Pyne Gould Corporation Limited

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2014

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COMPANY REPORT

CHAIRMAN'S REPORT

The result for the fiscal year 2014 continues the solid growth of Pyne Gould Corporation (PGC or the company). The Net Tangible Assets (NTA) per share have lifted by 14% from 64 cents to 73 cents.

The announcement was delayed by waiting for the completion of the audit of Australian-based RCL, which is one of the Torchlight Fund's substantial real estate holdings. This in turn has delayed the completion of the Torchlight Fund audit.

As the audit of RCL is not yet complete, PwC have issued a qualified audit opinion. The qualification is specific to the completion of the Torchlight Fund audit. All other audit processes for PGC have been completed and are satisfactory. At 30 June 2014, PGC subsidiary Torchlight Group held approximately 28% of the Torchlight Fund, which in turn held 100% of RCL. Both Torchlight Fund and RCL are also audited by PwC.

PGC is well positioned as a funds management business. It has no bank debt and solid investments balanced for cash flow delivery and asset value accretion. PGC will grow from this base, and while its current asset base is largely spread between the United Kingdom and Australia, it is likely that future opportunities will predominantly be in the northern hemisphere.

For that reason PGC has shifted its domicile to Guernsey and is seeking to list on the London stock exchange. The work for that listing has begun and it is anticipated that all going according to plan that the listing will be achieved early in 2015.

We have previously said that revenue and profit from a business such as ours will vary year to year providing lumpy results; such is the nature of the funds management business. However reviewing our future path we have sufficient confidence in the cash flow of PGC to anticipate a modest dividend flow, which along with my comments on the lumpy nature of the business will potentially be variable but we have decided on a policy that will maintain a base percentage of 50% of consolidated sustainable net profit.

Finally I would like to welcome our new Director Mr Noel Kirkwood who adds new and valuable skills to the Board, replacing the previous Mr Carolan. Also I look forward to meeting you at our Annual Shareholders Meeting which will be held in Auckland at a time and place yet to be decided.

Bryan Mogridge
Chairman

MANAGING DIRECTOR'S REPORT

PGC has recorded an audited Net Profit After Tax (NPAT) of $26.6m (16.6 cents per share) in the year to June 30, 2014. This compares to $44.4m (20.5 cents per share) in the previous financial year.

The result is ahead of previous NPAT guidance however is consistent at a Net Tangible Assets (NTA) level. This is due to non-cash accounting adjustments, in particular the foreign exchange translation of foreign associates and subsidiaries. The net outcome was a 14% gain in NTA from 64 cents per share ($137m) to 73 cents per share ($153m).

As noted by the Chairman, the audit of RCL is not yet complete, which in turn has delayed the completion of the Torchlight Fund audit. Therefore, PwC has advised that it will issue a qualified audit opinion. The qualification is specific to the completion of the Torchlight Fund audit. Once the audit of RCL has been completed, this will allow the completion of the Torchlight Fund audit. The impact of those results - if any - on PGC's balance sheet will be released to the market.

Commentary

PGC's focus over the year to June 30, 2014 was to further simplify the group by selling non-core assets and reinvesting in the core business in Australia and the United Kingdom.

The combination of a profitable core fund management business and substantial realised and unrealised gains delivered NPAT of $26.6m. PGC's Group NPAT results were boosted substantially by the sale of Perpetual, the revaluation of Equity Partners Infrastructure Company No.1 Limited (EPIC) and reduced by the impact of legal and other costs associated with transactions, regulatory compliance and migration.

The balance sheet continues to strengthen and simplify. The 14% gain in NTA per share to 73 cents ($153m) follows a 48% gain in the previous financial year. At June 30, PGC held total assets of $158.2m, total liabilities of $5.9m and a net position of $152.3m. PGC has no bank debt. Current assets are $42.2m ($42.1m last year), with $5.9m current liabilities ($14.1m last year), giving net current assets of $36.3m (up from $29.3m last year). PGC held long-term assets of $116.0m and no long-term liabilities.

Consistent with our previously announced strategy, PGC continued to increase its cornerstone holding in Torchlight Fund LP and as of June 30, 2014, held $52.3m of Limited Partnership interests and $33.7m of co-investments.

Over the course of the financial year, Torchlight Fund LP acquired ownership of almost 100% of the assets of residential land investor and developer Residential Communities Limited (RCL). Melbourne-based RCL holds a land bank of about 6,000 sites on a consolidated basis spread across 17 projects, and develops and sells approximately 10% of these in any single year.

Torchlight Fund LP is also the cornerstone shareholder of ASX-listed Lantern Hotel Group. Lantern is a major Sydney-based freehold hotel group with NTA of more than AUD100m. Torchlight supports Lantern's strategy of creating long-term value by acquiring and operating freehold pubs.

Torchlight Fund LP's other assets include an 11% stake in United Kingdom newspaper group Local World. This was acquired in late 2012 for AUD12m (or GBP7.5m) and since then the UK economy, the newspaper sector and pound sterling have recovered strongly, leading to a positive outlook for the investment. Local World is creating value through both cost cutting and growth in digital advertising.

MANAGING DIRECTOR'S REPORT (CONTINUED)

PGC, at balance date, held approximately 27% of EPIC. EPIC owns around 17% of Moto, the largest motorway service area owner and operator in the UK. PGC announced on October 22, 2014 it had sold its entire 41.89 million shares in EPIC for GBP0.30 per share or GBP12.6m. This is approximately equivalent to 60 cents a share or NZD25.4m. The price of 60 cents is ahead of PGC's carrying value and the gain on sale of $9.4m is reflected in the results to June 30, 2014. Following the recent takeover of EPIC by United Kingdom interests, PGC no longer has the opportunity to control EPIC and, therefore, made a pragmatic decision to sell its stake to EPIC Investor LLP.

PGC also agreed a settlement deed with EPIC to create a clean break between the companies. The key terms of the Deed are that PGC has been repaid the GBP525,000 advance previously made to EPIC, and EPIC has waived its claim for NZD2.6m. In addition, PGC has paid NZD380,000 to EPIC, which is the amount PGC had previously accrued for legal costs in litigation.

London Listing

Over the course of the year, PGC completed the migration from New Zealand to Guernsey. This was an important step as it reflected an appropriate jurisdiction to prepare for a listing on the London Stock Exchange. PGC is now reviewing its timetable for listing in London. It is currently the intention to prepare for a first quarter 2015 listing in London. To this end, PGC have completed the transition of the group's accountants from New Zealand to Guernsey and it is intended the 2015 accounts are to be prepared in Sterling. The first Sterling accounts are planned to be as at December 31, 2014. These consolidated accounts will bring together the accounts of PGC and Torchlight Fund LP and where appropriate, the underlying subsidiaries, such as RCL.

Share Buybacks

The group bought back about 4% of the shares on issue over the course of the year. This was executed at a cost of $3.85m and PGC believes it is a rational strategy to acquire shares when they trade at a discount to NTA. Since migration to Guernsey, PGC has announced it will continue to buy back shares with a current target of a little over 30 million shares, or 15% of the stock on issue.

Final Comment

With this simplification process nearing completion, it is easier to understand how PGC has evolved after five years of transformation. With the exception of Local World, the principal investments are, at their core, large and valuable real estate businesses. Each has a strong real estate-based business model and a high quality management team.

In Australia, Torchlight's RCL has a significant land bank that is being continuously developed, sold and restocked. The investment — made via distressed debt, consolidated and converted into equity ownership — has become a material engine for free cash flow.

MANAGING DIRECTOR'S REPORT (CONTINUED)

Similarly, the cornerstone shareholding in Lantern Hotel Group was built up in distressed market conditions and now has strong earnings prospects from a large freehold pub portfolio nearing the end of a major refurbishment cycle.

In the UK and Europe, we intend to reinvest all or part of the proceeds from the exit of EPIC, which was simply a shareholder in a large operating real estate business (Moto), into further operating real estate investments.

PGC is ahead of its restructuring objectives and is confident in both the financial strength and strategic direction of the company. As a consequence, PGC is considering the restoration of a policy of regular dividend payments within the next year. Our philosophy on dividends will be to pay out up to 50% of consolidated sustainable NPAT. Where we own less than 100% of a business we are unlikely to include its profits in calculating the sustainable NPAT. This means that each business will have access to retained earnings to grow and strengthen, with cash flow returned to shareholders in a transparent manner.

George Kerr
Managing Director

BOARD OF DIRECTORS

BRYAN MOGRIDGE BSc

Chairman - Independent Director

Bryan has held chief executive and senior management positions for over 30 years and has been a director of NZSX-listed companies since 1984. He became a director of MARAC Finance in 1992, was appointed to the PGC board in 2003, and appointed Chairman in May 2011. Bryan is also Chairman of Lantern Hotel Group Pty Ltd.

GEORGE KERR B Com

Non-Independent Director

George is Chairman of Australasian Equity Partners, which is a 79.99% shareholder of PGC. Australasian Equity Partners took control of the Company on 2 April 2012. He became Group Managing Director of PGC on 26 April 2012.

George was appointed to the board of PGC in August 2008. He was the cornerstone underwriter of the September 2009 rights issue that recapitalised PGC to become the parent of Heartland and Torchlight. He has been Chairman of Torchlight since inception on 23 October 2009.

Prior to PGC he has had long experience in asset management. Between 1991 and 1996 he ran two top performing funds for IPAC subsidiary NZ Funds. From 1996 to 2001 he was Investment Director for Spicers Portfolio Management before he and partners sold it to AXA for $220m. He then became Non Executive Chairman of Brook Asset Management until its sale to Macquarie.

GREGORY BRIGHT

Independent Director

Greg Bright, PGC director and member of the audit committee, is a publisher, conference producer and journalist with more than 30 years experience in the financial services industry. He is chairman of his own conference company, Binalong Advisory Services Pty Ltd. He has founded three financial services information companies in his career - Trade News Corporation (sold to Reed Elsevier in 2003), InvestorInfo Ltd (ASX listed in 2000) and Conexus Financial (sold in a management buyout in 2011). Investment titles he has overseen include: Super Review; Investor Weekly; Investor Daily; IFA Magazine; Investment & Technology; Masterfunds Quarterly, InvestorSupermarket.com; Top1000Funds.com; and, Professional Planner. He has also been an economics writer for the Sydney Morning Herald and Assistant Editor of the Australian Financial Review. He is active in the institutional investment industry in the APAC region and was a founding director of the Fund Executives Association Ltd.

Gregory was appointed to the Board on 2 May 2012 as an independent director and is a member of the audit committee.

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 Director of ASX listed Lantern Hotel Group Pty Limited and is a resident of Australia.

Russell was appointed to the PGC board on 14 February 2012 and is Chair of the audit 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 board on 27 August 2014.

CORPORATE GOVERNANCE

The board and management of Pyne Gould Corporation 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 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 September 2014.

The Board considers it has complied with the NZX Corporate Governance Best Practice Code for the year ended 30 June 2014.

This section of the Annual Report reflects the requirements of the New Zealand Securities Commission's Governance Principles and Guidelines.

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.

The board currently comprises five directors, being a non-executive Chairman, the Managing Director, one executive director and two further non-executive directors. Mr Kirkwood was appointed on 27 August 2014.

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 up until two months before the date of the annual meeting.

At each annual meeting, one-third of the directors retire from office by rotation. If they wish to continue they may stand for re-election.

Bryan Mogridge and Noel Kirkwood are standing for re-election at this year's annual meeting.

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 Bryan Mogridge and Gregory Bright are independent directors, Russell Naylor and Noel Kirkwood are executive directors and George Kerr as a substantial security holder (through an associated entity) in the company is non-independent.

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.

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 audit and 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 Russell Naylor. The board has determined that he meets the requirement of being a "financial expert" in accordance with the committee's terms of reference.

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 Chief Executive Officer 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 Committee is chaired by Bryan Mogridge.

