Pyne Gould Corporation Limited

ANNUAL FINANCIAL REPORT
For the year ended 30 June 2013

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COMPANY REPORT

CHAIRMAN'S REPORT

The result for the year under review highlights the impact of a solid focus by our very small PGC team determined to restructure the company for a valuable and growing future. To achieve a growth of 41% on Net assets and a profit of $44.4m after tax attributable to PGC shareholders while being significantly distracted by Senior Management issues and Regulator intrusion along the way is an achievement worth noting.

PGC has come a long way in the last 12 months. It is very profitable, has no debt and significant opportunities as outlined in the Managing Directors report.

PGC, its large capital raising in 2009, Mr Kerr's role and the part PGC played in the successful establishment of Heartland Bank and the restructure of its own affairs has been significantly misunderstood by New Zealand's capital markets. This misunderstanding generated considerable negative press and slanderous blogs about the firm and its directors.

Never-the-less we ignored all that and got on with the job, allowing our results to speak for themselves. Our goal is to grow value for all our shareholders and we remain firmly focussed on that task.

With PGC's core assets domiciled overseas and the only assets held within New Zealand all actively being sold, it is hard to see why PGC should remain a New Zealand domiciled company. The Board envisages all future investment opportunities being overseas. Consequently the board is actively considering PGC's domicile. We have signalled this possibility over the past two years and when a final decision is reached we will communicate with the market and take our conclusion to a special meeting of shareholders.

Bryan Mogridge
Chairman

COMPANY REPORT

MANAGING DIRECTOR'S REPORT

Pyne Gould Corporation Annual Result to 30 June 2013
PGC recorded a better than expected Net Profit After Tax attributable to PGC shareholders (NPAT) of $44.4m to June 30 2013. The result drove a 41% gain in shareholder funds from $97.5m (43 cents a share) to $137.7m (64 cents a share).

Profit Commentary
Operating Earnings
Of the $44.4m NPAT, the operating profit (excluding capital gains from property and discontinued operations) was $19.4m (or 9 cents a share) and up sharply from last year's result. Torchlight gained both from investment returns and greater funds under management as it deployed capital in Australia and the United Kingdom.

PGC's operating NPAT represents a very healthy 19.9% return on opening shareholders' funds.

Non-Operating Earnings
PGC recorded a profit of $25m on the exit of non—core assets.

The property group contributed a $7.7m gain, which is attributable to the negotiated termination of the Real Estate Credit Limited arrangements.

A gain of $17.3m is attributed to PGC's exit of retail financial services—van Eyk in Australia, and Perpetual Group and Perpetual Trust in New Zealand. The sale of Perpetual Trust is now confirmed and due to complete settlement on or prior to 8 December. Control passed on 24 April and has, therefore, been deconsolidated from PGC. The gain from the sale of Perpetual was after accounting for sharply higher legal and compliance costs incurred as a result of its 2012 engagement with the regulator.

Balance Sheet
PGC shareholder funds grew 41% from $97.5m to $137.7m over the 12 months to 30 June 2013.

The balance sheet reflects the strategy of divesting non-core assets and growing Torchlight in Australia and the UK. Our focus is to build shareholders' funds by redeploying proceeds from non-core asset sales into growth in the core business and driving growth in operating earnings.

We hold our assets in two groups: PGC itself and PGC's 100% subsidiary, the Torchlight Group. Neither group has any debt.

PGC holds around $23m of net current assets and assets held for sale, plus $17m of securities.

The net current assets reflect proceeds and receivables from non-core asset sales. The securities are 42m shares (or 26.9% of the shares)in Equity Partners Infrastructure Company No.1 Limited (EPIC) - which in turn owns around 17% of Moto, the largest motorway service area operator in the UK.

Moto itself owns around GBP900m of largely real estate assets. Its debt sits at circa 54% of assets and it generates circa GBP80m of EBITDA a year. EPIC acquired its stake in Moto in the last days of the global financial crisis in July 2009 at a distressed market valuation and has since made follow-on investments to protect and grow its investment. EPIC shareholders have just voted 96% in favour of EPIC changing its incorporation to Bermuda ahead of a planned listing on the AIM Market of the London Stock Exchange. We have a positive long-term view of this investment and are fully supportive of EPIC's path forward.

COMPANY REPORT

Torchlight Group holds around $100m of assets - being net current assets of $20m, $46.3m of Torchlight Fund LP interests and $32.1m of direct co-investments.

Torchlight Fund LP has well in excess of $300m of assets and, after a successful capital raising in the UK and Australia, has been actively investing in both countries.

In the UK, it acquired 11% of Local World Media, which owns 110 regional newspapers in the UK. Local World is expected to make GBP36m EBIT in 2013 and then grow through cost cutting and growth in digital advertising to offset any decline in print advertising.

In Australia, the fund lifted its interest in two existing Australian real estate investments —the ASX listed Lantern Hotel Group and Residential Communities Limited (RCL). Lantern Hotel Group is a freehold hotel group with AUD100m of NTA. It is seeking to grow by acquisition and use operating cash-flow to buyback stock. RCL holds a land bank of over 7000 sites spread across 17 major projects. Torchlight has recently received Australian Government Foreign Investment Review Board approval to acquire the assets of RCL in exchange for the debt.

Strategy
PGC's success of the past year largely completes a restructuring that began taking shape five years ago.

It is worth recapping, for the record, how PGC came to be here and where we intend to go.

Five years ago I was approached by a then PGC Director to join the board. His pitch, alarmingly, was simply that the then PGC board did not have sufficient financial expertise or access to large-scale capital to survive the Global Financial Crisis.

He was right. A cold analysis made it clear that PGC was very weak. It was an overleveraged holding company with both its 100% subsidiary Marac and its largest investment PGG Wrightson, in precarious financial condition.

The situation was more challenging than expected and required $272m of new capital to achieve. However, within 12 months PGC had the strategy, people and financial resources to convert a seemingly hopeless situation into the genesis of two powerful businesses - Heartland Bank and Torchlight Group.

It was critical for PGC to split Marac into "Good Bank" and "Bad Bank." The mechanism to achieve this was using equity capital to buyout $175m of bad loans from Marac. At a Marac level, this not only injected liquidity and cleansed the loan book but restored the capital adequacy by replacing bad loans (worth 25 cents in the dollar for capital) with cash (worth 100 cents in the dollar). At PGC level the $175m of loans were written down to market value of $90m and managed by what has become Torchlight Group where we had the specialist skills and equity base to slowly convert them to cash.

