Pyne Gould Corporation Limited

INTERIM REPORT AND UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 2023

PYNE GOULD CORPORATION LIMITED

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For the period ended 31 December 2023

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT

Directors' Report

The half year to 31 December 2023 continued to remain challenging for PGC and its subsidiaries (together "the Group"), with ongoing inflationary pressure on costs and the impact higher interest rates has had on retail demand. Notwithstanding this, delivery of stock within the RCL business continued to be successfully achieved with nominal purchaser defaults.

Revenue for the half year was GBP 33.62 million, slightly higher than the GBP 32.97 million in the half year to 31 December 2022. Gross profit deteriorated in both percentage and absolute dollar terms reflecting the impact of ongoing cost pressure associated with delivering pre-sales from prior periods where the underlying cost increases cannot be passed on. Gross profit (in both percentage and absolute dollar terms) will also continue to fluctuate based on the sales mix with considerable margin difference in lower value residential land stages (small lot product) and turn key product.

Overall the business remains in a very strong position with new pre-sales exceeding the settlements that occurred during the half year. Incremental sales releases have continued to be absorbed with price uplifts being achieved, reflecting the strong underlying market demand notwithstanding the impact of higher interest rates.

As at 31 December 2023, RCL had pre-sales of approximately NZD 200 million in respect of the New Zealand portfolio and AUD 27 million across the Australian portfolio. Total pre-sale book for the RCL portfolio as at 30 June 2023 was approximately AUD 170 million and for prior half year period to December 2022 was approximately AUD 180 million.

The strong ongoing underlying retail demand and forward pre-sale book continues to see the RCL business robustly positioned against market volatility over the next couple of years. Existing pre-sales are also expected to underpin Group revenues for the balance of the 2024 financial year and also the 2025 financial year.

RCL continues to be actively focused on delivering existing pre-sales as expediently as possible and will continue to release stock subject to market conditions. Sales releases across the Victorian portfolio have been withheld pending completion of the new Sunbury acquisition, which is expected to result in an ability to achieve improved outcomes across both the existing site and the adjacent site currently under contract. The Victorian State Government has also indicated that there will be favourable changes to the planning environment around in fill sites and existing residential corridors. This is also expected to be positive for RCL's existing Victorian projects.

Planning continues to be progressed for the Homestead Bay site in Queenstown, New Zealand, with the change in Government considered positive to the planning environment in New Zealand. We remain excited about this project and the potential for substantial value to be delivered to the Group as planning is progressed

Operating Performance

Pyne Gould Corporation ("PGC" or "the Company") recorded an unaudited Net Loss attributable to security holders of £1.98 million for the half year to 31 December 2023 (compared with a Net Profit attributable to security holders of £5.16 million in the half year to 31 December 2022).

PGC recorded a Total Comprehensive Loss for the half year to 31 December 2023 of £1.96 million (compared to Total Comprehensive Income of £5.11 million in the half year to 31 December 2022).

Total Comprehensive Loss attributable to PGC shareholders was £1.78 million (compared with Total Comprehensive Income of £4.79 million for the half year to 31 December 2022).

Loss for the half year was driven by a combination of the impact of cost increases associated with delivery of stock on gross profit, increased financing charges following the acquisition of the Homestead Bay site and a non-cash write down in the carrying value for the 4B equity investment, reflecting the expectation of a further capital raising by 4B which will dilute the Group's holding.

Directors' Report (continued)

Statement of Financial Position
After allowing for non-controlling interests of £7.58 million (30 June 2023: £7.76 million), Net Assets attributable to PGC shareholders decreased by 8.3% to £19.56 million in the half year to 31 December 2023 (down from £21.34 million at 30 June 2023). Net assets per share decreased by 8.3% to 10.18 pence per share at 31 December 2023 (down from 11.11 pence per share at 30 June 2023).

On a consolidated basis, PGC held Total Assets of £178.33 million at 31 December 2023 (up from £173.20 million at 30 June 2023). This was made up of current assets of £63.31 million (30 June 2023: £62.91 million) and long-term assets of £115.02 million (30 June 2023: £110.29 million). PGC had Total Liabilities of £151.20 million at 31 December 2023 (30 June 2023: £144.10 million).

Whilst formal extension and increase of the RCL funding facilities is yet to be documented, non-binding terms have been agreed for both an extension in tenor of the existing facilities and an increase to complete the acquisition of the new Sunbury site. Financial close on the extension and increase of facilities is expected to be achieved during April 2024.

Commentary
As outlined above, the operating environment during the half year remained challenging, with ongoing cost pressure across all aspects of the supply chain.

Pleasingly, underlying market activity has remained strong, which continues to see the Group being very well placed to withstand any unexpected market shocks. Price uplifts have been achieved on new sales releases during the period, which will offset the impact of underlying delivery costs and are expected to result in improved gross profit outcomes being reflected in future periods.

Progress continues to be made to progress an outcome for Torchlight Fund LP ("TFLP") which remains the most significant Group asset.

Foreign Investment Review Board approval for the Sunbury acquisition has now been obtained and we are expecting to achieve settlement of this site by the end of April 2024. The existing Sunbury project has been a strong performer for the Group, with proven acceptance by the market for product in this catchment. RCL will be looking to achieve release of product from this site by the end of calendar year 2024. This acquisition is viewed as a low risk extension of an existing successful project that is expected to move into active development in the near term.

