

Pyne Gould Corporation Limited

**ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 30 June 2015

PYNE GOULD CORPORATION LIMITED

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For the year ended 30 June 2015

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PYNE GOULD CORPORATION LIMITED

COMPANY REPORT

Directors' Report

The Pyne Gould Corporation Limited ("PGC" or the "Company") financial results for the 2015 fiscal year saw Net Tangible Assets ("NTA") end at £55.2 million (from GBP71.1 million last year) or NZD128.4 million (NZD138.6 million last year). On a per share basis this was down in GBP terms 33.51p per share to 26.61p per share and in NZD terms 66.60 cents per share to 61.90 cents per share).

The NTA impact was non cash and predominately due to the impact of non cash foreign exchange translation reserve arising from a weak New Zealand Dollar ("NZD") and strong British Pound Sterling ("GBP") and the impact of consolidating the RCL Group into PGC for part of the year.

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

Whilst the Company has previously announced that TFLP would be treated as a subsidiary for the 2016 financial year, the Company entered into conditional agreements on 30 September 2014 which gave rise to future potential voting rights in TFLP. The company has historically treated TFLP as an associate, however, it has since been determined that the hypothetical ability to gain control of TFLP arising from the future potential voting rights resulted, under IFRS 10, in the Company gaining control of TFLP on 30 September 2014.

Long Term Focus

PGC is very confident in its long run plan. To understand why it is worth reviewing our history.

PGC headed into 2009 with a market capitalisation of NZD400 million and as New Zealand's oldest investment company it was in its 90th year. The accounts revealed very large property loan losses sustained by its finance subsidiary Marac. Like many of its peers PGC faced imminent bankruptcy. South Canterbury Finance, Hanover, Lombard, Strategic, Nationwide and Equitable are just a handful of the over 50 finance company failures of that period.

Uniquely, PGC moved to take advantage of the situation, led by newly appointed non executive director George Kerr and newly appointed Managing Director Jeff Greenslade, PGC embarked on a successful NZD272 million 6:1 rights issue to recapitalise Marac and create a registered bank. The old PGC board was largely immediately replaced. They had developed and executed a flawed strategy that resulted in enormous losses in Marac and decimation for shareholders. The market capitalisation had fallen to NZD40 million by the time of the rights issue. PGC, free from the past, moved quickly to execute its strategy. Of the NZD272 million rights issue PGC paid off debt and costs and used NZD220 million to recapitalise Marac. This effectively created two businesses. Marac became "good bank" which ultimately became Heartland. The Marac bad book became "bad bank" which ultimately became Torchlight.

PGC then merged Marac with CBS and Southern Cross and inspected its 216 million shares in what is now Heartland Bank. PGC shareholders who have retained their shares have enjoyed dividends and capital growth from the shares which at now represent a market capitalisation of NZD285 million.

On in specie of Heartland, PGC was left with NTA of NZD100 million and 216 million shares on issue as at 30 June 2012. NTA was NZD 43 cents per share. The asset mix was diverse. A start up distressed asset manager Torchlight together with bad loans from Marac and a struggling trustee company. PGC also held securities in EPIC, Heartland and PGW but it also held substantial debt that needed to be paid off.

After divesting liquid securities to repay bank debt PGC advised in August 2012 it would divest non-core assets. Proceeds from real estate and other residual assets would be reinvested in the growth of Torchlight. Proceeds from the sale of Perpetual Trust would be returned to shareholders.

The PGC NTA is now up 44% in NZD terms since 30 June 2012. Since that time, NTA has grown from NZD43 cents per share to NZD62 cents per share. As at 30 June 2015, PGC has a net Statement of Financial Position of GBP55.2m or 26.61 pence per share. This is equivalent to NZD128 million or NZD61.90 cents per share.

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT, continued

Directors' Report, continued

PGC has reduced its share count from 216 million shares to 207 million shares over the 3-year period. It expects to continue this path.

The Board of PGC are confident that the 10 year plan is on track. There is no doubt that this style of value investing requires patience that is not generally the focus of other listed companies. We have, however, been consistent in the explanation of this so that shareholders and other investors will not be misled into believing there may be early value and liquidity opportunities.

It is very important that we do take our time as otherwise decisions will be made that are precipitate and potentially value destructive. PGC's Financial Position is well placed to follow this path with a focussed implementation strategy.

The Managing Directors report provides an update on strategy and where the long term value for patient investors lie.

One significant asset within the PGC Statement of Financial Position is the residual receivable from the sale of Perpetual Trust Limited ("PTL"), which has been classified as an "Available for Sale Financial Asset". This asset has been valued by Simmons' Corporate Finance, (a party external to PGC) which was asked to prepare a valuation of this asset for the purposes of inclusion within PGC's Statement of Financial Position. This valuation has valued this asset at NZD21.182 million (£9.104 million) as at 30 June 2015. This valuation has been included in PGC's accounts for the 2015 year end and discussion is included at notes 19, 20, 30 and 35 within the body of the annual report. This valuation relies upon the assumption that either PGC litigation for the outstanding amount will be successful or an IPO of a "Newco" containing PTL will occur within the next 2.5 years. The valuation gives no weight to the possibility of neither of those occurring and PGC receiving no value from the outstanding amount. We, the PGC Directors' support this view and remain confident of recovering the full outstanding debt due to the strength of PGC's case.

Board of Directors

During the year we appointed London based Michelle Smith to the board and her contribution as a financial specialist has been well received. Michelle was a Director of Heartland Bank and is no stranger to the challenges of creating large and sustainable businesses from difficult assets.

After the year end Bryan Mogridge advised the board he would step down as Chairman and Director. He has been a board member for over a decade and the sole long term survivor from the PGC board.

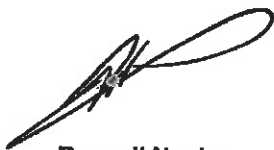
Bryan has received criticism due to perceived issues in corporate governance citing late audit as an example. While he left for personal reasons it was clear the regulatory part of the role was taking its toll on his enthusiasm for serving the company.

Those critics should also remember that up to 2010 there were over 50 finance company failures with all major non bank owned players failing with one exception, Marac. Bryan should be acknowledged for his realism in 2009 and his support thereafter. While lessor directors would have refused to acknowledge the severity of the situation Bryan was able to recognise that PGC would fail without a radical and fully funded restructuring and recapitalisation. He controversially but successfully lent his support to Messrs Kerr and Greenslade to succeed in rescuing PGC and creating Heartland Bank and Torchlight.

It is still intended to list PGC on the London Stock exchange and we will review in due course with an update to be provided at this year's annual shareholders meeting.

The time and place for that meeting are yet to be decided and a notice will be sent to all shareholders in due course.

We look forward to meeting you at our shareholders meeting and answering your questions.



Russell Naylor
Director
Date: 20 May 2016

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT (CONTINUED)

Managing Director's Report

PGC finished the year with a Net Loss after Tax ("NLAT") of £6.79 million for the year to 30 June 2015. This compares with a restated Net Profit after Tax ("NPAT") of £6.46 million for the year to 30 June 2014.

After allowing for Other Comprehensive Income, PGC's Total Comprehensive Loss for the year to 30 June 2015 is £22.22 million, compared with a (restated) Total Comprehensive Income of £2.91 million for the year to 30 June 2014.

The result is largely due to non-cash accounting adjustments, in particular £15.03 million negative impact from the foreign exchange translation of foreign associates and subsidiaries and the impact of consolidating TFLP and its subsidiaries. The net outcome was a GBP decline in Net Tangible Assets ("NTA") per share from 33.51 pence to 26.61 pence. In New Zealand Dollar ("NZD") the NTA per share declined from 66.60 cents to 61.90 cents.

At 30 June 2015, PGC held total assets of £161.4 million, total liabilities of £66.5 million and a net position of £55.2 million after allowing for non-controlling interests. Current assets are £61.4 million (up from £25.9 million last year), with £30.8 million current liabilities (up from £7.2 million last year), giving net current assets of £30.6 million (up from £18.6 million last year). PGC holds long-term assets of £100.0 million with £66.5 million long-term liabilities.

Commentary

In 2011, we said that it would take a decade or more for PGC to fully convert its collection of difficult assets into a strong and sustainable business. We said that the job of converting bad book assets to cash and then into a strong core business was technically demanding, inherently unpopular and results would inevitably be lumpy.

We were correct – the time frame is long, the job requires highly specific skills in arcane areas, we continue to ignore popularity contests and the results are lumpy. However, and despite this, we have always been highly confident our strategy of exit of non-core assets and building a long term business from distressed assets was compelling.

The evidence of value obtained from the exit of non core assets is largely complete. The material residual receivable is approximately NZD22 million which arose from the exit from Perpetual Trust Limited (PTL). This result has been valued by a party external to the Group at NZD21.18 million. This is slightly higher than the value attributed by Grant Thornton (GT) – who once the role of Auditor became theirs were no longer able to fulfill the valuer role due to independence requirement.

The other metric by which to judge the strategy in 2021 is value created by reinvesting funds. The core strategy in this area is continued commitment to the growth of the Torchlight Fund LP (TFLP).

Accounting Treatment of TFLP

The company has historically treated TFLP as an associate and announced in July 2015 that TFLP would be treated as a subsidiary for the 2016 financial year in line with when actual control of TFLP occurred.

It has since been determined that the entry by the Company into conditional agreements on 30 September 2014 resulted in the hypothetical ability to gain control of TFLP due to the future potential voting rights resulting from the conditional agreements.

Under IFRS 10 the potential ability to gain control has resulted in TFLP being treated as a subsidiary from 30 September 2014 and consolidated into the Company for financial reporting purposes.

Residential Communities Limited (RCL) Co-investment

PGC, through Torchlight Group Limited, also held a RCL co-investment on the Statement of Financial Position as at 30 June 2015 of AUD27 million. As previously advised to market, this was held for conversion to TFLP limited partner interests on completion of the TFLP audit and PGC election of TFLP as a subsidiary. The RCL co-investors in the acquisition of debt from Bank of Scotland all swapped direct RCL interests for TFLP interests on the same, or substantially the same, economic terms.

These factors have now been resolved. PGC, after satisfying itself that it has 50% or greater economic interests in assets and income of TFLP subsequent to the year end, has therefore approved the conversion of the RCL co-investment to TFLP interests at the beginning of 2016 financial year.

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT (CONTINUED)

Managing Director's Report (continued)

TORCHLIGHT FUND LP UPDATE

Following the launch of the Cayman domiciled Torchlight Fund LP (TFLP), all Torchlight Fund No. 1 LP assets and liabilities were contributed as a capital contribution in advance of the new partnership raising additional capital.

TFLP is invested predominantly in residential real estate, operating hotels and until recently media.

TFLP's largest exposure is residential real estate. The underlying residential portfolio encompasses 13 individual residential land development projects and is held via wholly owned subsidiary, RCL Real Estate.

The core projects are spread across Victoria, New South Wales (NSW) and New Zealand and have an expected yield, from existing land assets, of over 3,000 medium density residential sites plus retail precincts. The non-core projects are in Western Australia and slow growth pockets of NSW. The non-core assets are being sold at or above book value or greater to redeploy into core assets.

TFLP's exposure to operating hotels is via a 34.39% [now 36.86%] shareholding of the ASX-listed Lantern Hotel Group. Lantern was restructured by Torchlight from an over-gearred REIT in serious financial trouble in the GFC to a focused NSW freehold pub operator with low levels of debt and multiple options for future growth.

TFLP's exposure to media was via an investment in Local World. As previously announced this investment has been realised generating approximately GBP20 million made up of around GBP13.7 million in cash, GBP5 million in Trinity Mirror stock issued in a placing at a price of GBP1.58 and a further GBP 1.3 million will be held in a cash escrow for two years pending settlement adjustments.

This was a very successful investment. Torchlight made over four times its original investment in less than three years from dividends, capital gains and currency movement.

Torchlight purchased its stake in Local World when the UK economy, the UK pound and the newspaper industry were at cyclical lows and out of favour. As expected, all three factors have moved in Torchlight's favour over the period. These factors, combined with an outstanding performance by Local World's management team, have created this outcome.

Torchlight elected to take part of its consideration in Trinity Mirror shares as it believes the combination of the Trinity Mirror and Local World businesses will deliver further gains going forward.

Other matters

Some shareholders might be familiar with the 'matching principle' - the idea that financial risk is minimized by matching the time period of an asset to the time period of a liability, such as your funding.

Torchlight was established to invest in long-term assets. Therefore the correct structure was a vehicle where liquidity was set by the asset strategy, not by investors' needs or demands. The limited partnership vehicle was chosen as this did not allow partners to withdraw capital until the end of the partnership. Other vehicles such as hedge funds or retail unit trusts have liquidity dictated by investors. On a daily, weekly or annual basis capital can be withdrawn without warning.

Torchlight's assets are perfectly matched to its structure. Torchlight has invested about AUD250 million in long-term assets such as RCL, Lantern and Local World. We believe, for sound reasons, that at the end of the TFLP's life these assets will be worth substantially more.



George Kerr
Managing Director
Date: 20 May 2016

PYNE GOULD CORPORATION LIMITED

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 resigned from the Board on 29 October 2015.

GEORGE KERR B Com

Non-Independent Director

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

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

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

RUSSELL NAYLOR

Non-Independent Director

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

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

NOEL KIRKWOOD B Agrl. Com

Non-Independent Director

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

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

MICHELLE SMITH M. Com (Hons), ICAEW

Independent Director

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

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

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

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

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

PYNE GOULD CORPORATION LIMITED

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 New Zealand Stock Exchange (NZX) Listing Rules and which are consistent with the principles contained in the NZX Corporate Governance Best Practice Code.