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 $700,000.

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, independent audit of the Company's financial statements and Prospectuses. The Committee ensures that the level of non-audit work undertaken by the auditors does not result in their independence being jeopardised

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.

DIRECTOR'S RESPONSIBILITY STATEMENT

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2014 and the financial performance and cash flows for the year ended on that date.

The directors consider that the financial statements of the Group and the Company have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all the relevant financial reporting and accounting standards have been followed.

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 the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993 and the Companies (Guernsey) Law, 2008.

The Board of Directors of Pyne Gould Corporation Limited authorised the financial statements set out on pages 14 to 51 for issue on 29 October 2014.

For and on behalf of the Board

Bryan Mogridge
Director

George Kerr
Managing Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

		GROUP		HOLDING COMPANY	
	NOTE	2014 $000	2013 $000	2014 $000	2013 $000
Continuing operations					
Management fees revenue	6	5,201	18,651	100	-
Other revenue	6	-	337	-	-
Other income	6	505	11,264	-	338
Dividend income		-	-	9,613	-
Total fees and other income		**5,706**	**30,252**	**9,713**	**338**
Interest income	5	2,497	12,799	642	36
Interest expense	5	122	510	23	62
Net interest income / (expense)		**2,375**	**12,289**	**619**	**(26)**
Investment income	6, 23	9,445	-	9,445	-
Net operating income		**17,526**	**42,541**	**19,777**	**312**
Selling and administration expenses	7	4,337	10,144	4,565	4,405
Foreign exchange losses		3,957	3,405	769	527
Impaired asset expense/(reversal)	8	10,924	8,672	(28,816)	-
Operating profit /(loss)		**(1,692)**	**20,320**	**43,259**	**(4,620)**
Share of equity accounted investees' profits/(losses)	23	5,773	(313)	-	-
Other income		-	4,347	-	-
Profit / (loss) from continuing operations before income tax		**4,081**	**24,354**	**43,259**	**(4,620)**
Income tax benefit	10	-	-	-	-
Profit / (loss) from continuing operations		**4,081**	**24,354**	**43,259**	**(4,620)**
Discontinued operations					
Profit from discontinued operations, before income tax	34	-	3,974	-	-
Gain / (loss) on disposal of discontinued operations	34	22,481	17,339	22,333	(1,068)
Profit / (loss) for the year including discontinued operating before tax		**26,562**	**45,667**	**65,592**	**(5,688)**
Income tax expense	10, 34	-	(509)	-	-
Profit / (loss) for the year after tax		**26,562**	**45,158**	**65,592**	**(5,688)**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Share of associates' other comprehensive income, after tax	23	-	(1,342)	-	-
Translation of foreign associates	23	(3,267)	57	-	-
Foreign Currency Translation Reserve (FCTR) released on disposal of associates		-	(134)	-	-
Translation of foreign subsidiaries		(4,858)	(2,830)	-	-
Total comprehensive income / (loss) for the year		**18,437**	**40,909**	**65,592**	**(5,688)**
Profit / (loss) attributable to:					
Owners of the Company		18,437	44,424	65,592	(5,688)
Non-controlling interests		-	734	-	-
Profit / (loss) for the year		**18,437**	**45,158**	**65,592**	**(5,688)**
Total comprehensive income attributable to:					
Owners of the Company		18,437	40,175	65,592	(5,688)
Non-controlling interests		-	734	-	-
Total comprehensive income / (loss) for the year		**18,437**	**40,909**	**65,592**	**(5,688)**
Earnings per share		**Cents**	**Cents**		
Basic and diluted earnings per share	13	12.5	20.5		
Basic and diluted earnings per share – continuing operations	13	1.9	11.2		

The notes on pages 19 to 51 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2014

2013 – GROUP	Share Capital $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Non-controlling Interest $000	Total Equity $000
Balance at 1 July 2012	**358,114**	**134**	**(260,739)**	**-**	**97,509**
Total comprehensive income for the year					
Profit for the year	-	-	44,424	734	45,158
Other comprehensive income					
Share of associates' other comprehensive income, net of income tax	-	-	(1,342)	-	(1,342)
FCTR derecognized on disposal of associate	-	(134)	-	-	(134)
Translation of foreign associates	-	57	-	-	57
Translation of foreign subsidiaries	-	(2,830)	-	-	(2,830)
Total other comprehensive income	**-**	**(2,907)**	**(1,342)**	**-**	**(4,249)**
Total comprehensive income for the year	**-**	**(2,907)**	**43,082**	**734**	**40,909**
Initial recognition of Non-controlling interest	-	-	-	293	293
Non-controlling interest derecognized on Disposal of van Eyk	-	-	-	(1,027)	(1,027)
Transactions with owners, recorded directly in equity	**-**	**-**	**-**	**(734)**	**(734)**
Balance at 30 June 2013	**358,114**	**(2,773)**	**(217,657)**	**-**	**137,684**

2014 – GROUP	Share Capital $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Non-controlling Interest $000	Total Equity $000
Balance at 1 July 2013	**358,114**	**(2,773)**	**(217,657)**	**-**	**137,684**
Total comprehensive income for the year					
Profit for the year	-	-	26,562	-	26,562
Other comprehensive income					
Share of associates' other comprehensive income, net of income tax	-	-	-	-	-
Translation of foreign associates	-	(3,267)	-	-	(3,267)
Translation of foreign subsidiaries	-	(4,858)	-	-	(4,858)
Total other comprehensive income	**-**	**(8,125)**	**-**	**-**	**(8,125)**
Total comprehensive income for the year	**-**	**(8,125)**	**26,562**	**-**	**18,437**
Share buy backs	(3,850)	-	-	-	(3,850)
Balance at 30 June 2014	**354,264**	**(10,898)**	**(191,095)**	**-**	**152,271**

The notes on pages 19 to 51 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2014

2013 – HOLDING COMPANY	Share Capital $000	Accumulated Losses $000	Total Equity $000
Balance at 1 July 2012	**358,114**	**(260,671)**	**97,443**
Total comprehensive income for the year			
Loss for the year	-	(5,688)	(5,688)
Total comprehensive income for the year	**-**	**(5,688)**	**(5,688)**
Balance at 30 June 2013	**358,114**	**(266,359)**	**91,755**

2014 – HOLDING COMPANY			
Balance at 1 July 2013	**358,114**	**(266,359)**	**91,755**
Total comprehensive income for the year			
Profit for the year	-	65,592	65,592
Total comprehensive income for the year	**-**	**65,592**	**65,592**
Share buy backs	(3,850)	-	(3,850)
Balance at 30 June 2014	**354,264**	**(200,767)**	**153,497**

The notes on pages 19 to 51 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

		GROUP		HOLDING COMPANY	
		2014	2013	2014	2013
	NOTE	$000	$000	$000	$000
ASSETS					
Current assets					
Cash and cash equivalents	15	178	377	69	46
Advances to subsidiaries	27	-	-	17,487	143,655
Advances to associates	27	10,143	20,362	15,104	824
Finance receivables – Other	16	4,185	3,420	-	-
Current tax asset		14	18	3	3
Assets held for sale	19	1,053	3,949	-	-
Prepayments		202	176	198	133
Trade and other receivables	18	26,410	13,818	26,106	5,800
Total current assets		**42,185**	**42,120**	**58,967**	**150,461**
Non-current assets					
Advances to associates	27	-	1,269	-	1,269
Finance receivables – Co-investment with RCL	16	33,746	32,077	29,034	-
Investment property	17	4,811	4,800	-	-
Property, plant and equipment		15	1,832	-	1,814
Investment in associates	9, 23	52,272	62,619	-	-
Investment in subsidiaries	9	-	-	43,378	30,020
Investments – Available for sale financial assets		-	160	-	-
Investments – Loans and receivables	20	-	355	-	-
Investments – Fair value through profit or loss	21	25,134	6,610	25,134	6,610
Total non-current assets		**115,978**	**109,722**	**97,546**	**39,713**
Total assets		**158,163**	**151,842**	**156,513**	**190,174**
LIABILITIES					
Current liabilities					
Bank overdrafts	15	109	239	-	151
Borrowings	24	159	588	-	-
Advances from subsidiaries	27	-	-	-	92,117
Advances from associates	27	-	564	-	-
Other liabilities	25	5,624	12,767	3,016	6,151
Total current liabilities		**5,892**	**14,158**	**3,016**	**98,419**
Total liabilities		**5,892**	**14,158**	**3,016**	**98,419**
EQUITY					
Share capital	14	354,264	358,114	354,264	358,114
Accumulated losses and reserves		(201,993)	(220,430)	(200,767)	(266,359)
Total equity		**152,271**	**137,684**	**153,497**	**91,755**
Total equity and liabilities		**158,163**	**151,842**	**156,513**	**190,174**

The notes on pages 19 to 51 are an integral part of these financial statements

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2014

		GROUP		HOLDING COMPANY	
		2014	2013	2014	2013
	NOTE	$000	$000	$000	$000
Cash flows from operating activities					
Interest received		6	110	-	13
Rental income		33	381	-	-
Fees and other income received		5,535	43,471	75	588
Total cash provided from operating activities		**5,574**	**43,962**	**75**	**601**
Payments to suppliers and employees		11,439	33,336	3,030	929
Interest paid		37	419	23	62
Taxation paid		(3)	4	-	-
Total cash applied to operating activities		**11,473**	**33,759**	**3,053**	**991**
Net cash flows from / (applied to) operating activities	12	**(5,899)**	**10,203**	**(2,978)**	**(390)**
Cash flows from investing activities					
Repayment of advances to subsidiaries		-	-	-	17,145
Proceeds from sale of assets held for sale		-	25,325	-	-
Proceeds from settlement of finance receivables		7,381	5,911	633	-
Proceeds from sale of investment property		1,320	736	-	-
Proceeds from sale of Perpetual Trust Ltd property		2,250	-	2,250	-
Repayments of advances to other related parties		-	1,563	-	-
Proceeds from advances to associates		11,900	-	-	-
Proceeds from disposal of business	34	10,094	12,591	2,187	-
Proceeds from redemption of available for sale financial assets		-	1,837	-	-
Total cash provided from investing activities		**32,945**	**47,963**	**5,070**	**17,145**
Increase in advances to subsidiaries			-	44	-
Increase in advances to associates		4,048	338	-	-
Increase in finance receivables – other		1,496	26,033	-	-
Increase in other investments		-	462	-	-
Increase in investment in associates		16,632	536	-	-
Increase in advances to other related parties		-	10,823	-	-
Purchase of assets held for sale		-	18	-	-
Purchase of property, plant, equipment and intangible assets		-	7	-	-
Total cash applied to investing activities		**22,176**	**38,217**	**44**	**-**
Net cash flows from investing activities		**10,769**	**9,746**	**5,026**	**17,145**
Cash flows from financing activities					
Decrease in borrowings		(1,089)	12,061	(575)	11,895
Share buy backs		(3,850)	**-**	(1,299)	**-**
Total cash applied to financing activities		**(4,939)**	**12,061**	**(1,874)**	**11,895**
Net cash flows applied to financing activities		**(4,939)**	**(12,061)**	**(1,874)**	**(11,895)**
Net (decrease) / increase in cash and cash equivalents		**(69)**	**7,888**	**174**	**4,860**
Opening cash and cash equivalents		138	(7,750)	(105)	(4,965)
Closing cash and cash equivalents	15	**69**	**138**	**69**	**(105)**

The notes on pages 19 to 51 are an integral part of these financial statements

For the year ended 30 June 2014

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 Holding Company" or "the Company") and its subsidiaries and associates ("the Group").

Entities within the Group offer financial, trustee (discontinued during 2013) and asset management services. From the 12 February 2014, the registered office address is Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The 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 financial statements comply with International Financial Reporting Standards (IFRS).