The carrying value of the equity in the Brazilian iron ore project has been written down, reflecting the expectation that additional capital will be raised in the near term on a discounted basis. We are considering options for this investment and whether we continue to hold the position or seek an exit in the short term.

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

RCL's largest project is Hanley's Farm in Queenstown, where it is developing in excess of 1,700 sites. This project continues to progress well and as at 31 December 2023, approximately 1,465 sites had been sold in a series of progressive releases, with approximately 1,142 sites completed and settled.

Market conditions in Queenstown remain sound, with ongoing sales releases continuing to be quickly absorbed. Additional sales releases during the half year resulted in total pre-sales exceeding settlements for the period to 31 December 2023. Sales releases will continue to occur subject to market demand. RCL focus remains on delivering the stock which has been sold, with settlements expected to continue to occur during the course of calendar year 2024.

Planning continues to be progressed on the Homestead Bay site in Queenstown, which is expected to deliver a yield well in excess of that achieved at Hanley's Farm.

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

RCL continues to actively look for additional re-stocking opportunities in tandem with progressing planning outcomes across a number of sites and settled another small acquisition in Bendigo Victoria during the half year.

Directors' Report (continued)

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

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

KCR's near term strategy is to:

- Improve the rental revenue from its existing properties;
- Continue to enhance the overall portfolio quality with ongoing refurbishment works;
- Explore development opportunities within the portfolio; and
- Focus on reducing costs.

KCR continued to deliver revenue growth for the half year to 31 December 2023, driven by the work completed over recent years to modernise and improve the standard of the property portfolio and the conversion of the Deanery Court property in Southampton to the Cristal Apartments operating model which commenced during the June 2022 quarter.

For the half year to 31 December 2023 KCR -

- Revenue increased approximately 20% to £946,000 (2022: £789,000), with revenue growth driven predominantly by the conversion of Deanery Court to the Cristal Apartments operating model;
- Achieved a positive operational profit (before separately disclosed items) for the first time in the Group's history without reliance on a positive revaluation movement; and
- Portfolio level occupancy has remained strong over the half year, with rental increases continuing to be achieved at renewals/re-letting. As the Cristal Apartments operating model continues to be rolled out, there is now more volatility in occupancy levels within the properties operated on this basis, however notwithstanding this, higher overall rental revenue and gross profit is being generated.

Overall, the work that KCR has completed over the last couple of years to improve the quality of the portfolio is being reflected via the improved rental income it is now generating. This, along with the control of costs, continues to take KCR towards its short term goal of achieving a cash neutral position.

Share buyback
As we have consistently outlined, capital management remains an ongoing focus for the Board. PGC shares continue to trade at a considerable discount to the underlying value of Group assets. Share buybacks continue to offer attractive returns for shareholders and is consistent with our valuation creation strategy.

Following the passing of a shareholder resolution on 25 January 2024, PGC entered into an agreement to buy back 2,177,000 shares at NZD 0.29 on deferred settlement terms.

The first 1,000,000 shares were bought back and cancelled on 28 February 2024 in line with the agreed terms.

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

Successfully achieving an outcome for TFLP enabling the Group to continue to participate in the underlying assets it holds is the primary near-term focus. We remain committed to continuing to participate in the underlying assets held by TFLP. We consider the fundamentals for the underlying principal investments remain sound and are excited about the prospects to deliver substantial growth in the coming years

George Kerr
Managing Director

15 April 2024

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2023

	Note	Unaudited 6 months to 31 December 2023 £000	Unaudited 6 months to 31 December 2022 £000
Revenue from land development and resale		33,620	32,974
Cost of land development sales		(22,475)	(20,011)
Gross profit from land development and resale		**11,145**	**12,963**
Other revenue	5	2,370	2,025
Administration expenses	6	(6,358)	(6,264)
Other investment (losses)/gains	5	(1,317)	2,455
Foreign exchange gains		52	704
Operating Profit		**5,892**	**11,883**
Interest revenue	4	551	309
Interest expense	4	(8,956)	(6,638)
Net finance costs		**(8,405)**	**(6,329)**
(Loss)/profit before income tax		**(2,513)**	**5,554**
Income tax credit		360	-
(Loss)/profit for the period after tax		**(2,153)**	**5,554**
Foreign currency adjustment on translation to presentation currency		189	(449)
Total comprehensive (loss)/income for the period		**(1,964)**	**5,105**
(Loss)/profit attributable to:			
Owners of the Company		(1,982)	5,157
Non-controlling interests		(171)	397
(Loss)/profit for the period		**(2,153)**	**5,554**
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(1,783)	4,788
Non-controlling interests		(181)	317
Total comprehensive (loss)/income for the period		**(1,964)**	**5,105**
Earnings per share		**Pence**	**Pence**
Basic and diluted (loss)/earnings per share	8	(1.03)	2.66
Basic and diluted (loss)/earnings per share - continuing operations	8	(1.03)	2.66

The notes on pages 11 to 27 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2023

