ IFRS 15 and NZ IFRS 16 and based on managements preliminary assessment to date, the adoption of these standards is not expected to have a significant impact on the future consolidated financial statements of the Group.

The Directors believe that the consolidated financial statements contain all of the information required to enable Shareholders and potential investors to make an informed appraisal of the investment activities, financial performance and cash flows of the Group for the period to which it relates and does not omit any matter or development of significance.

4. Segmental analysis:

The Group has 3 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 year:

Torchlight Segment	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 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.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

4. Segmental analysis, continued:

(a) Group's reportable segments

2016	Continuing Operations Torchlight Segment £000	Property Group £000	Parent Company £000	Total £000
External income				
Interest income	28	-	272	300
Other revenue	1,166	14	21	1,201
Investment income	7,791	-	171	7,962
	8,985	14	464	9,463
Internal income				
Foreign exchange losses	(1,374)	-	(212)	(1,586)
Total segment income	7,611	14	252	7,877
Expenses				
Interest expense	(8,003)	-	(1)	(8,004)
Impairment reversal	8,341	-	-	8,341
Other operating expenses	(9,893)	(167)	(913)	(10,973)
Total operating expenses	(9,555)	(167)	(914)	(10,636)
Equity accounted share in profits	972	-	-	972
Loss before tax	(972)	(153)	(662)	(1,787)
Income tax benefit	(769)	-	-	(769)
Loss after tax	(1,741)	(153)	(662)	(2,556)
Non-controlling interests	(280)	-	-	(280)
Loss for the period attributable to owners of the Company	(2,021)	(153)	(662)	(2,836)
Total assets	135,606	3,193	13,373	152,172
Total liabilities	50,076	156	536	50,768

4. Segmental analysis, continued:

(a) Group's reportable segments, continued

2015	Continuing Operations Torchlight Segment	Property Group	Parent Company	Total
	£000	£000	£000	£000
External income				
Management fees	428	-	-	428
Interest income	610	2	196	808
Other income	115	15	-	130
Other revenue	948	-	-	948
Investment income	8,102	287	451	8,840
	10,203	304	647	11,154
Internal income				
Foreign exchange gains/(losses)	1,790	-	(213)	1,577
Total segment income	11,993	304	434	12,731
Expenses				
Interest expense	(7,070)	(6)	(12)	(7,088)
Impairment	(573)	(3)	(12)	(588)
Other operating expenses	(6,356)	(164)	(3,350)	(9,870)
Total operating expenses	(13,999)	(173)	(3,374)	(17,546)
Equity accounted share of losses	(1,496)	-	-	(1,496)
(Loss)/profit before tax	(3,502)	131	(2,940)	(6,311)
Income tax expense	(478)	-	-	(478)
(Loss)/profit after tax	(3,980)	131	(2,940)	(6,789)
Non-controlling interests	1,871	-	-	1,871
(Loss)/profit for the period attributable to owners of the Company	(2,109)	131	(2,940)	(4,918)
Total assets	147,879	2,420	11,099	161,398
Total liabilities	65,879	(125)	704	66,458

(b) Geographical information

The Group has subsidiaries incorporated in three principal geographic areas: New Zealand, Australia and the Cayman Islands.

The Group's revenue from external customers (from continuing operations and excluding share of equity accounted investees' profits/(losses) and foreign exchange gains/(losses) and information about its segment assets (non-current assets excluding investments in associates, finance receivables, other financial assets and tax assets) by geographical location (of the country of incorporation of the entity earning revenue or holding the asset) are detailed below:

	Revenue/(loss) from External Customers		Non-Current Assets	
	2016	2015	2016	2015
	£000	£000	£000	£000
New Zealand	(1,038)	971	39,761	11,426
Australia	8,126	1,609	39,079	62,247
Cayman Islands	2,375	8,574	29,456	26,318
	9,463	11,154	108,296	99,991

The geographical information contained within the segmental analysis represents the New Zealand Business, and accordingly is not prepared on the same basis that the New Zealand Business accounts would be prepared for filing in accordance with section 461(B) of the FMCA 2013.

5. Net interest income:

	2016 £000	2015 £000
Interest income		
Finance receivables	159	642
Advances to associates	-	166
Advances to related parties	141	-
Total interest income	**300**	**808**
Interest expense		
Bank borrowings	(8,004)	(7,088)
Total interest expense	**(8,004)**	**(7,088)**
Net interest income	**(7,704)**	**(6,280)**

6. Revenue and other income:

	2016 £000	2015 £000
Management fees	-	428
Other revenue		
Golf revenue	1,057	948
Miscellaneous income	130	115
Rental income	14	15
	1,201	**1,078**
Total fees and other income	**1,201**	**1,506**
Investment income		
Dividend income	96	6,226
Movement in fair value on investment property	(202)	289
Movement in fair value of other investments	(948)	438
Movement in fair value on derivative financial instrument	4,247	-
Movement in fair value of unlisted equity securities	833	2,598
Movement in listed equity securities	(1,873)	410
Movement in fair value in loans and receivables	-	(647)
Movement in fair value on business combination	-	(735)
	2,153	**8,579**
Revenue from land sales	36,882	21,933
Cost of land sales	(31,073)	(21,672)
	5,809	**261**
Total investment income	**7,962**	**8,840**
Total investment and other income	**9,163**	**10,346**

Golf revenue and expenses have been generated from the operations of a golf course within RCL Pacific Dunes Golf Operations Pty Ltd, a subsidiary acquired during the prior year through a business combination, see note 26.

7. Selling and administration expenses:

	2016 £000	2015 £000
Directors' fees	115	141
Loss on disposal of assets	-	4
Personnel expenses**	1,995	1,724
Legal and consultancy fees	4,573	3,907
Other operating expenses*	4,290	4,094
Selling and administration expenses	**10,973**	**9,870**

**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.*
*** Personnel expenses have been generated from within the RCL Group on the business combination during the prior year.*

Details of fees paid/payable to auditors are as follows:

	2016 £000	2015 £000
Audit fees		
Grant Thornton	443	485
PricewaterhouseCoopers (previous auditor)	-	92
	443	577
Non-audit fees		
Grant Thornton – Valuation services prior to appointment as auditor on 24 April 2015.	-	28
PricewaterhouseCoopers (previous auditor)	-	14
	-	42

8. Impaired asset reversal/(expense):

	2016 £000	2015 £000
Other finance receivables individually assessed	-	(161)
Other assets individually assessed for impairment	-	(427)
	-	(588)
Fair value uplift on loan receivable	8,341	-
Total impaired asset reversal/(expense)	**8,341**	**(588)**

Impairment reversal
The reversal of impairment relates to a previously impaired loan receivable held at fair value of the underlying security within the RCL Queenstown Pty Ltd entity. Historically the RCL Group held 1st and 4th mortgage positions in the underlying debt. During the course of the financial year agreement was reached to acquire the mortgages not owned which removes priority limitations on the 1st mortgage. This with positive planning outcomes (and subsequent launch and sale of 100 sections on day of release) has resulted in improved recoverability outcome expectations within the asset. As a result, a fair value uplift of AUD18.3 million or £8.3 million has also been applied. RCL Queenstown is within the Torchlight Group segment of the Group. The asset to which this impairment reversal and fair value uplift relates is held within the Investments – loans and receivables at a carrying value of AUD46.7 million (£28.8 million) in the consolidated Statement of Financial Position, for further details see note 24.

Other assets individually assessed for impairment
The other asset which has been individually impaired for £0.4m in the year ended 30 June 2015, is in relation to a loan to EPIC, which was deemed not recoverable following the settlement of the Group's stake in EPIC.

9. Significant controlled entities:

Significant subsidiaries	Principal place of business	Nature of business	2016 % held	2015 % held
MARAC Financial Services Limited (MFSL) and its subsidiaries:	New Zealand	Investment holding company	100%	100%
MARAC Investments Limited	New Zealand	Property and commercial financing	100%	100%
Equity Partners Asset Management Limited	New Zealand	Asset management	100%	100%
Torchlight Securities Limited	New Zealand	Asset management	100%	100%
Ferrero Investments Limited	New Zealand	Holding company	100%	100%
Torchlight Fund No. 2 Limited Partnership	New Zealand	Investment holding entity	100%	100%
Equity Partners Infrastructure Management Ltd	New Zealand	Asset management	100%	100%
NZ Credit Fund (GP) 1 Limited *(formerly Torchlight (GP) 1 Limited)*	New Zealand	Asset management	100%	100%
Torchlight (GP) 2 Limited	New Zealand	Non-trading company	100%	100%
Torchlight Management Limited	New Zealand	Asset management	100%	100%
Real Estate Credit Limited	New Zealand	Property asset management	100%	100%
Property Assets Limited	New Zealand	Property asset management	100%	100%
Land House Limited	New Zealand	Property asset management	100%	100%
Torchlight Group and its subsidiaries:	Cayman Islands	Holding company	100%	100%
Torchlight GP Limited	Cayman Islands	Asset management	100%	100%
Torchlight Fund LP*	Cayman Islands	Investment holding entity	44.2%	30.6%
Australasian Credit Fund Limited*	New Zealand	Finance	44.2%	30.6%
Real Estate Southern Holdings Limited*	New Zealand	Property Investment	44.2%	30.6%
Henley Downs Village Investments Limited*	New Zealand	Property Investment	44.2%	30.6%
Henley Downs Village Limited*	New Zealand	Property Investment	44.2%	30.6%
Torchlight Real Estate Group*	Cayman Islands	Bare Trustee	44.2%	30.6%
RCL Real Estate Holdings*	Cayman Islands	Bare Trustee	44.2%	30.6%
RCL Real Estate Pty Ltd*	Australia	Holding Company	44.2%	30.6%
RCL Queenstown Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL PRM Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Sanctuary Lakes Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Sanctuary Land Development Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Links Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Grandvue Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Haywards Bay Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Port Stephens Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Pacific Dunes Golf Operations Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Forster Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Taree Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Merimbula Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Renaissance Rise Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Real Estate Australia Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Rock Pty Ltd*	Australia	Property Investment	44.2%	30.6%
RCL Henley Downs Limited*	New Zealand	Property Investment	44.2%	30.6%
RCL Jack's Point Limited*	New Zealand	Property Investment	44.2%	30.6%
NZ Real Estate Credit Limited*	New Zealand	Finance	44.2%	30.6%
GLC Land Holdings Limited*	New Zealand	Property Investment	44.2%	30.6%

**collectively Torchlight Fund LP and its subsidiaries*

9. Significant controlled entities, continued:

Group of companies referred to throughout these consolidated financial statements as Torchlight Group, RCL Group and Property Group are as follows:

Torchlight Group*	RCL Group*	Property Group
MARAC Financial Services Limited	RCL Real Estate Holdings	Real Estate Credit Limited
Equity Partners Asset Management Limited	RCL Real Estate Pty Ltd	Property Assets Limited
Torchlight Securities Limited	RCL Queenstown Pty Ltd	Land House Limited
Ferrero Investments Limited	RCL PRM Pty Ltd	MARAC Investments Ltd
Torchlight Fund No. 2 Limited Partnership	RCL Sanctuary Lakes Pty Ltd	
Equity Partners Infrastructure Management Ltd	RCL Sanctuary Land Development Pty Ltd	
NZ Credit Fund (GP) 1 Limited	RCL Links Pty Ltd	
Torchlight (GP) 2 Limited	RCL Grandvue Pty Ltd	
Torchlight Management Limited	RCL Haywards Bay Pty Ltd	
Torchlight Group and its subsidiaries:	RCL Port Stephens Pty Ltd	
Torchlight GP Limited	RCL Pacific Dunes Golf Operations Pty Ltd	
Torchlight Fund LP	RCL Forster Pty Ltd	
Australasian Credit Fund Limited	RCL Taree Pty Ltd	
Real Estate Southern Holdings Limited	RCL Merimbula Pty Ltd	
Henley Downs Village Investments Limited	RCL Renaissance Rise Pty Ltd	
Henley Downs Village Limited	RCL Real Estate Australia Pty Ltd	
Torchlight Real Estate Group	RCL Rock Pty Ltd	
GLC Land Holdings Limited	RCL Henley Downs Limited	
	RCL Jack's Point Limited	
	NZ Real Estate Credit Limited	

*Torchlight segment within Note 4 includes both the Torchlight Group and RCL Group of companies.