PGC's decision to raise capital and to buy out the Bad Bank was both responsible and successful. In one transaction it firstly, saved the taxpayer a minimum $1 billion claim under the Government Guarantee Scheme and secondly, provided the genesis of both Heartland Bank and Torchlight Group.

Following the in specie distribution of Heartland Bank, PGC was alone and somewhat friendless. It was left with what one commentator described as offal – or the waste product of creating Heartland. To a large extent he was right and that is exactly what the role of Torchlight is – to operate in the world of distressed assets and convert stress into cash over time. The real key is to match these assets with the right capital, and holding them in Marac was a "square peg in a round hole." Long tail assets offering immediate liquidity is never a good mix. PGC on the other hand had permanent patient capital and via Torchlight had the skill set to unlock value, albeit over a long time.

COMPANY REPORT

In this context it made sense for Australasian Equity Partners, in October 2011, to offer shareholders the opportunity to exit PGC if they wished. While controversial it simply provided a mechanism for shareholders to either elect cash today or patiently wait for value tomorrow.

Immediately prior to the end of the takeover on March 29th 2012 the previous Managing Director and previous Financial Controller decided to pay themselves and others $1.92m cash of what we regarded as unauthorised payments. PGC reviewed email evidence immediately, removed their security access and demanded the funds back. We ensured that the funds were repaid in full.

The matter has been in front of the Employment Authority since late 2012. The case for James West, who was the Financial Controller, has been announced with the Authority ruling that the payment of $140,000 which he received was not payable as it was discretionary and was not properly authorised. We welcome this decision as it reflects our view. We were required to pay lost earnings and a $10,000 compensation payment for humiliation. This is being appealed including costs awarded by the Authority.

We are still waiting for the result of the previous Managing Director Mr John Duncan's case.

The first period after the AEP takeover was taken up with the events surrounding Mr Duncan's departure and the contemporaneous resignation of KPMG and engagement with the FMA.

We needed to wait until our 2012 financial statements were finalised and audited by PricewaterhouseCoopers (who provided an unqualified opinion) before we regained the space and credibility to move ahead.

We announced in July 2012 our strategy going forward – to exit all non-core assets and focus on stressed assets via Torchlight as its core business – with a geographical focus in Australia and the UK.

The result to June 2013 is the first tangible evidence of the success of the strategy.

Share Buybacks and Listing Options
We have previously advised we will consider returning capital from the sale of Perpetual Group to shareholders. That remains the intention and we expect to implement this via an on-market share buyback program. This is the most rational approach to returning capital on the basis that the price the shares are bought back at is below our assessment of intrinsic value. We have the ability under NZX rules to acquire on market as opportunities arise.

We advised last year on completion of the restructure that we would review PGC's domicile and listing in the light of the operational strategy. Thus far the focus has been on execution of the strategy, but with a successful outcome to 30 June 2013 we are reviewing which jurisdiction and which financial market is optimal for shareholders' long-term value.

Once we complete our work in that area we will seek shareholder approval accordingly.

George Kerr
Managing Director
Pyne Gould Corporation

BOARD OF DIRECTORS

BRYAN MOGRIDGE BSC

Chairman - Independent Director

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

GEORGE KERR B COM

Non-Independent Director

George is Chairman of Australasian Equity Partners, the 76.77% shareholder of PGC which took control on 2 April 2012. He became Group Managing Director on 26 April 2012.

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

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

GREGORY BRIGHT

Independent Director

As a businessman Gregory has founded three companies - Trade News Corporation Ltd, InvestorInfo Ltd and Conexus Financial Pty Ltd. His experience and networks in the Australian business community will assist PGC as they look to grow the Company’s financial services business across Australia and beyond.

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

RUSSELL NAYLOR

Non-Independent Director

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

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

RETIRED DIRECTORS

Michael Tinkler - Resigned 28 November 2012.

CORPORATE GOVERNANCE

The board and management of Pyne Gould Corporation are committed to ensuring that the company maintains corporate governance practices in line with current best practice.

The board, to ensure it governs in accordance with the requirements of the Company's Constitution, has established policies and protocols which comply with the corporate governance requirements of the NZX Listing Rules and which are consistent with the principles contained in the NZX Corporate Governance Best Practice Code.

This governance statement outlines the main corporate governance practices as at 24 September 2013.

The Board considers it has complied with the NZX Corporate Governance Best Practice Code for the year ended 30 June 2013.

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

The Company's Constitution is available to view on the Company's website www.pgc.co.nz.

PRINCIPLE 1 - ETHICAL STANDARDS

PGC expects its directors and staff to at all times act honestly and in good faith, and in the best interests of the Company. They must act with the care, diligence and skill expected of a director or staff member of a Company that has shares that are publicly traded on the NZX. Directors and staff are required to act honestly and fairly in all dealings with the Company's shareholders, investors, clients and service providers.

Each director and staff member has an obligation, at all times, to comply with the spirit as well as the letter of the law, to comply with the principles of the Company's Corporate Governance Code and the Constitution of the Company and to exhibit a high standard of ethical behaviour.

The Company's Code of Conduct covers, amongst other things:-

- receipt and use of company assets and property
- receipt and use of company information
- conflicts of interest
- buying and selling company shares

All directors and officers of the Company are required to obtain prior consent before buying or selling shares in the Company and to certify that their decision to buy or sell shares has not been made on the basis of inside information.

PRINCIPLE 2 - BOARD COMPOSITION AND PERFORMANCE

Role of the Board

The board of directors is responsible for corporate governance and the company's overall direction. The board establishes objectives, strategies and an overall policy framework within which the business is conducted. Day-to-day management is delegated to the Managing Director. The board regularly monitors and reviews performance at scheduled meetings.

Board Membership, Size and Composition

The constitution provides that the number of directors must not be more than ten nor fewer than three, but subject to these limitations the size of the board is determined from time to time by the board.

The board currently comprises four directors, being a non-executive Chairman, the Managing Director, one executive director and one further non-executive director.

A director is appointed by ordinary resolution of the shareholders, although the board may fill a casual vacancy in which case the appointed director retires at the next annual meeting but is eligible for election. Nominations for election as a director may be made by shareholders up until two months before the date of the annual meeting.

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

George Kerr is standing for re-election at this year's annual meeting.

Independence of Directors

A director is considered to be independent if that director is not an executive of the company and if the director has no direct or indirect interest or relationship that could reasonably influence, in a material way, the directors' decisions in relation to the company.

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

Board Performance Assessment

The board undertakes a regular review of the board committees' and individual director's performance. This is to ensure it has the right composition and appropriate skills, qualifications, experience and background to effectively govern the company and monitor the company's performance in the interests of shareholders.