This governance statement outlines the main corporate governance practices as at 30 June 2015.

The Board considers it has complied with the NZX Corporate Governance Best Practice Code for the year ended 30 June 2015.

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.

During the financial year, the Board comprised five Directors, being a non-executive Chairman, the Managing Director, two executive Directors and one further non-executive Director. The non-executive Chairman resigned from the Board on 29 October 2015, the Board are currently considering candidates to appoint a new non-executive Director to the Board.

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

PYNE GOULD CORPORATION LIMITED

CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLE 2 - BOARD COMPOSITION AND PERFORMANCE, continued

Board Membership, Size and Composition, continued

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.

George Kerr and Russell Naylor 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 Michelle Smith were independent Directors during the financial year, 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. Bryan Mogridge resigned from the Board on 29 October 2015, subsequently, the Board are considering candidates to appoint a new independent Director to the Board.

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 was chaired by Bryan Mogridge up until his resignation from the Board on 29 October 2015. The Board are in the process of considering candidates to appoint a new independent Director. Following this appointment, the Board will consider the composition of the Remuneration and Appointments Committee.

PYNE GOULD CORPORATION LIMITED

CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLE 4 - REPORTING AND DISCLOSURES

The Board is committed to ensuring the highest standards are maintained in financial reporting and disclosure of all relevant information.

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

PRINCIPLE 5 - REMUNERATION

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

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

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

PRINCIPLE 6 - RISK MANAGEMENT

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

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

PRINCIPLE 7 - AUDITORS

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

PRINCIPLE 8 - SHAREHOLDER RELATIONS

The Board is committed to maintaining a full and open dialogue with all shareholders.

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

PRINCIPLE 9 - STAKEHOLDER INTERESTS

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

PYNE GOULD CORPORATION LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the consolidated financial statements present fairly the financial position of the Group as at 30 June 2015 and the financial performance and cash flows for the year ended on that date.

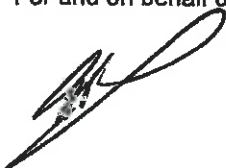
The Directors consider that the consolidated financial statements of the Group have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates, that all the relevant financial reporting and accounting standards have been followed and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

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

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

The Board of Directors of Pyne Gould Corporation Limited authorised the consolidated financial statements set out on pages 13 to 62 for issue on 20 May 2016.

For and on behalf of the Board



Russell Naylor
Director



George Kerr
Managing Director

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

		2015	2014
		£000	Restated* £000
Continuing operations			
Management fees revenue	6	428	2,251
Other revenue	6	948	-
Other income	6	130	647
Total fees and other income		1,506	2,898
Interest income	5	808	1,268
Interest expense	5	(7,088)	(62)
Net interest income		(6,280)	1,206
Investment income	6	8,840	4,797
Net operating income		4,066	8,901
Selling and administration expenses	7	(9,870)	(2,206)
Foreign exchange gains/(losses)		1,577	(2,010)
Impaired asset expense	8	(588)	(5,548)
Operating loss		(4,815)	(863)
Share of equity accounted investees' losses	25	(1,496)	(4,099)
Loss from continuing operations before income tax		(6,311)	(4,962)
Income tax expense	10	(478)	-
Loss from continuing operations		(6,789)	(4,962)
Discontinued operations			
Gain on disposal of discontinued operations	36	-	11,417
(Loss)/profit for the year including discontinued operations after tax		(6,789)	6,455
(Loss)/profit for the year after tax		(6,789)	6,455
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change on fair value of available for sale financial asset	20	(399)	-
Foreign currency adjustment on translation to presentation currency		(15,028)	(3,550)
Income tax expense on other comprehensive income		-	-
Total other comprehensive loss		(15,427)	(3,550)
Total comprehensive (loss)/income for the year		(22,216)	2,905
(Loss)/profit attributable to:			
Owners of the Company		(4,918)	6,455
Non-controlling interests		(1,871)	-
(Loss)/profit for the year		(6,789)	6,455
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(15,772)	2,905
Non-controlling interests		(6,444)	-
Total comprehensive (loss)/income for the year		(22,216)	2,905
(Loss)/earnings per share			
Basic and diluted (loss)/earnings per share	13	Pence (2.37)	Pence 3.04
Basic and diluted loss per share – continuing operations	13	(2.37)	(2.34)

*See note 2(e) for details of re-statement.

The notes on pages 18 to 62 are an integral part of these consolidated financial statements.



PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Share Capital £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Total Equity £000
2014 – Restated*				
Balance at 1 July 2013	153,991	31,677	(115,551)	70,117
Total comprehensive income for the year				
Profit for the year	-	-	6,455	6,455
Other comprehensive loss				
Foreign currency adjustment on translation to presentation currency	-	(3,550)	-	(3,550)
Total other comprehensive loss	-	(3,550)	-	(3,550)
Total comprehensive income for the year	-	(3,550)	6,455	2,905
Transactions with owners:				
Share buy backs	(1,934)	-	-	(1,934)
Total transactions with owners	(1,934)	-	-	(1,934)
Balance at 30 June 2014	152,057	28,127	(109,096)	71,088

The notes on pages 18 to 62 are an integral part of these consolidated financial statements.



PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

2015	NOTE	Share Capital £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Available for Sale reserve £000	Non-controlling interest £000	Total Equity £000
Balance at 1 July 2014		152,057	28,127	(109,096)	-	-	71,088
Total comprehensive income for the year		-	-	(4,918)	-	(1,871)	(6,789)
Loss for the year		-	-	-	-	-	-
Other comprehensive loss		-	-	-	(399)	-	(399)
Change on fair value of available for sale financial asset	20	-	-	-	-	-	-
Foreign currency adjustment on translation to presentation currency		-	(10,455)	-	-	(4,573)	(15,028)
Total other comprehensive loss		-	(10,455)	-	(399)	(4,573)	(15,427)
Total comprehensive loss for the year		-	(10,455)	(4,918)	(399)	(6,444)	(22,216)
Transactions with owners:							
Share buy backs		(117)	-	-	-	-	(117)
Acquisition of non-controlling interest	26	-	-	-	-	54,640	54,640
Disposal of non-controlling interest	26	-	-	-	-	(8,455)	(8,455)
Total transactions with owners		(117)	-	-	-	46,185	46,068
Balance at 30 June 2015		151,940	17,672	(114,014)	(399)	39,741	94,940

*See note 2(e) for details of re-statement.

The notes on pages 18 to 62 are an integral part of these consolidated financial statements.



PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	NOTE	2015 £000	2014 Restated* £000	1 July 2013 Restated £000
ASSETS				
Current assets				
Cash and cash equivalents	15	10,937	91	192
Trade and other receivables	19	3,239	17,799	39,904
Advances to related parties	29	1,362	-	-
Advances to associates	29	-	5,204	10,370
Finance receivables – Other	16	937	2,147	1,742
Inventories	18	24,614	-	-
Investments – Fair value through profit or loss	22	20,248	-	-
Prepayments		70	104	90
Current tax asset		-	7	9
		61,407	25,352	52,307
Assets held for sale		-	540	2,011
Total current assets		61,407	25,892	54,318
Non-current assets				
Property, plant and equipment		142	8	933
Investment in associates	25	-	19,786	31,890
Investment in joint venture	25	1,242	-	-
Investment property	17	2,995	2,468	2,444
Inventories	18	38,934	-	-
Advances to associates		-	-	646
Finance receivables – Co-investment with RCL	16, 29	-	17,312	16,335
Investment – Available for sale financial asset	20	9,104	-	81
Investments – Loans and receivables	23	23,014	-	181
Investments – Fair value through profit or loss	22	24,560	12,894	3,366
Total non-current assets		99,991	52,468	55,876
Total assets		161,398	78,360	110,194
LIABILITIES				
Current liabilities				
Bank overdrafts	15	-	56	122
Borrowings	27	18,523	82	299
Trade and other payables	28	12,275	7,134	39,656
Total current liabilities		30,798	7,272	40,077
Non-current liabilities				
Deferred tax liability	24	2,024	-	-
Other borrowings	27	33,636	-	-
Total non-current liabilities		35,660	-	-
Total liabilities		66,458	7,272	40,077
EQUITY				
Share capital		151,940	152,057	153,991
Foreign currency translation reserve		17,672	28,127	31,677
Accumulated losses		(114,413)	(109,096)	(115,551)
Total equity – attributable to the entity's owners		55,199	71,088	70,117
Non-controlling interest	26	39,741	-	-
Total equity		94,940	71,088	70,117
Total equity and liabilities		161,398	78,360	110,194

*See note 2(e) for details of re-statement.

The notes on pages 18 to 62 are an integral part of these consolidated financial statements.



PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

As at 30 June 2015

		2015	2014
		£000	Restated*
	NOTE	£000	£000
Cash flows from operating activities			
Interest received		15	3
Rental income		11	17
Fees and other income received		7,357	2,811
Total cash provided from operating activities		7,383	2,831
Payments to suppliers and employees		(10,552)	(5,810)
Interest paid		(3,404)	(19)
Taxation benefit received		-	2
Total cash applied to operating activities		(13,956)	(5,827)
Net cash flows applied to operating activities	12	(6,573)	(2,996)
Cash flows from investing activities			
Proceeds from sale of assets held for sale		507	-
Proceeds from sale of FVTPL financial assets		238	-
Proceeds from settlement of finance receivables		635	3,787
Proceeds from sale of inventories		23,947	677
Proceeds from sale of Perpetual Trust Ltd property		-	1,154
Repayments of advances to other related parties		2,351	-
Proceeds from repayment of advances to associates		-	6,105
Proceeds from disposal of investments		12,697	-
Proceeds from disposal of business		-	5,178
Proceeds of repayment of loans		1,315	-
Cash recognised on reclassification of associate as a subsidiary		14,548	-
Total cash provided from investing activities		56,238	16,901
Increase in advances to associates		(894)	(2,077)
Non pro-rata exit payments to TFLP limited partners		(10,071)	-
Development costs of inventories		(11,595)	-
Acquisition of property, plant and equipment		(3)	-
Increase in finance receivables – other		-	(767)
Increase in other investments		(1,856)	-
Increase in loan advances		(454)	-
Increase in investment in associates		(801)	(8,533)
Total cash applied to investing activities		(25,674)	(11,377)
Net cash flows from investing activities		30,564	5,524
Cash flows from financing activities			
Decrease in borrowings		(11,445)	(559)
Share buy backs		(115)	(1,975)
Total cash applied to financing activities		(11,560)	(2,534)
Net cash flows applied to financing activities		(11,560)	(2,534)
Net increase/(decrease) in cash and cash equivalents		12,431	(6)
Foreign currency adjustment on translation of cash balances to presentation currency	2(d)	(1,529)	(29)
Opening cash and cash equivalents		35	70
Closing cash and cash equivalents	15	10,937	35
Represented by:			
Cash and cash equivalents		10,937	91
Bank overdrafts		-	(56)
		10,937	35

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

*See note 2(e) for details of re-statement.

The notes on pages 18 to 62 are an integral part of these financial statements.



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements
For the year ended 30 June 2015

1. Reporting Entity:

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

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

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

These financial statements were authorised by the Directors for issue on 20 May 2016.

2. Basis of Preparation:

(a) Statement of compliance

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

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

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

(b) Basis of measurement

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

(c) Functional currency

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

(d) Presentational currency

Due to the migration of the Company from New Zealand to Guernsey and the intention to become listed on the London Stock Exchange in due course, the Board of Directors agreed the presentational currency of these consolidated financial statements should be changed from New Zealand dollars to British Pound Sterling. Comparative information has been restated in accordance with the guidance defined in NZ IAS 21. The consolidated financial statements and related notes have been translated from New Zealand dollars to British Pound Sterling ("GBP" or "£") using the procedures outlined below:

- Assets and liabilities have been translated into GBP using the closing rates of exchange applicable at 30 June 2015 (for comparatives, at 30 June 2014 and 1 July 2013);
- Revenue and expenses, including any comprehensive income, have been translated into GBP at average rates of exchange for the relevant accounting year, for 30 June 2015 average rate applied NZD0.4873 to GBP1.00 (30 June 2014: NZD0.5079 to GBP1.00);

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

2. Basis of Preparation, continued:

(d) Presentational currency, continued

- Share capital brought forward at 1 July 2013, the start date of the comparative period, has been translated into GBP at average rates of exchange for a ten year period on a year by year basis;
- Subsequent movements after 1 July 2013 in share capital and share premium have been translated into GBP at the rates applicable at the dates of the transactions;
- Accumulated Losses brought forward at 1 July 2013, the start date of the comparative period, has been translated into GBP at average rates of exchange for a ten year period on a year by year basis;
- All differences arising on the above translations have been taken to the foreign currency translation reserve.

All resulting exchange differences are recognised under other comprehensive income and presented as a separate component of equity ('Foreign currency translation reserve').

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

(e) Restatement of comparatives

Torchlight Fund LP – 31 March 2014 audit completion

At the point of completing the audit for the Group's annual consolidated financial statements for the year ended 30 June 2014, the 31 March 2014 audited financial statements of Torchlight Fund LP, an associate of the Group, were not yet complete. As stated in the Group's 30 June 2014 consolidated financial statements, Torchlight Fund LP holds a number of investments for which the valuations are complex and highly subjective. The Directors, therefore, made an estimate of the valuation of Torchlight Fund LP based on the latest information available to them up to the date of signing the 2014 Group's consolidated financial statements.