Torchlight Fund LP (TFLP) and its subsidiaries

At 30 June 2016, the Group had an ownership through direct limited partnership interests in TFLP of 44.2% (30 June 2015: 30.6%).

As detailed further in Note 2 (e) (iii) on 30 September 2014 the Subscription Transaction agreements were entered into by the Group and TFLP for £19.8 million additional limited partnership interest which would become effective on meeting certain escrow conditions. Whilst these escrow conditions had not been met until 1 July 2015, the presence of the agreements entered into on 30 September 2014 resulted in the Group having potential voting rights in TFLP. The Group's ownership in TFLP, through direct limited partnership interest and future potential voting rights, therefore amounted to 37.11% from 30 September 2014, increasing to 40.78% at 30 June 2015. In accordance with the TFLP limited partnership agreement, substantive control over TFLP is deemed to be established when a single investor holds greater than 34% of the limited partnership interests in TFLP. As a result, the Group gained control over TFLP with effect from 30 September 2014.

On 18 June 2015, a Winding Up Petition was issued by certain Limited Partners in the Grand Court of The Cayman Islands. The petition was served at the registered office of the TFLP on 26 June 2015. The petition seeks an order to wind up TFLP. The hearing date for this petition was scheduled to commence on 18 July 2016, however, this hearing date has now been vacated with a new hearing scheduled to commence on 20 February 2017. The General Partner of TFLP has been robustly defending the petition and issued a detailed Defence on 24 June 2016. On 21 July 2016, the General Partner issued a Writ of Summons alleging that the Petition was being brought as part of an unlawful means conspiracy (such matters also forming part of its Defence to the Petition). The General Partner is seeking an order that the Petition and this claim be heard together.

On 22 January 2016 the Court dismissed a general application for a validation order without prejudice to the General Partner's ability to re-apply post release of the 2015 audited accounts and granted an injunction limited to preventing payment to persons related to the General Partner without the consent of the petitioners or an order by the Court made on application, supported by evidence, for prospective validation. On 8 September 2016, the General Partner issued a general application for past and prospective payments and in the alternative is seeking validation of a series of ordinary course of business payments that have been made since 26 June 2015. As part of this application, the General Partner has also sought permission for the payment of its management fees from the Limited Partnership.

On 26 April 2016, the Court approved an application for validation order sought by the General Partner to enable a non pro rata exit payment of AUD10,937,797 to a Limited Partner.

9. Significant controlled entities and associates, continued:

Torchlight Fund LP (TFLP) and its subsidiaries, continued

At 30 June 2016, the Group investment in TFLP includes material non-controlling interests ("NCI"):

Significant subsidiaries	Proportion of ownership interests and voting rights held by the NCI	Total comprehensive income allocated to NCI	Accumulated NCI
		£000	£000
30 June 2016			
Torchlight Fund LP and its subsidiaries	55.8%	6,655	47,233
30 June 2015			
Torchlight Fund LP and its subsidiaries	69.4%	(6,444)	39,741

No dividends were paid to the NCI during the financial year ended 30 June 2016 (30 June 2015: £nil).

Summarised financial information for TFLP, before intragroup eliminations, is set out below:

Summarised Statement of Financial Position

	30 June 2016 £000	30 June 2015 £000
Current		
Cash and cash equivalents	8,184	10,461
Other current assets (excluding cash)	31,736	45,661
Total current assets	**39,920**	**56,122**
Financial liabilities (excluding trade payables)	(43,921)	(34,411)
Other current liabilities (including trade payables)	(2,347)	(6,032)
Total current liabilities	**(46,268)**	**(40,443)**
Non-current		
Assets	94,196	88,565
Financial liabilities	(3,156)	(47,015)
Total non-current assets	91,040	41,550
Net assets	**84,692**	**57,229**
Equity attributable to owners	**37,459**	**17,488**
Non-controlling interests	**47,233**	**39,741**

Summarised Statement of Comprehensive Income

	30 June 2016 £000	30 June 2015 £000
Revenue	**8,229**	**7,844**
Profit/(loss) for the year attributable to owners	208	(760)
Profit/(loss) for the year attributable to NCI	280	(1,871)
Profit/(loss) for the year	**488**	**(2,631)**
Total comprehensive profit/(loss) for the year attributable to owners	4,892	(4,313)
Total comprehensive profit/(loss) for the year attributable to NCI	6,655	(6,444)
Total comprehensive profit/(loss) for the year	**11,547**	**(10,757)**

9. Significant controlled entities and associates, continued:

Torchlight Fund LP (TFLP) and its subsidiaries, continued

Summarised cash flows

	30 June 2016 £000	30 June 2015 £000
Net cash applied to operating activities	8,477	(3,681)
Net cash from investing activities	20,316	12,342
Net cash applied to financing activities	(32,072)	(11,564)
Foreign currency adjustment on translation to presentation currency	1,002	(1,184)
Net Cash outflow	**(2,277)**	**(4,087)**

10. Tax:

	2016 £000	2015 £000
Current tax expense		
Current year	769	478
Deferred tax expense		
Total income tax expense	769	478
Attributable to:		
Continuing operations	769	478
Reconciliation of effective tax rate		
Taxable profits before income tax	(1,957)	(4,361)
Total taxable profit	**(1,957)**	**(4,361)**
Prima facie tax at 30% and 28%* (2015: 30% and 28%)	(675)	(1,308)
(Less)/plus tax effect of items not taxable/deductible	1,444	592
Unused tax losses and tax offsets not recognised as deferred tax assets	-	1,174
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	20
Total income tax expense	**769**	**478**

*30% applicable Australian tax rate and 28% applicable New Zealand rate for the financial year ends 30 June 2016 and 30 June 2015.

For the year ended 30 June 2016, the above tax computations are for the subsidiaries which are subject to tax reporting in Australia and New Zealand. For the year ended 30 June 2015, the above tax computations are for the Australian subsidiaries only which are subject to tax reporting in Australia, which have been acquired during the year by the Group, see note 9. There were no further tax computations to disclose for the New Zealand subsidiaries for the year ended 30 June 2015. As a Guernsey Company, the Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,200. There is no tax chargeable relating to items included in other comprehensive income.

11. Deferred tax:

	1 July 2015 £000	Recognised in profit or loss £000	Foreign exchange gain/(loss) on translation £000	30 June 2016 £000
Deferred tax liabilities	2,357	617	389	3,363
Deferred tax assets	(333)	152	(26)	(207)
Net deferred tax liability	2,024	769	363	3,156

11. Deferred tax, continued:

	1 July 2014 £000	Transfers in on business combinations £000	Recognised in profit and loss £000	Foreign exchange (loss)/gain on translation £000	30 June 2015 £000
Deferred tax liabilities	-	1,991	593	(227)	2,357
Deferred tax assets	-	(247)	(115)	29	(333)
Net deferred tax liability	-	1,744	478	(198)	2,024

The following deferred tax assets are only available against future taxable profits in New Zealand.

	2016 £000	2015 £000
The following deferred tax assets have not been recognised as at 30 June:		
Tax losses (subject to meeting shareholder continuity requirements)	3,657	3,421
Deductible temporary differences	142	209
Total unrecognised deferred tax assets	**3,799**	**3,630**

The following deferred tax assets are only available against future taxable profits in Australia.

	2016 £000	2015 £000
The following deferred tax assets have not been recognised as at 30 June:		
Tax losses (subject to meeting shareholder continuity requirements)	2,119	2,782
Total unrecognised deferred tax assets	**2,119**	**2,782**

On re-domicile from New Zealand to Guernsey, the Company is exempt from Guernsey income tax.

The Group has not recognised any deferred tax assets arising from unrealised tax losses due to uncertainty of future trading results, and therefore the ability to be able to utilise the losses.

12. New Zealand imputation credit account:

	2016 £000	2015 £000
Balance at end of the reporting period available for use in subsequent reporting periods	-	-

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

	2016 £000	2015 £000
Loss for the year	**(2,556)**	**(6,789)**
Add/(less) non-cash items:		
Revaluation of investment property	198	(289)
Gain on disposal of assets	818	(5,006)
Foreign exchange gain	(157)	(1,577)
Share of equity accounted investees' (profits)/losses	(972)	1,496
Impairment on finance receivables	318	588
Reversal of impairment on loan receivable	(7,981)	-
Depreciation and amortization of non-current assets	58	44
Movement in unrealised (gain)/loss on investments	(3,654)	2,819
Interest paid	7,056	1,729
Interest received	(199)	-
Other non-cash items	1,512	(199)
Total non-cash items	**(3,003)**	**(395)**
(Less)/add movements in workings capital items:		
Trade and other receivables	(1,287)	1,393
Advances to associates	-	(872)
Trade and other payables	12,947	12,442
Total movements in working capital items	**11,660**	**12,963**
Net cash flows applied to operating activities	**6,101**	**5,779**

14. Loss per share:

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

	2016	2015
Loss after tax attributable to owners of the Company (£000)	(2,836)	(4,918)
Loss after tax attributable to owners of the Company – continuing operations (£000)	(2,836)	(4,918)
Weighted average number of ordinary shares in issue (000)	207,463	207,681
Basic and diluted loss (pence per share)	**(1.37)p**	**(2.37)p**
Basic and diluted loss (pence per share – continuing operations)	**(1.37)p**	**(2.37)p**
Net tangible assets per share (pence per share)*	**26.11p**	**26.61p**

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

15. 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 New Zealand Dollar non-redeemable Ordinary Shares, authorised, in issue and fully paid at the date of this report.