PRINCIPLE 3 - BOARD COMMITTEES

Board Committees

The board has two permanently constituted committees to assist the board by working with management in specific areas of responsibility and then reporting their findings and recommendations back to the board. Each of these committees has terms of reference which set out the committees' objectives, membership, procedures and responsibilities.

Other ad hoc board committees are established for specific purposes from time to time.

Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the board in:

- discharging its financial reporting and regulatory responsibilities
- ensuring that the ability and independence of the external auditor to carry out its statutory audit role is not impaired
- maintaining effective internal audit and internal control systems overseeing the Company's Risk Profile
- approving the risk management framework within the context of the risk-reward strategy determined by the Board.

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

Remuneration and Appointments Committee

The role of the Remuneration and Appointments Committee is to:

- oversee a formal and transparent method of recommending director remuneration to shareholders
- assist the board in establishing remuneration policies and practices for the company and in discharging its responsibilities for reviewing and setting the remuneration of the Chief Executive Officer and his direct reports
- assist the board in reviewing the board's composition and the competencies required of prospective directors, identifying prospective directors, developing succession plans for the board and making recommendations to the board accordingly.

The Committee is chaired by Bryan Mogridge.

PRINCIPLE 4 - REPORTING AND DISCLOSURES

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

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

PRINCIPLE 5 - REMUNERATION

Total remuneration available to non-executive directors is determined by shareholders. The current aggregate approved amount is $700,000.

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

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

PRINCIPLE 6 - RISK MANAGEMENT

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

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

PRINCIPLE 7 - AUDITORS

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

PRINCIPLE 8 - SHAREHOLDER RELATIONS

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

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

PRINCIPLE 9 - STAKEHOLDER INTERESTS

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

DIRECTOR'S RESPONSIBILITY STATEMENT

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2013 and the financial performance and cash flows for the year ended on that date.

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

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Board of Directors of Pyne Gould Corporation Limited authorised the financial statements set out on pages 14 to 67 for issue on 25 September 2013.

For and on behalf of the Board

Bryan Mogridge
Director

George Kerr
Managing Director

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

		GROUP		HOLDING COMPANY	
		2013	2012	2013	2012
	NOTE	$000	$000	$000	$000
Continuing operations					
Management fees revenue	6	18,651	9,747	-	3,800
Other revenue	6	337	2,896	-	382
Other income	6	11,264	-	338	618
Total fees and other income		**30,252**	**12,643**	**338**	**4,800**
Interest income	5	12,799	12,265	36	766
Interest expense	5	510	13,997	62	707
Net interest income / (expense)		**12,289**	**(1,732)**	**(26)**	**59**
Net operating income		**42,541**	**10,911**	**312**	**4,859**
Selling and administration expenses	7	13,549	14,211	4,932	5,202
Impaired asset expense	8	8,672	43,083	-	47,018
Operating profit/ (loss)		**20,320**	**(46,383)**	**(4,620)**	**(47,361)**
Share of equity accounted investees' profit / (loss)		(313)	(749)	-	-
Other income recognised from equity accounting		4,347	-	-	-
Profit / (loss) from continuing operations before income tax		**24,354**	**(47,132)**	**(4,620)**	**(47,361)**
Income tax benefit	10	-	4,638	-	-
Profit / (loss) from continuing operations		**24,354**	**(42,494)**	**(4,620)**	**(47,361)**
Discontinued operations					
Profit / (loss) from discontinued operations, before income tax	36	3,974	(5,209)	-	-
Gain / (loss) on disposal of discontinued operations	36	17,339	-	(1,068)	-
Income tax expense	10, 36	(509)	-	-	-
Profit / (loss) from discontinued operations		**20,804**	**(5,209)**	**(1,068)**	**-**
Profit / (loss) for the year		**45,158**	**(47,703)**	**(5,688)**	**(47,361)**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Share of associates' other comprehensive income, after tax		(1,342)	(39)	-	-
Translation of foreign associates		57	134	-	-
Foreign Currency Translation Reserve (FCTR) released on disposal of associates		(134)	-	-	-
Translation of foreign subsidiaries		(2,830)	-	-	-
Total comprehensive income for the year		**40,909**	**(47,608)**	**(5,688)**	**(47,361)**
Profit / (loss) attributable to:					
Owners of the Company		44,424	(47,703)	(5,688)	(47,361)
Non-controlling interests		734	-	-	-
Profit / (loss) for the year		**45,158**	**(47,703)**	**(5,688)**	**(47,361)**
Total comprehensive income attributable to:					
Owners of the Company		40,175	(47,608)	(5,688)	(47,361)
Non-controlling interests		734	-	-	-
Total comprehensive (loss) / income for the year		**40,909**	**(47,608)**	**(5,688)**	**(47,361)**
Earnings per share		**Cents**	**Cents**		
Basic and diluted earnings per share	13	20.5	(22.0)		
Basic and diluted earnings per share - continuing operations	13	11.2	(19.6)		

The notes on pages 20 to 67 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2013

2012 - GROUP	Share Capital $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Non-controlling Interest $000	Total Equity $000
Balance at 1 July 2011	**358,040**	**-**	**(212,997)**	**-**	**145,043**
Total comprehensive income for the year					
Loss for the year	-	-	(47,703)	-	(47,703)
Other comprehensive income					
Share of associates' other comprehensive income, net of income tax	-	-	(39)	-	(39)
Gain on translation of foreign associates	-	134	-	-	134
Total other comprehensive income	**-**	**134**	**(39)**	**-**	**95**
Total comprehensive income for the year	**-**	**134**	**(47,742)**	**-**	**(47,608)**
Transactions with owners, recorded directly in equity					
Director and staff share issues	74	-	-	-	74
Total transactions with owners	**74**	**-**	**-**	**-**	**74**
Balance at 30 June 2012	**358,114**	**134**	**(260,739)**	**-**	**97,509**

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

The notes on pages 20 to 67 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the year ended 30 June 2013

2012 - HOLDING COMPANY	Share Capital $000	Accumulated Losses $000	Total Equity $000
Balance at 1 July 2011	**358,040**	**(213,310)**	**144,730**
Total comprehensive income for the year			
Loss for the year	-	(47,361)	(47,361)
Total comprehensive income for the year	-	**(47,361)**	**(47,361)**
Transactions with owners, recorded directly in equity			
Director and staff share issues	74	-	74
Total transactions with owners	**74**	-	**74**
Balance at 30 June 2012	**358,114**	**(260,671)**	**97,443**