The Company and all entities within the Group are profit-oriented entities. The Company is a reporting entity and an issuer for the purposes of the New Zealand Financial Reporting Act 1993 and its financial statements comply with that Act.

(b) Basis of measurement

The 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, and financial assets at fair value through profit or loss.

(c) Restatement of Comparative

Within the Holding Company only, 'Advances to subsidiaries' has been reclassified from a non-current asset to a current asset on the Statement of Financial Position as at 30 June 2013. This has been reclassified as the advances to subsidiaries are repayable on demand. No adjustments were required to the net assets of the Holding Company as a result of this reclassification and therefore a separate Statement of Financial Position as at 1 July 2012 is not deemed necessary.

(d) Functional and presentational currency

The Board of Directors considers New Zealand dollars as the functional currency of the Holding Company, as it is the currency in which capital is raised and returned. These financial statements are presented in New Zealand dollars, the presentational currency of the Company and Group. 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 on-going 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.

Major sources of estimation uncertainty

The following are the key sources of estimation uncertainty at 30 June 2014 that have significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Impairment/fair value of financial instruments
As described in notes 18, 21, 28, and 30, the Directors must evaluate the carrying amount of the Group's financial assets for impairment or to determine fair value. 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 18, 21, 28 and 30.

For the year ended 30 June 2014

2. BASIS OF PREPARATION (CONTINUED)

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

(ii) Valuation of investment property
As described in note 3(i) investment properties are carried at fair value in the 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 17

(iii) Recognition and measurement of other receivables
As described in notes 18, the Directors must evaluate the initial recognition and measurement of the Group's other receivable balances. Where there is no active market price for a financial instrument, the Directors must use their judgment in selecting an appropriate carrying amount for receivable balances. Details of the assumptions used are described in note 18.

(iv) Investment in associates / investment in subsidiaries

As described in note 3(b), the Directors account for investment in associates in the financial statements of the Group using the equity method. This involves recognising the associate's share of income, expenses and equity movements in the Group financial statements.

As described in note 3(a), the Directors account for investment in subsidiaries in the financial statements of the Holding Company at cost less any impairment.

The Group has an investment in Torchlight Fund LP. This investment is deemed by the directors to be an associate and the investment is held through the Company's subsidiary Torchlight Group Limited. The investment in associate is carried at $52.2 million in the Group financial statements. The investment in subsidiary is carried at $43.3 million in the Company financial statements. Torchlight Fund LP holds a number of investments for which the valuations are complex and highly subjective. As a result of this complexity and subjectivity Torchlight Fund LP has yet to finalise its audited financial statements. The Directors have made an estimate of the valuation of Torchlight Fund LP based on the information available to them up to the date of signing the Company's financial statements. This estimate has been used as a basis for determining the Group's equity accounting of the investment in associate and the Holding Company's accounting of the investment in subsidiary. Given the complexity and subjectivity of the valuations in Torchlight Fund LP there is a risk that actual results may differ either positively or negatively, from this estimate and the difference may be material. Any difference would impact the statements of comprehensive income, the statements of changes in equity, the balance sheets and certain notes to the financial statements (in particular notes 23 and note 4).

(f) Going concern

These financial statements have been prepared on a going concern basis. The Group is profitable, Group current assets exceed current liabilities and assets are expected to be realised to meet liabilities as and when they fall due.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Investments in subsidiary companies

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. The Holding Company accounts for subsidiaries at cost less impairment.

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Investments in subsidiary companies (continued)
When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(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 income and expenses and equity movements of equity accounted investees, from the date that significant influence until the date that significant influence ceases. The Company accounts for associates at cost less impairments with dividends received recorded in profit or loss.

Where an associate has a different balance date from the Company, the Company will apply the allowance for non-coterminous reporting dates. It will ensure that the difference between the reporting period of the associate and the Company is not more than 3 months and that the difference between the ends of the reporting periods will be the same period to period.

(c) Basis of consolidation
The financial statements comprise the results and assets and liabilities of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2014. Intra-Group balances, transactions and unrealised income and expenses arising from intra-Group transactions, are eliminated in full on consolidation.

(d) Interest
Interest income and expense are recognised using the effective interest method in profit or loss. 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) Fee and commission income
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.

(f) Property, plant and equipment
Property, 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.

Property, plant and equipment other than land 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:

Buildings	50 years
Plant and equipment	1 - 13 years

(g) 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. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Tax

Income tax expense for the year comprises current and deferred tax. Income tax expense is recognised in profit or loss 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 New Zealand on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet 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.

The Company is exempt from Guernsey income tax and is charged an annual exemption fee of £600.

(i) Investment property

Investment properties have 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, 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.

(j) 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.

(k) 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. Gains are not recognised in excess of any cumulative impairment loss.

(l) 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.

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 or cancelled or expire.

The Group enters into transactions whereby it transfers assets recognised on its 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.

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) Financial assets and liabilities (continued)

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 and other assets	Loans and Receivables
Investments – Available for sale financial assets	Available for sale financial assets
Investments – Loans and receivables	Loans and Receivables
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.

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 28.

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 for the period. The net gain / 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 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.

(m) Impaired assets and past due assets
Impaired 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impaired assets and past due assets (continued)

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 provisions. Amounts required to bring the provisions to their assessed levels are recognised in profit or loss. Any future recoveries of amounts provided for are taken to profit or loss.

For further information about credit impairment provisioning refer to note 30 - Credit risk exposure.

(n) 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.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(p) 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.

(q) Goods and services tax

All items in the 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, the New Zealand Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed exclusive of GST.

As at 30 June 2014, only two wholly owned subsidiaries remained registered for GST within New Zealand. Upon the holding companies re-domicile to Guernsey, operating activities are no longer subject to GST.

(r) Statement of cash flows

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

(s) 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 interest 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 interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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.

(t) 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 statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) 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 entity's chief operating decision maker 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 include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(v) Changes in accounting policies

There have been no material changes in accounting policies in the current year.

(w) Standards, interpretations and amendments to published standards

The following new standards and amendments to standards were applied during the year:

NZ IFRS 10: Consolidated Financial Statements (effective for annual reporting periods beginning on or after 1 January 2013):

NZ IFRS 11: Joint Arrangements (effective for annual reporting periods beginning on or after 1 January 2013):

NZ IFRS 12: Disclosures of interests in other entities (effective for annual reporting periods beginning on or after 1 January 2013):

The above standards do not impact the Financial Statements of the Group.

NZ IFRS 13: Fair Value Measurement (effective for annual reporting periods beginning on or after 1 January 2013), aims to improve consistency by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across NZ IFRSs. The requirements, which are largely aligned between NZ IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within NZ IFRSs. Adoption of this standard has resulted in a number of additional disclosures in the financial statements but has not resulted in any material measurements changes.

(x) Standards and interpretations in issue not yet adopted

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ended 30 June 2014, and have not been applied in preparing these financial statements.

The new standards, amendments and interpretations identified which may have an effect on the financial statements of the Group going forward are:

Standard and description	Effective for annual periods beginnings on or after:	Expected to be initially applied in period endings:
NZ IFRS 9 'Financial Instruments', recognition and measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.	1-Jan-18	30-Jun-19
NZ IFRS 15 ‘Revenue from contracts with customers’ addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18 ‘Revenue’ and NZ IAS 11 ‘Construction Contracts’ and is applicable to all entities with revenue. It sets out a 5 step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	1-Jan-17	30-Jun-18

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Standards and interpretations in issue not yet adopted (continued)

Amendments to NZ IFRS 10 'Investment entities' the amendments define an investment entity and introduce an exception to the principle that all subsidiaries shall be consolidated and associates equity accounted. These amendments require an investment entity to measure its investments in particular subsidiaries and associates at fair value through profit or loss in accordance with NZ IFRS 9 'Financial Instruments' in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in NZ IFRS 12 and NZ IAS 27.	1-Jan-14	30-Jun-15

The Group has yet to assess the impact on the financial statements and the Group currently has no plans to adopt these standards early.

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

Included in Group's reportable segments during the prior year were the operations of:

Perpetual Group (discontinued prior year)	Personal trust, estate and corporate trustee and wealth management services.
van Eyk Group (discontinued prior year)	Financial research and management.

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.

For the year ended 30 June 2014

4. SEGMENTAL ANALYSIS (CONTINUED)

4.1

GROUP 2014	DISCONTINUED OPERATIONS Perpetual	van Eyk Group	CONTINUING OPERATIONS Torchlight Group	Property Group	Head Office	Inter-segment Elimination	Total
External income							
Management fees							
fees revenue	-	-	5,201	-	-		5,201
Interest income	-	-	1,822	33	642	-	2,497
Other income	-	-	470	35	-	-	505
Gain on disposal of							
Discontinued operation	22,368	113	-	-	-	-	22,481
Investment income	-	-	-	-	9,445	-	9,445
Internal income							
Management fees							
fees revenue	-	-	-	-	100	(100)	-
Other income	-	-	-	-	9,613	(9,613)	-
Total segment income	**22,368**	**113**	**7,493**	**68**	**19,800**	**(9,713)**	**40,129**
Expenses							
Personal expenses	-	-	-	-	(1)	-	(1)
Interest expense	-	-	20	78	24	-	122
Other operating expenses	-	-	2,193	423	5,336	343	8,295
Total operating expenses	**-**	**-**	**2,213**	**501**	**5,359**	**343**	**8,416**
(Impairment)/impairment reversal	-	-	(8,670)	(1,626)	28,815	(29,443)	(10,924)
Equity accounted share of (losses)/profits	-	-	5,773	-	-	-	5,773
Profit / (loss) before tax	**22,368**	**113**	**2,383**	**(2,059)**	**43,256**	**(39,499)**	**26,562**
Income tax benefit / (expense)	-	-	-	-	-	-	-
Profit / (loss) after tax	**22,368**	**113**	**2,383**	**(2,059)**	**43,256**	**(39,499)**	**26,562**
Non-controlling interests	-	-	-	-	-	-	-
Profit / (loss) for the year attributable to owners of the company	**22,368**	**113**	**2,383**	**(2,059)**	**43,256**	**(39,499)**	**26,562**
Total assets	**-**	**-**	**170,411**	**6,121**	**123,923**	**(142,292)**	**158,163**
Total liabilities	**-**	**-**	**(3,278)**	**23,660**	**(14,470)**	**(20)**	**5,892**

All associates accounted for using the equity method are included in the Torchlight Investment Group.