	2016 shares 000s	2015 shares 000s
Number of issued shares		
Opening balance	207,463	208,074
Share buy backs	-	(611)
Closing balance	**207,463**	**207,463**

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

Foreign currency translation reserve

The foreign currency translation reserve contains exchange differences arising on the conversion of the Company's presentation currency from New Zealand Dollars and Australian Dollars to British Pound Sterling.

Accumulated losses reserve

The accumulated losses reserve represents the accumulation of the profits and losses of the Group for each financial year.

Available for Sale reserve

Available for Sale reserve represents the unrealised gains and losses accumulated for each financial year on the Available for Sale financial Asset.

Non-controlling interests ("NCI") reserve

NCI reserve represents the accumulated excess of consideration transferred and recognised in transactions during the financial year between the Group and non-controlling interests.

16. Cash and cash equivalents:

Cash and cash equivalents comprise of:

	2016 £000	2015 £000
Cash and cash equivalents	8,593	10,937
Total cash and cash equivalents	**8,593**	**10,937**

17. Finance receivables - other:

	2016 £000	2015 £000
Gross finance receivables	1,530	1,245
Less allowance for impairment	(379)	(308)
Total finance receivables	**1,151**	**937**

Finance receivables are loans with various terms and interest rates.

18. Investment property:

	2016 £000	2015 £000
Opening balance	2,995	2,468
Transfer in on business combination classification change to subsidiary	-	772
Change in fair value	202	260
Foreign exchange movement	257	(505)
Closing balance	**3,454**	**2,995**

As at 30 June 2016, investment property comprises of residential properties. For details of methods and assumptions used to estimate the fair value of these investment properties, see note 30.

At 30 June 2016, partial security is held over NZD5.8 million (£3.0 million) of investment property for a bank borrowing facility of NZD0.2 million (£0.1 million) with the Property Group segment.

The following amounts were recognised in profit or loss within the consolidated Statement of Comprehensive Income in respect of investment property held during the year ended 30 June:

	2016 £000	2015 £000
Rental income	14	15
Direct operating expenses arising from investment property that generated investment income	7	6

19. Inventories:

	2016 £000	2015 £000
Current assets		
Land held for resale		
Cost of acquisition	20,670	17,958
Development costs	8,612	6,656
	29,282	**24,614**
Non-current assets		
Cost of acquisition	22,784	36,099
Development costs	1,932	2,835
	24,716	**38,934**
Total inventories	**53,998**	**63,548**

The Group's inventories are held within the Torchlight Group segment of the business, primarily through the RCL Australian and New Zealand registered subsidiaries. Inventories consist of residential land subdivisions and property development in the geographical areas of the Australia and New Zealand. In accordance with note 3 (o), inventories are held at the lower of cost and net realisable value.

At 30 June 2016, Inventories held with the RCL Group, and detailed above, are pledged as security to the third party corporate debt facility as detailed further in Note 27.

20. Trade and other receivables:

	2016 £000	2015 £000
Other receivables	1,025	3,239
Total other assets	**1,025**	**3,239**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

21. Investment – Available for sale financial asset:

	2016 £000	2015 £000
Receivables – Sale of Perpetual Trust Limited (PTL)	11,036	9,104
Total other assets	**11,036**	**9,104**

The fair value of the Group's investment in the Available for Sale Financial Asset has been arrived at on the basis of a valuation carried out by an external party to the Group, Simmons Corporate Finance, on 7 August 2016. The valuer has significant experience in the investigation of financial transactions and issuing opinions on the fairness and merits of the terms thereof.

The key assumptions within the valuation of the PTL receivables are that there are two primary scenarios, PGC pursues payment of the PTL receivable through the Courts (the "litigation scenario"), or in accordance with the terms of the Deed of Termination of Agreements and Carry (DTAC), an IPO of the Newco listing on the NZX Main Board would occur with PGC subsequently receiving the PTL receivable (the "IPO scenario"), a third scenario takes into account the risk that no cash will be received under either the litigation scenario or the IPO scenario (the "no return scenario"). In assessing the fair value of the PTL receivable at 30 June 2016, the valuer applied probability weightings to the scenarios detailed above, assigned a gross value at various dates that the payment could be expected and calculated the net present value (NPV) of the gross value at 30 June 2016 under each scenario.

The PGC Directors' remain confident of recovering at least the full outstanding debt due to the strength of PGC's case and the commercial imperatives that exist for the owners of PTL to carry out an IPO in the near future. On 2 August 2016, Bath Street Capital Ltd (BSC), the owners of PTL, announced that the Newco planned to list on the NZX Main Board and the Australian Securities Exchange by the end of 2016 and raise up to NZD150.0 million. Subsequently, on 26 September 2016, PGC announced that it had come to an agreement with BSC to discontinue their respective High Court claims without costs with immediate, and unconditional, effect. Following this agreement, BSC will proceed towards an IPO of the Newco and the parties are in the process of finalising the terms of settlement.

At 30 June 2016, the fair value of the PTL receivable based on the probability weighted net present value of the PTL receivable under the three scenarios, were an estimated probability of the Litigation Scenario arising to be 19%, the IPO scenario being 80% and the no return scenario being 1%. The assessment has also assumed that the IPO will occur within the next 1 to 1.5 years. See note 30 for analysis of the receivables sensitivity to the various inputs used in the valuation determination.

At 30 June 2016, based on the valuation detailed above, the Directors have relied on this valuation from the external party and assessed the fair value of the PTL receivable to be NZD20.9 million or £11.0 million (30 June 2015: NZD21.2 million or £9.1 million). £0.138 million fair value movement has been recognised in other comprehensive income during the year (30 June 2015: £0.399 million), with the difference of £2.07 million being a foreign exchange movement on translation to presentational currency. Due to the uncertainties over the timing of settlement of the PTL receivable, the Available for Sale Asset has been classified as a non-current asset.

The above valuation is sensitive to a number of key inputs. Sensitivity analysis in respect to this balance is eet out within Note 30.

22. Investments – Fair value through profit or loss (FVTPL):

	2016 £000	2015 £000
Current assets		
Unlisted equity securities	-	20,000
Listed equity securities	1,520	248
	1,520	20,248
Non-current assets		
Listed Australian equity securities	19,274	15,584
Loans and receivables	-	8,976
	19,274	24,560
Total Investments – Fair value through profit or loss	**20,794**	**44,808**

22. Investments – Fair value through profit or loss (FVTPL), continued:

For details of methods and assumptions used to estimate the fair value of each of the above listed assets see note 30.

During 2016, £7.7 million of loans and receivables were reclassified from Investment at FVTPL to Investments – Loans and receivables, and £1.3 million of loans and receivables were reclassified from Investments at FVTPL to Investments – Derivative financial instruments. The reclassifications were made in order to more appropriately reflect the nature of the underlying items. The reclassifications were not accounted for as errors in accordance with NZ IAS 8 as the Directors concluded that the reclassifications did not have a material impact on the prior period consolidated financial statements.

23. Investments – Derivative financial instruments:

	2016 £000	2015 £000
Non-current assets		
Derivative financial instruments	6,112	-
Total Investments – Derivative financial instruments	**6,112**	**-**

During the year, £1.3 million of loans and receivables were reclassified from Investments at FVTPL to Investments – Derivative financial instruments. The Derivative financial instruments has been measured at fair value.

At 30 June 2016, in order to ascertain the fair value of the Derivative financial instruments, the Directors engaged an external valuer who assessed the Derivative financial instruments to have a fair value of NZD11.6 million (£6.1 million). For details of methods and assumptions used to estimate the fair value of each of the above listed assets see note 30.

24. Investments – Loans and receivables:

	2016 £000	2015 £000
Non-current assets		
Other receivables	2,120	-
Loans receivable	41,492	23,014
Total Investments – Loans and receivables	**43,612**	**23,014**

Other receivable
Other receivables comprises of the amount £1.3 million held in cash escrow following the Local World sale in October 2015.

During April 2016, the Group paid NZD1.5 million towards 50% of development costs on an initial 25 call option sites, the NZD1.5 million (£0.8 million) deposit been classified within Other receivables.

Loans receivable
A loan receivable within the RCL Group, comprises of a NZD denominated on-demand receivable. Its underlying security consists of a freehold mortgage. The amount is recognised as a non-current asset as this is consistent with the expected recovery profile.

Other loan receivables have been impaired based on expected recoveries from underlying projects. These loans have bee valued and assessed for impairment based on discount cash flow (DCF) analysis of the underlying projects. The discount rates applied within these DCF analysis range from 9% to 20%.

25. Investment in associates and joint venture:

Torchlight Fund Limited Partnership (TFLP)
At 30 June 2014, the Group considered TFLP to be an associate. Throughout the financial year ended 30 June 2015, the Group increased its direct investment in Torchlight Fund LP (TFLP) to 30.6% at 30 June 2015 through the purchase of partnership interests from existing limited partners during the year. At 30 September 2014, however, the Group acquired a controlling interest over TFLP as detailed further below in Note 26. Subsequently, TFLP is deemed a subsidiary with effect from 30 September 2014 and has been consolidated in full from this point.

25. Investment in associates and joint venture, continued:

The following reconciliation details the Group's movement in the investment in associate from 30 June 2014 to September 2014 at which point TFLP became a subsidiary:

Summary of Group's carrying value for investment in associate	**Torchlight Fund LP 30 September 2014 £000**
Opening equity accounted carrying value at 30 June 2014	19,786
Share of equity accounted losses for the period	(1,155)
Other comprehensive income	-
Transactions with shareholders	2,818
Closing equity accounted carrying value at 30 September 2014	**21,449**
Fair value adjustment prior to business combination	(734)
Foreign currency adjustment on translation to presentation currency	(462)
Investment in TFLP at fair value through profit or loss at 30 September 2014	**20,253**

In accordance with NZ IFRS 3 Business Combinations, where an associate becomes a subsidiary, at the point just prior to the acquisition the associate is re-measured to its fair value. The £0.734 million difference between the carrying value and the fair value is recognised through profit or loss within the consolidated Statement of Comprehensive Income. The foreign currency adjustment on translation to presentation currency is recognised through other comprehensive income.

RCL PRM Pty Limited (RCL PRM)

RCL PRM owns 50% of PRM Property Holdings Pty Limited and PRM Property Group Pty Limited and as such is equity accounted for. The following reconciliation details the Group's movement in the investment in joint venture during the financial year ended 30 June 2016:

Summary of Group's carrying value for investment in joint venture	**2016 £000**	**2015 £000**
Opening equity accounted carrying value	1,242	-
Transfer in on business combination classification change to subsidiary	-	1,014
Share of equity accounted investees' profits/(losses) for the year	972	(341)
Proceeds from sale of joint venture	(2,228)	-
Foreign exchange on translation	14	569
Closing equity accounted carrying value	**-**	**1,242**

During September 2015, the Group sold its 50% share in PRM Property Holdings Pty Limited and PRM Property Group Pty Limited for AUD4.5 million.