31 December 2023 - Unaudited	Share Capital (note 9) £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Non-controlling interests acquisition reserve £000	Non-controlling interests £000	Total Equity £000
Balance at 1 July 2023	**149,807**	**21,858**	**(139,308)**	**(11,017)**	**7,757**	**29,097**
Total comprehensive loss for the period						
Loss for the period	-	-	(1,982)	-	(171)	(2,153)
Other comprehensive income						
Foreign currency adjustment on translation to presentation currency	-	199	-	-	(10)	189
Total comprehensive loss for the period	**-**	**199**	**(1,982)**	**-**	**(181)**	**(1,964)**
Balance at 31 December 2023	**149,807**	**22,057**	**(141,290)**	**(11,017)**	**7,576**	**27,133**

The notes on pages 11 to 27 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the period ended 31 December 2022

31 December 2022 - Unaudited	Share Capital (note 9) £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Share Capital £000	Non-controlling interests £000	Total Equity £000
Balance at 1 July 2022	**150,097**	**22,933**	**(141,290)**	**(9,350)**	**8,749**	**31,139**
Total comprehensive income for the period						
Profit for the period	-	-	5,157	-	397	5,554
Other comprehensive loss						
Foreign currency adjustment on translation to presentation currency	-	(369)	-	-	(80)	(449)
Total comprehensive income/(loss) for the period	**-**	**(369)**	**5,157**	**-**	**317**	**5,105**
Balance at 31 December 2022	**150,097**	**22,564**	**(136,133)**	**(9,350)**	**9,066**	**36,244**

The notes on pages 11 to 27 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	Unaudited 31 December 2023 £000	Audited 30 June 2023 £000
ASSETS			
Current assets			
Cash and cash equivalents		17,051	13,640
Finance receivables	10	2,007	1,936
Trade and other receivables		3,758	1,335
Investments – Loans and receivables at amortised cost	14	1,025	993
Inventories	11	38,080	43,599
Prepayments		1,384	1,407
Total current assets		**63,305**	**62,910**
Non-current assets			
Inventories	11	75,188	71,245
Investment properties	12	28,021	27,952
Investments – Fair value through profit or loss	13	3,298	4,545
Advances to related parties	16	4,572	4,161
Property, plant and equipment		3,944	2,388
Total non-current assets		**115,023**	**110,291**
Total assets		**178,328**	**173,201**
LIABILITIES			
Current liabilities			
Borrowings	15	95,448	91,543
Trade and other payables		6,332	3,633
Total current liabilities		**101,780**	**95,176**
Non-current liabilities			
Borrowings	15	48,386	47,921
Deferred tax liability		1,029	1,007
Total non-current liabilities		**49,415**	**48,928**
Total liabilities		**151,195**	**144,104**
EQUITY			
Share capital	9	149,807	149,807
Foreign currency translation reserve	9	22,057	21,858
Accumulated losses		(141,290)	(139,308)
Non-controlling interests acquisition reserve	9	(11,017)	(11,017)
Total equity – attributable to the owners of the Company		**19,557**	**21,340**
Non-controlling interests	9	**7,576**	**7,757**
Total equity		**27,133**	**29,097**
Total equity and liabilities		**178,328**	**173,201**
Net assets per share (pence)		10.18	11.11

The Board of Directors of Pyne Gould Corporation Limited authorised the interim condensed consolidated financial statements set out on pages 6 to 27 for issue on 15 April 2024.

Russell Naylor – Director **George Kerr – Director**

The notes on pages 11 to 27 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended 31 December 2023

	Note	Unaudited 6 months to 31 December 2023 £000	Unaudited 6 months to 31 December 2022 £000
Cash flows from operating activities			
Interest received		354	120
Rental revenue		949	680
Proceeds from sale of inventories		34,937	32,974
Fees and other revenue received		1,187	1,345
		37,427	**35,119**
Cash flows used in operating activities			
Payments to suppliers and employees		(4,390)	(6,570)
Acquisition costs of inventories		(4,575)	-
Development costs of inventories		(17,013)	(17,445)
		(25,978)	**(24,015)**
Net cash flows from operating activities	7	**11,449**	**11,104**
Cash flows used in investing activities			
Increase in finance receivables		(17)	(46)
Acquisition of property, plant and equipment		(1,886)	(471)
Increase in advances to other related parties		(196)	(77)
		(2,099)	**(594)**
Net cash flows used in investing activities		**(2,099)**	**(594)**
Cash flows used in financing activities			
Decrease in borrowings		(4,873)	(7,226)
Interest paid		(293)	(268)
Total cash flows used in financing activities		**(5,166)**	**(7,494)**
Net cash flows used in financing activities		**(5,166)**	**(7,494)**
Net increase in cash in bank		4,184	**3,016**
Foreign currency adjustment on translation of cash balances to presentation currency		(773)	(408)
Opening cash in bank		13,640	7,275
Closing cash in bank		**17,051**	**9,883**
Represented by:			
Cash and cash equivalents		17,051	9,883
		17,051	**9,883**

The notes on pages 11 to 27 are an integral part of these interim condensed consolidated financial statements.

1. Reporting entity

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

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

The Company listed on the Official List of The International Stock Exchange ("TISE") on 21 November 2018. The registered office address of the Company is 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL.

These unaudited interim condensed consolidated financial statements (the "Interim Financial Statements") were authorised by the Directors for issue on 15 April 2024.