On 30 June 2015, the audit of Torchlight Fund LP's 31 March 2014 annual financial statements was completed. On completion of this audit, it was established that the Group's Net Assets and Profit and Loss which were presented in the Group's 30 June 2014 annual consolidated financial statements would have been reduced by approximately £7 million had the audit been completed at the time. As a result, the 30 June 2014 comparative information presented in these consolidated financial statements have been restated to reflect these revised amounts. A reconciliation of the impact of this restatement can be summarised as follows:

	2014 Previously reported £000	Movement £000	2014 Restated £000
Statement of Financial Position adjustments			
Investment in associates	26,817	(7,031)	19,786
Total Equity/Net Assets	78,119	(7,031)	71,088
Statement of Comprehensive Income adjustments			
	2014 Previously reported £000	Movement £000	2014 Restated £000
Share of equity accounted investees' profit/(loss)	2,932	(7,031)	(4,099)
Profit for the year	13,486	(7,031)	6,455

Profits and losses generated from the Group's investment in Torchlight Fund LP are exempt from income tax, see note 3(l).



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

2. Basis of Preparation, continued:

(e) Restatement of comparatives, continued

Torchlight Fund No.1 LP ("TFL") – Wilaci liability

As disclosed in the Group's 30 June 2013 financial statements, on 21 December 2012, the assets and liabilities of TFL were contributed to Torchlight Fund LP ("TFLP") as a capital contribution. In conjunction with this transaction, under the subscription payment and assignment deed ("Assignment Deed") entered into by TFL and TFLP, TFLP agreed to assume a liability due to Wilaci Pty Limited ("Wilaci"), a third party lender.

In prior period financial statements, the Wilaci liability has been accounted for within the TFLP financial statements, however, the more correct treatment is that through the operation of an indemnity contained in the Assignment Deed. The Wilaci liability in the TFLP arises through this indemnity in favour of TFL rather than a direct assumption of the liability by TFLP under the Assignment Deed. Under this indemnity, TFLP agreed to indemnify, defend and hold TFL, its General Partner and any of its officers, directors, employees and agents against any liability, claim, cost, loss, damage or expenses which they may incur or suffer through the assignment. This being the case, whilst TFLP has provided the indemnity to TFL or its general partner under the Assignment Deed for the Wilaci liability, the legal obligation to settle the liability remains with the General Partner of TFL.

Accordingly, the provision for the settlement of the Wilaci liability has therefore been accounted for with NZ Credit Fund (GP) 1 Limited (formerly Torchlight (GP) 1 Limited) ("GP1"), the General Partner to TFL. TFLP is able to recognise a separate liability as a constructive obligation to GP1 under the indemnification in the Assignment Deed, see Note 19. At 30 September 2014, the Company acquired a controlling interest over TFLP and subsequently, TFLP has been consolidated in full from this point. As a result the TFLP constructive obligation to GP1 and GP1 indemnity receivable are intra-Group transactions and eliminated on consolidation.

In accordance with IAS 8, a re-statement of the comparative period for the year ended 30 June 2014, within the Consolidated Statement of Financial Position on page 16, has occurred. A reconciliation of the impact of this restatement can be summarised as follows:

	2014 Previously reported £000	Movement £000	2014 Restated £000
Statement of Financial Position adjustments			
Trade and other receivables	13,550	4,249	17,799
Trade and other payables	(2,885)	(4,249)	(7,134)
Impact on total equity/net assets	71,088	-	71,088

Also in accordance with IAS 8, a third Statement of Financial Position at 1 July 2014 has been presented to show the impact the above restatements have on the opening financial position of the Group.

(f) Accounting judgements and major sources of estimation uncertainty

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

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



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

2. Basis of Preparation, continued:

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

Major sources of estimation uncertainty

The following are the key sources of estimation uncertainty at 30 June 2015 that have significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Functional currency

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

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

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

(ii) Impairment/fair value of financial instruments

The Directors must evaluate the carrying amount of the Group's financial assets for impairment or to determine fair value. The Group's financial assets which are subject to impairment/fair value adjustment are trade and other receivables, available for sale financial assets and investments held at fair value through profit or loss. Where there is no active market price for a financial instrument, the Directors must use their judgement in selecting an appropriate valuation technique. Details of the assumptions used are described in notes 19, 20, 22 and, 30.

(iii) Valuation of investment property

As described in note 3(m) investment properties are carried at fair value in the consolidated financial statements. The Directors obtain external valuations and other evidence supporting the carrying amounts of the Group's investment properties. Information about the investment properties and their valuations is included in note 17.

(iv) Inventories

Inventories are stated at the lower of cost or net realisable value, which have been determined using forecast feasibility estimates. These development feasibility estimates require the application of estimations around sales volume rates, development costs, selling prices and financing costs over the life of each project. The basis for which inventory is carried in the financial statements is disclosed above, whilst the carrying values of inventory are disclosed in note 18.

(v) Investment in subsidiary

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

The Group had an ownership through direct limited partnership interests in TFLP of 30.6% at 30 June 2015. On 1 July 2015, £21.2 million (AU\$43.5 million) of the Group's other finance receivables and advances to associates, were settled via conversions to Limited Partner interests in TFLP (the "Subscription Transaction"). This increased the Group's investment in Torchlight Fund LP to 42.34% in the post year end period. The Group's increase in Limited Partnership interests in TFLP was pending the satisfactory completion of the TFLP 31 March 2014 audit. The TFLP audit was finalised and signed off on 30 June 2015, subsequently the increase in Limited Partnership interests was complete on the next Cayman Islands (the country of incorporation for TFLP) business day, being 1 July 2015.



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

2. Basis of Preparation, continued:

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

Major sources of estimation uncertainty, continued

(v) Investment in subsidiary, continued

Whilst conditions of the Subscription Transactions were not met until 1 July 2015, the agreements for £19.8m (AU\$36.7m) of the Subscription Transactions were entered into on 30 September 2014 and escrowed until such a time as the conditions of the escrow were met. The presence of the agreements entered into on 30 September 2014 resulted in the Group having potential voting rights in TFLP. These future potential voting rights, increased the Group's future voting powers in TFLP to 37.11% from 30 September 2014. In accordance with the TFLP limited partnership agreement, substantive control over TFLP is deemed to be established when a single investor holds greater than 34% of the limited partnership interests in TFLP. As a result, due to the potential voting rights established on 30 September 2014, the Group gained control over TFLP with effect from this date.

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

(vi) Winding up petition and going concern of TFLP

A Winding Up Petition was filed by certain Limited Partners with the Grand Court of The Cayman Islands and served at the registered office of the TFLP on 26 June 2015. The petition seeks an order to wind up TFLP. The hearing date for this petition was scheduled to commence on 18 July 2016, however, this hearing date has now been vacated and has not yet been reset. Torchlight (GP) Limited, a subsidiary of the Group and the General Partner to TFLP, will be robustly defending the petition, accordingly the General Partner considers it is still appropriate to include and prepare TFLP in these financial statements using the going concern assumption; however the Directors do acknowledge that the filing of the petition indicates the existence of a material uncertainty that may cast significant doubt about the TFLP's ability to continue as a going concern.

(vii) Investment in associates

At 30 June 2015, the Group held 34.39% of the issued share capital in Lantern Hotel Group ("Lantern"). Although the Group's stake in Lantern at 30 June 2015 is greater than 20%, the Directors are of the opinion that the Group did not have significant influence over the daily activities nor did the Group have the power to participate in the financial or operating policy decisions of Lantern at the reporting date. In forming this opinion, the Directors considered board representation of Lantern and the Group's voting rights within Lantern. During 2015, the Group's appointed directors on Lantern were removed by other combined shareholders and the Group's voting rights are not sufficient at the reporting date to enforce any operational or financial changes to Lantern. This being the case, for the purposes of these financial statements, Lantern is not deemed an associate and has been accounted for as a financial asset at fair value through profit or loss (see note 22).

3. Significant Accounting Policies:

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

(a) Basis of consolidation

The consolidated financial statements comprise the results and assets and liabilities of the Company and its subsidiaries (the "Group") for the year ended 30 June 2015. Subsidiaries are all entities over which the Company exercises control or owns greater than 50 per cent of the voting rights during the year. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Intra-Group balances, transactions and unrealised income and expenses arising from intra-Group transactions, are eliminated in full on consolidation.

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



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

3. Significant Accounting Policies, continued:

(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. Where significant influence ceases, but the Group retains its investment in the asset, the investment is re-classified within the consolidated financial statements to "investments at fair value through profit or loss".

Where an associate has a different annual reporting 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) Investments in joint ventures

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

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

(d) Interest

Interest income and expense are recognised using the effective interest method in profit or loss. 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) Dividend Income

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

(g) Other Revenue

Property development sales

Revenue from residential land sales is recognised in the Statement of Comprehensive Income upon settlement and after completion of contractual obligations.

Vendor financed sales are recognised net of any discounted amounts arising on the measurement of vendor financing arrangements.

(h) Foreign currencies

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

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

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

All resulting exchange differences are recognised under other comprehensive income and presented as a separate component of equity ("Foreign currency translation reserve").



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

3. Significant Accounting Policies, continued:

(i) Plant and equipment

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

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

Plant and equipment	1 - 13 years
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(j) Cash and cash equivalents

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

(k) Treasury shares

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

(l) Tax

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

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

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

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

(m) 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, cost being the value of the finance receivable over which the enforcement of security has been exercised, including related transaction costs. After initial recognition investment property is carried at fair value, with subsequent changes in fair value recognised in profit or loss.

(n) Inventories

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development costs during development. When development is completed other holding charges are expensed as incurred.

(o) 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.



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

3. Significant Accounting Policies, continued:

(p) 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.

(q) 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, cancelled or expire.

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

Classification

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

Financial assets/liabilities

Cash and cash equivalents
Finance receivables
Trade and other receivables
Investments – Available for sale financial asset
Investments – Loans and receivables
Investments – Fair value through profit and loss
Advances to other entities
Advances from other entities
Bank overdrafts
Borrowings
Other financial liabilities

Accounting Category

Loans and Receivables
Loans and Receivables
Loans and Receivables
Available for sale financial asset
Loans and Receivables
Fair value through profit or loss
Loans and Receivables
Other liabilities at amortised cost
Other liabilities at amortised cost
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.



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

3. Significant Accounting Policies, continued:

(q) Financial assets and liabilities, continued

Financial Assets at Fair Value through Profit or Loss (FVTPL)

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

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

Available for sale financial assets

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

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 or loss includes any dividend income on the investments.

Non-derivative financial liabilities

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

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

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

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

(r) Impaired financial assets and past due assets

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

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

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

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

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



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

3. Significant Accounting Policies, continued:

(s) 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.

(t) 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.

(u) Goods and services tax (GST)

GST for New Zealand subsidiaries

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

As at 30 June 2015, only two wholly owned subsidiaries remained registered for GST within New Zealand. Upon the Company's re-domicile to Guernsey, its operating activities were no longer subject to GST.

GST for Australian subsidiaries

Revenues, expenses and assets are recognised net of the amount of GST or if applicable, Value Add Tax (VAT) and Sales taxes, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

(v) Statement of cash flows

The Consolidated 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.

(w) 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 at fair value.

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



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

3. Significant Accounting Policies, continued:

(x) Discontinued operations

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

(y) Segment reporting

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

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

(z) Changes in accounting policies

For the year ended 30 June 2015, the Directors have changed the accounting policy in relation to the Presentational Currency of these consolidated financial statements. In accordance with note 2(d), the presentational currency has been changed from New Zealand dollars to British Pound Sterling. There have been no other material changes in accounting policies in the current year.

The effect of the change in Presentational Currency on these consolidated financial statements has impacted every accounting entry presented in the primary statements on pages 13 to 17. The approximate effect on the Group's financial position and results for the period ended 30 June 2015, should the Presentation Currency have remained in NZD, is as follows:

	2015 NZ\$000	2015 £000	2014 NZ\$000	2014 £000
Total equity attributable to the entities owners	128,426	55,200	138,570	71,088
Net tangible asset per share (cents/pence per share)	61.90c	26.61p	66.60c	33.51p
	2015 NZ\$000	2015 £000	2014 NZ\$000	2014 £000
(Loss)/profit for the year after tax	(10,095)	(4,919)	12,710	6,455
(Loss)/profit per share (cents/pence per share)	(4.86)c	(2.37)p	5.99c	3.04p



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

3. Significant Accounting Policies, continued:

(aa) Standards, interpretations and amendments to published standards

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

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

- NZ IFRS 9 – *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018) – NZ IFRS 9 includes requirements for the classification and measurement of financial instruments, impairment, recognition and general hedge accounting.
- NZ IFRS 15 – *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018) – NZ IFRS 15 specifies how and when a reporting entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

Subsequent to 30 June 2015 but before the date of authorising these financial statements for issue another Standard was issued but is not yet effective:

- NZ IFRS 16 – *Leases* (effective for annual periods beginning on or after 1 January 2019) – eliminates the classification of leases as either operating leases or finance leases. Instead there is a single lease under which requires a lessee to recognise on the Statement of Financial Position assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of lower value.

The Directors are considering the impact that the adoption of NZ IFRS 9, NZ IFRS 15 and NZ IFRS 16, however, at this time they are not expected to have a significant impact on the future consolidated financial statements of the Group.

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

4. Segmental analysis

The Group has 3 reportable segments, as described below, which are the Group's strategic divisions.

The following summary describes the operations in each of the Group's reportable segments for the current year:

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

Information regarding the results of each reportable segment is shown 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.