26. Acquisition of business:

TFLP is a limited partnership focusing on contrarian investment in deep value situations. The investment strategy of TFLP is a long term focus with a view to drive strategic and financial restructuring to unlock value across the core sectors of real estate, financial services, infrastructure and agriculture. TFLP is a limited partnership incorporated in Cayman Islands and currently domiciled in Cayman Islands.

On 1 July 2015, £21.2 million (AUD43.5 million) of the Group's other finance receivables and advances to associates, were settled via conversions to Limited Partner interests in TFLP (the "Subscription Transaction").

This increased the Group's investment in Torchlight Fund LP to 42.3% on 1 July 2015. The Group's increase in Limited Partnership interests in TFLP was pending the satisfactory completion of the TFLP 31 March 2014 audit. The TFLP audit was finalised and signed off on 30 June 2015, subsequently the increase in Limited Partnership interests was complete on the next Cayman Islands (the country of incorporation for TFLP) business day, being 1 July 2015.

26. Acquisition of business, continued:

Whilst conditions within the escrow Subscription Transactions were not met until 1 July 2015, the presence of the agreements entered into on 30 September 2014 resulted in the Group having potential voting rights. These future potential voting rights, increased the Group's future voting powers in TFLP to 37.1% from 30 September 2014. In accordance with the TFLP limited partnership agreement, substantive control over TFLP is deemed to be established when a single investor holds greater than 34% of the limited partnership interests in TFLP. As a result, due to the potential voting rights established on 30 September 2014, the Group gained control over TFLP with effect from this date. Due to control being established through the existence of substantive voting rights at 30 September 2014 rather than an acquisition through the transfer of consideration, no goodwill was generated on TFLP becoming a subsidiary of the Group.

The composition of net assets of TFLP acquired at 30 September 2014 was:

	Torchlight Fund LP 30 September 2014 £000
Current	
Cash and cash equivalents	14,560
Other current assets (excluding cash)	2,004
Total current assets	**16,564**
Other borrowings (excluding trade payables)	(22,694)
Other current liabilities (including trade payables)	(5,748)
Total current liabilities	**(28,442)**
Non-current assets	
Loans and receivables	22,630
Inventories	79,043
Financial assets at fair value through profit or loss	49,924
Total non-current assets	**151,597**
Non-current liabilities	
Deferred tax liability	(1,744)
Borrowings	(63,082)
Total non-current assets	**(64,826)**
Net assets	**74,893**

At 30 September 2014, the point of acquisition, the Group held 27.0% of the limited partnership interests in TFLP. During the period from 30 September 2014 to 30 June 2015, the Group acquired further limited partnership interests through direct transactions with independent third party limited partners. In addition, the Group's percentage ownership of TFLP indirectly increased through independent limited partner non-pro rata redemptions. In this situation the total voting rights of TFLP as a whole decreased, resulting in the Group's proportionate ownership in TFLP as a whole increasing. Through these direct and indirect transactions, by 30 June 2015 the Group's limited partnership interest had increased to 30.6%. At 30 June 2016, the Group's limited partnership interest had increased to 44.2%.

26. Acquisition of business, continued:

The Group's transactions with non-controlling interests ("NCI") can be summarised as follows:

	30 June 2016 £000
NCI carried forward at 30 June 2015	**39,741**
NCI's accumulated share of profits	280
NCI's accumulated share of other comprehensive income	688
Carrying amount of NCI acquired during the period	837
Foreign currency adjustment on translation to presentation currency	5,687
NCI carried forward at 30 June 2016	**47,233**

	30 June 2015 £000
NCI acquired on 30 September 2014	**54,640**
NCI's accumulated share of losses	(1,871)
Consideration of disposal of NCI	(8,596)
Carrying value adjustment with Group on disposal of NCI	141
Foreign currency adjustment on translation to presentation currency	(4,573)
NCI carried forward at 30 June 2015	**39,741**

27. Borrowings:

	2016 £000	2015 £000
Current		
Bank Loan – secured	7,699	7,529
Third party corporate debt facility – secured	34,499	10,994
	42,198	**18,523**
Non-current		
Third party corporate debt facility – secured	-	33,636
Total borrowings	**42,198**	**52,159**

The bank loan comprises a loan to RCL Queenstown Pty Ltd (subsidiary of the Group) in respect to the acquisition of the loans receivable listed in the consolidated Statement of Financial Position under note 24. Security for this loan includes a mortgage and a charge.

Third party corporate debt facility is secured by cross-guarantee over each subsidiaries of the Group together with the freehold mortgages and registered charges, with the exception of RCL Queenstown Pty Ltd.

The current borrowing facilities within the RCL Group expire in September 2016. While the RCL Group holds an offer from the third party lender to extend the borrowing facilities for a further 3 years this offer is yet to be finalised. In the interim RCL is operating the facility in a rolling basis.

28. Trade and other payables:

	2016 £000	2015 £000
Current		
Provision for Wilaci settlement	-	4,411
Trade and other payables	5,414	7,864
Total trade and other payables	**5,414**	**12,275**

Provision for Wilaci settlement

In conjunction with the original capital contribution from Torchlight Fund No. 1 LP ("TFL") in December 2012, TFLP agreed to assume liability of AUD54.6m comprising a AUD37.0m loan provided by Wilaci Pty Limited ("Wilaci"), a 3rd party lender, and a provision of AUD17.7m to cover settlement of fees and penalties. The principal was repaid in full during the year ended 30 June 2015.

Subsequent to repayment of the principal balance, litigation commenced in respect of additional amounts claimed by the lender. A proceeding was filed in the High Court at Auckland in August 2014 by the Receivers of TFL. The Receivers were appointed by the Australian company Wilaci, which had made the secured advance of approximately AUD37.0 million to TFL in 2012. While the principal had been repaid, along with fees and part of the interest claimed, Wilaci alleged further amounts were payable by TFL, including a sum of approximately AUD31 million in late payment fees. It appointed the Receivers to realise assets to pay that sum.

This claim was vigorously defended and in a separate proceeding, TFL sought an order that the AUD28.0 million claimed by Wilaci be ruled an unlawful penalty that could not be recovered. This proceeding was tried in August 2015 in the High Court at Auckland and, on 19 October 2015, a judgement was delivered in the High Court of New Zealand confirming that the late payment fees claimed by Wilaci to TFL was unenforceable and not payable. Following the High Court judgement, Wilaci had the right to appeal and subsequently, on 13 November 2015, lodged an appeal against the High Court decision. The hearing date for this appeal is scheduled to commence on 4 October 2016.

As a step towards recovering the alleged late payment fees, the Receivers sought a declaration that various assets held by TFLP and its subsidiaries are subject to Wilaci's security. The declaration is sought on the basis that the assets of TFL and its subsidiaries were acquired by TFLP in 2012. The proceeding was opposed and was scheduled for trial in April 2016. That trial date was since vacated following the favourable judgement confirming that the late payment fees are not payable.

TFLP has always vigorously defending this claim. Following the High Court judgement on 19 October 2015, a settlement amount of AUD8.85 million or £4.38 million was deemed payable by the High Court and subsequently paid during the year ended 30 June 2016.

29. Related party transactions:

(a) Transactions with related parties

Parent and its associated entity

Lynchwood Nominees Limited

Lynchwood Nominees Limited is the parent of PGC holding 80.16% of PGC's shares at 30 June 2016. George Kerr is the ultimate controlling party of Lynchwood Nominees Limited

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

AEP GP is the direct parent of Lynchwood Nominees Limited. AEP GP charged PGC management fees of £0.22 million (30 June 2015: £0.73 million). At 30 June 2016, there were no outstanding balances payable to AEP (GP) (30 June 2015: £nil).

The above expenses are charged to selling and administration expenses in the consolidated Statement of Comprehensive Income.

During the year ended 30 June 2016, loan advances were provided to AEP GP. These amounts are repayable by AEP GP. At 30 June 2016, the amount receivable from AEP GP was £1.80 million (30 June 2015: £1.36 million). General advances accrue interest at 9%. Total interest recognised during the year was £0.13 million (30 June 2015: £0.06 million).

29. 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 year as follows:

	2016 £000	2015 £000
Key management personnel compensation from Parent Company is as follows:		
Short-term employee benefits*	115	141
Total	**115**	**141**

*includes Director fees.

	2016 £000	2015 £000
Personnel compensation within RCL Group companies is as follows:		
Short-term employee benefits	1,995	1,734
Total	**1,995**	**1,734**

For the year ended 30 June 2016, the Short-term employee benefits were borne by the RCL Group and included in these consolidated financial statements following the business combination which occurred during the year ended 30 June 2015.

30. 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.

Other loans and receivables
The fair value of other loans and receivables are considered equivalent to their carrying value due to their short term nature.

Borrowings
The fair value of debenture stock, deposits, bank borrowings and other borrowings is based on the current market interest rates payable by the Group for debt of similar maturities.

Investments - Fair value through profit or loss
During the year ended 30 June 2016, the consolidated financial statements includes listed equity securities, unlisted equity securities and listed Australian equity securities which are measured at fair value (note 22). The fair value of the listed equity investments are valued based on the following:

Listed equity securities and listed Australian equity securities
At 30 June 2016, the listed equity investments are valued based on quoted prices (unadjusted) in active markets for identical assets.

30. Fair value, continued:

Fair value measurement of financial instruments, continued

Investments – Available for Sale Financial Assets
Available for Sale Financial Assets are measured at fair value. The fair value of the Available for Sale Financial Asset is determined by an external valuer and has been based on the probability weighted Net Present Values (NPVs) of a receivable under two separate scenarios (see note 21). The Directors consider the assessment of the fair value of the Available for Sale Financial Asset to be best represented by the valuation assessment provided by the external valuer. In determining the 30 June 2016 carrying value the external valuer has taken into account post balance date listing status updates as these were assessed by the Directors to be facts and circumstances that existed at year end, but only became known to the market post year end.

Derivative financial instruments
Derivative financial instruments are measured at fair value. At 30 June 2016, in order to ascertain the fair value of the Derivative financial instruments, the Directors engaged an external valuer who assessed the Derivative financial instruments to have a fair value of NZD11.6 million (£6.1 million).The derivative financial instrument is a call option for the right to receive 75 residential lots in a subdivision situated in East Wanaka, New Zealand following the development of 400 sections in a number of tranches.

The external valuer applied a stochastic discounted cash flow ("DCF") analysis over an assumed development period for the 75 lots. The primary assumptions used in the valuation were average sale price estimated to be NZD300,000 per lot, average lot size of 600 square metres, the section development cost being NZD121,439, each section will be pre-sold off plan subject to title and the overall develop and sell period of 6 years.

Within the methodology the valuer has allowed for certain parameters to vary as follows:

Number of sections released in future tranches
The developer is to develop and market at least 25 sections in each of the remaining three tranches, meaning the Group will have the option to purchase at least 75 properties at the conclusion of the options life. The valuer has applied a broad spectrum of possibilities in case these tranches are not completed in line with the agreed timeline for whatever reason.

