

NZX ANNOUNCEMENT

28 February 2014

PGC Half Year Results – 1 July 2013 to 31 December 2013

Pyne Gould Corporation (“PGC”) made an unaudited after tax loss from continuing operations of \$6.626 million for the half year to 31 December 2013 compared with a profit of \$1.907m for the same period last year.

PGC expects to report a full year profit for the 12 months to 30 June 2014.

Profit and Loss

PGC’s core business of Torchlight achieved a \$2.2m cash profit over the half (compared with \$1.65m in the same period last year).

This was offset by PGC legal and consulting costs (\$3.2m - up from \$1.8m last year) and non-cash charges (\$6.02m - compared with a non cash surplus of \$2.46m last year). The non-cash charges were foreign exchange translation of \$2.613m and equity accounting its share of accounting losses from its 27% share holding in Equity Partners Infrastructure Company No.1 Limited (\$2.275m).

Balance Sheet

PGC continued to execute its stated strategy of divesting non-core assets and focusing on growing its Torchlight business.

PGC ended the period with net current assets of \$12m and non-current assets of \$113m. PGC has no short or long term bank debt.

The company’s net tangible assets per share value was 58 cents at 31 December 2013, compared with 40 cents at 31 December 2012.

Over the period, PGC spent \$3.087m buying back shares and reduced its shares on issue from around 216.6m shares to around 209.8m shares.

Certain key events occurred outside this reporting period. Principally, and as announced to the market, the settlement of the sale of Perpetual Trust and the settlement of the sale of the final holding in van Eyk occurred in January and February 2014 respectively.

George Kerr
Managing Director

Reconciliation to GAAP profit

GROUP	RECONCILIATION TO GAAP PROFIT										
	6months to 31 Dec 13					6months to 31 Dec 12					
	Continuing operations				Total	Discontinued operations		Continuing operations			Total
	Torchlight Investment Group	Property Group	Head Office	Inter-segment Elimination		van Eyk Group	Perpetual Group	Torchlight Investment Group	Property Group	Head Office	
December 2013 - Unaudited											
External income											
Management fees and trustee fees revenue	3,018	-	-	-	3,018	5,611	7,533	2,041	1,209	-	16,394
Other income	22	17	-	-	39	62	-	74	239	2,333	2,708
Total fees and other income	3,040	17	-	-	3,057	5,673	7,533	2,115	1,448	2,333	19,102
Interest income	1,887	17	64	-	1,968	607	16	1,650	4,715	33	7,021
Interest Expense	10	73	23	-	106	102	104	3	1,152	39	1,400
Net operating income	4,917	(39)	41	-	4,919	6,178	7,445	3,762	5,011	2,327	24,723
Legal and Consultancy	1,620	91	1,528	-	3,239	1,491	-	1,169	260	425	3,345
Foreign exchange (gains)/losses	2,613	-	662	443	3,718	-	-	564	-	-	564
Selling and administration expenses	1,106	157	1,054	-	2,317	3,711	8,720	3,442	1,396	(605)	16,664
Impairment asset expense and investment w rite down	4	(8)	-	-	(4)	-	-	561	3,511	-	4,072
Operating Profit/Loss	(426)	(279)	(3,203)	(443)	(4,351)	976	(1,275)	(1,974)	(156)	2,507	78
Equity accounted share of loss	2,275	-	-	-	2,275	-	-	1,530	-	-	1,530
Income Tax expense	-	-	-	-	-	(123)	-	-	-	-	(123)
GAAP Profit/Loss	(2,701)	(279)	(3,203)	(443)	(6,626)	853	(1,275)	(444)	(156)	2,507	1,485
Reconciliation to cash profit											
GAAP Profit/Loss	(2,701)	(279)	(3,203)	(443)	(6,626)	853	(1,275)	(444)	(156)	2,507	1,485
Add back:											
Foreign exchange (gains)/losses	2,613	-	662	443	3,718	-	-	564	-	-	564
Equity accounted share of loss	2,275	-	-	-	2,275	-	-	1,530	-	-	1,530
Cash profit	<u>2,187</u>	<u>(279)</u>	<u>(2,541)</u>	<u>-</u>	<u>(633)</u>	<u>853</u>	<u>(1,275)</u>	<u>-</u>	<u>1,650</u>	<u>(156)</u>	<u>3,579</u>

For more information, please contact:
David Lewis +64-21-976 119

Name of Listed Issuer:

Pyne Gould Corporation Limited

Preliminary unaudited results for announcement to the market

Reporting Period

6 months to 31 December 2013

Previous Reporting Period

6 months to 31 December 2012

	Amount \$NZ'000	Percentage change
Revenue from ordinary activities (including interest income)	5,025	(81%)
Profit/(loss) from ordinary activities after tax attributable to security holders (excludes discontinued operations and non-controlling interests)	(6,626)	(580%)
Net Profit /(loss) attributable to security holders (excludes non-controlling interests)	(6,626)	(792%)

Interim Dividend - The Company does not propose to pay an interim dividend.	Nil
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These are unaudited results.