For the year ended 30 June 2014

4. SEGMENTAL ANALYSIS (CONTINUED)

4.1 (continued)

	DISCONTINUED OPERATIONS		CONTINUING OPERATIONS				
GROUP 2013	**Perpetual**	**van Eyk Group**	**Torchlight Investment Group**	**Property Group**	**Head Office**	**Inter-segment Elimination**	**Total**
External income							
Management fees and trustee fees revenue	11,397	9,524	16,648	2,003	-	-	39,572
Interest income	68	158	4,465	8,297	37	-	13,025
Other revenue	-	-	-	337	-	-	337
Other income	4,983	200	173	10,808	338	-	16,502
Gain on disposal of discontinued operation	10,195	7,144	-	-	-	-	17,339
Internal income							
Management fees and trustee fees revenue	-	-	483	-	-	(483)	-
Other income	-	55	-	-	-	(55)	-
Total segment income	**26,643**	**17,081**	**21,769**	**21,445**	**375**	**(538)**	**86,775**
Expenses							
Personal expenses	5,590	5,031	15	47	(249)	-	10,434
Interest expense	140	179	15	433	61	-	828
Other operating expenses	7,895	3,534	6,442	2,652	5,181	(538)	25,166
Total operating expenses	**13,625**	**8,744**	**6,472**	**3,132**	**4,993**	**(538)**	**36,428**
Impairment	(8)	(34)	(709)	(7,963)	-	-	(8,714)
Equity accounted share of profit	-	-	(313)	-	-	-	(313)
Other income recognized from equity accounting	-	-	4,347	-	-	-	4,347
Profit / (loss) before tax	**13,010**	**8,303**	**18,622**	**10,350**	**(4,618)**	**-**	**45,667**
Income tax benefit / (expense)	-	(509)	-	-	-	-	(509)
Profit / (loss) after tax	**13,010**	**7,794**	**18,622**	**10,350**	**(4,618)**	**-**	**45,158**
Non-controlling interests	-	(734)	-	-	-	-	(734)
Profit / (loss) for the year attributable to owners of the company	**13,010**	**7,060**	**18,622**	**10,350**	**(4,618)**	**-**	**44,424**
Total assets	**-**	**-**	**404,749**	**(16,536)**	**69,228**	**(305,599)**	**151,842**
Total liabilities	**-**	**-**	**180,152**	**(1,847)**	**(22,528)**	**(141,619)**	**14,158**

For the year ended 30 June 2014

4. SEGMENTAL ANALYSIS (CONTINUED)

4.2 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 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 from External Customers		Non-Current Assets	
	2014	2013	2014	2013
	$000	$000	$000	$000
New Zealand	2,364	40,897	4,826	6,632
Australia	-	9,682	-	-
Cayman Islands	5,334	2,355	-	-
	7,698	**52,934**	**4,826**	**6,632**

5. NET INTEREST INCOME

	GROUP		HOLDING COMPANY	
	2014	2013	2014	2013
	$000	$000	$000	$000
Interest income				
Bank deposits	1	18	-	4
Finance receivables and zero coupon bond	145	810	113	-
Advances to associates	1,272	1,200	529	32
Residential Communities Limited (RCL) participations	1,079	3,322	-	-
MARAC asset	-	7,449	-	-
Total interest income	**2,497**	**12,799**	**642**	**36**
Interest expense				
Bank borrowings	77	478	2	35
Other	45	32	21	27
Total interest expense	**122**	**510**	**23**	**62**
Net interest income / (expense)	**2,375**	**12,289**	**619**	**(26)**

For the year ended 30 June 2014

6. REVENUE AND OTHER INCOME

	NOTE	GROUP 2014 $000	GROUP 2013 $000	HOLDING COMPANY 2014 $000	HOLDING COMPANY 2013 $000
Management fees		5,201	16,819	100	-
MARAC management fees	26	-	1,832	-	-
Management fees revenue		**5,201**	**18,651**	**100**	**-**
Other revenue		**-**	**337**	**-**	**-**
Miscellaneous income		505	768	-	338
Intercompany dividend		-	-	9,613	-
Gain on termination of MARAC management agreement	26	-	7,732	-	-
Gain on revaluation of assets held for sale and investment properties	17, 19	-	2,764	-	-
Other income		**505**	**11,264**	**9,613**	**338**
Investment income					
Unrealised gain on EPIC investment		9,445	-	9,445	-
Total fee and other income		**15,151**	**30,252**	**19,158**	**338**

7. SELLING AND ADMINISTRATION EXPENSES

	GROUP 2014 $000	GROUP 2013 $000	HOLDING COMPANY 2014 $000	HOLDING COMPANY 2013 $000
Personnel expenses	-	(186)	(1)	(249)
Directors' fees	349	276	349	276
Audit fees – PricewaterhouseCoopers	472	396	472	218
(Gain) / loss on disposal of assets	(420)	856	(436)	-
Legal and consultancy fees	2,710	5,966	2,490	3,208
Other operating expenses*	1,226	2,836	1,691	952
Selling and administration expenses	**4,337**	**10,144**	**4,565**	**4,405**

**Other operating expenses include property expenses, listing and regulatory costs and other overhead expenditure*

8. IMPAIRED ASSET EXPENSE

	NOTE	GROUP 2014 $000	GROUP 2013 $000	HOLDING COMPANY 2014 $000	HOLDING COMPANY 2013 $000
Assets held for sale		350	-	-	-
MARAC financial receivables	30	-	7,501	-	-
Other finance receivables individually assessed		627	763	627	-
Available for sale financial assets		-	398	-	-
Impairment reversal in investment in subsidiaries*		-	-	(29,443)	-
Investment property held for sale	19	1,284	-	-	-
Impairment of goodwill in associate	23	8,663	-	-	-
Other assets individually assessed for impairment		-	10	-	-
Total impaired asset expense		**10,924**	**8,672**	**(28,816)**	**-**

*The $29.4m impairment reversal in investment in subsidiaries occurred as a result of an in-specie transfer between a Group entity and PGC for the asset and liabilities of the Torchlight Group. In 2012, PGC had written down its investment in a Group entity from $65m to $30m, however, on redemption of this entity, the entity repurchased $59.4m of its share capital from PGC, therefore resulting in $29.4m impairment reversal. Upon the in-specie transfer, the impairment reversal of $29.4 million was created at the PGC Company level, however, this impairment reversal is eliminated on consolidation of the Group companies resulting in a net effect of $nil. Refer to note 9 for further explanation.

The carrying value of the investment in associate has been determined with reference to the underlying net assets within the associate. Those underlying net assets are now all determined at fair value and it is therefore no longer appropriate to carry the goodwill.

For the year ended 30 June 2014

9. SIGNIFICANT CONTROLLED ENTITIES AND ASSOCIATES

Significant subsidiaries	Nature of business	2014 % held	2013 % held
Perpetual Group Limited*	Holding company	0%	100%
Torchlight Investment Group Limited	Holding company	0%	100%
MARAC Financial Services Limited (MFSL) and its subsidiaries:	Investment holding company	100%	100%
MARAC Investments Limited	Property and commercial financing	100%	100%
Equity Partners Asset Management Limited	Asset management	100%	100%
Torchlight Securities Limited	Asset management	100%	100%
Ferrero Investments Limited	Holding company	100%	100%
Torchlight Fund No. 2 Limited Partnership	Investment holding entity	100%	100%
Equity Partners Infrastructure Management Limited	Asset management	100%	100%
Torchlight (GP) 1 Limited	Asset management	100%	100%
Torchlight (GP) 2 Limited	Non-trading company	100%	100%
Torchlight Management Limited	Asset management	100%	100%
Real Estate Credit Limited	Property asset management	100%	100%
Property Assets Limited	Property asset management	100%	100%
Land House Limited	Property asset management	100%	100%
Torchlight Group Limited** and its subsidiaries:	Holding company	100%	100%
Torchlight GP Limited**	Asset management	100%	100%
Associates (note 23)			
Torchlight Fund LP (TFLP)**	Investment holding entity	25.3%	20.5%
Associates for which significant influence was lost during the year:			
Equity Partners Infrastructure Company No.1 Limited (EPIC)***	Infrastructure investment	26.9%	26.9%

**During the year ended 30 June 2014, Perpetual Group Limited and Torchlight Investment Group Limited were amalgamated into MARAC Financial Services Limited as part of a reorganization of the Group. Following the amalgamation MFSL transferred a number of assets to PGC including Torchlight Group Limited in consideration for buying back its shares..*
***Torchlight Group Limited and Torchlight GP Limited are incorporated in the Caymans Islands.*
*** *EPIC is incorporated in Bermuda.*

During the year to 30 June 2014, the PGC Board are of the opinion that the Group no longer had significant influence over EPIC. Although the Group's stake as at 30 June 2014 remained the same as at the prior year end, the Group no longer had direct influence over the daily activities of EPIC. Therefore, for the purpose of these financial statements, EPIC is not deemed an Associate and has been accounted for as a financial asset at fair value through profit or loss.

Reconciliation of the Holding Company investment in Subsidiaries

	HOLDING COMPANY 2014 $000	HOLDING COMPANY 2013 $000
Opening investment in subsidiaries	30,020	65,020
Less: impairment previously recognised to 30 June 2012		(35,000)
		30,020
Less: Share repurchase of MFSL on transfer of assets to Holding Company	(59,443)	-
Add: reversal of impairment	29,443	-
	(30,000)	
Investment - Perpetual Trust Limited	-	4,500
Less: Disposal	-	(4,500)
Acquisition/in-specie transfer of investment in Torchlight Group Limited	43,358	-
Total Investment in Subsidiaries	**43,378**	**30,020**

The above are wholly owned subsidiaries and are eliminated on the Group consolidation. As a result of the restructuring referred to above, an impairment charge recognised in a previous period was reversed.

For the year ended 30 June 2014

10. TAX

	GROUP		HOLDING COMPANY	
	2014	2013	2014	2013
	$000	$000	$000	$000
Current tax expense				
Current year	-	509	-	-
Deferred tax expense / (benefit)				
Total income tax expense	**-**	**509**	**-**	**-**
Attibutable to:				
Continuing operations	-	-	-	-
Discontinued operations	-	509	-	-
	-	**509**	**-**	**-**
Reconciliation of effective tax rate				
Profit / (loss) before income tax	26,562	45,667	65,592	(5,688)
Total taxable profit / (loss)	**26,562**	**45,667**	**65,592**	**(5,688)**
Prima facie tax at 28% (2013: 28%)	7,437	12,787	18,366	(1,593)
(Less) / plus tax effect of items not taxable / deductible	(2,214)	(8,930)	(7,900)	434
Unused tax losses and tax offsets not recognized as deferred tax assets	(2,847)	(2,252)	536	1,159
Share of equity accounted investees' losses / (profits)	-	(1,130)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,376)	34	(11,002)	-
Total income tax expense	**-**	**509**	**-**	**-**

As a Guernsey Company, PGC is exempt from Guernsey income tax and is charged an annual exemption fee of £600. There is no tax chargeable relating to items included in other comprehensive income.

11. IMPUTATION CREDIT ACCOUNT

	GROUP		HOLDING COMPANY	
	2014	2013	2014	2013
	$000	$000	$000	$000
Balance at end of year available for use in subsequent reporting periods	**24**	**17**	**3**	**3**

For the year ended 30 June 2014

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

	GROUP		HOLDING COMPANY	
	2014 $000	2013 $000	2014 $000	2013 $000
Profit / (loss) for the year	**26,562**	**45,158**	**65,592**	**(5,688)**
Add / (less) non-cash items:				
Revaluation of investment property	-	(2,721)	-	-
Gain on disposal of assets	(420)	856	(436)	-
Gain on disposal of business	(22,481)	(17,339)	(22,333)	1,068
Foreign exchange loss	826	3,871	768	527
Share of equity accounted investees' (profit) / loss	(5,773)	313	-	-
Other income recognized from equity accounting	-	(4,347)	-	-
Gain on MARAC Termination	-	(7,732)	-	-
Impairment loss / (gain) on non-current assets recognized in profit or loss	2,889	8,672	(28,816)	-
Impairment of goodwill in associate	8,663	-	-	-
Depreciation and amortization of non-current assets	-	574	-	-
Unrealised gain on investment	(9,445)	-	(9,445)	-
Management fees	-	(2,280)	-	-
Write back of accruals	(2,380)	-	-	-
Total non-cash items	**(28,121)**	**(20,133)**	**(60,262)**	**1,595**
(Less) / add / movements in workings capital items:				
Trade and other receivables	(164)	8,857	(256)	126
Other assets	-	-	-	-
Other liabilities	-	(2,443)	-	(2,046)
Advances to subsidiaries	-	-	-	-
Advances to related parties	-	1,400	-	-
Advances to associates	-	-	-	-
Advances from associates	-	-	-	-
Trade and other payables	(4,194)	1,226	(1,934)	3,424
Current tax	3	(4)	-	-
Deferred tax	-	-	-	-
Total movements in working capital items	**(4,355)**	**9,036**	**(2,190)**	**1,504**
(Less) / add classified as investing activities	***15***	***(23,858)***	***(7,417)***	***2,199***
Add / (less) classified as financing activities	***-***	***-***	***1,299***	***-***
Net cash flows (applied to) / from operating activities	**(5,899)**	**10,203**	**(2,978)**	**(390)**