The escalation or reduction in sale price of the sections
The sale price will be determined by the market at the time of sale. The valuer has applied other possible outcomes in respect of future sale movement, with 2.5%, 5% and 10% per annum increases being modelled within the valuation, as well as a downward shock to the sale price in the near future.

The escalation in the exercise price
The valuer has allowed for the possibility that the exercise price will increase by 2% and 5% per annum and also at 2% but with an upward shock to the acquisition costs.

Valuation results
The valuer has modelled a range of possible outcomes using a stochastic DCF analysis varying assumptions as detailed above. The maximum assessed value of the option was NZD16.9 million and the minimum result was zero. The valuer estimated that the most likely outcome would be between the 25th and 75th percentiles, being between NZD9.7 million and NZD14.8 million respectively. They therefore concluded that the central estimate of the residual option of NZD11.6 million (£6.1 million) at 30 June 2016 was appropriate for the year end valuation.

30. Fair value, continued:

Fair value measurement of financial instruments, continued

Other financial assets and liabilities

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

	2016		2015	
	Carrying value £000	Fair value £000	Carrying value £000	Fair value £000
Assets				
Cash and cash equivalents	8,593	8,593	10,937	10,937
Finance receivables – other	1,151	1,151	937	937
Advances to related parties	1,796	1,796	1,362	1,362
Investments – Loans and receivables	43,612	41,452	23,014	22,828
Investments – Fair value through profit or loss	20,794	20,794	44,808	44,808
Investments – Derivative financial instruments	6,112	6,112	-	-
Investments – Available for sale financial assets	11,036	11,036	9,104	9,104
Trade and other receivables	1,025	1,025	3,239	3,239
Total assets	**94,119**	**91,959**	**93,401**	**93,215**
Liabilities				
Borrowings	42,198	44,664	52,159	50,825
Other financial liabilities	5,414	5,414	12,275	12,275
Total liabilities	**47,612**	**50,078**	**64,434**	**63,100**

30. Fair value, continued:

Fair Value Hierarchy

The following table provides 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	2016 Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets					
Investments – Available for sale financial asset	21	-	-	11,036	11,036
Listed equity securities	22	1,520	-	-	1,520
Listed Australian equity securities	22	19,274	-	-	19,274
Investments – Derivative financial instruments	23	-	-	6,112	6,112
Investment property	18	-	-	3,454	3,454
Total Assets		**20,794**	**-**	**20,602**	**41,396**

	NOTE	2015 Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets					
Investments – Available for sale financial asset	21	-	-	9,104	9,104
Unlisted equity securities	22	-	20,000	-	20,000
Listed equity securities	22	248	-	-	248
Listed Australian equity securities	22	-	-	15,584	15,584
Loans and receivables	22	-	-	8,976	8,976
Investment property	18	-	-	2,995	2,995
Total Assets		**248**	**20,000**	**36,659**	**56,907**

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

30. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets

2016

	Investment property £000	Available for sale financial assets £000	Derivative financial instruments £000	Listed Australian equity securities £000	Loans and receivables £000	Total £000
Investments held at fair value						
Balance at the beginning of the year	2,995	9,104	-	15,584	8,976	36,659
Transfers out of level 3 into Investment - Loans and receivables	-	-	-	-	(7,687)	(7,687)
Transfers out of level 3 into level 1	-	-	-	(15,584)	-	(15,584)
Transfers on reclassification	-	-	1,289	-	(1,289)	-
Change in fair value through profit or loss within investment income	202	-	4,247	-	-	4,449
Change in fair value through other comprehensive income	-	(138)	-	-	-	(138)
Foreign exchange on translation	257	2,070	576	-	-	2,903
Balance at the end of the year	**3,454**	**11,036**	**6,112**	**-**	**-**	**20,602**

2015

	Investment property £000	Available for sale financial assets £000	Listed Australian equity securities £000	Loans and receivables £000	Total £000
Investments held at fair value					
Balance at the beginning of the year	2,468	-	-	-	2,468
Transfers into level 3 from Trade and other receivables	-	11,287	-	-	11,287
Transfers in on business combinations classification change to subsidiary	772	-	15,075	10,029	25,876
Acquisitions	-	-	1,608	-	1,608
Change in fair value through profit or loss within investment income	260	-	410	(661)	9
Change in fair value through other comprehensive income	-	(399)	-	-	(399)
Loan interest receivable	-	-	-	270	270
Foreign exchange on translation	(505)	(1,784)	(1,509)	(662)	(4,460)
Balance at the end of the year	**2,995**	**9,104**	**15,584**	**8,976**	**36,659**

30. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued
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.

Loans and receivables
At 30 June 2016, £7.7million of loans and receivables were reclassified from Investment at FVTPL to Investments – Loans and receivables and therefore transferred out of the fair value hierarchy. £1.3 million of loans and receivables were reclassified from Investments at FVTPL to Investment – Derivative financial instruments. The reclassifications were completed in order to more appropriately reflect the nature of the underlying items as these loans and receivables 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.

Valuation process

Investment property
As at 30 June 2016, investment property comprises of residential properties.

At 30 June 2016, £3.1 million of investment property is held within the Property Group segment (30 June 2015: £2.3 million). The fair value of the investment property held within the Property Group segment at 30 June 2016 has been arrived at on the basis of valuations carried out in April 2016 by independent registered valuers. The independent valuers, are members of the Property Institute of New Zealand, and have the appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation complies with the New Zealand Institute of Valuers Code of Ethics and International Valuation Standards.

The valuation was completed on two sites in the Tauranga District, a suburban residential area and a rural residential area, which have been valued on a single entity basis. The valuation has been arrived at by using the Market Comparison Approach and supported by the Hypothetical Subdivision Approach.

The market comparison approach was based on evidence of transaction prices for similar development properties in the Tauranga area, less estimated development costs, GST, selling and legal expenses and profit margins. For the Suburban Residential Land area a rate of NZD1.4 million per hectare has been applied. Key assumptions of this rate are that for the similar suburban residential land sites sales a rate range between NZD0.3 million to NZD2.4 million per hectare has been noted based on recent sale evidence with considerations to some complexities with the development of access routes to the sites. For the rural residential land site area based on recorded sales which range between NZD0.3 million to NZD1.1 million a rate was assessed to be NZD0.5 million per hectare. A total improvement and land value using this approach amounted to NZD5.8 million or £3.1 million (30 June 2015: NZD5.4 million or £2.3 million) as presented in these consolidated financial statements.

The Hypothetical Subdivision Approach supporting the market comparison approach was based on the development of 107 residential sections and 6 rural sections and a realisation period of 6 years. Key assumptions with this valuation are that the 113 sites will achieve a gross sale price of NZD35.8 million with total development costs of NZD16.3 million.

£0.4 million of investment property is held within the Torchlight Group segment at 30 June 2016 (30 June 2015: £0.7 million). This investment property was purchased during August 2014 and has been valued at £0.4 million based on recent sale evidence within the Central Otago Lakes District, Queenstown.

Listed Australian equity securities
For the year ended 30 June 2015, the Directors resolved that the listed Australian equity securities were not traded in an active market and therefore the quoted unadjusted prices were not reflective of the fair value of this asset. This being the case, the valuation of the listed equity securities was prepared by the management of the General Partner and was consistent with an Independent Expert's Report, dated 27 June 2014 prepared in relation to a proposed buyback of securities.

For the year ended 30 June 2016, the Directors have reassessed the trading activities of the listed Australian equity securities and deemed that the market is an active market. As a result, the Directors have valued the listed Australian equity securities based on the quoted market price. The investment has been re-classified as a Level 1 financial instrument in the fair value hierarchy.

30. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued

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

Description	Fair value at 30 June 2016 £000	Fair value at 30 June 2015 £000	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Investment property	3,454	2,995	Internal desktop based on 2016 valuation and using comparable sales	Estimated future sales price Estimated future development costs	-5% / +5%	The estimated fair value would increase/(decrease) if: - the estimated sales price was higher/(lower) - the estimated development costs were higher/(lower)
Listed Australian equity security	-	15,584	Adjusted Net Assets due to thinly traded nature of shares	Net assets 30 June 2015 Minority discount	6%	The estimated fair value would increase/(decrease) if the minority discount rate applied was higher/(lower)
Derivative financial instruments	6,112	-	Stochastic discounted cash flow analysis	See page 49	See page 49	See page 49
Available for sale financial asset	11,036	9,104	Internal desktop prevent value based on 2016 valuation and using probability weighted scenarios	Percentage probability weightings Discount rate	See pages 55 to 58	See pages 55 to 58
Loans and receivables	-	8,976	Discounted cash flow analysis	Discount rate	15%	The estimated fair value would increase/(decrease) if the discount rate applied was lower/(higher)
	20,602	36,659				

30. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued

Available for sale financial asset
In order to ascertain the fair value of the Perpetual Trust Limited (PTL) receivable, the Directors engaged an external valuer (see note 21) who assessed the receivable to have a fair value of NZD20.9 million (£11.0 million) (30 June 2015: NZD21.2 million or £9.1 million). While the valuer considered a number of possible probability weighted scenarios in arriving at the fair value of the PTL receivable, there are in fact an infinite number of possible outcomes that could cause the fair value of the receivable to differ materially to the balance recorded within the consolidated financial statements. Set out below are details of the inputs used in determining the fair value of the PTL receivable, and analysis as to how the fair value of the receivable would change under varying scenarios.

Valuation assumptions
In determining the fair value of the PTL receivable at year end, the valuer considered two primary scenarios that could occur in the future:

1. The litigation scenario in which PGC would pursue payment of the PTL receivable through litigation; and

2. The IPO scenario in which PGC receives payment under the terms of the Deed of Termination of Agreements and Carry (DTAC) after a Newco containing PTL is successfully listed on the NZX Main Board.

The valuer has assigned an 80% likelihood that the receivable will be recovered through an IPO between 31 December 2016 and 31 December 2017. In the event that the IPO does not occur the valuer has assigned a 19% likelihood that the receivable will be recovered through a subsequent litigation scenario. The valuer has also recognised that an IPO may not occur and that PGC's litigation may not be successful, resulting in PGC receiving no return from the PTL receivable, however, they consider this likelihood as negligible and have applied a 1% probability of a no return scenario.

Under the IPO scenario, the valuer has assumed three sub-scenarios in which the IPO could take place with the earliest being in six months time (i.e. 31 December 2016) with subsequent cash flow scenarios assuming recovery intervals of 6 months after this date (i.e. finishing 31 December 2017). In addition, the valuer has assessed the likelihood of the Newco not achieving a prospective EBITDA multiple of 8.5x to be negligible. All cash flows under the IPO scenario have been discounted using a pre-tax discount rate of 8%.

