PYNE GOULD CORPORATION LIMITED

Results Announcement to the Market 29 February 2012

Reporting Period – Six months to 31 December 2011
Previous Reporting Period – Six months to 31 December 2010

	Amount $'000	Percentage Change
Net operating income from ordinary activities	**17,360**	**47.1%**
Profit (Loss) after tax from continuing activities attributable to shareholders	**(27,106)**	**35.9%**
Net Profit (Loss) after tax attributable to shareholders	**(27,106)**	**24.1%**

Interim Dividend: The Company does not propose to pay an interim dividend.

Commentary for Pyne Gould Corporation Limited's six month's result to 31 December 2011

Based on a trading profit of $2.7m after tax and accounting losses of $29.8m, Pyne Gould Corporation Limited today announced a loss of $27.1m after tax for the first six months of the fiscal year to 30 June 2012.

The trading profit is pleasing and shows progress in the stabilisation and development of the firm, and while this result is some $7m better than last year, it bears little comparison as PGC was a very different business during that time.

The accounting losses of $29.8m were from: adjustment to market of publically held shares in Heartland New Zealand Limited (minus $5.3m); and PGG Wrightson Limited (minus $7.2m); revaluation of EPIC shares and management contract (minus $6.5m); provisions against the MARAC Property Management Agreement of $8.8m; and property revaluations at minus $1.2m accounting for most of the remainder.

The net tangible assets backing per-share has decreased from 60 cents per-share at 30 June 2011 to 50 cents as at 31 December 2011.

Operations:

PGC is now operating as three fundamental areas of activity: Wealth Management, Real Assets, and Liquidity and Securities.

Wealth Management: This area comprises Perpetual Group and an associate Australian investment research firm, van Eyk. The combined result for the period was an after-tax loss of $0.35m. We do not regard this performance over the first six months as satisfactory and there is a refocusing of effort in order to generate better returns in the next 6 months and beyond. Growth will come from the purchase of advisory businesses within New Zealand, which has begun, and the enhanced performance of the existing team. The total funds under management and advice in both Australia and New Zealand is $2 billion.

Real Assets: This area consists of property, PGC's holding in EPIC (15 million shares), PGC's 10% holding in the Torchlight Fund No 1 LP ("Torchlight Fund"), and Torchlight (GP) 1 Limited

("Torchlight GP"), which is the general partner for Torchlight Fund. This area made a profit after tax of $3.4m. The property group actively manages a comprehensive portfolio and during the period sold $5.7m of property not required. EPIC sold its holding in Thames Water and repaid the PGC loan of $14m. Also, as a subsequent event, EPIC has cancelled the Equity Partners Infrastructure Management Limited ("EPIM") management contract and awarded a performance fee to EPIM seeing PGC receive $8.9m which will either be paid in EPIC shares or cash or a combination of both. Torchlight GP earns good management fees from Torchlight Fund and has potential to receive a performance fee upon the winding up of Torchlight Fund. A review of the operations of Torchlight GP in December identified fees that had been received early ($4.98m); these were returned to Torchlight Fund but retained as working capital in PGC's accounts. During this review process the board also decided to increase the capital of Torchlight GP in order that it can build on the good results to date and seek modest investments beyond Torchlight Fund. Torchlight GP made several new investments; one of which was a seedling investment of $7.5m into an unrelated offshore equities fund. The nature of the investments and commercial sensitivity precludes comment except to say that at this early stage their potential is considered promising.

Liquidity and Securities: The intention is that on 30 May 2012 PGC's banking facility, which is due for repayment, will be repaid and no further debt will be held at the PGC level. The securities held under this area are HNZ (6.02%) and PGGW (9.56%). Both of these companies have built solid foundations for the future from difficult pasts but are currently under-performing in our view. Given the relative importance of each firm, we intend to seek improved results from both businesses. Our position is to hold the shares in both these companies, as we believe in their market offerings and the opportunities that they each have; they now need to get on with the job of enhancing their businesses.

PGC Parent Company: Independent director Bruce Irvine resigned on 31 January 2012 and PGC received a waiver from the NZSX to be able to continue with only one independent director until the end of April 2012, as opposed to the two independents required by NZSX listing rule 3.3.1(c). The net loss after tax for the parent company was $1.3m. This is lower than previously and there are plans in place to reduce costs further.

The Future: With PGC under takeover offer from Australasian Equity Partners Fund No. 1 LP Ltd ("AEP") the future of PGC as a listed entity is still uncertain. The offer from AEP remains open to PGC shareholders until March 30, 2012. During that time AEP could move from its current PGC shareholding of 70.5% to 90% and at that point compulsorily acquire the remaining 10% and delist the company. This may or may not occur.

The profit performance of the company at year end is dependent upon the trading performance of the company and the accounting adjustments. The trading profit is anticipated to improve from its current level but not double. The accounting adjustments will depend predominantly upon market movements of the listed securities held and the provisions within the MARAC Property Management Agreement. Consequently, it is too early to give any solid indication of a final result.

For further information please contact

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