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

4. Segmental analysis, continued:

(a) Group's reportable segments

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



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

4. Segmental analysis, continued:

(a) Group's reportable segments, continued

GROUP 2014 – Restated	Discontinued Operations		Continuing Operations				Inter-segment Elimination	Total
	Perpetual	van Eyk Group	Torchlight Group	Property Group	Parent Company	£000		
	£000	£000	£000	£000	£000	£000	£000	
External income	-	-	-	-	-	-	£000	
Management fees revenue	-	-	2,251	-	-	-	2,251	
Interest income	-	-	926	16	326	-	1,268	
Other income	-	-	628	19	-	-	647	
Gain on disposal of discontinued operation	11,360	57	-	-	-	-	11,417	
Investment income	-	-	-	-	4,797	-	4,797	
Internal income	-	-	-	-	51	(51)	-	
Management fees revenue	-	-	-	-	4,882	(4,882)	-	
Other income	-	-	-	-	-	-	-	
Total segment income	11,360	57	3,805	35	10,056	(4,933)	20,380	
Expenses	-	-	(10)	(40)	(12)	-	(62)	
Interest expense	-	-	4,396	(826)	14,635	(23,753)	(5,548)	
(Impairment)/impairment reversal	-	-	(1,113)	(219)	(2,710)	(174)	(4,216)	
Other operating expenses	-	-	3,273	(1,085)	11,913	(23,927)	(9,826)	
Total operating expenses	-	-	(4,099)	(1,050)	21,969	(28,860)	(4,099)	
Equity accounted share of losses	-	-	-	-	-	-	-	
Profit / (loss) before tax	11,360	57	2,979	(1,050)	21,969	(28,860)	6,455	
Income tax benefit / (expense)	-	-	-	-	-	-	-	
Profit / (loss) after tax	11,360	57	2,979	(1,050)	21,969	(28,860)	6,455	
Non-controlling interests	-	-	-	-	-	-	-	
Profit / (loss) for the period attributable to owners of the Company	11,360	57	2,979	(1,050)	21,969	(28,860)	6,455	
Total assets	-	-	83,926	3,140	71,325	(80,031)	78,360	
Total liabilities	-	-	2,568	12,138	(7,423)	(11)	7,272	



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

4. Segmental analysis, continued:

(b) Geographical information

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

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

	Revenue from External Customers		Non-Current Assets	
	2015 £000	2014 Restated £000	2015 £000	2014 Restated £000
New Zealand	971	5,158	11,426	15,370
Australia	1,609	-	62,247	-
Cayman Islands	8,572	3,805	26,318	-
	11,152	8,963	99,991	15,370

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

5. Net interest income:

	2015 £000	2014 Restated £000
Interest income		
Finance receivables and zero coupon bond	642	326
Advances to associates	166	471
Residential Communities Limited (RCL) participations	-	471
Total interest income	808	1,268
Interest expense		
Bank borrowings	(7,088)	(40)
Other	-	(22)
Total interest expense	(7,088)	(62)
Net interest income	(6,280)	1,206



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

6. Revenue and other income

	2015	2014
	£000	Restated £000
Management fees	428	2,251
Other revenue		
Golf revenue	948	-
	948	-
Other income		
Miscellaneous income	115	647
Rental income	15	-
	130	647
Total fees and other income	1,506	2,898
Investment income		
Dividend income	6,226	-
Movement in fair value on investment property	289	-
Movement in fair value of other investments	438	4,797
Movement in fair value of unlisted equity securities	2,598	-
Movement in listed equity securities	410	-
Movement in fair value in Loans and receivables	(647)	-
Movement in fair value on business combination	(735)	-
	8,579	4,797
Revenue from land sales	21,933	-
Cost of land sales	(21,672)	-
	261	-
Total investment income	8,840	4,797
Total investment and other income	10,346	7,695

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

7. Selling and administration expenses

	2015	2014
	£000	Restated £000
Directors' fees	141	160
Loss/(gain) on disposal of assets	4	(209)
Personnel expenses**	1,724	-
Legal and consultancy fees	3,907	1,376
Other operating expenses*	4,094	879
Selling and administration expenses	9,870	2,206

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

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

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

	2015	2014
Audit fees		
Grant Thornton	485	-
PricewaterhouseCoopers (previous auditor)	92	239
	577	239
Non-audit fees		
Grant Thornton – Valuation services prior to appointment as auditor on 24 April 2015.	28	-
PricewaterhouseCoopers (previous auditor)	14	-
	42	-



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

8. Impaired asset expense

	2015	2014
	£000	Restated £000
Assets held for sale	-	178
Other finance receivables individually assessed	161	318
Investment property held for sale	-	652
Impairment of goodwill in associate*	-	4,400
Other assets individually assessed for impairment**	427	-
Total impaired asset expense	588	5,548

*For the year ended 30 June 2014, 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.

**The other asset which has been individually impaired for £0.4m in the year ended 30 June 2015, is in relation to a loan to EPIC, which was deemed not recoverable following the settlement of the Group's stake in EPIC (see note 22).

9. Significant controlled entities and associates

Significant subsidiaries	Principal place of business	Nature of business	2015 % held	2014 % held
MARAC Financial Services Limited (MFSL) and its subsidiaries:	New Zealand	Investment holding company	100%	100%
MARAC Investments Limited	New Zealand	Property and commercial financing	100%	100%
Equity Partners Asset Management Limited	New Zealand	Asset management	100%	100%
Torchlight Securities Limited	New Zealand	Asset management	100%	100%
Ferrero Investments Limited	New Zealand	Holding company	100%	100%
Torchlight Fund No. 2 Limited Partnership	New Zealand	Investment holding entity	100%	100%
Equity Partners Infrastructure Management Ltd	New Zealand	Asset management	100%	100%
NZ Credit Fund (GP) 1 Limited (formerly Torchlight (GP) 1 Limited)	New Zealand	Asset management	100%	100%
Torchlight (GP) 2 Limited	New Zealand	Non-trading company	100%	100%
Torchlight Management Limited	New Zealand	Asset management	100%	100%
Real Estate Credit Limited	New Zealand	Property asset management	100%	100%
Property Assets Limited	New Zealand	Property asset management	100%	100%
Land House Limited	New Zealand	Property asset management	100%	100%
Torchlight Group and its subsidiaries:	Cayman Islands	Holding company	100%	100%
Torchlight GP Limited	Cayman Islands	Asset management	100%	100%
Subsidiaries acquired during the year				
Torchlight Fund LP*	Cayman Islands	Investment holding entity	30.6%	25.3%
Australasian Credit Fund Limited*	New Zealand	Finance	30.6%	25.3%
Real Estate Southern Holdings Limited*	New Zealand	Property Investment	30.6%	25.3%
Henley Downs Village Investments Limited*	New Zealand	Property Investment	30.6%	25.3%
Henley Downs Village Limited*	New Zealand	Property Investment	30.6%	25.3%
Torchlight Real Estate Group*	Cayman Islands	Bare Trustee	30.6%	25.3%
RCL Real Estate Holdings*	Cayman Islands	Bare Trustee	30.6%	25.3%
RCL Real Estate Pty Ltd*	Australia	Holding Company	30.6%	25.3%
RCL Queenstown Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL PRM Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Sanctuary Lakes Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Sanctuary Land Development Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Links Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Grandvue Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Haywards Bay Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Port Stephens Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Pacific Dunes Golf Operations Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Forster Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Taree Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Merimbula Pty Ltd*	Australia	Property Investment	30.6%	25.3%



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

9. Significant controlled entities and associates, continued

RCL Renaissance Rise Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Real Estate Australia Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Rock Pty Ltd*	Australia	Property Investment	30.6%	25.3%
RCL Henley Downs Limited*	New Zealand	Property Investment	30.6%	25.3%
RCL Jack's Point Limited*	New Zealand	Property Investment	30.6%	25.3%
NZ Real Estate Credit Limited*	New Zealand	Finance	30.6%	25.3%

Associates for which significant influence was lost during the year:

Equity Partners Infrastructure Company No.1 Limited (EPIC)	Bermuda	Infrastructure investment	-	26.9%
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*collectively Torchlight Fund LP and its subsidiaries

Torchlight Fund LP (TFLP) and its subsidiaries

The Group had an ownership through direct limited partnership interests in TFLP of 30.6% at 30 June 2015. As detailed further in Note 2 (f) (v), however, on 30 September 2014 the Subscription Transaction agreements were entered into by the Group and TFLP for £19.8 million additional limited partnership interest which would become effective on meeting certain escrow conditions. Whilst these escrow conditions had not been met until 1 July 2015, the presence of the agreements entered into on 30 September 2014 resulted in the Group having potential voting rights in TFLP. The Group's ownership in TFLP, through direct limited partnership interest and future potential voting rights, therefore amounted to 37.11% from 30 September 2014, increasing to 40.78% at 30 June 2015. In accordance with the TFLP limited partnership agreement, substantive control over TFLP is deemed to be established when a single investor holds greater than 34% of the limited partnership interests in TFLP. As a result, the Group gained control over TFLP with effect from 30 September 2014.

On 26 June 2015, a Winding Up Petition was filed by certain Limited Partners with the Grand Court of The Cayman Islands and served at the registered office of the TFLP. The petition seeks an order to wind up TFLP. The hearing date for this petition was scheduled to commence on 18 July 2016, however, this hearing date has now been vacated and has not yet been reset. The General Partner of TFLP has been robustly defending the petition.

On 22 January 2016 the Court dismissed a general application for a validation order without prejudice to the General Partner's ability to re-apply post release of the 2015 audited accounts and granted an injunction limited to preventing payment to persons related to the General Partner without the consent of the petitioners or an order by the Court made on application, supported by evidence, for prospective validation.

On 26 April 2016, the Court approved an application for validation order sought by the General Partner to enable a non pro rata exit payment of \$10,937,797 to a Limited Partner.

At 30 June 2015, the Group investment in TFLP includes material non-controlling interests ("NCI"):

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

No dividends or capital distributions were paid to the NCI during the financial year ended 30 June 2015.



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

9. Significant controlled entities and associates, continued

Torchlight Fund LP (TFLP) and its subsidiaries, continued

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

Summarised Statement of Financial Position

	30 June 2015 £000
Current	
Cash and cash equivalents	10,461
Other current assets (excluding cash)	45,661
Total current assets	56,122
Financial liabilities (excluding trade payables)	(34,411)
Other current liabilities (including trade payables)	(6,032)
Total current liabilities	(40,443)
Non-current	
Assets	88,565
Financial liabilities	(47,015)
Total non-current assets	41,550
Net assets	57,229
Equity attributable to owners	17,488
Non-controlling interest	39,741

Summarised Statement of Comprehensive Income

	30 June 2015 £000
Revenue	7,844
Loss for the year attributable to owners	(760)
Loss for the year attributable to NCI	(1,871)
Loss for the year	(2,631)
Total comprehensive loss for the year attributable to owners	(4,313)
Total comprehensive loss for the year attributable to NCI	(6,444)
Total comprehensive loss for the year	(10,757)

Summarised cash flows

	30 June 2015 £000
Net cash applied to operating activities	(3,681)
Net cash from investing activities	12,342
Net cash applied to financing activities	(11,564)
Net Cash outflow	(2,903)

Equity Partners Infrastructure Company No.1 Limited (EPIC)

At the prior period ended 30 June 2014, the PGC Board were of the opinion that the Group no longer had significant influence over EPIC. Mr Carolan was the Group's representation on the EPIC board of directors prior to 30 June 2014, following Mr Carolan's resignation as Director of the Company during 2014, the Group no longer had EPIC board representation. Although the Group's stake as at 30 June 2014 remained at a level where the Group could consider EPIC an associate, without board representation or sufficient voting rights to enforce changes, the Group no longer had the power to participate in financial and operating policy decisions of EPIC. Therefore, for the purpose of the 30 June 2014 consolidated financial statements, EPIC was not deemed an associate and had been accounted for as a financial asset at fair value through profit or loss (note 22).

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

10. Tax:

	2015	2014
	£000	Restated £000
Current tax expense		
Current year	478	-
Deferred tax expense		
Total income tax expense	478	-
Attributable to:		
Continuing operations	478	-
Discontinued operations	-	-
Reconciliation of effective tax rate		
Profit before income tax	(4,361)	6,445
Total taxable profit / (loss)	(4,361)	6,445
Prima facie tax at 30% (2014: 28%)	(1,308)	1,807
Plus/(less) tax effect of items not taxable / deductible	592	(1,124)
Unused tax losses and tax offsets not recognised as deferred tax assets	1,174	(1,448)
Effect of different tax rates of subsidiaries operating in other jurisdictions	20	765
Total income tax expense	478	-

For the year ended 30 June 2015, the above tax computations are for the Australian subsidiaries only which are subject to tax reporting in Australia, which have been acquired during the year by the Group, see note 9. There are no further tax computations to disclose for the New Zealand subsidiaries in the current period. For the year ended 30 June 2014, the above tax computations are for the New Zealand subsidiaries only which are subject to tax reporting in New Zealand. As a Guernsey Company, PGC is exempt from Guernsey income tax and is charged an annual exemption fee of £1,200. There is no tax chargeable relating to items included in other comprehensive income.