Statement of Financial Performance

	Unaudited 6 months Dec-13 \$NZ'000	Unaudited 6 months Dec-12 \$NZ'000	Percentage change
Continuing operations			
Management fees and trustee fees revenue	3,018	3,250	(7%)
Other income	39	2,646	(99%)
Total fees and other income	3,057	5,896	(48%)
Interest income	1,968	6,398	(69%)
Interest expense	106	1,194	(91%)
Net interest income	1,862	5,204	(64%)
Net operating income	4,919	11,100	(56%)
Selling and administration expenses	9,274	3,591	158%
Impaired asset expense and investment write-down	(4)	4,072	(100%)
Operating profit /(loss)	(4,351)	3,437	(227%)
Share of equity accounted investees' profit / (loss)	(2,275)	(1,530)	49%
Other income recognised from equity accounting	-	-	-
Profit /(loss) before tax from continuing operations	(6,626)	1,907	(447%)
Income tax benefit	-	-	-
Profit /(loss) after tax from continuing operations	(6,626)	1,907	(447%)
Discontinued operations			
Profit / (loss) from discontinued operations, before income tax	-	(299)	(100%)
Gain on disposal of discontinued operation	-	-	-
Income tax expense / (benefit)	-	123	(100%)
Profit / (loss) from discontinued operations	-	(422)	(100%)
Profit/ (loss) for the period	(6,626)	1,485	(546%)
Profit / (loss) attributable to:			
Owners of the Company	(6,626)	958	(792%)
Non-controlling interests	-	527	(100%)
Profit / (loss) for the period	(6,626)	1,485	(546%)
Basic earnings per share	(3.1)	0.4	

Statement of Financial Position

	Unaudited Dec-13 \$NZ'000	Unaudited Dec-12 \$NZ'000
ASSETS		
Current assets		
Cash and cash equivalents	380	811
Advances to associates	11,725	11,489
Finance receivables- MARAC	-	42,046
Finance receivables- Other	2,658	2,493
Trade and other receivables	6,216	3,212
Current tax asset	17	16
Assets held for sale - Perpetual and Van Eyk Groups	-	21,018
Assets held for sale - Other	3,408	3,390
Prepayments	263	-
Total current assets	24,667	84,475
Non-current assets		
Advances to associates	1,215	-
Finance receivables- MARAC	-	15,596
Finance receivables- Other	33,859	35,296
Investment property	4,812	19,044
Property, plant and equipment	1,830	1,828
Investment in associates	64,877	47,522
Investments - Available for sale financial assets	7	677
Investments - Loans and receivables	355	9,570
Investments - Fair value through profit or loss	6,081	-
Total non-current assets	113,036	129,533
Total assets	137,703	214,008
LIABILITIES		
Current liabilities		
Bank overdrafts	98	184
Liabilities held for sale - Perpetual and Van Eyk Groups	-	11,737
Borrowings	423	1,423
Advances from associates	992	1,414
Liabilities for MARAC finance receivables	-	59,215
Other liabilities	10,776	10,522
Total current liabilities	12,289	84,495
Non-current liabilities		
Liabilities for MARAC finance receivables	-	26,481
Other liabilities	-	4,424
Total non-current liabilities	-	30,905
Total liabilities	12,289	115,400
EQUITY		
Share capital	355,027	358,114
Accumulated losses and reserves	(229,613)	(260,326)
Total equity attributable to Owners of the Company	125,414	97,788
Non controlling interest	-	820
Total equity	125,414	98,608
Total equity and liabilities	137,703	214,008
Net tangible assets per share	58c	40c

Statement of Movements in Equity

	Unaudited Current Ended 31/12/2013 \$NZ'000	Unaudited Previous Ended 31/12/2012 \$NZ'000
Equity at the beginning of the period	137,684	97,509
Profit / (Loss) for the period	(6,626)	1,485
Other comprehensive income	(2,557)	(679)
Share buy backs	(3,087)	-
Non controlling interest	-	293
Equity at the end of the period	125,414	98,608

Statement of Cash Flows

	Unaudited Current Ended 31/12/2013 \$NZ'000	Unaudited Previous Ended 31/12/2012 \$NZ'000
Cash at the beginning of the period	138	(6,795)
Net cash (applied to) / from operating activities	(3,601)	(1,868)
Net cash (applied to) investing activities	6,997	25,979
Net cash from/ (to) financing activities	(3,252)	(20,091)
Total cash inflow/ (outflow) for the period	144	4,020
Cash at the end of the period	282	(2,775)

Details of associates:

Name	% owned
Torchlight Fund LP	22.45%
Equity Partners Infrastructure Company No.1 Limited	26.96%
van Eyk Research Pty Limited *	0.00%

* PGC retains a convertible note issued by van Eyk, which, if converted would give PGC a 27.1% interest in van Eyk.