13. EARNINGS PER SHARE

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

	GROUP	
	2014	2013
Profit after tax attributable to Owners of the Company ($000)	26,562	44,424
(Loss) / profit after tax attributable to Owners of the Company – continuing operations ($000)	4,081	24,354
Profit after tax attributable to Owners of the Company – discontinued operations ($000)	22,481	20,070
Weighted average number of ordinary shares in issue (000)	212,134	216,630
Basic and diluted earnings (cents per share)	**12.5**	**20.5**
Basic and diluted (loss) / earnings (cents per share – continuing operations)	**1.9**	**11.2**
Basic and diluted earnings / (loss) (cents per share – discontinued operations)	**10.6**	**9.3**
Net tangible assets per share*	**73c**	**64c**

** Net tangible assets per share are calculated by dividing the net tangible assets by the shares in issue at 30 June 2014.*

For the year ended 30 June 2014

14. SHARE CAPITAL

	GROUP AND HOLDING COMPANY	
	2014 shares 000	2013 shares 000
Number of issued shares		
Opening balance	216,630	216,630
Share buy backs	(8,556)	-
Closing balance	**208,074**	**216,630**

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

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	GROUP		HOLDING COMPANY	
	2014 $000	2013 $000	2014 $000	2013 $000
Cash and cash equivalents	178	377	69	46
Bank overdraft	(109)	(239)	-	(151)
Total cash and cash equivalents	**69**	**138**	**69**	**(105)**

16. FINANCE RECEIVABLES - OTHER

		GROUP		HOLDING COMPANY	
	NOTE	2014 $000	2013 $000	2014 $000	2013 $000
Current					
Gross finance receivables		4,886	3,494	-	-
Less allowance for impairment	30	(701)	(74)	-	-
Total current		**4,185**	**3,420**	**-**	**-**
Non-Current					
Gross finance receivables – Co-investments in RCL*		33,746	32,077	29,034	-
Total non-current		**33,746**	**32,077**	**29,034**	**-**
Total finance receivables		**37,931**	**35,497**	**29,034**	**-**

**Residential Communities Limited - £29 million of the Group balance is held directly by PGC Company. RCL is a subsidiary of Torchlight Fund LP.*

Finance receivables are loans with various terms and interest rates.

17. INVESTMENT PROPERTY

	GROUP	
	2014 $000	2013 $000
Opening balance	4,800	20,974
Acquisitions and enforced security	11	800
Change in fair value	-	2,721
Disposals	-	(16,068)
Transfer to assets held for sale	-	(3,627)
Closing balance	**4,811**	**4,800**

For the year ended 30 June 2014

17. INVESTMENT PROPERTY (CONTINUED)

As at 30 June 2014, investment property comprises a mix of residential and commercial properties. During the year no investment properties were acquired as a result of enforcement of security over finance receivables (June 2013: $0.8 million).

The fair value of the Group's investment property at 30 June 2014 has been arrived at on the basis of valuations carried out in August 2012 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 2011.

The 2012 valuation report has not been updated in 2014, however recent feedback from valuers in the location and based on information from Quotable Value New Zealand indicating a small year on year market increase for the wider Tauranga area. The Directors, therefore, consider the carrying value of the investment property represents the appropriate fair value at 30 June 2014.

The valuation was arrived at by reference to the market evidence of transaction prices for similar properties less estimated development costs, GST, selling and legal expenses and profit margins. Key assumptions of the valuation are that 9 sites will achieve a gross sale price of $1.8 million with total development costs of $0.86 million and a further 150 sites will achieve a gross sale price of $20.87 million with total development costs of $11.5 million. These assumptions and the resulting valuation arrived at in August 2012 remain pertinent.

The following amounts were recognised in the statement of comprehensive income in respect of investment property held during the year ended 30 June:

	GROUP	
	2014	**2013**
	$000	**$000**
Rental income	33	337
Direct operating expenses arising from investment property that generated investment income	11	281
Direct operating expenses arising from investment property that did not generate investment income	-	446

18. TRADE AND OTHER RECEIVABLES

	GROUP		**HOLDING COMPANY**	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Trade receivables	466	246	360	86
Receivables – Sale of van Eyk	-	7,858	-	-
Receivables – Sale of Perpetual Trust Limited (PTL)	25,944	5,714	25,746	5,714
Total other assets	**26,410**	**13,818**	**26,106**	**5,800**

The $22.0 million (the "Consideration Amount"), of the $25.9 million receivable on sale the PTL, is subject to the purchaser meeting certain criteria under the obligations the Deed of Termination of Agreements between both parties. In consideration of this Deed, the purchaser agreed to list the shares of a newly incorporated company on the Main Board of the NZX Limited (the "IPO"), the Consideration Amount is to be paid, as soon as reasonable practicable, after this IPO. The Consideration Amount is also subject to market conditions and a price earnings multiple for the newly incorporated company. Should market condition at the time of the IPO dictate that the price earnings multiple is not reflective of market expectations at the time of completion of the Deed of Terminations of Agreement, the Consideration Amount maybe materially lower, however, the Directors consider $22 million an appropriate carrying amount for this receivable. The purchaser has contractual obligations which meet the conditions for this receivable to be recognised within this financial period.

For the year ended 30 June 2014

19. ASSETS HELD FOR SALE

	GROUP	
	2014	2013
	$000	$000
Property held for sale	2,337	4,452
Impairment	(1,284)	(503)
Total assets held for sale	**1,053**	**3,949**

In July 2014, the Group sold 6 investment properties. As at 30 June 2014, the Group has used the sale prices as a basis for determining the carrying value of the 6 investment properties that have been sold in July 2014 and the remaining properties on that site.

The investment properties are included in the Property Group segment.

20. INVESTMENTS - LOANS AND RECEIVABLES

	GROUP	
	2014	2013
	$000	$000
Other loans and receivables	-	355
Total Investments – Loans and Receivables	**-**	**355**

21. INVESTMENTS - FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP		HOLDING COMPANY	
	2014	2013	2014	2013
	$000	$000	$000	$000
Convertible note – van Eyk	-	6,610	-	6,610
Investment in EPIC	25,134	-	25,134	-
Total Investments – Fair value through profit or loss	**25,134**	**6,610**	**25,134**	**6,610**

As at 30 June 2013, the van Eyk convertible note had a face value of AU$5.6 million and accrued no interest. The note could be converted to shares at the Group's request at AU$0.9 per share (6,222,222 shares), or redeemed by van Eyk at Market Value per share (as defined in the convertible note agreement) multiplied by 6,222,222. Alternatively, on the occurrence of a Corporate Action (as defined in the convertible note agreement), van Eyk must redeem the note by paying the Market Value per share multiplied by 6,222,222 in cash to PGC, or if acceptable to PGC, the face value of AU$5.6 million in cash plus either van Eyk shares for the balance at AU$0.9 per share or some other securities.

In February 2014, PGC sold the convertible note for face value of AU$5.6 million.

During the year to 30 June 2014, the Group reclassified the investment in EPIC from being an investment in associate to an investment held at fair value through profit or loss (refer to note 23). The EPIC investment has been valued at 60 cents per share in line with a bid price in the post year end period. This bid price was an arm's length market transaction between EPIC and an independent third party, as a result the Directors consider the bid price of this transaction to best represent the fair value of the EPIC investment as at 30 June 2014.

22. DEFERRED TAX

	GROUP		HOLDING COMPANY	
	2014	2013	2014	2013
	$000	$000	$000	$000
The following deferred tax assets have not been recognized as at 30 June:				
Tax losses (subject to meeting shareholder continuity requirements)	5,216	11,257	855	1,843
Deductible temporary differences	447	626	-	196
Total unrecognised deferred tax assets	**5,663**	**11,883**	**855**	**2,039**

These deferred tax assets are only available against future taxable profits in New Zealand. On re-domicile from New Zealand to Guernsey, the Company is exempt from Guernsey income tax.

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23. INVESTMENT IN ASSOCIATES

Summarised Statement of Financial Position

	EPIC Ltd		Torchlight Fund LP		TOTAL	
	2014*	**2013**	**2014**	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Current						
Cash and cash equivalents	-	6,657	28,873	1	28,873	6,658
Other current assets (excluding cash)	-	1,944	5,965	194,149	5,965	196,093
Total current assets	-	8,601	34,838	194,150	34,838	202,751
Financial liabilities (excluding trade payables)	-	-	18,001	124,515	18,001	124,515
Other current liabilities (including trade payables)	-	364	66,200	29,557	66,200	29,921
Total current liabilities	-	364	84,201	154,072	84,201	154,436
Non-current						
Assets	-	74,142	416,141	108,384	416,141	182,526
Financial liabilities	-	-	160,418	-	160,418	-
Total non-assets	-	74,142	255,723	108,384	255,723	182,526
Net assets	**-**	**82,379**	**206,360**	**148,462**	**206,360**	**230,841**

Summarised Statement of Comprehensive Income

	EPIC Ltd		Torchlight Fund LP		TOTAL	
	2014*	**2013**	**2014**	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
(Loss)/revenue	-	(4,137)	18,718	(9,119)	18,718	(13,256)
Depreciation and amortization	-	2	-	-	-	2
Interest income	-	151	12,044	19,875	12,044	20,026
Interest expense	-	-	(7,977)	(16,285)	(7,977)	(16,285)
(Loss)/profit before tax	**-**	**(3,984)**	**22,786**	**(5,529)**	**22,786**	**(9,513)**
Income tax expense	-	(137)	-	-	-	(137)
Post-tax (loss)/(profit	**-**	**(4,121)**	**22,786**	**(5,529)**	**22,786**	**(9,650)**
Other comprehensive income	**-**	**(5,512)**	**-**	**(4)**	**-**	**(5,516)**
Total comprehensive income	**-**	**(9,633)**	**22,786**	**(5,533)**	**22,786**	**(15,166)**
Dividends received from associate	**-**	**-**	**-**	**-**	**-**	**-**

*During the year, the Group no longer had significant influence over EPIC, as detailed further in Note 9. No data was publically available on EPIC to complete the Summarised Financial Statements above.

The information above reflects the amounts presented in the management accounts of the associates (and not the Group's share of those amounts).

For the year ended 30 June 2014

23. INVESTMENT IN ASSOCIATES (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of its interest in associates:

Summarised financial information	EPIC Ltd		Torchlight Fund LP	
	2014 $000	2013 $000	2014 $000	2013 $000
Opening net assets at 1 July	-	83,175	148,461	-
Profit/(loss) for the period	-	(4,121)	22,786	(5,851)
Other comprehensive income	-	(5,512)	-	(4)
Foreign exchange differences	-	-	(13,584)	(8,683)
Transactions with shareholders	-	8,837	48,697	162,999
Closing net assets	-	82,379	206,360	148,461
Interest in associates (26.9%, 25.33%)	-	22,160	52,272	37,605
(Discount to net asset value on acquisition)/goodwill	-	(5,809)	-	8,663
Carrying Value	**-**	**16,351**	**52,272**	**46,268**

Equity Partners Infrastructure Company No.1 Limited (EPIC)

At 30 June 2011, the Group held a 11.1% stake in EPIC and it was treated as an investment. On 5 April 2012, the Group purchased 7,222,222 EPIC shares from Torchlight Fund No. 1 LP, at a cost of $3.03 million. On 4 May 2012, EPIC issued an additional 5,960,000 of ordinary shares to Equity Partners Infrastructure Management Ltd (EPIM), a wholly owned subsidiary of the Group, as part satisfaction of the amount owing from EPIC to EPIM. This brought the Group's interest up to 19.9% of EPIC's total issued share capital. The investment has been treated as an associate from this date. On 29 June 2012, a further issue of 13,707,687 shares was made to the Group in full satisfaction of the termination fee, management fee and Moto performance fee (refer note 27). This brought the Group's interest in EPIC to 26.96% of total issued capital.