11. Imputation credit account:

	2015	2014
	£000	Restated £000
Balance at end of the reporting period available for use in subsequent reporting periods	-	12



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

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

	2015 £000	2014 Restated £000
(Loss)/profit for the period	(6,789)	6,455
Add/(less) non-cash items:		
Revaluation of investment property	(289)	-
Gain on disposal of assets	(5,006)	(213)
Gain on disposal of business	-	(11,418)
Foreign exchange (gain)/loss	(1,577)	362
Share of equity accounted investees' loss	1,496	4,099
Impairment on finance receivables	588	-
Impairment loss on non-current assets recognized in profit or loss	-	1,467
Impairment of goodwill in associate	-	4,400
Depreciation and amortization of non-current assets	44	-
Movement in unrealised loss/(gain) on investments	2,819	(4,797)
Write back of accruals	-	(1,209)
Interest paid	1,729	-
Other non-cash items	(199)	84
Total non-cash items	(395)	(7,225)
(Less)/add movements in workings capital items:		
Trade and other receivables	1,393	(84)
Advances to associates	(872)	-
Trade and other payables	90	(2,152)
Current tax	-	2
Total movements in working capital items	611	(2,234)
Add classified as investing activities	-	8
Net cash flows applied to operating activities	(6,573)	(2,996)

13. (Loss)/earnings per share:

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

	2015	2014 Restated
(Loss)/profit after tax attributable to owners of the Company (£000)	(4,918)	6,455
Loss after tax attributable to owners of the Company – continuing operations (£000)	(4,918)	(4,962)
Profit after tax attributable to owners of the Company – discontinued operations (£000)	-	11,417
Weighted average number of ordinary shares in issue (000)	207,681	212,134
Basic and diluted (loss)/earnings (pence per share)	(2.37)p	3.04p
Basic and diluted loss (pence per share – continuing operations)	(2.37)p	(2.34)p
Basic and diluted earnings (pence per share – discontinued operations)	-	5.38p
Net tangible assets per share (pence per share)*	26.61p	34.16p

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



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

14. Share capital:

Authorised Capital

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

	2015 shares 000s	2014 shares 000s
Number of issued shares		
Opening balance	208,074	216,630
Share buy backs	(611)	(8,556)
Closing balance	207,463	208,074

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:

	2015 £000	2014 Restated £000	2013 Restated £000
Cash and cash equivalents	10,937	91	192
Bank overdraft	-	(56)	(122)
Net cash and cash equivalents	10,937	35	70

16. Finance receivables - other:

	NOTE	2015 £000	2014 Restated £000	2013 Restated £000
Current				
Gross finance receivables		1,245	2,507	1,780
Less allowance for impairment		(308)	(360)	(38)
Total current		937	2,147	1,742
Non-Current				
Gross finance receivables – Co-investments in RCL	29	-	17,312	16,335
Total non-current		-	17,312	16,335
Total finance receivables		937	19,459	18,077

Finance receivables are loans with various terms and interest rates.

17. Investment property:

	2015 £000	2014 Restated £000	2013 Restated £000
Opening balance	2,468	2,444	10,705
Transfer in on business combination classification change to subsidiary	772	-	-
Disposals	-	-	(8,415)
Acquisitions and enforced security	-	6	419
Transfer to asset held for sale	-	-	(1,899)
Change in fair value	260	-	1,425
Foreign exchange movement	(505)	18	209
Closing balance	2,995	2,468	2,444

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

17. Investment property, continued:

As at 30 June 2015, investment property comprises of residential properties.

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

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

The market comparison approach was based on evidence of transaction prices for similar development properties in the Tauranga area, less estimated development costs, GST, selling and legal expenses and profit margins. Key assumptions of the valuation are that for the suburban residential land sites a rate range between NZD450,000 to NZD800,000 per hectare has been applied based on recent sale evidence with considerations to some complexities with the development of access routes to the sites. The rural residential land site based on recorded sales were assessed to be NZD570,000 per hectare. A total improvement and land value using this approach amounted to NZD5.4 million or £2.3 million as presented in these consolidated financial statements.

The Hypothetical Subdivision Approach supporting the market comparison approach, was based on the development of 105 residential sections and 6 rural sections and a realisation period of 5 years. Key assumptions with this valuation are that the 111 sites will achieve a gross sale price of NZD27.0 million with total development costs of NZD13.4 million.

£0.7 million of investment property is held within the Torchlight Group segment at 30 June 2015, this investment property was purchased during August 2014. In accordance with note 3(m), this investment property has been recognised at cost.

The following amounts were recognised in the Statement of Comprehensive Income in respect of investment property held during the period ended 30 June:

	2015	2014
	£000	Restated £000
Rental income	15	17
Direct operating expenses arising from investment property that generated investment income	6	6

18. Inventories:

	2015
	£000
Current assets	
<i>Land held for resale</i>	
Cost of acquisition	17,958
Development costs	6,656
	24,614
Non-current assets	
Cost of acquisition	36,099
Development costs	2,835
	38,934
Total inventories	63,548

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

18. Inventories, continued:

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

Inventories have been recognised on the business combination of the RCL subsidiaries, see note 26. As the business combination was effective 30 September 2014, there is no comparative data for inventories and they are only recognised at 30 June 2015 above.

19. Trade and other receivables:

	2015	2014	2013
	£000	Restated £000	Restated £000
Trade receivables	-	239	125
Other receivables	3,239	-	-
Receivable from Torchlight Fund LP (TFLP) – under indemnity	-	4,250	32,867
Receivables – Sale of van Eyk	-	-	4,002
Receivables – Sale of Perpetual Trust Limited (PTL)	-	13,310	2,910
Total other assets	3,239	17,799	39,904

Receivable from TFLP – under indemnity

For the prior financial year, as detailed further in Note 2 (e), in conjunction with the original capital contribution from Torchlight Fund No. 1 LP ("TFL") in December 2012, TFLP agreed to assume a liability due to Wilaci Pty Limited ("Wilaci"). Under the LPA Act 2018, NZ Credit Fund (GP) 1 Limited (formerly Torchlight (GP)1 Limited) ("GP1"), the general partner to TLF, retains the legal obligation to settle the Wilaci liability, as such the provision for settlement of the Wilaci liability has been accounted for in these consolidated financial statements, see note 28.

Moreover, under the Assignment Deed entered into by TFL and TFLP (when all the assets and liabilities of TFL were contributed to TFLP), TFLP has indemnified TFL and GP1 against any liability which they may incur. As a result, for the year ended 30 June 2014, a receivable is recognised from TFLP for £4.25 million. At 30 September 2014, the Company acquired a controlling interest over TFLP and subsequently, TFLP has been consolidated in full from this point. As a result at 30 June 2015, the TFLP constructive obligation to GP1 and GP1 indemnity receivable are intra-Group transactions and eliminated on consolidation.

Receivables – Sale of Perpetual Trust Limited (PTL)

For the year ended 30 June 2014, an amount of NZD22.0 million (£11.4 million) was receivable on the sale of PTL. It was subject to the purchaser meeting certain criteria under the Deed of Termination of Agreements and Carry (DTAC) between both parties. In consideration of this Deed, the purchaser had agreed to list the shares of a newly incorporated company ("Newco") on the Main Board of the NZX Limited (the "IPO"). The amount was to be paid, as soon as reasonably practicable, after this IPO. The amount payable was to be the lesser of NZD22.0 million or NZD22.0 million subject to market conditions and a price earnings multiple for the Newco. Should market condition at the time of the IPO dictate that the price earnings multiple was not reflective of market expectations at the time of completion of the DTAC, the amount payable may have been materially lower. At 30 June 2014 the Directors considered NZD22.0 million an appropriate carrying amount for this receivable. The purchaser had contractual obligations which met the conditions for this receivable to be recognised as a receivable in the prior reporting period.

At 30 June 2014, the expectation of the Directors was that the Consideration Amount would be received within 12 months of the reporting date. As announced on 29 January 2015, the Company made an enquiry as to the likely timing of the payment and the response received from the purchasers did not indicate any particular timeframe for the receipt of the consideration amount. As at the reporting date of these consolidated financial statements, the Company has begun proceedings against the purchaser through the appropriate channels in order to pursue the payment of the Consideration Amount in a timely manner. Due to the uncertainty over the timing and exact amount of the Consideration Amount, as to the potential application of a price earnings multiple of the Newco as explained above, the Directors have re-classified the receivable as an Available for sale financial asset, see note 20 for further details.

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Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

20. Investment – Available for sale financial asset:

	2015	2014
	£000	Restated £000
Receivables – Sale of Perpetual Trust Limited (PTL)	9,104	-
Total other assets	9,104	-

As detailed in note 19, the receivable for the sale of PTL (PTL receivable) has been re-classified as an Available For Sale financial asset during the current reporting period. The Available For Sale financial asset was initially recognised at NZD22 million, as per note 19, and subsequently has been stated at fair value (see note 3(p) and 30). As such, the fair value of the Group's investment in the Available for Sale Financial Asset has been arrived at on the basis of a valuation carried out by an external party to the Group, Simmons Corporate Finance, in August 2015. The valuer has significant experience in the investigation of financial transactions and issuing opinions on the fairness and merits of the terms thereof.

The key assumptions within the valuation of the PTL receivables are that there are two primary scenarios, PGC pursues payment of the PTL receivable through the Courts (the "litigation scenario") or in accordance with the terms of the DTAC an IPO of the Newco listing on the NZX Main Board would occur with PGC subsequently receiving the PTL receivable (the "IPO scenario"). In assessing the fair value of the PTL receivable at 30 June 2015, the valuer applied probability weightings to the scenarios detailed above, assigned a gross value at various dates that the payment could be expected and calculated the net present value (NPV) of the gross value at 30 June 2015 under each scenario. The valuation gives no weight to the possibility of neither of those occurring and PGC receiving no value from the outstanding amount. The PGC Directors' support this view and remain confident of recovering at least the full outstanding debt due to the strength of PGC's case and the commercial imperatives that exist for the owners of PTL to carry out an IPO in the near future.

At 30 June 2015, the fair value of the PTL receivable based on the probability weighted net present value of the PTL receivable under the two scenarios were an estimated probability of the Litigation Scenario arising to be 60% and on this basis the probability of the IPO scenario being 40%. In the event the Company is not successful with its litigation, then it will receive the gross value through the eventual IPO of Newco as it is not in the purchaser's interests to not undertake an IPO of the Newco. The assessment has also assumed that the IPO will occur within the next 1 to 2.5 years. See note 30 for analysis of the receivables sensitivity to the various inputs used in the valuation determination.

At 30 June 2015, based on the valuation detailed above, the Directors have relied on this valuation from the external party and assessed the fair value of the PTL receivable to be NZD21.2 million (£9.1 million). £0.399 million fair value movement has been recognised in other comprehensive income during the year.

21. Assets held for sale:

	2015	2014	2013
	£000	Restated £000	Restated £000
Property held for sale	-	1,192	2,267
Impairment	-	(652)	(256)
Total assets held for sale	-	540	2,011

In July 2014, the Group sold 6 investment properties. As at 30 June 2014, the Group had used the sale prices as a basis for determining the carrying value of the 6 investment properties that were sold in July 2014.

The investment properties are included in the Property Group segment.



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Notes to the Consolidated Financial Statements, continued
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22. Investments – Fair value through profit or loss:

	2015 £000	2014 Restated £000	2013 Restated £000
Current assets			
Unlisted equity securities	20,000	-	-
Listed equity securities	248	-	-
	<u>20,248</u>	<u>-</u>	<u>-</u>
Non-current assets			
Listed Australian equity securities	15,584	-	-
Loans and receivables	8,976	-	-
Investment in EPIC	-	12,894	-
Convertible note – van Eyk	-	-	3,366
	<u>24,560</u>	<u>12,894</u>	<u>3,366</u>
Total Investments – Fair value through profit or loss	44,808	12,894	3,366

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

23. Investments – Loans and receivables:

	2015 £000	2014 Restated £000	2013 Restated £000
Non-current assets			
Loans receivable	23,014	-	181
Total Investments – Loans and receivables	23,014	-	181

The loans receivable comprise of a NZD denominated on-demand receivable. Its underlying security consists of a freehold mortgage.

24. Deferred tax:

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

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

	2015 £000	2014 Restated £000
The following deferred tax assets have not been recognised as at 30 June:		
Tax losses (subject to meeting shareholder continuity requirements)	3,421	2,676
Deductible temporary differences	209	229
Total unrecognised deferred tax assets	3,630	2,905

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

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

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



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

25. Investment in associates and joint venture:

Summarised Statement of Financial Position - restated

	Torchlight Fund LP 2014 £000	EPIC 2013 £000	Torchlight Fund LP 2013 £000	Total 2013 £000
Current				
Cash and cash equivalents	1,385	3,390	1	3,391
Other current assets (excluding cash)	2,548	990	98,873	99,863
Total current assets	3,933	4,380	98,874	103,254
Financial liabilities (excluding trade payables)	(5,536)	-	(63,411)	(63,411)
Other current liabilities (including trade payables)	(9,500)	(185)	(15,053)	(15,238)
Total current liabilities	(15,036)	(185)	(78,464)	(78,649)
Non-current				
Assets				
Assets	106,193	37,758	55,196	92,954
Financial liabilities	(16,977)	-	-	-
Total non-current assets	89,216	37,758	55,196	92,954
Net assets	78,113	41,953	75,606	117,559

Summarised Statement of Comprehensive Income - restated

	Torchlight Fund LP 2014 £000	EPIC 2013 £000	Torchlight Fund LP 2013 £000	Total 2013 £000
Loss	(23,971)	(2,165)	(4,775)	(6,940)
Interest income	14,347	79	10,408	10,487
Interest expense	(2,903)	-	(8,528)	(8,528)
Loss before tax	(12,527)	(2,086)	(2,895)	(4,981)
Income tax expense	-	(72)	-	(72)
Post-tax loss	(12,527)	(2,158)	(2,895)	(5,053)
Other comprehensive income	-	(2,887)	(2)	(2,889)
Total comprehensive loss	(12,527)	(5,045)	(2,897)	(7,942)

The information above reflects the amounts presented in the management accounts of the associates (and not the Group's share of those amounts) at 31 March 2014.