2. Basis of preparation

(a) Statement of compliance

These Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' and with applicable legal and regulatory requirements. They do not include all the information and disclosures required in annual consolidated financial statements and should be read in conjunction with the Group's last annual audited consolidated financial statements for the year ended 30 June 2023.

The accounting policies applied in these Interim Financial Statements are consistent with those applied in the last annual audited consolidated financial statements for the year ended 30 June 2023, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. Having reassessed the principal risks, the Group's financial position as at 31 December 2023 and the factors that may impact its performance in the forthcoming year, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Interim Financial Statements.

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

(b) Accounting judgements and major sources of estimation uncertainty

The estimates and judgements made by the Board of Directors are consistent with those made in the audited consolidated financial statements for the year ended 30 June 2023.

Going concern

The Directors note that two of the Group's seven loan facilities matured in January 2024, as a result of which, as at the reporting date, a substantial proportion of the Group's liabilities are now current, and the Group's current liabilities exceed its current assets. Whilst formal terms in respect of an extension to these facilities have not yet been documented or agreed, non-binding heads of terms for an increase and extension of facilities have been agreed with the Group's principal financier, with formal terms yet to be finalised. Currently the Directors have a reasonable expectation that a refinancing and extension of both facilities will be agreed on similar terms to that currently in place and that facilities are likely to be increased to support the Sunbury acquisition by the Group (refer to note 15). Any material update contrary to this position will be notified to the market as soon as appropriate.

As a result, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for at least 12 months from the date of approval of the Interim Financial Statements, and therefore these Interim Financial Statements are presented on a going concern basis.

In reaching this conclusion, the Directors have considered the risks that could impact the Group's liquidity over the next 12 months from the date of approval of the Interim Financial Statements and are of the opinion that it remains appropriate to prepare these Interim Financial Statements on a going concern basis. The expected realisable value of inventories is materially in excess of the current cost carrying value.

2. Basis of preparation (continued)

(b) Accounting judgements and major sources of estimation uncertainty

Torchlight Fund LP
On 13 December 2021, the limited partners of Torchlight Fund LP ("TFLP"), the most significant component of the Group, approved an extension of the life of TFLP by 6 months to 31 May 2022 and the life has not been further extended. In June 2022 and June 2023 the Group facilitated non-pro rata exits for a number of limited partners. TFLP's audited financial statements for the year ended 31 March 2023 were prepared on a basis other than going concern in preparing the financial statements given the fact they believe that the exit plan communicated to Limited Partners to house all remaining partnership assets within Torchlight Real Estate Group (a wholly owned subsidiary of the Partnership) and then complete an in specie distribution of these shares to Limited Partners will be completed within the next 12 months. Following completion of the in specie distribution it is then intended to wind the Limited Partnership up which is also expected to occur within the next 12 months. This involves writing assets down to their net realisable value based on conditions existing at the end of the reporting period, providing for contractual commitments which may have become onerous as a consequence of the decision to wind down the entity and classify all non-current assets and liabilities as current.

3. Material accounting policies

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

4. Segmental analysis

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

Torchlight Group	Provider of investment management services and a proprietary investor (both directly and in funds it manages)
Property Group	Management of the Group's property assets
Parent Company	Parent Company that holds investments in and advances to/from subsidiaries

Information regarding the results of each reportable segment is shown on the following pages. Performance is measured based on segment profit/(loss) for the period, as included in the internal management reports that are reviewed by the Board, which is the Chief Operating Decision Maker ("CODM"). Segment profit is used to measure performance, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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

4. Segmental analysis (continued)

Group's reportable segments

Revenue and expenditure	Continuing Operations				
For the period ended 31 December 2023 - Unaudited	**Torchlight Segment**	**Property Group**	**Parent Company**	**Inter-segment eliminations**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
External revenue					
Interest revenue	550	1	-	-	**551**
Other revenue	1,309	-	-	-	**1,309**
Other Income	1,056	5	-	-	**1,061**
Gross revenue from land development and resale	33,620	-	-	-	**33,620**
Cost of land development sales	(22,475)	-	-	-	**(22,475)**
Net investment losses	(1,317)	-	-	-	**(1,317)**
	12,743	**6**	**-**	**-**	**12,749**
Internal revenue					
Foreign exchange gains/(losses)	56	-	(4)	-	**52**
Total segment revenue	**12,799**	**6**	**(4)**	**-**	**12,801**
Expenses					
Selling and administration expenses	(6,002)	(69)	(287)	-	**(6,358)**
Total operating expenses	**(6,002)**	(69)	(287)	-	**(6,358)**
Interest expense	(8,956)	-	-	-	**(8,956)**
Loss before tax	**(2,159)**	**(63)**	**(291)**	**-**	**(2,513)**
Income tax	360	-	-		**360**
Loss after tax	**(1,799)**	**(63)**	**(291)**	**-**	**(2,153)**
Non-controlling interests	171	-	-	-	**171**
Loss for the period attributable to owners of the Company	**(1,628)**	**(63)**	**(291)**	**-**	**(1,982)**