2013 - HOLDING COMPANY			
Balance at 1 July 2012	**358,114**	**(260,671)**	**97,443**
Total comprehensive income for the year			
Loss for the year	-	(5,688)	(5,688)
Total comprehensive income for the year	-	**(5,688)**	**(5,688)**
Total transactions with owners, recorded directly in equity	-	-	-
Balance at 30 June 2013	**358,114**	**(266,359)**	**91,755**

The notes on pages 20 to 67 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2013

		GROUP		HOLDING COMPANY	
		2013	2012	2013	2012
	NOTE	$000	$000	$000	$000
ASSETS					
Current assets					
Cash and cash equivalents	15	377	1,459	46	58
Advances to other related parties	29	-	1,400	-	-
Advances to associates	29	20,362	-	824	-
Finance receivables - MARAC	28	-	36,858	-	-
Finance receivables - Other	16	3,420	10,956	-	-
Current tax asset		18	13	3	3
Assets held for sale	24	3,949	39,162	-	-
Prepayments		176	123	133	-
Trade and other receivables	18	13,818	16,014	5,800	347
Total current assets		**42,120**	**105,985**	**6,806**	**408**
Non-current assets					
Advances to subsidiaries	29	-	-	143,655	175,125
Advances to other related parties	29	-	16,160	-	-
Advances to associates	29	1,269	3,765	1,269	-
Finance receivables - MARAC	28	-	26,104	-	-
Finance receivables - Co-investment with RCL	16	32,077	10,172	-	-
Investment property	17	4,800	20,974	-	-
Property, plant and equipment		1,832	3,216	1,814	-
Investment in associates	9, 23	62,619	24,207	-	-
Investment in subsidiaries	9	-	-	30,020	34,520
Investments - Available for sale financial assets	19	160	17,692	-	-
Investments - Loans and receivables	20	355	9,303	-	-
Investments - Fair value through profit or loss	21	6,610	-	6,610	-
Intangible assets	25	-	5,216	-	-
Total non-current assets		**109,722**	**136,809**	**183,368**	**209,645**
Total assets		**151,842**	**242,794**	**190,174**	**210,053**
LIABILITIES					
Current liabilities					
Bank overdrafts	15	239	9,209	151	5,023
Borrowings	26	588	14,964	-	11,895
Advances from subsidiaries	29	-	-	92,117	92,117
Advances from associates	29	564	879	-	-
Liabilities for MARAC finance receivables	28	-	54,358	-	-
Other liabilities	27	12,767	16,690	6,151	3,575
Total current liabilities		**14,158**	**96,100**	**98,419**	**112,610**
Non-current liabilities					
Borrowings	26	-	6,548	-	-
Liabilities for MARAC finance receivables	28	-	37,104	-	-
Other liabilities	27	-	5,533	-	-
Total non-current liabilities		**-**	**49,185**	**-**	**-**
Total liabilities		**14,158**	**145,285**	**98,419**	**112,610**
EQUITY					
Share capital	14	358,114	358,114	358,114	358,114
Accumulated losses and reserves		(220,430)	(260,605)	(266,359)	(260,671)
Total equity		**137,684**	**97,509**	**91,755**	**97,443**
Total equity and liabilities		**151,842**	**242,794**	**190,174**	**210,053**

The notes on pages 20 to 67 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2013

	NOTE	GROUP 2013 $000	GROUP 2012 $000	HOLDING COMPANY 2013 $000	HOLDING COMPANY 2012 $000
Cash flows from operating activities					
Interest received		110	1,043	13	429
Rental income		381	-	-	-
Proceeds from offset of tax losses and subvention payment		-	7,338	-	-
Fees and other income received		43,471	23,056	588	496
Total cash provided from operating activities		**43,962**	**31,437**	**601**	**925**
Payments to suppliers and employees		33,336	28,583	929	4,938
Interest paid		419	1,393	62	703
Taxation paid		4	13	-	3
Payments under Real Estate Credit Limited (RECL) management agreement		-	1,500	-	-
Total cash applied to operating activities		**33,759**	**31,489**	**991**	**5,644**
Net cash flows from / (applied to) operating activities	12	**10,203**	**(52)**	**(390)**	**(4,719)**
Cash flows from investing activities					
Repayment of advances to subsidiaries		-	-	17,145	-
Proceeds from sale of assets held for sale		25,325	10,769	-	-
Proceeds from settlement of finance receivables		5,911	-	-	-
Proceeds from sale of investment property		736	2,486	-	-
Proceeds from staff share purchase schemes		-	162	-	162
Repayments of advances to other related parties		1,563	-	-	-
Proceeds from disposal of business	36	12,591	-	-	-
Proceeds from redemption of available for sale financial assets		1,837	-	-	-
Total cash provided from investing activities		**47,963**	**13,417**	**17,145**	**162**

The notes on pages 20 to 67 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONTINUED)

For the year ended 30 June 2013

		GROUP		HOLDING COMPANY	
		2013	**2012**	**2013**	**2012**
	NOTE	**$000**	**$000**	**$000**	**$000**
Increase in advances to subsidiaries		-	-	-	25,477
Increase in advances to associates		338	2,547	-	-
Increase in finance receivables - other		26,033	8,189	-	-
Increase in other investments		462	19,536	-	-
Increase in investment in associates		536	3,033	-	-
Increase in advances to other related parties		10,823	14,733	-	-
Purchase of assets held for sale		18	-	-	-
Purchase of property, plant, equipment and intangible assets		7	714	-	8
Total cash applied to investing activities		**38,217**	**48,752**	**-**	**25,485**
Net cash flows from / (applied to) investing activities		**9,746**	**(35,335)**	**17,145**	**(25,323)**
Cash flows from financing activities					
Increase in share capital		-	74	-	74
Increase in borrowings		-	10,933	-	11,895
Total cash provided from financing activities		**-**	**11,007**	**-**	**11,969**
Decrease in borrowings		12,061	-	11,895	-
Total cash applied to financing activities		**12,061**	**-**	**11,895**	**-**
Net cash flows (applied to) / from financing activities		**(12,061)**	**11,007**	**(11,895)**	**11,969**
Net increase / (decrease)in cash and cash equivalents		**7,888**	**(24,380)**	**4,860**	**(18,073)**
Opening cash and cash equivalents		(7,750)	16,630	(4,965)	13,108
Closing cash and cash equivalents	15	**138**	**(7,750)**	**(105)**	**(4,965)**

The notes on pages 20 to 67 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. REPORTING ENTITY

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

Entities within the Group offer financial, trustee (discontinued during the period) and asset management services. The registered office address is 80 Queen Street, Auckland.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

The Company and all entities within the Group are profit-oriented entities. The Company is a reporting entity and an issuer for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in New Zealand dollars which is the Company's functional currency. Unless otherwise indicated, amounts are rounded to the nearest thousand.