For the year ended 30 June 2014, the Group's Share of equity accounted investees' loss detailed above is £4.10m.

Reconciliation of summarised financial information

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

Summarised financial information	Torchlight Fund LP 2014 £000	EPIC 2013 £000	Torchlight Fund LP 2013 £000	Total 2013 £000
Opening net assets at 1 April	72,119	42,452	-	42,452
Loss for the period	(12,527)	(2,158)	(3,064)	(5,222)
Other comprehensive income	-	(2,887)	(2)	(2,889)
Foreign exchange differences	(6,137)	(82)	(6,688)	(6,770)
Transactions with shareholders	24,658	4,628	85,360	89,988
Closing net assets	78,113	41,953	75,606	117,559
Interest in associates	19,786	11,285	19,151	30,436
(Discount to net asset value on acquisition)/goodwill	-	(2,958)	4,412	1,454
Carrying Value	19,786	8,327	23,563	31,890



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Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

25. Investment in associates and joint venture, continued:

Torchlight Fund Limited Partnership (TFLP)

At 30 June 2014, the Group considered TFLP to be an associate. Throughout the financial year the Group increased its direct investment in Torchlight Fund LP (TFLP) to 30.6% at 30 June 2015 (30 June 2014: 25.3%) through the purchase of partnership interests from existing limited partners during the year. At 30 September 2014, however, the Group acquired a controlling interest over TFLP as detailed further below in Note 26. Subsequently, TFLP is deemed a subsidiary with effect from 30 September 2014 and has been consolidated in full from this point.

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

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

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

RCL PRM Pty Limited (RCL PRM)

RCL PRM owns 50% of PRM Property Holdings Pty Limited and PRM Property Group Pty Limited and as such is equity accounted for. The carrying value of these investments is as follows:

	30 June 2015 £000
Investment in PRM Property Holdings Pty Ltd and PRM Property Group Pty Ltd	1,242
	1,242
Share of equity accounted investees' losses	(341)
	(341)

26. Acquisition of business:

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

On 1 July 2015, £21.2 million (AU\$43.5 million) of the Group's other finance receivables and advances to associates, were settled via conversions to Limited Partner interests in TFLP (the "Subscription Transaction").

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

26. Acquisition of business, continued:

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

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

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

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

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

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



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Notes to the Consolidated Financial Statements, continued
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27. Borrowings:

	2015	2014	2013
	£000	Restated £000	Restated
Current			
Bank Loan – secured	7,529	-	-
Third party corporate debt facility – secured	10,994	-	-
Property book borrowings sourced from New Zealand	-	82	299
	18,523	82	299
Non-current			
Third party corporate debt facility – secured	33,636	-	-
	52,159	82	299

The bank loan comprises a loan to RCL Queenstown Pty Ltd (subsidiary of the Group) in respect to the acquisition of the loans receivable listed in the balance sheet under note 16. Security for this loan includes a mortgage and a charge.

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

28. Other liabilities:

	2015	2014	2013
	£000	Restated £000	Restated £000
Current			
Provision for Wilaci settlement	4,411	4,250	32,866
Trade and other payables	7,864	2,884	6,790
Total other liabilities	12,275	7,134	39,656

Provision for Wilaci settlement

In conjunction with the original capital contribution from Torchlight Fund No. 1 LP (“TFL”) in December 2012, TFLP agreed to assume liability of AUD54.6m comprising a AUD37.0m loan provided by Wilaci Pty Limited (“Wilaci”), a 3rd party lender, and a provision of AUD17.7m to cover settlement of fees and penalties. As at 30 June 2015, the principal had been repaid in full (30 June 2014: AUD4.5m outstanding).

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

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

As a step towards recovering the alleged late payment fees, the Receivers seek a declaration that various assets held by TFLP and its subsidiaries are subject to Wilaci’s security. The declaration is sought on the basis that the assets of TFL and its subsidiaries were acquired by TFLP in 2012, as detailed further in Note 2(e). The proceeding is opposed and was scheduled for trial in April 2016. Trial date has been vacated following the favourable judgement confirming that the late payment fees are not payable.

TFLP has always vigorously defending this claim. At 30 June 2015, the provision amounting to AUD9.03m or GBP4.41 million (30 June 2014: AUD7.71 million or GBP4.25 million) for settlement is based on the outstanding amount deemed payable following the High Court judgement on 19 October 2015.

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

29. 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 80.16% of PGC's shares at 30 June 2015. George Kerr is the ultimate controlling party of AEP LP.

During the year ended 30 June 2015, no consulting or administrative fees were paid by the Group to AEP LP (30 June 2014: £0.01 million cost reimbursement for transaction advice). There were no outstanding fees payable to AEP LP at 30 June 2015 (June 2014: £nil).

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 £0.73 million (30 June 2014: £0.15 million). At 30 June 2015, there were no outstanding balances payable to AEP (GP) (30 June 2014: £nil).

The above expenses are charged to Selling and administration expenses in the Consolidated Statement of Comprehensive Income and included in Other Liabilities in the consolidated Statement of Financial Position.

During the period ended 30 June 2015, loan advances were provided to AEP (GP). These amounts are repayable by AEP (GP). At 30 June 2015, the amount receivable from AEP (GP) was £1.36 million (30 June 2014: £nil). General advances accrue interest at 9%. Total interest recognised during the year was £0.06 million (30 June 2014: £nil).

Associates

van Eyk

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

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 fees of 1.85% per annum of the total invested capital and investment acquisition fees of 1.50% of the purchase price of investments. For the period ended 30 June 2015 management fees of £2.2 million (30 June 2014: £2.3m) and acquisition fees of £0.16 million (30 June 2014: £0.39 million) were payable. On consolidation of TFLP from 30 September 2014, the inter-company transactions are eliminated.

During the period ended 30 June 2015, general loan advances were provided to TFLP. These amounts are now repayable by TFLP. At 30 June 2015, the amount receivable from TFLP was £12.1 million (30 June 2014: receivable from TFLP of £5.2 million). On 1 July 2015, the Group converted £8.3 million of this outstanding amount receivable into TFLP limited partner interests through Torchlight Group Limited's investments in TFLP. General advances accrue interest at 9%. Total interest recognised during the period was £0.7 million (30 June 2014: £0.5 million). With effect from 30 September 2014, these inter-company loans are eliminated on consolidation.

RCL Finance Receivables - co-investment

During the period 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%. Interest, however, stopped accruing at 31 August 2013 due to the restructuring of the Groups co-investment. No interest was recognised during the year ended 30 June 2015 (30 June 2014: £0.5 million). The total investment in RCL finance receivables as at 30 June 2015 was £13.1 million (30 June 2014: £17.3 million). Following the year end on 1 July 2015, the Group converted £12.9 million of these Co-Investments in RCL into TFLP limited partner interests through Torchlight Group Limited's investments in TFLP. £0.16 million of the Co-Investments in RCL were not converted on 1 July 2015 and this outstanding amount was settled in cash in the post year end period. With effect from 30 September 2014, these inter-company RCL finance receivables and associated interest amounts have been eliminated on consolidation.



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

29. Related party transactions, continued:

(b) Transactions with key management personnel

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

	2015	2014
	£000	Restated £000
Key management personnel compensation from Parent Company is as follows:		
Short-term employee benefits	141	177
Total	141	177
	2015	2014
	£000	Restated £000
Key management personnel compensation from Group companies is as follows:		
Short-term employee benefits	1,734	-
Total	1,734	-

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

30. Fair value:

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

Fair value measurement of financial instruments

Finance receivables

The fair value of the Group's finance receivables are considered equivalent to their carrying value due to their short term nature.

Other loans and receivables

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

Borrowings

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

Investments - Fair value through profit or loss

During the year ended 30 June 2015, the consolidated financial statements includes listed equity securities, unlisted equity securities, listed Australian equity securities and loans and receivables which are measured at fair value (note 22). The fair value of the listed equity investments are valued based on quoted prices (unadjusted) in active markets for identical assets.

Unlisted equity securities

At 30 June 2015, the valuation of the unlisted equity security is now recorded at the net realisable value in accordance with sale price following the agreement for which TFLP entered into on 30 October 2015 for the sale of its entire investment in Local World, see note 37 for further details.

Listed equity securities

At 30 June 2015, the listed equity investments are valued based on quoted prices (unadjusted) in active markets for identical assets.

Listed Australian equity securities

The valuation of the listed Australian equity securities has been prepared by the general partner of TFLP and is consistent with an Independent Expert's Report, dated 27 June 2014 prepared in relation to a proposed buyback of securities.

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

30. Fair value, continued:

Investments - Fair value through profit or loss, continued

Loans and receivables

The value of loans receivable is derived from external valuations of the underlying collateral and desktop valuations of the remainder applying methodology consistent with property valuations e.g. discount rate, timing of sell down period, the price/cost escalations over the time.

Investment in EPIC

As at 30 June 2014, it was considered that the Group no longer had significant influence over EPIC (notes 9 and 22). Therefore, for the purpose of these consolidated 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.

Investments – Available for Sale Financial Assets

Available for Sale Financial Assets are measured at fair value. The fair value of the Available for Sale Financial Asset is determined by an external valuer and has been based on the probability weighted Net Present Values (NPVs) of a receivable under two separate scenarios (see note 20). The Directors consider the assessment of the fair value of the Available for Sale Financial Asset to be best represented by the valuation assessment provided by the external valuer.

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.

	2015		2014 Restated	
	Carrying value £000	Fair value £000	Carrying value £000	Fair value £000
Assets				
Cash and cash equivalents	10,937	10,937	91	91
Finance receivables – other	937	937	19,460	19,460
Investments – Assets held for sale	-	-	540	540
Advances to related parties	1,362	1,362	-	-
Advances to associates	-	-	5,204	5,204
Investments – Loans and receivables	23,014	22,828	-	-
Investments – Fair value through profit or loss	44,808	44,808	12,894	12,894
Investments – Available for sale financial assets	9,104	9,104	-	-
Trade and other receivables	3,239	3,239	17,799	17,799
Total assets	93,401	93,215	55,988	55,988
Liabilities				
Bank overdrafts	-	-	56	56
Borrowings	52,159	50,825	82	82
Other financial liabilities	12,275	12,275	7,134	7,134
Total liabilities	64,434	63,100	7,272	7,272

Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- 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
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

30. Fair value, continued:

Fair Value Hierarchy, continued

	NOTE	2015			Total £000
		Level 1 £000	Level 2 £000	Level 3 £000	
Assets					
Investments – Available for sale financial asset	20	-	-	9,104	9,104
Unlisted equity securities	22	-	20,000	-	20,000
Listed equity securities	22	248	-	-	248
Listed Australian equity securities	22	-	-	15,584	15,584
Loans and receivables	22	-	-	8,976	8,976
Investment property	17	-	-	2,995	2,995
Total Assets		248	20,000	36,659	56,907

	NOTE	2014 – restated			Total £000
		Level 1 £000	Level 2 £000	Level 3 £000	
Assets					
Property held for sale	21	-	540	-	540
Investment in EPIC	22	-	12,894	-	12,894
Investment property	17	-	-	2,468	2,468
Total Assets		-	13,434	2,468	15,902

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

Reconciliation of Level 3 fair value measurements of assets

	Investment property £000	Available for sale financial assets £000	2015 Listed Australian equity securities £000	Loans and receivables £000	Total £000
Investments held at fair value					
<i>Balance at the beginning of the year</i>	2,468	-	-	-	2,468
Transfers into Level 3 from Trade and other receivables	-	11,287	-	-	11,287
Transfers in on business combinations classification change to subsidiary	772	-	15,075	10,029	25,876
Acquisitions	-	-	1,608	-	1,608
Change in fair value through profit or loss	260	-	410	(661)	9
Change in fair value through other comprehensive income	-	(399)	-	-	(399)
Loan interest receivable	-	-	-	270	270
Foreign exchange on translation	(505)	(1,784)	(1,509)	(662)	(4,460)
Balance at the end of the year	2,995	9,104	15,584	8,976	36,659

	Investment property £000	2014 - restated Investment in EPIC £000	Total £000
Investments held at fair value			
<i>Balance at the beginning of the year</i>	2,444	3,366	5,810
Losses recognised in profit or loss	-	(284)	(284)
Change in fair value	6	-	6
Sales	-	(3,073)	(3,073)
Foreign exchange on translation	18	(9)	9
Balance at the end of the year	2,468	-	2,468



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

30. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Valuation process

Investment property

At 30 June 2015, £2.3 million of investment property is held within the Property Group segment. These investment properties were valued at 30 June 2015 on the basis of valuations carried out in June 2015 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 valuation was completed on two sites in the Tauranga District, a suburban residential area and a rural residential area, which have been valued on a single entity basis. The valuation has been arrived at by using the Market Comparison Approach and supported by the Hypothetical Subdivision Approach. Using the Market Comparison Approach, a total improvement and land value using this approach amounted to NZD5.4 million or £2.3 million as presented in these consolidated financial statements.

The hypothetical subdivision approach supporting the market comparison approach, was based on the development of 105 residential sections and 6 rural sections and a realisation period of 5 years. Key assumptions with this valuation are that the 111 sites will achieve a gross sale price of NZD27.0 million with total development costs of NZD13.4 million.

£0.7 million of investment property is held within the Torchlight Group segment at 30 June 2015, this investment property was purchased during August 2014. In accordance with note 3(m), this investment property has been recognised at cost.

Listed Australian equity securities

The valuation of the listed equity securities has been prepared by the management of the General Partner and is consistent with an Independent Expert's Report, dated 27 June 2014 prepared in relation to a proposed buyback of securities.