Using the above valuation assumptions the fair value of the PTL receivable has been calculated as follows:

	Litigation scenario	IPO – thee sub-scenarios			No return scenario
	NZD000	**NZD000**	**NZD000**	**NZD000**	**NZD000**
Gross Value	22,000	22,000	22,000	22,000	0
Date received	31 Dec 2017	31 Dec 2016	30 June 2017	31 Dec 2017	
Discount rate – pre tax	0.00%	8.00%	8.00%	8.00%	
Present value – 30 June 2016	22,000	21,170	20,370	19,601	
Probability	19.0%	60.0%	10.0%	10.0%	1.0%
Fair Value – 30 June 2016	**20,879**				
	£000				
Fair Value in £ – 30 June 2016	**11,036**				

30. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued

Available for sale financial asset, continued

At 30 June 2015, using the above valuation assumptions the fair value of the PTL receivable was calculated as follows:

	Litigation scenario		IPO – four sub-scenarios		
	NZD000	**NZD000**	**NZD000**	**NZD000**	**NZD000**
Gross Value	22,000	22,000	22,000	22,000	22,000
Date received	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2017	31 Dec 2017
Discount rate – post tax	0.00%	5.76%	5.76%	5.76%	5.76%
Present value – 30 June 2015	22,000	20,802	20,227	19,669	19,126
Probability	60.0%	10.0%	10.0%	10.0%	10.0%
Fair Value – 30 June 2015	**21,182**				
	£000				
Fair Value in £ – 30 June 2015	**9,104**				

Sensitivity Analysis
Assuming all other factors in the above table remain the same:

- a 10% decrease in the probability weighting of the litigation scenario would result in an approximately £85,000 reduction to the fair value of the PTL receivable and vice versa;
- a 6 month delay in each of the IPO sub-scenarios (i.e. earliest IPO on or about 30 June 2017 and latest IPO on or about 30 June 2018) would reduce the fair value by approximately £628,000;
- a 12 month delay in each of the IPO sub-scenarios (i.e. earliest IPO on or about 31 December 2017 and latest IPO on or about 31 December 2018) would reduce the fair value by approximately £1,444,000.

We include a sensitivity table below showing the impact on fair value from delays to the earliest IPO sub-scenario and changes to litigation scenario probability weighting.

IPO timing sub-scenario start date and litigation scenario probability weighting sensitivity

		IPO timing sub-scenario start date					
		31/12/2016 £000	**30/06/2017 £000**	**31/12/2017 £000**	**30/06/2018 £000**	**31/12/2018 £000**	**30/06/2019 £000**
Litigation – probability	**4%**	10,969	10,575	10,191	9,826	9,470	9,132
	9%	10,991	10,618	10,254	9,909	9,572	9,252
	14%	11,013	10,661	10,318	9,992	9,674	9,372
	19%	**11,036***	10,704	10,381	10,075	9,776	9,492
	24%	11,057	10,747	10,445	10,157	9,878	9,612
	29%	11,079	10,790	10,508	10,240	9,979	9,731

*Scenario and fair value calculation detailed in table on prior page.

30. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued

Available for sale financial asset, continued

IPO timing and additional IPO scenarios
Including an additional two IPO sub-scenarios, one at 30 June 2018 and the other at 31 December 2018 with rebalance of probability weightings such that all IPO scenarios after 31 December 2016 have equal weighting of 5%, assuming all other factors remain the same, the fair value of the PTL receivable would reduce by £149,000:

- a 10% decrease in the probability weighting of the litigation scenario would result in an additional £84,000 reduction (total reduction of £233,000) to the fair value of the PTL receivable;
- a 6 month delay in each of the IPO sub-scenarios (i.e. earliest IPO on or about 30 June 2017 and latest IPO on or about 30 June 2019) would reduce the fair value by an additional £621,000 (total reduction of £770,000);
- a 12 month delay in each of the IPO sub-scenarios (i.e. earliest IPO on or about 31 December 2017 and latest IPO on or about 31 December 2020) would reduce the fair value by approximately £1,226,000 (total reduction of £1,375,000).

We include a sensitivity table below showing the impact on fair value from delays to the earliest IPO data and changes to litigation scenario probability weighting and the No Return scenario with a 1% probability remaining the same.

IPO timing sub-scenario start date with four additional IPO sub-scenarios six months apart and litigation scenario probability weighting sensitivity

		IPO timing sub-scenario start date					
		31/12/2016 £000	30/06/2017 £000	31/12/2017 £000	30/06/2018 £000	31/12/2018 £000	30/06/2019 £000
Litigation – probability	4%	10,891	10,500	10,118	9,756	9,403	9,068
	9%	10,913	10,543	10,182	9,839	9,505	9,188
	14%	10,935	10,586	10,245	9,922	9,607	9,307
	19%	10,957	10,628	10,309	10,005	9,709	9,427
	24%	10,979	10,671	10,372	10,088	9,810	9,547
	29%	11,001	10,714	10,436	10,170	9,912	9,667

Prospective EBITDA multiple
As set out above, the PTL receivable is determined on the basis of the prospective EBITDA multiple of the Newco on listing.

Having considered the past trading multiples of comparable companies and the headline indices of NZ and Australia, the valuer concluded that the likelihood of this being less than 8.5x (as per the DTAC) is negligible.

Given this is a key variable in the calculation of the PTL receivable on IPO, the following sensitivity analysis shows the potential impact to the fair value of the PTL receivable in the event that the multiple is less than 8.5x at various litigation success probabilities with all other variables consistent with initial assumptions.

Prospective EBITDA multiple on IPO and litigation scenario probability weighting sensitivity

		EBITDA multiple on IPO					
		6.0x £000	6.5x £000	7.0x £000	7.5x £000	8.0x £000	8.5x £000
Litigation – probability	4%	7,880	8,497	9,115	9,733	10,351	10,969
	9%	8,066	8,651	9,236	9,821	10,406	10,991
	14%	8,253	8,805	9,357	9,909	10,461	11,013
	19%	8,439	8,958	9,477	9,997	10,516	11,035
	24%	8,626	9,112	9,598	10,084	10,571	11,057
	29%	8,812	9,266	9,719	10,172	10,626	11,079

30. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued

Available for sale financial asset, continued

Discount rate

Assessment of fair value requires consideration of a willing buyer and a willing seller on an open market. It is probable that a hypothetical willing buyer of this asset may apply an additional risk premium to the discount rate to reflect the uncertainties associated with the recovery of the PTL receivable. In the sensitivity table below, we show the potential impact to the fair value of the PTL receivable arising from potential changes to the discount rate with all other variables consistent with initial assumptions.

Discount rate and litigation scenario probability weighting sensitivity

		Discount rate					
		6% £000	7% £000	8% £000	9% £000	10% £000	11% £000
Litigation – probability	4%	11,098	11,033	10,969	10,906	10,844	10,784
	9%	11,114	11,052	10,991	10,931	10,872	10,813
	14%	11,131	11,072	11,013	10,955	10,899	10,843
	19%	11,148	11,091	11,035	10,980	10,926	10,873
	24%	11,165	11,110	11,057	11,004	10,953	10,902
	29%	11,181	11,130	11,079	11,029	10,980	10,932

No Return

As mentioned above, the valuer recognised that an IPO may not occur and that any litigation may not be successful, resulting in PGC receiving no return from the PTL receivable, however, they consider this likelihood as negligible and have applied a 1% probability of a no return scenario. The below sensitivity has been conducted on an increase in the no return assumption with a delay to the IPO timing. Any changes to the no return scenario probability are offset by change to the 31 December 2016 IPO scenario, all other IPO scenario weightings and litigation scenarios remain the same.

IPO timing and no return scenario probability weighting sensitivity

		Discount rate					
		31/12/2016 £000	30/06/2017 £000	31/12/2017 £000	30/06/2018 £000	31/12/2018 £000	30/06/2019 £000
No Return – probability	1%	11,035	10,704	10,381	10,075	9,776	9,492
	3%	10,811	10,488	10,174	9,875	9,584	9,307
	5%	10,587	10,273	9,967	9,676	9,392	9,122
	7%	10,364	10,058	9,760	9,476	9,200	8,938
	9%	10,140	9,842	9,552	9,277	9,009	8,753
	11%	9,916	9,627	9,345	9,077	8,817	8,569

In summary, various factors could impact the fair value of the PTL receivable and while the above analysis provides information in respect to the potential impact of changes to the underlying assumptions of the independent expert, the actual fair value may vary significantly from the amount recorded within the consolidated financial statements.

31. Risk management policies:

The Group is committed to the management of operational and financial risk. The primary financial risks are credit, liquidity, foreign exchange and equity price risk. The Group's financial risk management strategy is set by the Directors. The Group has put in place management structures and information systems to manage individual financial risks and has separated monitoring tasks where feasible.

For the purposes of this note the financial instruments can be broken down as follows:

Categories of financial instruments

	2016 £000	2015 £000
Assets		
Fair value through profit or loss	20,794	44,808
Loans and receivables	56,177	39,489
Available-for-sale financial assets	11,036	9,104
Liabilities		
Financial liabilities at amortised cost	47,612	64,434

Management of capital

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders, through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, debt to a third party lender and equity attributable to equity holders of the parent Company, comprising issued capital, reserves and retained earnings.

Group had externally imposed capital requirements in relation to their borrowing facilities within the RCL Group. The Parent Company has no significant borrowing facilities nor externally imposed capital requirements.

32. Credit Risk Exposure:

Credit risk management framework

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. To manage this risk, the Directors approve all transactions that would subject the Group to significant credit risk.

Reviewing and assessing credit risk

The credit risk management strategies ensure that:

- Credit origination meets agreed levels of credit quality at point of approval.
- Maximum total exposure to any one debtor is actively managed.
- Changes to credit risk are actively monitored with regular credit reviews.

Collateral requirements - other finance receivables

The Group has partial or full collateral in place over some of the other finance and loan receivables. The collateral is usually by way of first charge over the asset financed and generally includes personal guarantees from borrowers and business owners.

(a) Credit impairment

Credit impairment assessments are made where events have occurred leading to an expectation of reduced future cash flows from certain receivables. Specific impairment allowances are made where events have occurred leading to an expectation of reduced future cash flows from certain receivables.

Credit impairments are recognised as the difference between the carrying value of the loan and the discounted value of management's best estimate of future cash repayments and proceeds from any security held (discounted at the loan's original effective interest rate). All relevant considerations that have a bearing on the expected future cash flows are taken into account, including the business prospects for the customer, the likely realisable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. Subjective judgements are made in this process. Furthermore, judgement can change with time as new information becomes available or as work-out strategies evolve, resulting in revisions to the impairment provision as individual decisions are taken. Estimating the timing and amount of future cash repayments and proceeds from the realisation of collateral are difficult and subjective judgements.

32. Credit Risk Exposure, continued:

Collateral requirements - other finance receivables

(a) Credit impairment, continued
At 30 June 2016, a finance receivable of £0.4 million (30 June 2015: £0.3 million) held within the Group has been provided against in full as a bad debt. TFLP has loans to an Australian borrower group that are in default. The borrower was put into receivership in February 2012. These loans are recorded at amortised cost and are not impaired on the basis that the collateral exceeds the carrying value and TFLP expects future sufficient cash flows of AUD3.2 million (30 June 2015: AUD5.0 million).