EPIC's reporting date is 31 March. In the prior period, for the purpose of applying the equity method of accounting, the financial statements for the year ended 31 March 2013 have been used. The directors consider there were no significant transactions between that date and 30 June 2013 and as such no adjustments have been made.

As at 30 June 2014, it was considered that the Group no longer had significant influence over EPIC. As significant influence is required for the Group to equity account for its investment in EPIC, the Group will now account for the investment at fair value (refer to note 21).

For the year ended 30 June 2014

23. INVESTMENT IN ASSOCIATES (CONTINUED)

Torchlight Fund Limited Partnership (TFLP)

The Group increased its investment in Torchlight Fund LP (TLP) to 25.3% through the purchase of partnership interests from existing limited partners during the year. The Group considered TLP to be an associate.

None of the Group's associates are publicly listed and consequently they do not have published market values.

24. BORROWINGS

	GROUP		HOLDING COMPANY	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Current				
Property book borrowings sourced from New Zealand	159	588	-	-
Total current borrowings	**159**	**588**	**-**	**-**
Total borrowings	**159**	**588**	**-**	**-**

At 30 June 2014, Property Assets Limited, a wholly owned subsidiary had $0.2 million of debt (2013: $0.6 million), secured over various property assets.

25. OTHER LIABILITIES

	GROUP		HOLDING COMPANY	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Current				
Trade and other payables	5,624	11,777	3,016	5,161
Employee entitlements	-	990	-	990
Total other current liabilities	**5,624**	**12,767**	**3,016**	**6,151**
Total other liabilities	**5,624**	**12,767**	**3,016**	**6,151**

26. FINANCE RECEIVABLES SUBJECT TO MANAGEMENT AGREEMENT

On 5 January 2011, Real Estate Credit Limited (RECL), a wholly owned subsidiary of PGC, entered into a management agreement with MARAC Finance Limited (MARAC). Under this arrangement, RECL agreed to manage certain non-core real estate loans of MARAC for a 5 year period (ending 5 January 2016).

On 4 June 2013, the management agreement was terminated. Under the terms of the agreement the Group transferred the $11 million zero coupon bond, certain investment properties and finance receivables to MARAC (transferred assets) to settle the obligations under the agreement. At this point, the Group derecognised the MARAC finance receivables, liabilities for MARAC finance receivables, the transferred assets and the remaining unamortised portion of the $11 million upfront fee. A net gain of $7.7 million was recognised in profit or loss on derecognition.

For the year ended 30 June 2014

27. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Parent and its associated entity

Australasian Equity Partners Fund No. 1 LP (AEP LP)
AEP LP is the parent of PGC holding 79.93% of PGC's shares at 30 June 2014.

AEP LP charged PGC consulting and administrative fees of $0.02 million (June 2013: $0.5 million cost reimbursement for transaction advice). The balance receivable at 30 June 2014 is $nil million (June 2013: $0.6 million receivable).

Australasian Equity Partners (GP) No. 1 Limited (AEP GP)
AEP GP is the general partner of AEP LP. AEP GP charged PGC management fees of $0.3 million (June 2013: $0.5 million). The balance receivable at 30 June 2014 is $nil million (June 2013: $0.1 million).

The above expenses are charged to Other Operating Expenses in the Statement of Comprehensive Income and included in Other Liabilities in the Statement of Financial Position.

Subsidiaries
Advances to and from subsidiaries are interest free and repayable on demand. During the year ended 30 June 2014, no impairment was recognised in respect of these advances (June 2013: nil). Total balance receivable at 30 June 2014 is $17 million (30 June 2013: $143.7 million) and total balance payable to subsidiaries is $nil million (30 June 2013: $92.1 million).

Associates

Equity Partners Infrastructure Company No.1 Ltd (EPIC)
The Group used to be the manager of EPIC. On 13 February 2012, the Management Agreement was terminated. Under the termination agreement, EPIC agreed to pay a termination fee of $4.8 million and Moto performance fee of $3.3 million and the Group agreed to provide certain management services under a secondment agreement over a 12 month period for $0.7 million and to reimburse EPIC for advisors fees incurred in connection with the arrangement. On 4 May 2012 and 29 June 2012, EPIC issued an additional 5.96 million and 13.7 million shares respectively to the Group in satisfaction of amounts owing. From 4 May 2012, EPIC was considered an associate. In the year ended 30 June 2012, an impairment charge of $2.5 million was recognised against the management contract recognised as an intangible asset; retainer, redemption and management fees of $0.6 million, $1.3 million and $1 million were recognised and an impairment charge of $2.7 million was recognised on the Group's previous investment in EPIC.

During the year ended 30 June 2013, income recognised for management services was $0.4 million and reimbursement expense was $1.2 million. The EPIC termination and secondment agreement was extended to 13 February 2014. The directors took legal advice to determine the correct amount payable by Equity Partners Infrastructure Management Limited (EPIM) under the terms of the EPIC termination and secondment agreement. The EPIC termination and secondment agreement allowed for certain professional costs to be reimbursed. The legal advice was that EPIC had incorrectly claimed that certain payments were reimbursable by EPIM. Therefore the incorrect portion has been written back. As a result during the year ended 30 June 2014, $2.0 million of expenses which were previously recognised were deemed not payable. A balance recognised during the year and payable at 30 June 2014 is $0.4 million (June 2013: $2.0 million). A balance of $1.5 million was receivable from EPIC in relation to expenses incurred by the Group during the year ended 30 June 2014 on behalf of EPIC.

As at 30 June 2014, it was considered that the Group no longer had significant influence over EPIC (refer to note 21 and 23).

For the year ended 30 June 2014

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

van Eyk and associated party
In March 2013, van Eyk purchased all the issued share capital of Perpetual Portfolio Management Limited (PPM) (including its subsidiaries), a wholly owned subsidiary of PGC. Further, in March 2013, the Group purchased AU$2.8 million additional shares in van Eyk (partially settled through conversion of the existing AU$1.8 million loan) and then sold its share investment in van Eyk by disposing of wholly owned subsidiary van Eyk Group Holdings Pty Limited (VEGH) (previously Torchlight Australia Pty Limited), to a third party.

As partial settlement for these transactions, the PGC Holding Company was assigned the loan to van Eyk associated person (AU$1 million) from VEGH, provided an advance (AU$0.7 million, NZ$0.9 million) to van Eyk and was issued a convertible note (A$5.6 million, NZ$7.0 million). The balance receivable from the van Eyk associated party and loan to van Eyk were $1.3 million and $0.9 million respectively at 30 June 2013. The carrying value of the convertible note at 30 June 2013 was $6.6 million (AU$5.6 million). The loan to an associated party of van Eyk accrued interest at 8%. Interest recognised during the year was $0.05 million (30 June 2013: $0.1 million). The loan to van Eyk accrued interest at the Bank Bill Swap Bid Rate (BBSY) plus 2% per annum. Interest recognised during the year was $0.01 million.

On 7 February 2014, PGC sold its residual stake in van Eyk, converting the AU$5.6m convertible note to shares and selling these at book value (refer to note 21)..

Torchlight Fund No.1 LP (TLP)
The Group as manager of TLP received management, investment acquisition and performance fees from TLP. Management fees are equal to 1.85% per annum of total committed capital until the end of the Investment Period (three years from 26 October 2010 which expired on 25 October 2013) and 1.85% per annum of the invested capital thereafter. Investment acquisition fees are 1.5% of the purchase price of investments made and profit share is 20% of returns in excess of 8% per annum paid to Limited Partners on a pro rata basis. During the period to 21 December 2012, total fees recognised were $13.9 million (June 2012: $2.8 million). Due to the in specie distribution on 21 December 2012 loan advance amounts owing from TLP are now repayable by TFLP.

On 22 March 2012 and 26 March 2012, the Group paid $0.95 million and $0.45 million respectively to facilitate additional investment in TLP by an unrelated party which was guaranteed in full by TLP. This was repaid in full in the year ended 30 June 2013.

Torchlight Fund LP (TFLP)
A subsidiary of PGC, Torchlight GP Limited (a Caymans Registered company) is the general partner of TFLP and is entitled to management, investment acquisition and performance fees on a similar basis to the previous arrangement between the Group and TLP. Between 21 December 2012 and 30 June 2013, management fees of AU$1.5 million were recognised. For the year ended 30 June 2014 management fees of NZ$5.2 million were recognised

During the year ended 30 June 2013, general loan advances were provided to TLP. These amounts are now repayable by TFLP. During the year ended 30 June 2013, the Group sold 5.5 million shares in Straits Resources Limited (SRQ) to TFLP at market value. At 30 June 2014, the amount receivable from TFLP was $10.1 million (June 2013: receivable from TFLP of $19.5 million). General advances accrue interest at 9%. Total interest recognised during the period was $0.5 million (June 2013: $1.2 million).

For the year ended 30 June 2014

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

RCL Finance Receivables - co-investment
During the year ended 30 June 2013, subsidiaries of PGC co-invested with TFLP in RCL finance receivables through participation agreements for AU$21.2 million. The co-investment accrued interest at rates between 10.74% and 10.96%. Total interest recognised during the period was $1 million (June 2013: $3.3 million). Interest stopped accruing at 31 August 2013 due to the restructuring of the Groups co-investment. The total investment in RCL finance receivables as at 30 June 2014 is $33.7 million (June 2013: $32.1 million). The Group's intention is for these Co-Investments in RCL to be converted into TFLP limited partner interests through Torchlight Group Limited investment in TFLP within the next financial period.

Fund management fees
No fees were received by the Perpetual Group segment for fund management services provided during the year ended 30 June 2014 (2013: $4.2 million). During the year ended 30 June 2013, the Perpetual Group paid expenses on behalf of Funds which were subsequently reimbursed. The Perpetual Group was disposed of in April 2013.

(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:

	GROUP		HOLDING COMPANY	
	2014	2013	2014	2013
	$000	$000	$000	$000
Key management personnel compensation is as follows:				
Short-term employee benefits	349	1,274	-	538
Termination benefits	-	1,114	-	990
Total	349	**2,388**	**-**	**1,528**

For the year ended 30 June 2014, no direct employee costs were borne by the Group. Prior year employee expenses were in relation to the Perpetual Group and van Eyk entities which are now discontinued operations.

During the year, an advance of $nil million (June 2013: $0.18 million which was repaid prior to year end) was provided by a director to PGC.

28. FAIR VALUE

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

Finance receivables
The fair value of the Group's finance receivables was calculated based on discounted cash flow analysis using current market interest rates for loans of similar nature and term or by reference to the value of the underlying collateral.

Zero coupon bond
In the prior year, the fair value of the zero coupon bond was based on the present value of expected cash flows from the bond, using market interest rates as at the balance date. Further details per note 26.

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.

For the year ended 30 June 2014

28. FAIR VALUE (CONTINUED)

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.

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.

Investments - Fair value through profit or loss
During the year ended 30 June 2013, the financial statements included convertible notes which are measured at fair value (note 21). The fair value assumes a price per share not supportable by observable market prices or rates. In determining the fair value a price per share of AU$0.9 was used. If this input was AU$0.4 higher the carrying amount of the shares would have increased by $2.93 million. In February 2014, PGC sold the convertible note for face value of AU$5.6 million.

As at 30 June 2014, it was considered that the Group no longer had significant influence over EPIC (note 27). Therefore, for the purpose of these financial statements, EPIC is not deemed an Associate and the investment in EPIC is held at fair value through profit or loss. The EPIC investment has been valued at 60 cents per share in line with a bid price in the post year end period. This bid price was an arm's length market transaction between EPIC and an independent third party, as a result the Directors consider the bid price of this transaction to best represent the fair value of the EPIC investment as at 30 June 2014.

Investment property
After initial recognition, investment properties are measured at fair value. The fair values determined by independent valuers are arrived at by reference to the market evidence of transaction prices for similar properties, less estimated development costs, GST, selling and legal expenses and profit margins. The fair value is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Changes in fair values are recognised in the Statement of Comprehensive Income.