Assets and liabilities	Continuing operations				
As at 31 December 2023 - Unaudited	**Torchlight Group**	**Property Group**	**Parent Company**	**Inter-segment eliminations**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Total assets	**221,161**	**1,890**	**61,036**	**(105,759)**	**178,328**
Total liabilities	**178,805**	**11,624**	**297**	**(39,531)**	**151,195**

4. Segmental analysis (continued)

Group's reportable segments (continued)

Revenue and expenditure For the period ended 31 December 2022 - Unaudited	Continuing Operations Torchlight Group	Property Group	Parent Company	Inter-segment eliminations	Total
	£000	£000	£000	£000	£000
External revenue					
Interest revenue	309	-	-	-	**309**
Other revenue	2,019	6	-	-	**2,025**
Gross revenue from land development and resale	32,974	-	-	-	**32,974**
Cost of land development sales	(20,011)	-	-	-	**(20,011)**
Net investment gains	2,455	-	-	-	**2,455**
	17,746	**6**	**-**	**-**	**17,752**
Internal revenue					
Foreign exchange gains/(losses)	726	**-**	(22)	-	**704**
Total segment revenue	**18,472**	**6**	**(22)**	**-**	**18,456**
Expenses					
Selling and administration expenses	(5,968)	(61)	(235)	-	**(6,264)**
Total operating expenses	(5,968)	(61)	(235)	-	**(6,264)**
Interest expense	(6,638)	-	-	-	**(6,638)**
Profit/(loss) before tax	**5,866**	**(55)**	**(257)**	-	**5,554**
Income tax	-	-	-	-	**-**
Profit/(loss) after tax	**5,866**	**(55)**	**(257)**	-	**5,554**
Non-controlling interests	(397)	-	-	-	**(397)**
Profit/(loss) for the period attributable to owners of the Company	**5,469**	**(55)**	**(257)**	-	**5,157**

Assets and liabilities As at 30 June 2023 - Audited	Continuing operations Torchlight Group	Property Group	Parent Company	Inter-segment eliminations	Total
	£000	£000	£000	£000	£000
Total assets	**214,566**	**1,939**	**59,231**	**(102,535)**	**173,201**
Total liabilities	**171,026**	**11,317**	**141**	**(38,380)**	**144,104**

5. Investment and other revenue

	Unaudited 6 months to 31 December 2023	Unaudited 6 months to 31 December 2022
	£000	**£000**
Investment (loss)/gain		
Movement in fair value of unlisted investments at fair value through profit or loss	(1,317)	2,497
Loss on disposal of investment at fair value through profit or loss	-	(42)
Net investment (loss)/gain	**(1,317)**	**2,455**
Other revenue		
Golf revenue	1,309	1,197
Rental revenue	948	680
Miscellaneous revenue	113	148
Total other revenue	**2,370**	**2,025**

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

6. Selling and administration expenses

	Unaudited 6 months to 31 December 2023	Unaudited 6 months to 31 December 2022
	£000	**£000**
Directors’ fees	60	60
Personnel expenses *	1,753	1,621
Legal and consultancy fees	1,338	1,375
Other operating expenses **	3,207	3,208
Selling and administration expenses	**6,358**	**6,264**

** Personnel expenses have been generated from within the RCL Group and from KCR.*
*** 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.*

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

	Unaudited 6 months to 31 December 2023 £000	Unaudited 6 months to 31 December 2022 £000
(Loss)/profit for the period	**(2,153)**	**5,554**
Adjustments for non-cash items:		
Foreign exchange gains	(119)	(437)
Depreciation and amortisation of non-current assets	330	274
Unrealised losses/(gains) on investments	1,317	(2,455)
Interest revenue	(196)	(189)
Interest expense	8,663	6,369
Other non-cash items	385	267
Total non-cash items	**10,380**	**3,829**
Adjustments for movements in working capital:		
Trade and other receivables	(2,391)	(6,069)
Trade and other payables	3,020	(1,152)
Movement in development costs	2,593	8,942
Total movements in working capital	**3,222**	**1,721**
Net cash flows from operating activities	**11,449**	**11,104**

8. (Loss)/earnings per share

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

	Unaudited 6 months to 31 December 2023	Unaudited 6 months to 31 December 2022
(Loss)/profit after tax attributable to owners of the Company (£000)	(1,982)	5,157
Weighted average number of ordinary shares in issue (000)	192,100	194,100
Basic and diluted (loss)/earnings (pence per share)	**(1.03p)**	**2.66p**
Basic and diluted (loss)/earnings per share - continuing operations	**(1.03p)**	**2.66p**

	Unaudited 31 December 2023	Audited 30 June 2023
Net tangible assets per share (pence per share)*	**10.18p**	**11.11p**

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

9. Share capital and reserves

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

	Unaudited 31 December 2023 Shares	Audited 30 June 2023 Shares
	000s	000s
Number of issued shares		
Opening balance	**192,100**	**194,100**
Share buy-backs	-	(2,000)
Closing balance	**192,100**	**192,100**

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

	Unaudited 31 December 2023	Audited 30 June 2023
	£000	£000
Share premium		
Opening balance	149,807	**150,097**
Share buy-backs	-	(290)
Closing balance	**149,807**	**149,807**

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

Non-controlling interests ("NCI") reserve
NCI reserve represents the accumulated profits attributable to the NCIs.