(d) Accounting judgements and major sources of estimation uncertainty

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

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

2. BASIS OF PREPARATION (CONTINUED)

(d) 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 2013 that have significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Impairment of financial instruments

As described in notes 21, 30, and 32, the Directors must evaluate the carrying amount of the Group's financial assets for impairment. 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 21, 30 and 32.

(ii) Valuation of investment property

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

(e) Going concern

These financial statements have been prepared on a going concern basis. The Group is profitable, has no bank debt, Group current assets exceed current liabilities and assets are expected to be realised to meet liabilities as and when they fall due.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Investments in subsidiary companies

Subsidiaries are entities controlled by the Group. Investments in subsidiary companies are recorded at cost by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

(b) Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for by the Group using the equity method (equity accounted investees) and are recognised initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, from the date that significant influence until the date that significant influence ceases. The Company accounts for associates at cost with dividends received recorded in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Investments in associates (continued)

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

(c) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

(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 and trustee fees are recognised as the related services are rendered.

Performance management fees are recognised when it is probable that they will be received, and they can be reliably measured.

(f) Property, plant and equipment

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

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

Buildings	50 years
Plant and equipment	1 - 13 years

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash and liquid assets used in the day to day cash management of the Group, including call deposits with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

(h) Tax

Income tax expense for the year comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Tax (continued)

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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

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

(i) Investment property

Investment properties have been acquired through the enforcement of security over finance receivables and are held to earn rental income or for capital appreciation (or both). Investment property is initially recognised at its fair value, with subsequent changes in fair value recognised in profit or loss.

Fair values are supported by independent valuations or other similar external evidence, adjusted for changes in market conditions and the time since the last valuation as at balance date.

(j) Finance receivables

Finance receivables are initially recognised at fair value plus incremental direct transaction costs and are subsequently measured at amortised cost using the effective interest method, less any impairment loss.

(k) Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(l) Financial assets and liabilities

Recognition

The Group initially recognises finance receivables, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and liabilities (continued)

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

The Group enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all 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	Accounting Category
Cash and cash equivalents	Loans and Receivables
Finance receivables	Loans and Receivables
Trade and other receivables and other assets	Loans and Receivables
Investments - Available for sale financial assets	Available for sale financial assets
Investments - Loans and receivables	Loans and Receivables
Investments - Fair value through profit and loss	Fair value through profit or loss
Advances to other entities	Loans and Receivables
Advances from other entities	Other liabilities at amortised cost
Bank overdrafts	Other liabilities at amortised cost
Borrowings	Other liabilities at amortised cost
Other financial liabilities	Other liabilities at amortised cost

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and liabilities (continued)

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 / loss includes any dividend income on the investments.

Non-derivative financial liabilities

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

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

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

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

Other financial liabilities comprise borrowings, trade and other payables and advances from other entities.

(m) Intangible assets

Identifiable intangible assets

Identifiable intangible assets include software, brands, licence, advisor books and management contracts. Identifiable intangible assets are recognised only where they have been acquired from a third party (either separately or as part of a business combination). They are initially recognised at cost, and subsequently tested for impairment and amortised over their useful lives. The estimated useful lives of the Group's intangible assets has been assessed as follows:

Advisor books	10 years
Licences	5 years
Statutory right and brand	indefinite useful life
Management contracts	30 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impaired assets and past due assets

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

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

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

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

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

(o) Employee benefits

Annual leave entitlements are accrued at amounts expected to be paid. Long service leave is accrued by calculating the present value of the future cash outflows relating to the entitlements. Obligations to defined contribution superannuation schemes are recognised as an expense when the contribution is paid.

(p) 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.

(q) Provisions

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

(r) 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.

(s) Financial guarantees

Financial guarantees (underwrites) written are accounted for as insurance contracts. The guarantee payment received is initially capitalised and is subsequently amortised on a straight line basis over the life of the guarantee. A liability is recognised when a payment under the guarantee becomes payable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) GST

All items in the financial statements are stated exclusive of recoverable GST, except for receivables and payables, which are stated on a GST-inclusive basis. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed exclusive of GST.

(u) Statement of Cash Flows

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

(v) Business Combinations

Business combinations are accounted for using the acquisition method. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a gain from a bargain purchase.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(w) Discontinued operations

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Segment reporting

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

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

(y) Changes in accounting policies

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

(z) Standards, interpretations and amendments to published standards

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

Amendments to NZ IAS 1: Presentation of Financial Statements - Presentations of Items of Other Comprehensive Income (effective for annual reporting periods beginning on or after 1 July 2012):

The amendment impacts the presentation of Items of Other Comprehensive Income.

Amendment to NZ IAS 12: Income Taxes - Deferred Tax : Recovery of Underlying Assets (effective for annual reporting periods beginning on or after 1 January 2012):

The amendment had no impact.

(aa) Standards and interpretations in issue not yet adopted

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ended 30 June 2013, and have not been applied in preparing these financial statements. The new standards, amendments and interpretations identified which may have an effect on the financial statements of the Group going forward are:

Standard and description	Effective for annual periods beginning on or after:	Expected to be initially applied in period ending:
NZ IFRS 9 'Financial Instruments', which specifies how an entity should classify and measure financial assets.	1-Jan-15	30-Jun-16
NZ IFRS 10 'Consolidated Financial Statements' introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees.	1-Jan-13	30-Jun-14
NZ IFRS 11 'Joint Arrangements' focuses on the rights and obligations of joint ventures rather than the legal form as is currently the case and removes the proportionate consolidation option currently available, stipulating that all joint ventures must be equity accounted.	1-Jan-13	30-Jun-14

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Standard and description	Effective for annual periods beginning on or after:	Expected to be initially applied in period ending:
NZ IFRS 12 'Disclosure of Interests in Other Entities' contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities, and aims to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.	1-Jan-13	30-Jun-14
NZ IFRS 13 'Fair Value Measurement' replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements.	1-Jan-13	30-Jun-14
NZ IAS 27 'Separate Financial Statements' (2011) supersedes NZ IAS 27 (2008). NZ IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.	1-Jan-13	30-Jun-14
NZ IAS 28 'Investments in Associates and Joint Ventures' (2011) supersedes NZ IAS 28 (2008), and states that NZ IFRS 5 applies to an investment, or portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale and on cessation of significant influence or joint control where an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest.	1-Jan-13	30-Jun-14
Amendments to NZ IAS 19 'Employee Benefits'	1-Jan-13	30-Jun-14
Improvements to NZ IFRS: 2009 - 2011 cycle	1-Jan-13	30-Jun-14

These standards are not expected to have a significant impact on the financial statements of the Group, although some changes to disclosures will be required. The Group currently has no plans to adopt these standards early.