With the exception of the above receivables, the Group has no other amounts which are past due.

Concentrations of credit risk
The Group has a concentration of credit risk at 30 June 2016 in relation to its investments in loans and receivables and investment in Available for sale financial assets.

At 30 June 2016, the Available for Sale Financial Asset relates to the sale of Perpetual Trust Limited (PTL). As is noted in note 21, NZD22.0 million (£11.6 million) is to be paid as soon as a newly incorporated company (Newco) related to the purchaser is listed on the Main Board of the NZX Limited. The Directors are of the view that the listing process will generate sufficient funds to settle this receivable, this was supported by an announcement on 2 August 2016 by the owners of PTL stating that the Newco planned to list on the NZX Main Board and the Australian Securities Exchange by the end of 2016 and expected to raise up to NZD150.0 million, see notes 21 and 30 for further details.

Maximum Exposure to Credit Risk
The carrying amount of the Group's financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

33. Liquidity risk:

Liquidity risk is the risk that the Group may encounter difficulty in raising funds at short notice to meet its commitments.

The Group manages liquidity and funding risk by actively monitoring cash on a daily basis to ensure sufficient liquid resources are available to meet requirements. Cash flow forecasts are prepared regularly and corrective action taken where a shortfall in cash is expected.

Contractual liquidity profile of financial liabilities

2016	**0-12 Months £000**	**1-2 Years £000**	**2-5 Years £000**	**5+ Years £000**	**Total £000**
Financial liabilities					
Borrowings	42,198	-	-	-	42,198
Other financial liabilities	5,414	-	-	-	5,414
Total financial liabilities	**47,612**	-	-	-	**47,612**

2015	**0-12 Months £000**	**1-2 Years £000**	**2-5 Years £000**	**5+ Years £000**	**Total £000**
Financial liabilities					
Borrowings	18,523	-	33,636	-	52,159
Other financial liabilities	12,275	-	-	-	12,275
Total financial liabilities	**30,798**	-	**33,636**	-	**64,434**

33. Liquidity risk, continued:

Contractual liquidity profile of financial liabilities, continued
The tables above show the undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity.

The current borrowing facilities within the RCL Group expire in September 2016. While the RCL Group holds an offer from the third party lender to extend the borrowing facilities for a further 3 years this offer is yet to be finalised. In the interim RCL is operating the facility in a rolling basis.

There were no significant undrawn committed bank facilities at 30 June 2016 for the Group (30 June 2015: £nil).

There were no unrecognised loan commitments for the Group for the year ended 30 June 2016 (30 June 2015: £nil).

34. Market risk:

Interest rate risk
Interest rate risk is the risk that market interest rates will change and impact on the Group's financial results.

	WAIR* %	Floating rate financial instruments £000	Fixed rate financial instruments £000	Non-interest bearing financial instruments £000	Total £000
2016					
Assets					
Cash and cash equivalents	0.9%	8,593	-	-	8,593
Finance receivables – other		-	-	1,151	1,151
Advances to related parties	9.0%	-	1,796	-	1,796
Investments – Loans and receivables	20.0%	-	43,612	-	43,612
Investments – Fair value through profit or loss		-	-	20,794	20,794
Investments – Available for sale financial assets		-	-	11,036	11,036
Trade and other receivables		-	-	1,025	1,025
Total Assets		**8,593**	**45,408**	**34,006**	**88,007**
Financial liabilities					
Borrowings	18.7%	-	42,198	-	42,198
Other financial liabilities		-	-	5,414	5,414
Total financial liabilities		**-**	**42,198**	**5,414**	**47,612**
Total interest sensitivity gap		**8,593**	**3,210**	**28,592**	**40,395**

*Weighted average interest rate

34. Market risk, continued:

Interest rate risk, continued

	WAIR* %	Floating rate financial instruments £000	Fixed rate financial instruments £000	Non-interest bearing financial instruments £000	Total £000
2015					
Assets					
Cash and cash equivalents	1.2%	10,937	-	-	10,937
Finance receivables – other	-	-	-	937	937
Advances to related parties	-	-	1,362	-	1,362
Investments – Loans and receivables	20.0%	-	23,014	-	23,014
Investments – Fair value through profit or loss	-	-	-	44,808	44,808
Investments – Available for sale financial assets	-	-	-	9,104	9,104
Trade and other receivables	-	-	-	3,239	3,239
Total Assets		**10,937**	**24,376**	**58,088**	**93,401**
Financial liabilities					
Borrowings	14.5%	7,529	44,630	-	52,159
Other financial liabilities		-	-	12,275	12,275
Total financial liabilities		**7,529**	**44,630**	**12,275**	**64,434**
Total interest sensitivity gap		**3,408**	**(20,254)**	**45,813**	**28,967**

* Weighted average interest rate

The sensitivity analysis below has been determined based on the Group's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure table above) at the year end date and the stipulated change taking place at the beginning of the financial year and held constant through the reporting period in the case of instruments that have floating rates.

As 30 June 2016, should interest rates on floating rate financial instruments have increased by 1% with all other variables held constant, the increase in equity attributable to the entities owners for the year would amount to approximately £0.09 million (30 June 2015: £0.03 million). A decrease of 1% would have had an equal, but opposite, effect.

Equity Price risk

The Group is exposed to equity price risks arising from its listed and unlisted equity investments. Information on the Group's equity investments is included in note 22.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at 30 June 2016.

If equity prices had been 10% higher, the Group's:

- Loss for the year ended 30 June 2016 would have decreased by £2.49 million (30 June 2015: £1.58 million)

If equity prices had been 10% lower, the Group's:

- Loss for the year ended 30 June 2016 would have increased by £2.49 million (30 June 2015: £1.58 million)

34. Market risk, continued:

Foreign exchange risk
The Group's exposure to foreign currency risk arises from its net assets, with the exception of the Group's investment in unlisted equity, being primarily denominated in Australian dollars and New Zealand dollars. A 10% increase/decrease in Australian dollar and New Zealand Dollar against British Pound Sterling would have resulted in a £10.24 million increase/decrease to profit or loss with the consolidated Statement of Comprehensive Income for the year (30 June 2015: £8.63 million). The effect in equity would also be a £10.24 million increase/decrease as a result of the above foreign exchange rate fluctuations (30 June 2015: £8.63 million).

35. Contingent liabilities and commitments:

Torchlight Fund No. 1 and the Wilaci liability
During the period to 30 June 2014 Torchlight Fund No. 1 was placed into receivership (the "Receivership"). There is and has been a risk that the receivers of Torchlight Fund No. 1 may lay claim to some of the assets of Torchlight Fund LP (an associate of the Company).

Associated to the above risk, Torchlight Fund No.1 LP was involved in a case concerning a third party loan from an entity called Wilaci. A judgement was delivered in the High Court of New Zealand on the 19 October 2015 confirming that a late payment fee of approximately AUD31.0m claimed by the third party lender to Torchlight Fund No. 1 LP is unenforceable and not payable. All amounts confirmed as outstanding to the third party lender from the High Court ruling were within provisions already raised in the 30 June 2015 consolidated financial statements and these amounts were settled during the year ended 30 June 2016.

Following the High Court judgement, Wilaci had the right to appeal and subsequently has lodged an appeal against the High Court decision on 13 November 2015. The hearing date for this appeal is scheduled to commence on 4 October 2016.

Perpetual Trust Limited (PTL)/Bath Street receivable
In September 2015, the Company commenced High Court proceedings against Bath Street Capital Ltd and Mr Andrew Barnes. The proceedings in the Auckland High Court against Bath Street Capital Ltd and Mr Andrew Barnes were seeking damages of not less than NZD22 million, together with interest and costs.

The claim concerns the sale in 2013 by PGC to Bath Street Capital Ltd (then called Coulthard Barnes Capital Ltd) of PGC's shareholding in Perpetual Trust Limited. The amount claimed represents unpaid consideration in respect of carry rights pursuant to the share sale agreement as subsequently varied (see notes 21 and 30). The hearing date for these proceedings has not yet been set.

In November 2015, Bath Street Capital filed a counter claim in the Auckland High Court against the Company seeking damages due to the protracted proceedings detailed above.

Subsequently, on 26 September 2016, PGC announced that it had come to an agreement with BSC to discontinue their respective High Court claims without costs with immediate, and unconditional, effect. Following this agreement, BSC will proceed towards an IPO of the Newco and the parties are in the process of finalising the terms of settlement of the receivable. See Note 21 for further details.

Torchlight Fund LP and its subsidiaries

The Group had the following commitments within the RCL Group:

	2016 £000	2015 £000
Contracted work to complete		
Expenditure contracted for at the reporting date but not recognised as liabilities		
Within one year	3,979	2,639

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 30 June 2016 was £1.2 million (30 June 2015: £1.1 million).

36. Going concern

As detailed further in Note 9, on 18 June 2015, a Winding Up Petition was issued by certain Limited Partners of TFLP in the Grand Court of The Cayman Islands. The petition was served at the registered office of the TFLP on 26 June 2015, also on the 22 January 2016 an injunction was granted by the Grand Court to prevent payment to parties related to the General Partner without the consent of the petitioners or the Grand Court. The hearing date for this petition is scheduled to commence on 20 February 2017. The General Partner of TFLP has been robustly defending the petition and issued a detailed Defence on 24 June 2016. The financial effects, if any, of these events have not been recognised in the financial statements at 30 June 2016.

In addition, as set out within Note 27, the existing borrowing facilities held by RCL Group expire in September 2016. While negotiations are continuing in respect to extending finance arrangements they are yet to be finalised. Funding arrangements are currently operating on a rolling basis until negotiations are concluded.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about TFLP's, and potentially the Group's, ability to continue as a going concern and the Group maybe unable to realise its assets and discharge its liabilities in the normal course of business.

Whilst the Directors cannot be certain of what the results of the Grand Court hearing will be, the Group has considerable financial resources and the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors deem it appropriate to continue to adopt the going concern basis in preparing these consolidated financial statements.

37. Subsequent events:

The following material events have occurred subsequent to 30 June 2016 to the date when these consolidated financial statement were authorised for issue:

- On 21 July 2016, the General Partner of TFLP made a cross claim of Unlawful Means Conspiracy and filed a Writ of Summons before the High Court, wherein they are seeking damages and full cost recovery. This was followed by the filing of Summary of Claim on 26 July 2016.
- On 11 August 2016, the Group received AUD6.5 million in relation to a 2 cents per share capital distribution from the Lantern Hotel Group.
- On 21 September 2016, the Group received NZD1.2 million for the settlement of a loan receivable.
- On 26 September 2016, the Company announced that it had come to an agreement with Bath Street Capital ("BSC") to discontinue their respective High Court claims without costs with immediate, and unconditional, effect. The litigation concerned the Company's demand for further consideration due from the sale of Perpetual Trust Limited to BSC in January 2014. Following this agreement, BSC will proceed towards an IPO of a Newco and the parties are in the process of finalising the terms of settlement. See Note 21 for further details.