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

10. Finance receivables

	Unaudited 31 December 2023	Audited 30 June 2023
	£000	£000
Current		
Gross finance receivables	2,007	1,936
Total finance receivables	**2,007**	**1,936**

Finance receivables are loans with various terms and interest rates.

11. Inventories

	Unaudited 31 December 2023 £000	Audited 30 June 2023 £000
Land held for resale		
Current assets		
Cost of acquisition	18,148	22,210
Development costs	20,573	22,009
Less: impairment	(641)	(620)
	38,080	**43,599**
Non-current assets		
Cost of acquisition	64,674	61,228
Development costs	10,514	10,017
	75,188	**71,245**
Total inventories	**113,268**	**114,844**

The majority of the Group's inventories are held in the Torchlight Group segment of the business, principally through the RCL Australian and New Zealand registered subsidiaries, with a small amount held through the Real Estate Southern Holdings Limited ("RESHL") subsidiary. These inventories consist of residential land subdivisions and property development in the geographical areas of Australia and New Zealand. In accordance with the Group's accounting policy, inventories are held at the lower of cost and net realisable value. All inventories are held at cost. At 31 December 2023, the RCL inventories are pledged as security to a third party corporate debt facility as detailed further in note 15.

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

During the period, AUD 7.0 million (£3.7 million) (31 December 2022: AUD 21.3 million (£12.2 million)) and NZD 38.9 million (£18.8 million) (31 December 2022: NZD 15.2 million (£7.8 million)) of inventories in respect of the RCL subsidiaries were recognised in cost of land development sales in the condensed interim Statement of Comprehensive Income. No write-down of inventories to fair value less costs to sell nor any reversal of any such write-downs were recognised as an expense during the period (31 December 2022: £Nil).

12. Investment properties

	Unaudited 31 December 2023 £000	Audited 30 June 2023 £000
Brought forward	27,952	24,605
Additions in KCR	-	398
Transfers from inventories relating to Henley Downs	-	1,004
Revaluation	-	2,042
Foreign exchange on translation	69	(97)
Total investment properties	**28,021**	**27,952**

12. Investment properties (continued)

Investment properties were valued by professionally qualified independent external valuers at or within three months of 30 June 2023, and at acquisition were recorded at the values that were attributed to the properties at the acquisition date. The Directors have further considered the values as at 31 December 2023 and concluded that the valuations determined as at 30 June 2023 remain appropriate.

For further details of the methods and assumptions used to estimate the fair value of the investment properties see note 17.

13. Investments – Fair value through profit or loss

	Unaudited 31 December 2023 £000	Audited 30 June 2023 £000
Non-current assets		
4B Mining Corp – Royalty	1,335	1,344
4B Mining Corp – Equity	1,963	3,201
	3,298	4,545
Total Investments – Fair value through profit or loss	**3,298**	**4,545**

4B Mining Corp

On 21 October 2021, the Group, through its subsidiary Torchlight Group Limited, acquired an investment in 4B Mining Corp (“4B”), a company incorporated in Canada, for a total consideration of US$2.35 million (£1.8 million).

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

The equity component of the investment has been valued by the Directors at 31 December 2023 at a 50% discount (30 June 2023: 20% discount) to the price of the last capital raise, reflecting discount for liquidity, unlisted investment risk and the Group’s minority position. The royalty interest has been valued on the basis of a third party valuation provided by Leadenhall Valuation Services Pty Limited, which was prepared using the discounted cash flow methodology. Leadenhall’s valuation as at 30 June 2023 indicated a range of values from US$1.5 million to US$1.9 million. The Directors have determined that the royalty should be valued at the mid-point of this range of US$1.7 million (£1.3 million). The Directors have further considered the value of the royalty as at 31 December 2023 and concluded that the valuation determined as at 30 June 2023 remains appropriate. The current Group holding is 4.9% (30 June 2023: 4.9%).

For further details of the methods and assumptions used to estimate the fair value of the above assets see note 17.

14. Investments – Loans and receivables at amortised cost

	Unaudited 31 December 2023 £000	Audited 30 June 2023 £000
Current assets		
Loans receivable – gross	2,235	2,165
Impairment of loans receivable	(2,235)	(2,165)
Other Receivables	1,025	993
Total current loans and receivables at amortised cost	**1,025**	**993**
Non-current assets		
Loans receivable – gross	33,758	33,035
Impairment of loans receivable	(33,758)	(33,035)
Total non-current loans at amortised cost	**-**	**-**
Total loans and receivables at amortised cost	**1,025**	**993**

14. Investments – Loans and receivables at amortised cost (continued)

Loans receivable

Loans receivable have been impaired based on expected recoveries from underlying projects. These loans have been valued and assessed for impairment based on discount cash flow (DCF) analysis of the underlying projects. The discount rates applied within these DCF analyses range from 9% to 20% (30 June 2023: 9% to 20%).

Other receivables

Other receivables comprises an amount of NZD 2.1 million (£1.0 million) paid as a deposit towards 50% of development costs on an initial exercise of a call option in respect of 34 residential lots (30 June 2023: NZD 1.9 million (£1.0 million) on an initial exercise of a call option in respect of 34 residential lots).