Loans and receivables – held at fair value through profit or loss

The value of loans receivable is derived from external valuations of the underlying collateral and desktop valuations of the remainder applying methodology consistent with property valuations e.g. discount rate, timing of sell down period, the price/cost escalations over the time.

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

30. Fair value, continued:

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

Description	Fair value at 30 June 2015 £000	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	2,995	2,468	Internal desktop based on 2015 valuation and using comparable sales.	Estimated future sales price Estimated future development costs	-5% / +5%	The estimated fair value would increase/(decrease) if: - the estimated sales price was higher/(lower) - the estimated development costs were higher/(lower)
Listed Australian equity security	15,584	-	Adjusted Net Assets due to thinly traded nature of shares	Net assets 31 Dec 2014 Minority discount	6%	The estimated fair value would increase/(decrease) if the minority discount rate applied was higher/(lower).
Loans and receivables	8,976	-	Discounted cash flow analysis	Discount rate	15%	The estimated fair value would increase/(decrease) if the discount rate applied was higher/(lower).
	27,555	2,468				



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

30. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued

Available for sale financial asset

In order to ascertain the fair value of the Perpetual Trust Limited (PTL) receivable, the Directors engaged an external valuer (see note 20) who assessed the receivable to have a fair value of NZD21.2 million (£9.1 million). While the valuer considered a number of possible probability weighted scenarios in arriving at the fair value of the PTL receivable, there is in fact an infinite number of possible outcomes that could cause the fair value of the receivable to differ materially to the balance recorded within the consolidated financial statements. Set out below are details of the inputs used in determining the fair value of the PTL receivable, and analysis as to how the fair value of the receivable would change under varying scenarios.

Valuation assumptions

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

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

The valuer has assigned a 60% likelihood of the full NZD22.0 million being recovered through the litigation scenario by 31 December 2016. In the event that the litigation is not successful the valuer has assigned a 40% likelihood that the receivable will be recovered through a subsequent IPO.

Under the IPO scenario, the valuer has assumed four sub-scenarios in which the IPO could take place with the earliest being in one year's time (i.e. 30 June 2016) with subsequent cash flow scenarios assuming recovery intervals of 6 months after this date (i.e. finishing 31 December 2017). In addition, the valuer has assessed the likelihood of the Newco not achieving a prospective EBITDA multiple of 8.5x to be nil. All cash flows under the IPO scenario have been discounted using a post-tax discount rate of 5.76%.

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

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

Sensitivity Analysis

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

- a 10% decrease in the probability weighting of the litigation scenario would result in an approximately £86,000 reduction to the fair value of the PTL receivable and vice versa;
- a 6 month delay in each of the IPO sub-scenarios (i.e. earliest IPO on or about 31 December 2016 and latest IPO on or about 30 June 2018) would reduce the fair value by approximately £95,000;
- a 12 month delay in each of the IPO sub-scenarios (i.e. earliest IPO on or about 30 June 2017 and latest IPO on or about 31 December 2018) would reduce the fair value by approximately £187,000;

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

30. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued

Available for sale financial asset, continued

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

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

		IPO timing sub-scenario start date					
		30/06/2016	31/12/2016	30/06/2017	31/12/2017	30/06/2018	31/12/2018
		£000	£000	£000	£000	£000	£000
Litigation - probability	30%	8,841	8,675	8,513	8,357	8,204	8,056
	40%	8,928	8,786	8,648	8,514	8,383	8,256
	50%	9,016	8,898	8,783	8,671	8,562	8,456
	60%	9,104*	9,009	8,917	8,828	8,741	8,656
	70%	9,192	9,121	9,052	8,985	8,920	8,856
	80%	9,280	9,233	9,187	9,142	9,098	9,056

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

IPO timing

Including an additional four IPO sub-scenarios 6 months apart with the latest IPO date being 31 December 2019 on equal weightings to the valuer's analysis, assuming all other factors remain the same, the fair value of the PTL receivable would reduce by £181,000:

- a 10% decrease in the probability weighting of the litigation scenario would result in an additional £134,000 reduction (total reduction of £315,000) to the fair value of the PTL receivable;
- a 6 month delay in each of the IPO sub-scenarios (i.e. earliest IPO on or about 31 December 2016 and latest IPO on or about 30 June 2020) would reduce the fair value by an additional £90,000 (total reduction of £271,000);
- a 12 month delay in each of the IPO sub-scenarios (i.e. earliest IPO on or about 30 June 2017 and latest IPO on or about 31 December 2020) would reduce the fair value by approximately £177,000 (total reduction of £358,000);

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

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

		IPO timing sub-scenario start date					
		30/06/2016	31/12/2016	30/06/2017	31/12/2017	30/06/2018	31/12/2018
		£000	£000	£000	£000	£000	£000
Litigation - probability	30%	8,522	8,365	8,213	8,064	7,919	7,779
	40%	8,656	8,521	8,390	8,263	8,139	8,019
	50%	8,789	8,677	8,568	8,462	8,359	8,258
	60%	8,923	8,833	8,746	8,660	8,578	8,498
	70%	9,056	8,988	8,923	8,859	8,798	8,737
	80%	9,189	9,144	9,101	9,058	9,017	8,977



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

30. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued

Available for sale financial asset, continued

Prospective EBITDA multiple

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

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

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

Prospective EBITDA multiple on IPO and litigation scenario probability weighting sensitivity

		EBITDA multiple on IPO					
		6.0x £000	6.5x £000	7.0x £000	7.5x £000	8.0x £000	8.5x £000
Litigation – probability	30%	7,075	7,428	7,781	8,134	8,487	8,840
	40%	7,415	7,718	8,020	8,323	8,626	8,928
	50%	7,755	8,007	8,260	8,512	8,764	9,016
	60%	8,095	8,297	8,499	8,701	8,902	9,104
	70%	8,435	8,587	8,738	8,889	9,041	9,192
	80%	8,776	8,877	8,977	9,078	9,179	9,280

Discount rate

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

Discount rate and litigation scenario probability weighting sensitivity

		Discount rate					
		6% £000	7% £000	8% £000	9% £000	10% £000	11% £000
Litigation – probability	30%	8,985	8,912	8,840	8,770	8,701	8,634
	40%	9,052	8,990	8,928	8,868	8,809	8,751
	50%	9,120	9,067	9,016	8,966	8,917	8,869
	60%	9,187	9,145	9,104	9,064	9,025	8,986
	70%	9,254	9,223	9,192	9,162	9,133	9,104
	80%	9,321	9,301	9,280	9,260	9,240	9,221

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

31. Risk management policies:

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

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

Categories of financial instruments

	2015 £000	2014 £000
Assets		
Fair value through profit or loss	44,808	12,894
Loans and receivables	39,489	42,553
Available-for-sale financial assets	9,104	-
Liabilities		
Financial liabilities at amortised cost	64,434	7,272

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.

32. Credit Risk Exposure:

Credit risk management framework

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

Reviewing and assessing credit risk

The credit risk management strategies ensure that:

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

Collateral requirements - other finance receivables

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

(a) Credit impairment

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

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

32. Credit Risk Exposure:

Collateral requirements - other finance receivables

(a) Credit impairment, continued

At 30 June 2015, a finance receivable of £0.3 million held within the Group has been provided against in full as a bad debt and TFLP has loans to an Australian borrower group that are in default. The borrower was put into receivership in February 2012. These loans are recorded at fair value through profit or loss, and are not impaired on the basis that the collateral exceeds the carrying value and TFLP expects future sufficient cash flows of AUD5m.

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

Concentrations of credit risk

The Group has a concentration of credit risk at 30 June 2015 in relation to its investments in loans and receivables, loans and receivables at fair value through profit or loss and investment in Available for sale financial assets.

At 30 June 2014, trade and other receivables largely related to the sale of Perpetual Trust Limited (PTL). As is noted in note 19, NZD22 million (£11.4 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 Directors are of the view that the listing process will generate sufficient funds to settle this receivable. As detailed in note 19, the Directors have re-classified the PTL receivable as an Available for Sale Financial Asset, see notes 20 and 30 for further details.

Maximum Exposure to Credit Risk

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

33. Liquidity risk:

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

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

Contractual liquidity profile of financial liabilities

2015	0-12 Months £000	1-2 Years £000	2-5 Years £000	5+ Years £000	Total £000
Financial liabilities					
Borrowings	18,523	-	33,636	-	52,159
Other financial liabilities	12,275	-	-	-	12,275
Total financial liabilities	30,798	-	33,636	-	64,434
2014 - restated	0-12 Months £000	1-2 Years £000	2-5 Years £000	5+ Years £000	Total £000
Financial liabilities					
Borrowings	82	-	-	-	82
Bank overdraft	56	-	-	-	56
Other financial liabilities	2,884	4,250	-	-	7,134
Total financial liabilities	3,022	4,250	-	-	7,272

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

33. Liquidity risk, continued:

Contractual liquidity profile of financial liabilities, continued

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

There were no significant undrawn committed bank facilities at 30 June 2015 for the Group (30 June 2014: £nil).

There were no unrecognised loan commitments for the Group for the period ended 30 June 2015 (30 June 2014: £nil).

34. Market risk:

Interest rate risk

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

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

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

34. Market risk, continued:

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

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 listed and unlisted equity investments. Information on the Group's equity investments is included in note 22.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at 30 June 2015.

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

- Profit for the year ended 30 June 2015 would have increased by £1.58 million (30 June 2014: £1.29 million)

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

- Profit for the year ended 30 June 2015 would have decreased by £1.58 million (30 June 2014: £1.29 million)

Foreign exchange risk

The Group's exposure to foreign currency risk arises from its net assets, with the exception of the Group's investment in unlisted equity, being primarily denominated in Australian dollar and New Zealand dollar. A 10% increase/decrease in Australian dollar and New Zealand Dollar against British Pounds would have resulted in a £8.63 million increase/decrease to profit or loss for the year (30 June 2014: £3.68 million). The effect in equity would also be a £8.63 million increase/decrease as a result of the above foreign exchange rate fluctuations (30 June 2014: £2.68 million).

35. Contingent liabilities and commitments:

Torchlight Fund No. 1 and the Wilaci liability

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

Associated to the above risk, Torchlight Fund No.1 LP was involved in a case concerning a third party loan from an entity called Wilaci. A judgement was delivered in the High Court of New Zealand on the 19 October 2015 confirming that a late payment fee of approximately AUD31m claimed by the third party lender to Torchlight Fund No. 1 LP is unenforceable and not payable. Following the High Court judgement, Wilaci had the right to appeal and subsequently has lodged an appeal against the High Court decision on 13 November 2015. The hearing date for this appeal is scheduled to commence on 4 October 2016.

Amounts confirmed as outstanding to the third party lender from the High Court ruling are within provisions already raised within these financial statements, see Notes 2(e), 19 and 28.

Perpetual Trust Limited (PTL)/Bath Street receivable

In September 2015, the Company commenced High Court proceedings against Bath Street Capital Ltd and Mr Andrew Barnes. The proceedings in the Auckland High Court against Bath Street Capital Ltd and Mr Andrew Barnes were seeking damages of not less than \$22 million, together with interest and costs.

The claim concerns the sale in 2013 by PGC to Bath Street Capital Ltd (then called Coulthard Barnes Capital Ltd) of PGC's shareholding in Perpetual Trust Limited. The amount claimed represents unpaid consideration in respect of carry rights pursuant to the share sale agreement as subsequently varied (see notes 20 and 30). The hearing date for these proceedings has not yet been set.

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

35. Contingent liabilities and commitments, continued:

Torchlight Fund LP and its subsidiaries

The Group had the following commitments within the Australian RCL subsidiaries:

	2015 £000
Contracted work to complete	
<i>Expenditure contracted for at the reporting date but not recognised as liabilities</i>	
Within one year	2,639

Torchlight Fund LP and its subsidiaries – Contingent assets

The Group has financial guarantees in respect of completion of development works and maintenance bonds to relevant authorities. The value of these guarantees at 30 June 2015 was £1.1 million.

36. Discontinued operations

During the period 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 of up to 40% of the proceeds in excess of the Purchase Price from certain future Corporate Events (as defined in the sales agreement).

During the year ended 30 June 2014, a Deed of Termination of Agreements and Carry (DTAC) between both parties was entered into. The Consideration Amount to settle the DTAC was NZD22 million (£11.4 million) for which the purchaser had contractual obligations which meet the conditions for this receivable to be recognised within the June 2014 financial period. For further details see notes 19 and 20.

This settlement amount of NZD22.0 million (£11.4 million) was recorded as part of the gain on disposal of discontinued operations in the consolidated Statement of Comprehensive Income for the year ended 30 June 2014 and subsequently, has been treated as an Available for sale financial asset for the year ended 30 June 2015.

	2015 £000	2014 £000
Gain on disposal of discontinued operations	-	11,417
Income tax on gain on sale of discontinued operations	-	-
Profit from discontinued operations for the period	-	11,417
Profit from discontinued operations attributable to:	-	-
Owners of the Company	-	11,417
Non-controlling interests	-	-
Profit from discontinued operations for the period	-	11,417
Basic earnings per share (pence per share)	-	5.38
Diluted earnings per share (pence per share)	-	5.38

37. Subsequent events and going concern:

The following material events have occurred subsequent to 30 June 2015 to the date when these consolidated financial statement were authorised for issue:

- On 1 July 2015, £21.2 million (AU\$43.5 million) of the Group's other finance receivables and advances to associates, were settled via conversions to Limited Partner interests in TFLP. This increased the Group's investment in Torchlight Fund LP to 42.34% in the post year end period. The Group's increase in Limited Partnership interests in TFLP was pending the satisfactory completion of the TFLP 31 March 2014 audit. The TFLP audit was finalised and signed off on 30 June 2015, subsequently the increase in Limited Partnership interests was complete on the next Cayman Islands (the country of incorporation for TFLP) business day, being 1 July 2015.



PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements, continued
For the year ended 30 June 2015

37. Subsequent events and going concern, continued:

- In September 2015, as detailed further in Note 35, the Company commenced High Court proceedings against Bath Street Capital Ltd and Mr Andrew Barnes. The proceedings in the Auckland High Court against Bath Street Capital Ltd and Mr Andrew Barnes were seeking damages of not less than \$22 million, together with interest and costs. The hearing date for these proceedings has not yet to been set.

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

- On 19 October 2015, as detailed further in Note 35, a judgement was delivered in the High Court of New Zealand confirming that a late payment fee of approximately AU\$31 million claimed by Wilaci, a third party lender, to Torchlight Fund No. 1 LP is unenforceable and not payable. Following the High Court judgement, Wilaci had the right to appeal and subsequently has lodged an appeal against the High Court decision on 13 November 2015. The hearing date for this appeal is scheduled to commence on 4 October 2016.

Amounts confirmed as outstanding to the third party lender are within provisions already raised within TFLP. It is now expected that the Receivership will terminate and proceedings against TFLP will be withdrawn.

- On 29 October 2015, the Chairman, Bryan Mogridge resigned with immediate affect.
- On 30 October 2015, TFLP, a subsidiary of the Group's from 1 July 2015, entered into an agreement to sell its entire investment in Local World, a United Kingdom newspaper group, for approximately £20 million. TFLP's stake was purchased by Trinity Mirror, which bought out the 80 percent it did not already own in Local World in a deal which values the entire business at about £220m.

TFLP held 10.55% of the shares in Local World and received around £20m (net of transaction costs) from the sale proceeds. This was made of around £13.7m in cash, £5m in Trinity Mirror stock issued in a placing at a price of £1.58 and a further £1.3m that will be held in a cash escrow for two years pending settlement adjustments.

- During the Group's financial year, a Winding up Petition was filed by certain Limited Partners of TFLP with the Grand Court of The Cayman Islands and served at the registered office of the TFLP. The petition seeks an order to wind up TFLP for which the General Partner of TFLP has been robustly defending. The hearing date for this petition was scheduled to commence on 18 July 2016, however, this hearing date has now been vacated and has not yet been reset.

On 22 January 2016, the Court dismissed a general application for a validation order without prejudice to the General Partner's ability to re-apply post release of the 2015 audited accounts and granted an injunction limited to preventing payment to persons related to the General Partner without the consent of the petitioners or an order by the Court made on application, supported by evidence, for prospective validation. The financial effects, if any, of these events have not been recognised in the financial statements at 30 June 2015. These conditions indicate the existence of a material uncertainty that may cast significant doubt about TFLP's, and potentially the Group's, ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

- On 9 May 2016, a non pro rata exit payment of AUD10.9 million was paid out of TFLP to an exiting Limited Partner.

There were no other material events subsequent to 30 June 2015, to the date when these consolidated financial statements were authorised for issue.



Independent Auditor's Report

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To the Shareholders of Pyne Gould Corporation Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements on pages 13 to 62 of Pyne Gould Corporation Limited (the "Group") which comprise the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The Group is comprised of Pyne Gould Corporation Limited (the "Company") and the entities it controlled at 30 June 2015, or from time to time during the reporting period.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

We are independent of the Group. During the year our firm carried out a consultancy project for Pyne Gould Corporation Limited in respect of valuing an asset disclosed in its half year unaudited consolidated financial statements for the 6 month period ended 31 December 2014. We completed this work prior to taking on any statutory audit responsibilities. This consultancy project has not impaired our independence and we have no other relationship with, or interests in Pyne Gould Corporation Limited and the entities it controlled.

Opinion

In our opinion, the accompanying consolidated financial statements on pages 13 to 62 present fairly, in all material respects, the financial position of Pyne Gould Corporation and the entities it controlled as at 30 June 2015 and their financial performance and cash flows for the year then ended in accordance and comply with:

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 37 in the consolidated financial statements which refers to the winding up petition filed by certain Limited Partners of Torchlight Fund LP (the "Partnership") in the Grand Court of the Cayman Islands on 26 June 2015 and the 22 January 2016 injunction to prevent payment to persons related to the General Partner without the consent of the petitioners or the Court. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Partnership's, and potentially the Group's, ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other Matters

The consolidated financial statements of Pyne Gould Corporation Limited and the entities it controlled for the year ended 30 June 2014 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on 3 November 2014.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- proper accounting records have not been kept by the Group; or
- the consolidated financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

However, the Group under applicable New Zealand Law has not complied with:

- Section 461(1) of the New Zealand Financial Markets Conduct Act 2013 because it has not completed and filed its consolidated financial statements within four months of its balance date, and;
- Section 461(3) of the New Zealand Financial Markets Conduct Act 2013, because the balance dates of certain of its subsidiaries were 31 March 2015 which is not the same as the rest of the Group. That said, all activity between 1 April 2015 and 30 June 2015 has been appropriately accounted for in the Group financial statements as at, and for the year ended, 30 June 2015.

Restriction on Use of Our Report

This report is made solely to the Company's shareholders, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's shareholders as a body those matters 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 for 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.



Grant Thornton New Zealand Audit Partnership
Christchurch, New Zealand
20 May 2016

PYNE GOULD CORPORATION LIMITED

STATUTORY DISCLOSURES

The following persons respectively held office as Directors of the Company and the Company's subsidiaries during the year ended 30 June 2015:

Pyne Gould Corporation Ltd

G Kerr
BW Mogridge (resigned 29 October 2015)
R Naylor
N Kirkwood (appointed 27 August 2014)
M Smith (appointed 4 November 2014)
G Bright (resigned 31 October 2014)
M Carolan (appointed 23 August 2013 and resigned 7 July 2014)

Torchlight Group

G Kerr
R Naylor

Torchlight GP Limited

G Kerr
R Naylor

Equity Partners Asset Management Limited

BW Mogridge (resigned 29 October 2015)
M Tinkler

Equity Partners Infrastructure Management Limited

BW Mogridge (resigned 29 October 2015)
M Tinkler

Ferrero Investments Limited

M Tinkler
R Naylor

Land House Limited

M Tinkler

Property Assets Limited

M Tinkler

Real Estate Credit Limited

BW Mogridge (resigned 29 October 2015)
M Tinkler

MARAC Financial Services Limited

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

MARAC Investments Limited

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

NZ Credit Fund (GP) 1 Limited (formerly Torchlight (GP) 1 Limited)

M Tinkler

Torchlight (GP) 2 Limited

G Kerr

PYNE GOULD CORPORATION LIMITED

STATUTORY DISCLOSURES, CONTINUED

Torchlight Management Limited

G Kerr

Torchlight Securities Limited

G Kerr

Real Estate Southern Holdings Limited

M Tinkler

Henley Downs Village Investments Limited

N Kirkwood

Henley Downs Village Limited

N Kirkwood

Torchlight Real Estate Group

G Kerr

R Naylor

RCL Real Estate Holdings

R Naylor

WD Wightman

RCL Real Estate Pty Ltd

R Naylor

WD Wightman

RCL Queenstown Pty Ltd

R Naylor

WD Wightman

RCL PRM Pty Ltd

R Naylor

WD Wightman

RCL Sanctuary Lakes Pty Ltd

R Naylor

WD Wightman

RCL Sanctuary Land Development Pty Ltd

R Naylor

WD Wightman

RCL Links Pty Ltd

R Naylor

WD Wightman

RCL Grandvue Pty Ltd

R Naylor

WD Wightman

RCL Haywards Bay Pty Ltd

R Naylor

WD Wightman

PYNE GOULD CORPORATION LIMITED

STATUTORY DISCLOSURES, CONTINUED

RCL Port Stephens Pty Ltd

R Naylor
WD Wightman

RCL Pacific Dunes Golf Operations Pty Ltd

R Naylor
WD Wightman

RCL Forster Pty Ltd

R Naylor
WD Wightman

RCL Taree Pty Ltd

R Naylor
WD Wightman

RCL Merimbula Pty Ltd

R Naylor
WD Wightman

RCL Renaissance Rise Pty Ltd

R Naylor
WD Wightman

RCL Real Estate Australia Pty Ltd

R Naylor
WD Wightman

RCL Rock Pty Ltd

R Naylor
WD Wightman

RCL Henley Downs Limited

N Kirkwood
WD Wightman

RCL Jack's Point Limited

N Kirkwood
WD Wightman

NZ Real Estate Credit Limited

N Kirkwood

Disclosure of interests

The following are disclosures of interest given by the Directors:

BW Mogridge (resigned on 29 October 2015)

Director and shareholder

Rakon Ltd (Chairman)
Mainfreight Ltd
Mogridge and Associates Ltd (Chairman)

Director

Bupa Australia Pty Limited
Adherium Limited

Ownership of limited partnership interests in Torchlight Fund LP

PYNE GOULD CORPORATION LIMITED

STATUTORY DISCLOSURES, CONTINUED

Disclosure of interests, continued

G Kerr

Director and shareholder

Australasian Equity Partners (GP) No.1 Ltd

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

General disclosure

All Directors have provided a general notice that they may from time to time undertake personal business transactions with the Company, including utilising the Company's services. All such transactions are carried out in accordance with the Company's normal business criteria for those types of transactions. The Company obtains consulting services from Naylor Partners Pty Ltd of which R Naylor is a Director and shareholder, and legal services from Burton & 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 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 2013. The cost of the insurance premiums to the Company and its subsidiaries for the period was £31,226 (30 June 2014: £29,203)

Details of individual Directors share dealings are as follows:

	Beneficial	Associated Person
G Kerr		
Balance at 30 June 2014	-	166,309,760
Balance at 30 June 2015	-	166,309,760
BW Mogridge		
Balance at 30 June 2014	44,899	1,336,048
Balance at 30 June 2015	44,899	1,336,048
R Naylor		
Balance at 30 June 2014	-	-
Balance at 30 June 2015	-	-
N Kirkwood		
Balance at 30 June 2014	-	-
Balance at 30 June 2015	-	-
M Smith		
Balance at 30 June 2014	-	-
Balance at 30 June 2015	-	-

Remuneration of Directors

The total remuneration received by each Director who held office in the Company and its subsidiary companies during the 30 June 2015 year was as follows:

Parent Company Directors			Remuneration
G Kerr*	Executive	Non-Independent	-
R Naylor*	Executive	Non-Independent	-
N Kirkwood*	Executive	Non-Independent	-
BW Mogridge	Non-Executive	Independent	NZD250,000
M Smith	Non-Executive	Independent	GBP60,000

*Executive Directors do not receive directors' fees.

PYNE GOULD CORPORATION LIMITED

STATUTORY DISCLOSURES, CONTINUED

Gender composition of Directors

Gender	30 June 2015 Number of Directors	30 June 2014 Number of Directors
Male	4	5
Female	1	-

SHAREHOLDER INFORMATION

Executive employees' remuneration

No employees of the Company and its subsidiary companies, who received remuneration, including non-cash benefits, have been in excess of NZD100,000 for the year ended 30 June 2015.

Donations

During the financial year ended 30 June 2015, the Company made no donations.

Size of shareholding

	Number of holders	% of share capital
1 – 1,000	342	0.07
1,001 – 5,000	550	0.65
5,001 – 10,000	309	1.03
10,001 – 50,000	339	3.33
50,001 – 100,000	62	2.01
100,001 and over	56	92.91
Total	1,658	100.00

Geographic distribution

	Number of holders	% of share capital
New Zealand	1,612	19.38
Overseas	46	80.62
Total	1,658	100.00

Largest Shareholders at 17 March 2016

Rank	Name	Number of shares	% of share capital
1	Lynchwood Nominees Limited	166,309,760	80.16
2	National Nominees New Zealand Limited	9,766,874	4.71
3	Stephen Andrew Walker	1,435,337	0.69
4	ASB Nominees Limited	1,399,350	0.67
5	Bryan William Mogridge	1,336,048	0.64
6	Walker and Hall Fine Gifts Limited	1,229,935	0.59
7	Sean Anthony Dennehy	1,054,897	0.51
8	Paul Rex Chaney and Dianne Joan Chaney	1,018,400	0.49
9	HSBC Nominees (New Zealand) Limited	796,758	0.38
10	Bruce Stewart Miles	562,800	0.27
11	Justine Elinor Thompson	370,867	0.18
12	Alistair Blair McCredie	321,600	0.16
13	Michael Murray Benjamin	300,000	0.14
14	Frederick Garnet Adams & Rosena Elisabeth Adams	267,772	0.13
15	Cash IT Limited	267,464	0.13
16	EPIC Trustees Limited	254,100	0.12
17	Hwa Yuen Ong	253,274	0.12
18	Jedi Investments Limited	250,000	0.12
19	Investment Custodial Services Limited	221,182	0.11
20	Philip Lewis McIntyre and Jillian Grace McIntyre	217,080	0.10
Total Top Holders Balance		187,663,498	90.42

PYNE GOULD CORPORATION LIMITED

SHAREHOLDER INFORMATION, CONTINUED

Substantial security holders

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

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

New Zealand stock exchange waivers

No waivers were obtained by the Company from the NZX.

PYNE GOULD CORPORATION LIMITED

DIRECTORY

DIRECTORS

Bryan Mogridge (resigned 29 October 2015)
George Kerr
Russell Naylor
Noel Kirkwood
Michelle Smith

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PYNE GOULD CORPORATION LIMITED

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