There were no other material events subsequent to 30 June 2016, to the date when these consolidated financial statements were authorised for issue.

Grant Thornton

Independent Auditor's Report

Audit

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To the Shareholders of Pyne Gould Corporation Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements on pages 14 to 64 of Pyne Gould Corporation Limited (the "Group") which comprise the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The Group comprises Pyne Gould Corporation Limited and the entities it controlled at 30 June 2016, or from time to time during the reporting period.

Directors' responsibility for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in Pyne Gould Corporation Limited and the entities it controlled.

Opinion

In our opinion, the accompanying consolidated financial statements on pages 14 to 64 present fairly, in all material respects, the financial position of Pyne Gould Corporation Limited and the entities it controlled as at 30 June 2016 and their financial performance and cash flows for the year then ended in accordance and comply with:

- New Zealand Equivalents to International Financial Reporting Standards;
- International Financial Reporting Standards; and
- The Companies (Guernsey) Law 2008.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 36 in the consolidated financial statements which refers to the winding up petition filed by certain Limited Partners of Torchlight Fund LP ("TFLP") in the Grand Court of the Cayman Islands on 26 June 2015 and the 22 January 2016 injunction to prevent payment to persons related to the General Partner without the consent of the petitioners or the Grand Court. In addition, as set out within note 36, the existing borrowing facilities held by RCL Group expire in September 2016. While negotiations are continuing in respect to extending finance arrangements they are yet to be finalised. Funding arrangements are currently operating on a rolling basis until negotiations are concluded. These conditions indicate the existence of a material uncertainty that may cast significant doubt about TFLP's, and potentially the Group's, ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies (Guernsey) Law, 2008 we are required to report to you, if in our opinion:

- proper accounting records have not been kept by the Group; or
- the consolidated financial statements are not in agreement with the accounting records; or

- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

However, the Group under applicable New Zealand Law has not complied with Section 461(3) of the New Zealand Financial Markets Conduct Act 2013, because the balance dates of certain of its subsidiaries were 31 March 2016 which is not the same as the rest of the Group. That said, all activity between 1 April 2016 and 30 June 2016 has been appropriately accounted for in the Group financial statements as at, and for the year ended, 30 June 2016.

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton

Grant Thornton New Zealand Audit Partnership
Christchurch, New Zealand
30 September 2016

STATUTORY DISCLOSURES

The following persons respectively held office as Directors of the Company and the Company's subsidiaries during the year ended 30 June 2016:

Pyne Gould Corporation Ltd
G Kerr
R Naylor
N Kirkwood
M Smith
P Dudley (appointed 23 May 2016)
BW Mogridge (resigned 29 October 2015)

Torchlight Group
G Kerr
R Naylor

Torchlight GP Limited
G Kerr
R Naylor

Equity Partners Asset Management Limited
BW Mogridge (resigned 29 October 2015)

Equity Partners Infrastructure Management Limited
BW Mogridge (resigned 29 October 2015)

Ferrero Investments Limited
R Naylor

Real Estate Credit Limited
BW Mogridge (resigned 29 October 2015)

MARAC Financial Services Limited
BW Mogridge (resigned 29 October 2015)
N Kirkwood (appointed 26 April 2016)

MARAC Investments Limited
BW Mogridge (resigned 29 October 2015)
N Kirkwood (appointed 26 April 2016)

Torchlight (GP) 2 Limited
G Kerr

Torchlight Management Limited
G Kerr

Torchlight Securities Limited
G Kerr

Henley Downs Village Investments Limited
N Kirkwood

Henley Downs Village Limited
N Kirkwood

Torchlight Real Estate Group
G Kerr
R Naylor

STATUTORY DISCLOSURES, CONTINUED

RCL Real Estate Holdings
R Naylor

RCL Real Estate Pty Ltd
R Naylor

RCL Queenstown Pty Ltd
R Naylor

RCL PRM Pty Ltd
R Naylor

RCL Sanctuary Lakes Pty Ltd
R Naylor

RCL Sanctuary Land Development Pty Ltd
R Naylor

RCL Links Pty Ltd
R Naylor

RCL Grandvue Pty Ltd
R Naylor

RCL Haywards Bay Pty Ltd
R Naylor

RCL Port Stephens Pty Ltd
R Naylor

RCL Pacific Dunes Golf Operations Pty Ltd
R Naylor

RCL Forster Pty Ltd
R Naylor

RCL Taree Pty Ltd
R Naylor

RCL Merimbula Pty Ltd
R Naylor

RCL Renaissance Rise Pty Ltd
R Naylor

RCL Real Estate Australia Pty Ltd
R Naylor

RCL Rock Pty Ltd
R Naylor

RCL Henley Downs Limited
N Kirkwood

RCL Jack's Point Limited
N Kirkwood

NZ Real Estate Credit Limited
N Kirkwood

STATUTORY DISCLOSURES, CONTINUED

Disclosure of interests
The following are disclosures of interest given by the Directors:

G Kerr
Director and shareholder
Australasian Equity Partners (GP) No.1 Ltd

Ownership of limited partnership interests in Australasian Equity Partners Fund No.1 LP

General disclosure
All Directors have provided a general notice that they may from time to time undertake personal business transactions with the Company, including utilising the Company's services. All such transactions are carried out in accordance with the Company's normal business criteria for those types of transactions. The Company obtains consulting services from Naylor Partners Pty Ltd of which R Naylor is a Director and shareholder, and legal services from Burton Partners. These services are provided on normal commercial terms.

Information used by Directors
No notices were received from Directors of the Company requesting to disclose or use Company information received in their capacity as directors which would not otherwise have been available to them.

Indemnification and insurance of Directors and Officers
The Company has given indemnities to Directors and has arranged insurance for Directors and officers of the Company and its subsidiaries.

These indemnify and insure Directors and officers against liability and costs for actions undertaken by them in the course of their duties. The cost of the insurance premiums to the Company and its subsidiaries for the year was £19,278 (30 June 2015: £31,226)

Details of individual Directors share dealings are as follows:

	Beneficial	Associated Person
G Kerr		
Balance at 30 June 2015	-	166,309,760
Balance at 30 June 2016	**-**	**166,309,760**
R Naylor		
Balance at 30 June 2015	-	-
Balance at 30 June 2016	**-**	**-**
N Kirkwood		
Balance at 30 June 2015	-	-
Balance at 30 June 2016	**-**	**-**
M Smith		
Balance at 30 June 2015	-	-
Balance at 30 June 2016	**-**	**-**
P Dudley		
Balance at 30 June 2015	-	-
Balance at 30 June 2016	**-**	**-**

Remuneration of Directors

The total remuneration received by each Director who held office in the Company and its subsidiary companies during the 30 June 2016 year was as follows:

Parent Company Directors			**Remuneration**
G Kerr*	Executive	Non-Independent	-
R Naylor*	Executive	Non-Independent	-
N Kirkwood*	Executive	Non-Independent	-
M Smith	Non-Executive	Independent	£60,000
P Dudley	Non-Executive	Independent	£60,000

**Executive Directors do not receive directors' fees.*

STATUTORY DISCLOSURES, CONTINUED

Gender composition of Directors

Gender	30 June 2016 Number of Directors	30 June 2015 Number of Directors
Male	4	4
Female	1	1

SHAREHOLDER INFORMATION

Executive employees' remuneration

No employees of the Company and its subsidiary companies, who received remuneration, including non-cash benefits, have been in excess of NZD100,000 for the year ended 30 June 2016.

Donations

During the financial year ended 30 June 2016, the Company made no donations.

Size of shareholding at 31 August 2016

	Number of holders	% of share capital
1 – 1,000	339	0.07
1,001 – 5,000	539	0.64
5,001 – 10,000	291	0.97
10,001 – 50,000	327	3.23
50,001 – 100,000	59	1.92
100,001 and over	58	93.17
Total	**1,613**	**100.00**

Geographic distribution

	Number of holders	% of share capital
New Zealand	1,570	19.38
Overseas	43	80.62
Total	**1,613**	**100.00**

Largest Shareholders at 31 August 2016

Rank	Name	Number of shares	% of share capital
1	Lynchwood Nominees Limited	166,309,760	80.16
2	National Nominees New Zealand Limited	9,766,874	4.71
3	Stephen Andrew Walker	1,435,337	0.69
4	Bryan William Mogridge	1,403,048	0.68
5	ASB Nominees Limited	1,399,350	0.67
6	Walker and Hall Fine Gifts Limited	1,229,935	0.59
7	Sean Anthony Dennehy	1,134,897	0.55
8	Paul Rex Chaney and Dianne Joan Chaney	1,018,400	0.49
9	Citbank Nominees (New Zealand) Limited	894,937	0.43
10	Bruce Stewart Miles	562,800	0.27
11	Alistair Blair McCredie	321,600	0.16
12	Michael Murray Benjamin	300,000	0.14
13	Frederick Garnet Adams & Rosena Elisabeth Adams	267,772	0.13
14	Cash IT Limited	267,464	0.13
15	Justine Elinor Thompson	265,867	0.13
16	EPIC Trustees Limited	254,100	0.12
17	Hwa Yuen Ong	253,274	0.12
18	Investment Custodial Services Limited	252,626	0.12
19	Jedi Investments Limited	250,000	0.12
20	Mark Patrick McCabe and Penny McCabe	222,622	0.11
Total Top Holders Balance		**187,810,663**	**90.52**

SHAREHOLDER INFORMATION, CONTINUED

Substantial security holders
At 17 March 2016 Lynchwood Nominees Limited held 166,309,760 ordinary shares in the company, being 80.16% of the issued capital of the Company.

On 13 July 2015, 166,309,760 ordinary shares were transferred from Australasian Equity Partners Fund No.1 LP to Lynchwood Nominees Limited.

New Zealand stock exchange waivers and listing suspensions
No waivers were obtained by the Company from the NZX.

During the year ended 30 June 2016, the Company failed to issue its Annual Report for the year ending 30 June 2015 on or before 30 September 2015 as required under NZX Listing Main Board/Debt Market Rule 10.4.1.Pursuant to the policy set out in Footnote 2 of NZX Main Board/Debt Market Listing Rule 5.4.3, the quotation of the Company's shares were suspended. On 23 May 2016, the Company released its Annual Report for the year ended 30 June 2015.

In addition, as a result of the late Annual Report filing for the year ended 30 June 2015, the Company failed to issue its half year report for the period ended 31 December 2015 which, under NZX Listing Main Board/Debt Market Rule 10.4.1, was due to be delivered on or before 31 March 2016 and subsequently the quotation of the Company's shares were suspended. On 13 June 2016, the Company released its half year report for the period ended 31 December 2015 and the NZX lifted the suspension on the quotation of the Company's shares.

PYNE GOULD CORPORATION LIMITED

DIRECTORY

DIRECTORS
George Kerr
Russell Naylor
Noel Kirkwood
Michelle Smith
P Dudley (appointed 23 May 2016)
Bryan Mogridge (resigned 29 October 2015)

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