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

	Unaudited 31 December 2023			
	£000	**£000**	**£000**	**£000**
	Not yet due	Past due and impaired	Past due and not impaired	Total
Not yet due	1,025	-	-	1,025
Total	**1,025**	**-**	**-**	**1,025**

	Audited 30 June 2023			
	£000	**£000**	**£000**	**£000**
	Not yet due	Past due and impaired	Past due and not impaired	Total
Not yet due	993	-	-	993
Total	**993**	**-**	**-**	**993**

15. Borrowings

	Unaudited 31 December 2023	**Audited 30 June 2023**
	£000	**£000**
Current		
Bank and third party corporate debt facilities – secured	95,448	91,543
Non-current		
Bank and third party corporate debt facilities – secured	48,386	47,921
Total borrowings	**143,834**	**139,464**

RCL borrowing

The AUD borrowing facility within the RCL Group was refinanced in January 2021. The facility was increased to AUD 82.4 million (£44.3 million) and extended to January 2024, the facility is in the process of being refinanced. Interest is payable on the facility of 13.75% per annum (30 June 2023: 13.75% per annum) and is capitalised quarterly.

The NZD borrowing facility was refinanced at the same time, with the facility being increased to NZD 60.6 million (£31.1 million), reducing to NZD 37.0 million (£19.0 million) in July 2021. The facility was further refinanced in August 2021 and extended to January 2024, providing an additional NZD 30 million (£15.4 million) in working capital to support accelerated development activity across the portfolio. The facility is in the process of being refinanced.

A new NZD borrowing facility was entered into in May 2023 to support the acquisition of the Homestead Bay project. The facility has an initial term of 5 years. Interest is payable on the facility at 14%.

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

During the period, the Group repaid £4.87 million of the RCL borrowings and interest of £6.57 million was capitalised.

15. Borrowings (continued)

KCR borrowing

The KCR borrowings comprise four separate facilities with three separate lenders (two banks and one third party corporate lender). The expiries of the facilities range between August 2026 and February 2045, and interest is chargeable at rates between 3.5% and 7.8% per annum, payable monthly.

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

During the period, there were no drawdowns or repayments of the KCR borrowings and all interest was paid in cash.

16. Related party transactions

(a) Transactions with related parties

Parent and its associated entity

Chase Nominees Limited ("Chase")

Chase is the parent of PGC, holding 54.37% of the Company's shares as at 31 December 2023 (30 June 2023: 51.63%). Entities associated with George Kerr are the ultimate beneficial owners of the shares held by Chase, which is acting as custodian.

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

AEP GP is the general partner of Australasian Equity Partners Fund No.1 LP ("AEP LP"), of which George Kerr is the ultimate controlling party.

During the period ended 31 December 2023, the Group made additional unsecured loan advances of £50,000 (year ended 30 June 2023: £106,000) to AEP GP. As at 31 December 2023, the amount receivable from AEP GP was £4.6 million (30 June 2023: £4.2 million). The amount is repayable by AEP GP on demand, or by the loan expiry date of 30 November 2026 (30 June 2023: 30 November 2023), whichever is the earlier. General advances accrue interest at 9%. Total interest recognised during the period was £196,000 (31 December 2022: £189,000).

(b) Transactions with key management personnel

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

	Unaudited 31 December 2023 £000	Unaudited 31 December 2022 £000
Key management personnel compensation from the Parent Company is as follows:		
Directors' fees payable to non-executive Directors	60	60
Consultancy fees payable to executive Directors	470	506
Total	**530**	**566**

No Directors' fees were outstanding at 31 December 2023 (30 June 2023: £10,000). Consultancy fees of £7,000 were outstanding at 31 December 2023 (30 June 2023: £28,000).

Personnel compensation within the Group is as follows:

	Unaudited 31 December 2023 £000	Unaudited 31 December 2022 £000
RCL Group short-term employee benefits	1,533	1,382
KCR short-term employee benefits	220	239
Total	**1,753**	**1,621**

There were no employee benefits outstanding at 31 December 2023 or 30 June 2023.

17. 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 values of the Group's finance receivables are considered equivalent to their carrying value due to their short-term nature.

Investments - Fair value through profit or loss
Unlisted investments
On 21 October 2021, the Group, through its subsidiary Torchlight Group Limited, acquired an investment in 4B Mining Corp (“4B”), a company incorporated in Canada. The investment comprises a holding in the common shares of 4B and a 1% royalty interest in the gross revenue of a project to be pursued by Mineracao Piramide Participacoes Ltda, a Brazilian subsidiary of 4B. The investment is classified as an investment at fair value through profit or loss. As at 31 December 2023, the Group has determined that the fair value of the equity investment should be determined on the basis of the latest capital raising price less a discount of 50% (30 June 2023: discount of 20%) to allow for minority position, unlisted nature and liquidity risk. The increase in the discount applied reflects the expectation of a further capital raising by 4B which will dilute the Group’s holding. The royalty interest is valued in accordance with a third party valuation provided by Leadenhall Valuation Services Pty Limited as at 30 June 2023, which indicated a range of values from US$1.5 million to US$1.9 million. The Directors have determined that the royalty should be valued at the mid-point of this range of US$1.7 million (£1.3 million).The Directors have further considered the value of the royalty as at 31 December 2023 and concluded that the valuation determined as at 30 June 2023 remains appropriate.