	2014		2013	
	Carrying Value $000	**Fair Value $000**	**Carrying Value $000**	**Fair Value $000**
GROUP				
Assets				
Cash and cash equivalents	178	178	377	377
Finance receivables – other	37,931	37,931	35,497	35,497
Investments – Assets held for sale	1,053	1,053	4,109	4,109
Investment property	4,811	4,811	4,800	4,800
Advances to associates	10,143	10,143	21,631	21,631
Investments – Loans and receivables	-	-	355	355
Investments – Fair value through profit or loss	25,134	25,134	6,610	6,610
Trade and other receivables	26,410	26,410	13,818	13,818
Total assets	**105,033**	**105,033**	**87,197**	**87,197**
Liabilities				
Bank overdrafts	109	109	239	239
Borrowings	159	159	588	588
Advances from associates	-	-	564	564
Other financial liabilities	5,624	5,624	12,767	12,767
Total liabilities	**5,892**	**5,892**	**14,158**	**14,158**

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28. FAIR VALUE (CONTINUED)

	2014		2013	
	Carrying Value $000	Fair Value $000	Carrying Value $000	Fair Value $000
HOLDING COMPANY				
Assets				
Cash and cash equivalents	69	69	46	46
Advances to subsidiaries	17,487	17,487	143,655	143,655
Advances to associates	15,104	15,104	2,093	2,093
Investments – Fair value through profit or loss	25,134	25,134	6,610	6,610
Finance receivables - Co-investment with RCL	29,034	29,034	-	-
Trade and other receivables	26,106	26,106	5,800	5,800
Total assets	**112,934**	**112,934**	**158,204**	**158,204**
Liabilities				
Bank overdrafts	-	-	151	151
Advances from subsidiaries	-	-	92,117	92,117
Other financial liabilities	3,016	3,016	6,151	6,151
Total liabilities	**3,016**	**3,016**	**98,419**	**98,419**

Fair Value Hierarchy
The following table provides an analysis of financial instruments 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).

		GROUP 2014			
	NOTE	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets					
Property held for sale	19	-	1,053	-	1,053
Investments held at fair value	21	-	25,134	-	25,134
Investment property	17	-	-	4,811	4,811
Total Assets		**-**	**26,187**	**4,811**	**30,998**

		GROUP 2013			
	NOTE	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets					
Property held for sale	19	-	3,949	-	3,949
Available for sale investments held at fair value		12	148	-	160
Investments held at fair value	21	-	-	6,610	6,610
Investment property	17	-	-	4,800	4,800
Total Assets		**12**	**4,097**	**11,410**	**15,519**

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

At the Holding Company level, the investment held at fair value through profit or loss is a level 2 investment and no transfers have occurred between levels of the fair value hierarchy.

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28. FAIR VALUE (CONTINUED)

Reconciliation of Level 3 fair value measurements of assets

	GROUP					
	2014			2013		
	$000	$000	$000	$000	$000	$000
	Investment property	Investments held at FV	Total	Investment property	Investments held at FV	Total
Investments held at fair value						
Balance at the beginning of the year	4,800	6,610	11,410	20,974	-	20,974
Losses recognised in profit or loss	-	(559)	(559)	-	(390)	(390)
Change in fair value	11	-	11	2,721	-	2,721
Purchases	-	-	-	800	7,000	7,800
Sales	-	(6,051)	(6,051)	(16,068)	-	(16,068)
Transfers into out of Level 3	-	-	-	(3,627)	-	(3,627)
Balance at the end of the year	**4,811**	**-**	**4,811**	**4,800**	**6,610**	**11,410**

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.

Valuation process
The Group's investment properties were valued at 30 June 2014 on the basis of valuations carried out in August 2012 by independent registered valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued (refer to note 17). For all investment properties, their current use equates to the highest and best use.

The 2012 valuation report has not been updated in 2014, however recent feedback from valuers in the location and based on information from Quotable Value New Zealand indicating a small year on year market increase for the wider Tauranga area. The Directors, therefore, do not consider impairment to the carrying value of the investment property is required and the Group's investment properties are carried at the appropriate fair value.

In July 2014, the Group sold 6 investment properties. As at 30 June 2014, the Group has used the sale prices as a basis of valuation for the 6 investment properties that have been sold in July 2014 and the remaining properties on that site.

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

Description	Fair value at 30 June 2014 $000	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Investment property	4,811	Internal desktop based on 2012 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 were higher/(lower) - the estimated development costs were higher/(lower)

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29. 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

	GROUP		HOLDING COMPANY	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Assets				
Fair value through profit or loss	25,134	6,610	25,134	6,610
Loans and receivables	74,662	71,678	87,800	151,594
Available-for-sale financial assets	-	160	-	-
Liabilities				
Financial liabilities at amortised cost	5,892	13,168	3,016	97,430

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 and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings.

No members of the Group had externally imposed capital requirements in relation to their borrowing facilities.

30. 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 Board of Directors (Board) approves 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 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 provisioning

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

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30. CREDIT RISK EXPOSURE (CONTINUED)

(a) Credit impairment provisioning (continued)

As at 30 June 2014, a finance receivable for $1.2 million was impaired by $0.6 million and a bad debt provision included for the remaining $0.6 million.

MARAC finance receivables provision for impaired assets

	GROUP	
	2014	2013
	$000	$000
Provision for individually impaired assets		
Opening individual impairment	-	1,026
Impairment loss / (credit) for the year		
- Charge for the year	-	3,309
- Write offs	-	469
- Effects of discontinuing	-	(227)
Derecognised on termination of RECL		
- MARAC management agreement	-	(4,577)
Closing individual impairment	**-**	**-**
Provision for collectively impaired assets		
Opening collective impairment	-	24,538
Impairment loss for the year		
- Charge for the year	-	4,192
- Write offs	-	-
- Effects of discontinuing	-	(7)
Derecognised on termination of RECL		
- MARAC management agreement	-	(28,723)
Closing collective impairment	**-**	**-**
Total provision for impairment	-	-
Individually impaired assets expense	-	3,309
Collectively impaired assets expense	-	4,192
Total impaired asset expense	**-**	**7,501**

There is a provision for individually impaired assets at 30 June 2014 of $0.7 million (2013: $0.074 million) relating to other finance receivables. With the exception of the receivables which are impaired, the Group has no amounts which are past due.

Concentrations of credit risk

The Group has a concentration of credit risk at 30 June 2014 in relation to its advances to associates, finance receivables – co-investment with RCL and trade and other receivables.

For both the advances to associates and the finance receivables, the credit risk relates to Torchlight Fund LP. As disclosed in note 23 Torchlight Fund LP has net assets significantly in excess of the sum of the advances to associates and the finance receivables.

Trade and other receivables largely relate to the sale of Perpetual Trust Limited (refer to note 18). As is noted in note 18, $22 million is to be paid as soon as a newly incorporated company related to the purchaser is listed on the Main Board of the NZX Limited. The Board of Directors are of the view that the listing process will generate sufficient funds to settle this receivable.

At 30 June 2014, included in trade and other receivables and other finance receivables are $nil million (2013: $0.265 million) of loan receivables relating to the property sector.

Maximum Exposure to Credit Risk

The carrying amount of the Group's financial assets recorded in the 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.

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31. 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

	0-12 Months $000	1-2 Years $000	2-5 Years $000	5+ Years $000	Total $000
2014 – GROUP					
Financial liabilities					
Borrowings	167	-	-	-	167
Bank overdraft	109	-	-	-	109
Other financial liabilities	5,624	-	-	-	5,624
Total financial liabilities	**5,900**	**-**	**-**	**-**	**5,900**

	0-12 Months $000	1-2 Years $000	2-5 Years $000	5+ Years $000	Total $000
2013 – GROUP					
Financial liabilities					
Borrowings	617	-	-	-	617
Bank overdraft	239	-	-	-	239
Advances from associates	564	-	-	-	564
Other financial liabilities	12,767	-	-	-	12,767
Total financial liabilities	**14,187**	**-**	**-**	**-**	**14,187**

	0-12 Months $000	Total $000
2014 – HOLDING COMPANY		
Financial liabilities		
Borrowings	-	-
Bank overdraft	-	-
Other financial liabilities	3,016	3,016
Total financial liabilities	**3,016**	**3,016**

	0-12 Months $000	Total $000
2013 – HOLDING COMPANY		
Financial liabilities		
Bank overdraft	151	151
Advances from subsidiaries	92,117	92,117
Other financial liabilities	6,151	6,151
Total financial liabilities	**98,419**	**98,419**

The tables above show the undiscounted cash flows of the Group and Holding Company's financial liabilities on the basis of their earliest possible contractual maturity.

There were no significant undrawn committed bank facilities at 30 June 2014 for the Group or Holding Company (Group 2013: $nil, Parent 2013: $nil).

There were no unrecognised loan commitments for the Group or Holding company for the year ended 30 June 2014 (2013: $nil)

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32. 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.

The Group's interest rate risk relates to financial assets and financial liabilities which are on floating interest rates.

If the interest rates had been 10% higher / lower and all other variables were held constant, the Group's profit for the year ended 30 June 2014 would increase / decrease by $0.01 million. This is mainly attributable to the Group's exposure to interest rates on finance receivables.

The Group did not have significant interest rate risk as at 30 June 2014.

Equity Price risk
The Group is exposed to equity price risks arising from its unlisted equity investments. Information on the Group's equity investments is included in note 21 and note 24 (for those held for sale at 30 June).

Equity price sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to equity price risks at 30 June 2014.

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

- Profit for the year ended 30 June 2014 would have increased by $2.51 million (2013: $0.001 million)

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

- Profit for the year ended 30 June 2014 would have decreased by $2.51 million (2013: $0.001 million)

For the year ended 30 June 2014, the Holding Company's exposure to equity price risk was identical to that of the Group as the equity investment was held at the Holding Company level. The Holding Company had no significant exposure to equity price risk at 30 June 2013.

Foreign exchange risk
The Group's exposure to foreign currency risk arises from its loans to its associate Torchlight Fund LP, RCL participations and foreign currency bank accounts, all denominated in AUD. A 10% increase/decrease in the New Zealand dollar against the Australian dollar would have resulted in a $8.555 million increase/decrease to profit or loss for the year (2013: $4.833 million). The effect in equity would also be a $8.555 million increase/decrease as a result of the above foreign exchange rate fluctuations (2013: $4.833 million).

The Holding Company's exposure to foreign currency risk arises from its investment in Torchlight Group Limited and the co-investment RCL participations. A 10% increase/decrease in the New Zealand dollar against the Australian dollar would have resulted in a $7.239 million increase/decrease to profit or loss for the year (2013: $nil). The effect in equity would also be a $7.239 million increase/decrease as a result of the above foreign exchange rate fluctuations (2013: $nil).

33. CONTINGENT LIABILITIES AND COMMITMENTS

	GROUP		HOLDING COMPANY	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Letters of credit, guarantees and performance bonds	-	315	-	200
Bank guarantee – Perpetual Trust Limited	-	3,000	-	3,000
Total contingent liabilities	**-**	**3,315**	**-**	**3,200**

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

During the financial year Torchlight Fund No. 1 was placed into receivership. There is 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). At this stage the Directors are not in a position to determine the quantum of any potential liability associated with this matter.

For the year ended 30 June 2014

34. DISCONTINUED OPERATIONS

During the year to 30 June 2013, the Board of Directors executed agreements to dispose of the Group's investment in Perpetual Group and van Eyk.

The Directors concluded that control of Perpetual Trust Limited (PTL) passed to the new owner on signing of the sale agreement and PTL was de-consolidated at that point.

Under the terms of the agreement for sale of PTL, PGC was entitled to the payment of an additional amount (Carry) of up to 40% of the proceeds in excess of the Purchase Price from certain future Corporate Events (as defined in the sales agreement). Because of the conditions attached to the agreement, the directors determined that it was not appropriate to recognise an asset at 30 June 2013.