4. SEGMENTAL ANALYSIS

The Group has 5 reportable segments, as described below, which are the Group's strategic divisions.

During the year ended 30 June 2013 the Group changed the structure of its internal organisation into 5 new reportable segments (2012: 4). During the year ended 30 June 2013 (prior to disposal), van Eyk was consolidated and is shown as the fifth reportable segment.

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

Perpetual Group (discontinued)	Personal trust, estate and corporate trustee and wealth management services.
van Eyk Group (discontinued)	Financial research and management.
Torchlight Investment Group	Provider of investment management services and a proprietary investor (both directly and in funds it manages).
Property Group	Management of the Group's property assets.
Head Office	Parent Company that holds investments in and advances to / from subsidiaries.

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.

4.1

GROUP - 2013	DISCONTINUED OPERATIONS Perpetual Group	DISCONTINUED OPERATIONS van Eyk Group	CONTINUING OPERATIONS Torchlight Investment Group	CONTINUING OPERATIONS Property Group	CONTINUING OPERATIONS Head Office	Inter-segment Elimination	Total
External income							
Management fees and trustee fees revenue	11,397	9,524	16,648	2,003	-	-	39,572
Interest income	68	158	4,465	8,297	37	-	13,025
Other revenue	-	-	-	337	-	-	337
Other income	4,983	200	173	10,808	338	-	16,502
Gain on disposal of discontinued operation	10,195	7,144	-	-	-	-	17,339
Internal income							
Management fees and trustee fees revenue	-	-	483	-	-	(483)	-
Other income	-	55	-	-	-	(55)	-
Total segment income	**26,643**	**17,081**	**21,769**	**21,445**	**375**	**(538)**	**86,775**
Expenses							
Personnel expenses	5,590	5,031	15	47	(249)	-	10,434
Interest expense	140	179	15	433	61	-	828
Other operating expenses	7,895	3,534	6,442	2,652	5,181	(538)	25,166
Total operating expenses	**13,625**	**8,744**	**6,472**	**3,132**	**4,993**	**(538)**	**36,428**
Impairment	8	34	709	7,963	-	-	8,714
Equity accounted share of profit	-	-	(313)	-	-	-	(313)
Other income recognised from equity accounting	-	-	4,347	-	-	-	4,347
Profit / (loss) before tax	**13,010**	**8,303**	**18,622**	**10,350**	**(4,618)**	**-**	**45,667**

4.1 (continued)

GROUP - 2013	DISCONTINUED OPERATIONS Perpetual Group	DISCONTINUED OPERATIONS van Eyk Group	CONTINUING OPERATIONS Torchlight Investment Group	CONTINUING OPERATIONS Property Group	CONTINUING OPERATIONS Head Office	Inter-segment Elimination	Total
Income tax benefit /(expense)	-	(509)	-	-	-	-	(509)
Profit / (loss) after tax	**13,010**	**7,794**	**18,622**	**10,350**	**(4,618)**	**-**	**45,158**
Non-controlling interests	-	(734)	-	-	-	-	(734)
Profit / (loss) for the year attributable to owners of the company	**13,010**	**7,060**	**18,622**	**10,350**	**(4,618)**	**-**	**44,424**
Total assets	**-**	**-**	**404,749**	**(16,536)**	**69,228**	**(305,599)**	**151,842**
Total liabilities	**-**	**-**	**180,152**	**(1,847)**	**(22,528)**	**(141,619)**	**14,158**

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

4.1 (continued)

GROUP - 2012	DISCONTINUED OPERATIONS Perpetual Group	CONTINUING OPERATIONS Torchlight Investment Group	Property Group	Head Office	Inter-segment Elimination	Total
External income						
Commission and fees	16,919	7,017	2,730	-	-	26,666
Interest income	-	254	11,245	766	-	12,265
Other revenue	-	112	2,402	382	-	2,896
Internal income						
Commission and fees	-	-	-	3,800	(3,800)	-
Dividend income	-	5,187	-	-	(5,187)	-
Total segment income	**16,919**	**12,570**	**16,377**	**4,948**	**(8,987)**	**41,827**
Expenses						
Personnel expenses	9,237	978	371	1,094	-	11,680
Interest expense	146	1	13,288	708	-	14,143
Depreciation and amortisation	648	181	4	8	-	841
Other operating expenses	11,527	7,999	3,276	4,100	(3,800)	23,102
Total operating expenses	**21,558**	**9,159**	**16,939**	**5,910**	**(3,800)**	**49,766**
Impairment	570	19,541	23,542	-	-	43,653
Equity accounted share of loss	-	749	-	-	-	749
(Loss) before tax	**(5,209)**	**(16,879)**	**(24,104)**	**(962)**	**(5,187)**	**(52,341)**
Income tax benefit /(expense)	-	4,638	-	-	-	4,638
(Loss) after tax	**(5,209)**	**(12,241)**	**(24,104)**	**(962)**	**(5,187)**	**(47,703)**
Total assets	**8,633**	**173,757**	**83,767**	**245,053**	**(268,416)**	**242,794**
Total liabilities	**11,723**	**26,847**	**108,726**	**113,305**	**(115,316)**	**145,285**

4.2 Geographical information

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

The Group's revenue from external customers and information about its segment assets (non-current assets excluding investments in associates, finance receivables, other financial assets and tax assets) by geographical location (of the country of incorporation of the entity earning revenue or holding the asset) are detailed below:

	Revenue from External Customers		Non-Current Assets	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
New Zealand	40,897	41,827	6,632	29,406
Australia	9,682	-	-	-
Cayman Islands	2,355	-	-	-
	52,934	**41,827**	**6,632**	**29,406**

5. NET INTEREST INCOME

	GROUP		HOLDING COMPANY	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Interest income				
Bank deposits	18	70	4	15
Finance receivables and zero coupon bond	810	1,359	-	373
Advances to associates	1,200	196	32	-
Advances to related parties	-	440	-	378
Residential Communities Limited (RCL) participations	3,322	-	-	-
MARAC asset	7,449	10,200	-	-
Total interest income	**12,799**	**12,265**	**36**	**766**
Interest expense				
Bank borrowings	478	1,247	35	707
MARAC liability	-	12,750	-	-
Other	32	-	27	-
Total interest expense	**510**	**13,997**	**62**	**707**
Net interest income / (expense)	**12,289**	**(1,732)**	**(26)**	**59**