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

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

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

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

17. Fair value (continued)

Fair Value Hierarchy

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

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

	Note	Unaudited 31 December 2023			
		Level 1	Level 2	Level 3	Total
Assets		£000	£000	£000	£000
Investment properties	12	-	-	28,021	28,021
4B Mining Corp – Royalty	13	-	-	1,335	1,335
4B Mining Corp – Equity	13	-	-	1,963	1,963
Total Assets		-	-	**31,319**	**31,319**

There were no transfers between Levels 1, 2 and 3 in the period (31 December 2022: no transfers).

	Note	Audited 30 June 2023			
		Level 1	Level 2	Level 3	Total
Assets		£000	£000	£000	£000
Investment properties	12	-	-	27,952	27,952
4B Mining Corp – Royalty	13	-	-	1,344	1,344
4B Mining Corp – Equity	13	-	-	3,201	3,201
Total Assets		**-**	**-**	**32,497**	**32,497**

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

Reconciliation of Level 3 fair value measurements of assets

Foreign exchange translation movements are recognised in other comprehensive income.

	Unaudited 31 December 2023		
	Investment properties	Unlisted investments	Total
	£000	£000	£000
Investments held at fair value	27,952	4,545	32,497
Balance at the beginning of the period	-	-	-
Disposal	-	-	-
Movement in fair value	-	(1,317)	(1,317)
Foreign exchange on translation	69	70	139
Balance at the end of the period	**28,021**	**3,298**	**31,319**

17. Fair value (continued)

Reconciliation of Level 3 fair value measurements of assets (continued)

	Audited 30 June 2023			
	Loans and receivables at fair value through profit or loss	**Investment properties**	**Unlisted investments**	**Total**
	£000	**£000**	**£000**	**£000**
Investments held at fair value				
Balance at the beginning of the year	42	24,605	1,825	26,472
Acquisition	-	398	-	398
Transfers from inventories	-	1,004	-	1,004
Disposal	-	-	-	-
Movement in fair value	(41)	2,042	3,036	5,037
Foreign exchange on translation	(1)	(97)	(316)	(414)
Balance at the end of the year	**-**	**27,952**	**4,545**	**32,497**

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.

17. Fair value (continued)

Valuation process (continued)

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

Description	Unaudited Fair value at 31 December 2023 £000	Audited Fair value at 30 June 2023 £000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted investments - 4B Mining Corp – Royalty	1,335	1,344	31 December 2023: Third party valuation 30 June 2023: Third party valuation	Adopted gross yield Projected price of iron ore Projected total volume of lump iron ore produced Discount rate	USD78-USD155 19.5 million tonnes - 25.1 million tonnes 12.5%-14.5%	The fair value would increase/decrease if price of iron ore was higher/lower, and/or total volume of lump iron ore produced was higher/lower, and/or the discount rate was lower/higher.
Unlisted investments - 4B Mining Corp – Equity	1,963	3,201	31 December 2023: Based on latest capital raising price less discount 30 June 2023: Third party valuation	Discount applied to price of last capital raise	31 December 2023: 50% discount to last capital raise 30 June 2023: 20% discount to last capital raise	If the discount applied was 20% higher/lower, the fair value would decrease/increase by £0.8 million
Investment properties - KCR	25,835	25,835	31 December 2023: Based on NPV of future cash flows and cash balance 30 June 2023: Based on NPV of future cash flows and cash balance	Adopted gross yield Adopted rate per square foot	4.40% to 7.37% £319 to £1,313	The fair value would increase/decrease if market rents were higher/lower, and/or rates per square foot were higher/lower, and/or capitalisation rates were lower/higher.

17. Fair value (continued)

Valuation process (continued)

Description	Unaudited Fair value at 31 December 2023 £000	Audited Fair value at 30 June 2023 £000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties – RCL	2,186	2,117	31 December 2023: Third party valuation using market comparable approach 30 June 2023: Third party valuation using market comparable approach	Hypothetical development model Direct sales comparisons Discounted cashflows	3.19% rental yields	The fair value would increase/decrease if market rents were higher/lower, and/or comparable sales amounts were higher/lower, and/or the discount rate was lower/higher.
	31,319	**32,497**				

18. Contingent liabilities and commitments

Torchlight Fund LP and its subsidiaries
The Group had the following commitments within the RCL group:

	Unaudited 31 December 2023 £000	Audited 30 June 2023 £000
Contracted work to complete		
Expenditure contracted for at the reporting date but not recognised as liabilities		
Within one year	8,853	9,784

Torchlight Fund LP and its subsidiaries – Contingent assets
The Group has financial guarantees in respect of completion of development works and maintenance bonds to relevant authorities. The value of these guarantees at 31 December 2023 was £0.4 million (30 June 2023: £0.5 million).

19. Subsequent events

The following material events have occurred subsequent to 31 December 2023 to the date when these interim condensed consolidated financial statements were authorised for issue:

Share purchase agreement
Following the approval of shareholders on 25 January 2024, the Company announced that it had entered into a share purchase agreement in respect of 2,177,000 of its own ordinary shares at a price per share of NZD 0.29 per share. The first tranche of 1 million of the shares in consideration for the payment in the sum of NZD 0.29 million was completed on 26 February 2024.