During the year ended 30 June 2014, a Deed of Termination of Agreements between both parties was entered into. In consideration of this Deed, the purchaser agreed to list the shares of a newly incorporated company on the Main Board of the NZX Limited (the “IPO”). The Consideration Amount of $22.0 million is to be paid, as soon as reasonable practicable, after this IPO. The Consideration Amount is a maximum amount and is subject to market conditions and a price earnings multiple for the newly incorporated company. Should market condition at the time of the IPO dictate that the price earnings multiple is not reflective of market expectations at the time of completion of the Deed of Terminations of Agreement, the Consideration Amount maybe materially lower, however, the Directors consider $22 million an appropriate carrying amount for this receivable. The purchaser has contractual obligations which meet the conditions for this receivable to be recognised within this financial period.

This settlement amount of $22.0 million has been recorded as part of the gain on disposal of discontinued operations in the statement of comprehensive income.

	GROUP	
	2014	**2013**
	$000	**$000**
Results of discontinued operations		
Revenue	-	26,385
Expenses	-	22,411
Results from operating activities	**-**	**3,974**
Income tax expense	-	(509)
Results from operations, net of income tax	**-**	**3,465**
Loss on remeasurement to fair value	-	-
Gain on disposal of discontinued operations	22,481	17,339
Income tax on gain on sale of discontinued operations	-	-
Profit from discontinued operations for the year	**22,481**	**20,804**
Profit from discontinued operations attributable to:		
Owners of the Company	22,481	20,070
Non-controlling interests	-	734
Profit from discontinued operations for the year	**22,481**	**20,804**
Basic earnings per share (cents per share)	10.6	9.3
Diluted earnings per share (cents per share)	10.6	9.3

	GROUP	
	2014	**2013**
	$000	**$000**
Cash flows from discontinued operations		
Net cash from operating activities	-	10,956
Net cash from investing activities	4,437	(11,353)
Net cash from financing activities	-	-
Net cash from / (used in) discontinued operations	**4,437**	**(397)**

35. STAFF SHARE OWNERSHIP ARRANGEMENTS

Directors' retirement share scheme

At 30 June 2013 and 2014, the Trustees held 31,413 shares in PGC and shares in Heartland Bank (‘HNZ’) on behalf of a Director.

For the year ended 30 June 2014

36. SUBSEQUENT EVENTS

On 20 October 2014, the Holding Company agreed to a settlement with former Director John Duncan, with regards to a ongoing dispute over his resignation from the Holding Company, for an amount of NZD475,000.

On 22 October 2014, the Holding Company sold its entire 41.89 million shares in Equity Partners Infrastructure Company No.1 Limited ("EPIC") for GBP0.30 per share or GBP12.6m. This is approximately equivalent to 60 cents a share.

The Holding Company also agreed a settlement deed with EPIC to create a clean break between the parties and put to an end the litigation between the two firms. The key terms of the Deed are that the Holding Company has been repaid the GBP525,000 advance previously made to EPIC, and EPIC has waived its claim for NZD2.6m. In addition, the Holding Company has paid NZD380,000 to EPIC, for legal costs in litigation.

There were no other material events subsequent to 30 June 2014 to the date when these financial statements were authorised for issue.

Independent Auditors' Report

to the shareholders of Pyne Gould Corporation Limited

Report on the Financial Statements

We have audited the financial statements of Pyne Gould Corporation Limited ("the Company") on pages 14 to 51, which comprise the statements of financial position as at 30 June 2014, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 30 June 2014 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, 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 Company and the Group'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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on cash flows and our qualified audit opinion on financial position and financial performance.

Other than in our capacity as auditors we have no relationship with, or interests in, Pyne Gould Corporation Limited or any of its subsidiaries.

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pwc

Basis for Qualified Opinion on Financial Position and Financial Performance

The Group's investment in its associate, Torchlight Fund LP, is carried at $52.3 million in the statement of financial position and is accounted for using equity accounting. The Company's investment in Torchlight Fund LP is held by its subsidiary, Torchlight Group Limited which is carried at $43.4 million in the statement of financial position and is accounted for at cost less any impairment. The audited financial statements of Torchlight Fund LP are not yet available and therefore we were unable to obtain sufficient audit evidence about:

- the carrying amount of the Group's investment in its associate Torchlight Fund LP;
- the carrying amount of the Company's investment in its subsidiary Torchlight Group Limited;
- the associated impact on the financial performance in both the Group and the Company; and
- the disclosures in the associated notes to the financial statements in both the Group and the Company.

Qualified Opinion on Financial Position and Financial Performance

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph , the financial statements on pages 14 to 51:

(i) comply with generally accepted accounting practice in New Zealand;

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Group and the Company as at 30 June 2014, and their financial performance for the year then ended.

Opinion on Cash Flows of the Group

In our opinion, the financial statements on pages 14 to 51 give a true and fair view of the cash flows of the Group and the Company for the year ended 30 June 2014.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2014:

(i) with reference to the items noted in the Basis of Qualified Opinion paragraph we have not obtained all the information and explanations that we have required; and

(ii) except for records relating to the matter described in the Basis of Qualified Opinion paragraph, in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Use of our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' 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 opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants Auckland
3 November 2014

STATUTORY DISCLOSURES

DIRECTORS

The following persons respectively held office as directors of the Company and the Company's subsidiaries during the year ended 30 June 2014

Pyne Gould Corporation Ltd
GCD Kerr
BW Mogridge
R Naylor
G Bright
MJC Carolan (appointed 23/08/2013 and resigned 07/07/2014)
NJ Kirkwood (appointed 27/08/2014)

Equity Partners Asset Management Ltd
BW Mogridge
M Tinkler

Equity Partners Infrastructure Management Ltd
BW Mogridge
M Tinkler

Ferrero Investments Ltd
M Tinkler
R Naylor

Land House Ltd
M Tinkler

Property Assets Ltd
M Tinkler

Real Estate Credit Ltd
BW Mogridge
M Tinkler

MARAC Financial Services Ltd
BW Mogridge

MARAC Investments Ltd
BW Mogridge

Torchlight (GP) 1 Ltd
GCD Kerr

Torchlight (GP) 2 Ltd
GCD Kerr

Torchlight Investment Group Ltd
GCD Kerr

Torchlight Management Ltd
GCD Kerr

Willis Ltd
M Tinkler

Torchlight Securities Ltd
GCD Kerr

Torchlight Group (Caymans)
GCD Kerr
M Tinkler (resigned 26/08/2013)
R Naylor (appointed 26/08/2013)

Torchlight (GP) Limited (Caymans)
GCD Kerr
M Tinkler (resigned 26/08/2013)
R Naylor (appointed 26/08/2013)

DISCLOSURE OF INTERESTS

The following are disclosures of interest given by the Directors:

BW Mogridge

Director and shareholder
Rakon Ltd (Chairman) Mainfreight Ltd
Lantern Hotel Group Pty Ltd (Chairman)
Mogridge and Associates Ltd (Chairman)

Director
Bupa Australia Pty Limited

Ownership of limited partnership interests in Torchlight Fund LP

GCD 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 Tinkler & Co. 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 selected employees 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 to the extent permitted by the Financial Reporting Act 1993. The cost of the insurance premiums to the Company and its subsidiaries for the year was $57,500.

SHARES HELD AND SHARE DEALINGS BY DIRECTORS

Details of individual directors share dealings are as follows:

	Beneficial	Associated Person
GCD Kerr		
Balance at 30 June 2013	-	166,309,760
Balance at 30 June 2014	**-**	**166,309,760**
BW Mogridge		
Balance at 30 June 2013	44,899	1,336,048
Balance at 30 June 2014	**44,899**	**1,336,048**
G Bright		
Balance at 30 June 2013	-	-
Balance at 30 June 2014	**-**	**-**
R Naylor		
Balance at 30 June 2013	-	-
Balance at 30 June 2014	**-**	**-**

REMUNERATION OF DIRECTORS

The total remuneration received by each director who held office in the Company and its subsidiary companies during the 30 June 2014 year was as follows:

Parent Company Directors			**Remuneration**
GCD Kerr*	Executive	Non-Independent	-
R Naylor*	Executive	Non-Independent	-
N Kirkwood*	Executive	Non-Independent	-
BW Mogridge	Non-Executive	Independent	$235,000
G Bright	Non-Executive	Independent	$79,769
			$314,769

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

EXECUTIVE EMPLOYEES' REMUNERATION

The number of employees of the Company and its subsidiary companies, who received remuneration, including non-cash benefits, in excess of $100,000 for the year-ended 30 June 2014 is set out in the remuneration bands detailed below:

Remuneration	Total Group	Holding Company
$100,000 to $110,000	-	-
$110,000 to $120,000	-	-
$120,000 to $130,000	-	-
$130,000 to $140,000	-	-
$140,000 to $150,000	-	-
$150,000 to $160,000	-	-
$160,000 to $170,000	-	-
$170,000 to $180,000	-	-
$180,000 to $190,000	-	-
$190,000 to $200,000	-	-
$200,000 to $210,000	-	-
$210,000 to $220,000	-	-
$280,000 to $290,000	-	-
$330,000 to $340,000	-	-

DONATIONS

During the financial year ended 30 June 2014, the Company made no donations.

SHAREHOLDER INFORMATION

AS AT 19 SEPTEMBER 2014

SIZE OF SHAREHOLDING

	Number of holders	% of share capital
1 – 1,000	365	0.08
1,001 – 5,000	602	0.73
5,001 – 10,000	342	1.15
10,001 – 50,000	366	3.68
50,001 – 100,000	67	2.27
100,001 and over	50	92.09
Total	**1,792**	**100.00**

GEOGRAPHIC DISTRIBUTION

	Number of holders	% of share capital
New Zealand	40,598,688	19.53
Overseas	167,307,472	80.47
Total	**207,906,160**	**100.00**

LARGEST SHAREHOLDERS

Rank	Name	Number of shares	% of share capital
1	Australasian Equity Partners Fund No. 1 LP	166,309,760	79.99
2	New Zealand Central Securities Depository Limited	10,942,372	5.26
3	Stephen Andrew Walker	1,435,337	0.69
4	Bryan William Mogridge	1,336,048	0.64
5	Walker & Hall Fine Gifts Limited	1,198,141	0.58
6	ASB Nominees Limited	1,025,924	0.49
7	Paul Rex Chaney & Dianne Joan Chaney	1,018,400	0.49
8	Bruce Stewart Miles	562,800	0.27
9	Justine Elinor Thompson	370,867	0.18
10	Stephen Alan McCabe	364,500	0.18
11	Tribal New Zealand Traders Limited	336,019	0.16
12	Alistair Blair McCredie	321,600	0.15
13	Investment Custodial Services Limited	285,375	0.14
14	Frederick Garnet Adams & Rosena Elizabeth Adams	267,772	0.13
15	Cash IT Limited	267,464	0.13
16	Hwa Yuen Ong	253,274	0.12
17	Jedi Investments Limited	250,000	0.12
18	Philip Lewis McIntyre & Jillian Grace McIntyre	217,080	0.10
19	Brian Kelly Limited	209,161	0.10
20	Jania Mary O'Coates	208,197	0.10
Total Top Holders Balance		**187,180,091**	**90.02**

SUBSTANTIAL SECURITY HOLDERS

As at 19 September 2014 Australasian Equity Partners Fund No.1 LP (AEP) held 166,309,760 ordinary shares in the company, being 79.99% of the issued capital of the Company.

NEW ZEALAND STOCK EXCHANGE WAIVERS

No waivers were obtained by the Company from the NZX.

DIRECTORY

DIRECTORS
Bryan Mogridge
George Kerr
Russell Naylor
Gregory Bright
Noel Kirkwood

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