6. REVENUE AND OTHER INCOME

		GROUP		HOLDING COMPANY	
		2013	2012	2013	2012
	NOTE	$000	$000	$000	$000
Management fees		16,819	7,341	-	3,800
MARAC management fees	28	1,832	2,406	-	-
Management fees revenue		**18,651**	**9,747**	**-**	**3,800**
Other revenue		**337**	**2,896**	**-**	**382**
Other income		768	-	338	-
Gain on termination of MARAC management agreement	28	7,732	-	-	-
Gain on revaluation of assets held for sale and investment properties	17, 24	2,764	-	-	-
Return of capital from subsidiary		-	-	-	618
Other income		**11,264**	**-**	**338**	**618**
Total fee and other income		**30,252**	**12,643**	**338**	**4,800**

7. SELLING AND ADMINISTRATION EXPENSES

	GROUP		HOLDING COMPANY	
	2013	2012	2013	2012
	$000	$000	$000	$000
Personnel expenses	(186)	2,444	(249)	1,093
Directors' fees	276	493	276	493
Audit fees - PricewaterhouseCoopers	396	609	218	119
Audit fees - KPMG	-	10	-	10
Depreciation - plant and equipment	-	58	-	7
Amortisation expense	-	134	-	-
Loss on disposal of assets	856	135	-	7
Operating lease expense as a lessee	-	681	-	7
Legal and consultancy fees	5,966	4,366	3,208	2,031
Foreign exchange (gains)/losses	3,405	(100)	527	-
Other operating expenses*	2,836	5,381	952	1,435
Selling and administration expenses	**13,549**	**14,211**	**4,932**	**5,202**

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

8. IMPAIRED ASSET EXPENSE

		GROUP		HOLDING COMPANY	
	NOTE	2013 $000	2012 $000	2013 $000	2012 $000
Assets held for sale		-	623	-	-
MARAC financial receivables	32	7,501	13,624	-	-
MARAC management agreement		-	4,562	-	-
Other finance receivables individually assessed		763	352	-	-
Available for sale financial assets		398	3,269	-	6,244
Impairment in investment in subsidiaries		-	-	-	35,000
EPIC management contract		-	2,552	-	-
Investment in EPIC	23	-	2,728	-	-
Investment in PGW	24	-	11,074	-	5,774
Investment property change in fair value		-	4,313	-	-
Other assets individually assessed for impairment		10	(14)	-	-
Total impaired asset expense		**8,672**	**43,083**	**-**	**47,018**

During the year ended 30 June 2012, the Group reduced its shareholding in PGW from 9.50% to 7.02%. At 30 June 2012 the fair value of the shares was $15.4 million, resulting in an impairment charge of $11.1 million. All the remaining shares in PGW were sold during the year ended 30 June 2013.

In the Holding Company an impairment charge of $5.8 million was recorded in the year ended 30 June 2012 prior to the PGW shares being transferred to a wholly owned subsidiary during the year. The impairment charge reflected the share price of PGW at the date of transfer.

The Holding Company recognised an impairment of $35 million in the year ended 30 June 2012 on its investment in subsidiaries after assessing the recoverable value of the net assets held by the subsidiaries to be less than the carrying value of the investment held.

9. SIGNIFICANT CONTROLLED ENTITIES AND ASSOCIATES

Significant subsidiaries	Nature of business	2013 % held	2012 % held
Perpetual Trust Limited (PTL)	Trustee services	0%	100%
Perpetual Group Limited and its subsidiaries:	Holding company	100%	100%
Perpetual Portfolio Management Limited	Funds management	0%	100%
Perpetual Asset Management Limited	Asset management	0%	100%
Torchlight Investment Group Limited and its subsidiaries:	Holding company	100%	100%
Equity Partners Asset Management Limited	Asset management	100%	100%
Torchlight Securities Limited	Asset management	100%	100%
Ferrero Investments Limited	Holding company	100%	100%
Torchlight Fund No. 2 Limited Partnership	Investment holding entity	100%	100%
Torchlight Australia Pty Limited*	Investment holding entity	0%	100%
Equity Partners Infrastructure Management Limited	Asset management	100%	100%
Torchlight (GP) 1 Limited	Asset management	100%	100%
Torchlight (GP) 2 Limited	Non-trading company	100%	100%
Torchlight Management Limited	Asset management	100%	100%
Real Estate Credit Limited	Property asset management	100%	100%
Property Assets Limited	Property asset management	100%	100%
Land House Limited	Property asset management	100%	100%
Torchlight Group**	Asset management	100%	0%
Torchlight GP Limited**	Asset management	100%	0%
MARAC Financial Services Limited and its subsidiaries:	Investment holding company	100%	100%
MARAC Investments Limited	Property and commercial financing	100%	100%
Associates (note 23)			
Equity Partners Infrastructure Company No.1 Limited	Infrastructure investment	27%	27%
van Eyk Research Pty Limited (van Eyk)	Investment research and fund management	0%	38%
Torchlight Fund No. 1 LP (TLP)	Investment holding entity	0%	10%
Torchlight Fund LP (TFLP)	Investment holding entity	20.5%	0%

**Torchlight Australia Pty Limited is incorporated in Australia.*
***Torchlight Group and Torchlight GP Limited are incorporated in the Caymans Islands.*

10. TAX

	GROUP		HOLDING COMPANY	
	2013 $000	2012 $000	2013 $000	2012 $000
Current tax (benefit) / expense				
Current year	509	-	-	-
Deferred tax expense / (benefit)				
Origination and reversal of temporary differences	-	-	-	-
Proceeds received in relation to previously unrecognised tax losses	-	(4,638)	-	-
Total income tax expense / (benefit)	**509**	**(4,638)**	**-**	**-**
Attributable to:				
Continuing operations	-	(4,638)	-	-
Discontinued operations	509	-	-	-
	509	**(4,638)**	**-**	**-**
Reconciliation of effective tax rate				
(Loss) / profit before income tax	45,667	(52,341)	(5,688)	(47,361)
Total taxable profit / (loss)	**45,667**	**(52,341)**	**(5,688)**	**(47,361)**
Prima facie tax at 28% (2012: 28%)	12,787	(14,655)	(1,593)	(13,261)
(Less) / plus tax effect of items not taxable / deductible	(8,930)	9,033	434	13,457
Unused tax losses and tax offsets not recognised as deferred tax assets	(2,252)	5,413	1,159	(196)
Share of equity accounted investees' (profit) / loss	(1,130)	209	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	34	-	-	-
Proceeds received in relation to previously unrecognised tax losses	-	(4,638)	-	-
Total income tax expense / (benefit)	**509**	**(4,638)**	**-**	**-**

11. IMPUTATION CREDIT ACCOUNT

	GROUP		HOLDING COMPANY	
	2013	2012	2013	2012
	$000	$000	$000	$000
Balance at end of year available for use in subsequent reporting periods	**17**	**8**	**3**	**3**

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

	GROUP		HOLDING COMPANY	
	2013	2012	2013	2012
	$000	$000	$000	$000
Profit/(Loss) for the year	**45,158**	**(47,703)**	**(5,688)**	**(47,361)**
Add / (less) non-cash items:				
Revaluation of investment property	(2,721)	-	-	-
Accruals, capitalised interest and prepaid items	-	(1,655)	-	(337)
Disposal of assets	856	135	-	7
Disposal of business	(17,339)	-	1,068	-
Foreign exchange loss/(gain)	3,871	-	527	-
Share of equity accounted investees' (profit) / loss	313	749	-	-
Other income recognised from equity accounting	(4,347)	-	-	-
Gain on MARAC Termination	(7,732)	-	-	-
Impairment loss on non-current assets recognised in profit or loss	8,672	46,135	-	47,018
Depreciation and amortisation of non-current assets	574	841	-	7
Return of capital from subsidiary	-	-	-	(618)
Management fees	(2,280)	(4,784)	-	(3,800)
Total non-cash items	**(20,133)**	**41,421**	**1,595**	**42,277**

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

	GROUP		HOLDING COMPANY	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Add / (less) movements in working capital items:				
Trade and other receivables	8,857	1,398	126	114
Other assets	-	(109)	-	-
Other liabilities	(2,443)	393	(2,046)	2,031
Advances to subsidiaries	-	-	-	220
Advances to related parties	1,400	-	-	-
Advances to associates	-	(163)	-	-
Advances from associates	-	879	-	-
Trade and other payables	1,226	1,145	3,424	(1,997)
Current tax	(4)	(13)	-	(3)
Deferred tax	-	2,700	-	-
Total movements in working capital items	**9,036**	**6,230**	**1,504**	**365**
Add / (less) items classified as investing activities	*(23,858)*	-	*2,199*	-
Net cash flows from / (applied to) operating activities	**10,203**	**(52)**	**(390)**	**(4,719)**

13. EARNINGS PER SHARE

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

	GROUP	
	2013	**2012**
Profit / (loss) after tax attributable to Owners of the Company ($000)	44,424	(47,703)
Profit / (loss) after tax attributable to Owners of the Company - continuing operations ($000)	24,354	(42,494)
Profit / (loss) after tax attributable to Owners of the Company - discontinued operations ($000)	20,070	(5,209)
Weighted average number of ordinary shares on issue (000)	216,630	216,630
Basic and diluted earnings / (loss) (cents per share)	**20.5**	**(22.0)**
Basic and diluted earnings / (loss) (cents per share) - continuing operations	**11.2**	**(19.6)**
Basic and diluted earnings / (loss) (cents per share) - discontinued operations	**9.3**	**(2.4)**
Net tangible assets per share*	**64c**	**43c**

** Net tangible assets are calculated by deducting deferred tax and intangible assets (including in relation to discontinued operations) from total equity attributable to owners of the Company. Net tangible assets per share are calculated by dividing the net tangible assets by the shares on issue at 30 June 2013.*

14. SHARE CAPITAL

	GROUP AND HOLDING COMPANY	
	2013 shares 000	2012 shares 000
Number of Issued shares		
Opening and Closing balance	**216,630**	**216,630**

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

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	GROUP		HOLDING COMPANY	
	2013 $000	2012 $000	2013 $000	2012 $000
Cash and cash equivalents	377	717	46	50
Perpetual cash mortgage fund investment - related party	-	742	-	8
Bank overdrafts	(239)	(9,209)	(151)	(5,023)
Total cash and cash equivalents	**138**	**(7,750)**	**(105)**	**(4,965)**

The overdraft facility is repayable on demand.

16. FINANCE RECEIVABLES - OTHER

		GROUP	
	NOTE	2013 $000	2012 $000
Current			
Gross finance receivables		3,494	11,805
Less allowance for impairment	32	(74)	(849)
Total current		**3,420**	**10,956**
Non-Current			
Gross finance receivables - Co-investment in RCL		32,077	10,172
Total non-current		**32,077**	**10,172**
Total finance receivables		**35,497**	**21,128**

Finance receivables are loans with various terms and interest rates. Further information on finance receivables is provided in note 32.

17. INVESTMENT PROPERTY

	GROUP	
	2013	2012
	$000	$000
Opening balance	20,974	39,760
Acquisitions and enforced security	800	1,800
Change in fair value	2,721	(4,313)
Disposals	(16,068)	(13,436)
Transfer to assets held for sale	(3,627)	(2,837)
Closing balance	**4,800**	**20,974**

As at 30 June 2013, investment property comprises a mix of residential and commercial properties. During the year $0.8 million of investment properties were acquired as a result of enforcement of security over finance receivables (June 2012: $1.8 million).

The fair value of the Group's investment property at 30 June 2013 has been arrived at on the basis of valuations carried out in August 2012 by independent registered valuers Bay Valuation Limited. Bay Valuation Limited are members of the Property Institute of New Zealand, and have the appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation complies with the New Zealand Institute of Valuers Code of Ethics and International Valuation Standards 2011.

The valuation was arrived at by reference to the market evidence of transaction prices for similar properties less estimated development costs, GST, selling and legal expenses and profit margins. Key assumptions of the valuation are that 9 sites will achieve a sale price of $0.23 million each with total development costs of $0.46 million and 150 sites will achieve a sale price of $0.16 million each with total development costs of $11.5 million. These assumptions and the resulting valuation arrived at in August 2012 remain pertinent.

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

	GROUP	
	2013	2012
	$000	$000
Rental income	337	1,729
Direct operating expenses arising from investment property that generated investment income	281	2,023
Direct operating expenses arising from investment property that did not generate investment income	446	1,707

18. TRADE AND OTHER RECEIVABLES

	GROUP		HOLDING COMPANY	
	2013	2012	2013	2012
	$000	$000	$000	$000
Trade Receivables	246	4,215	86	347
Property Sale Receivables	-	11,799	-	-
Receivables - Sale of van Eyk	7,858	-	-	-
Receivables - Sale of Perpetual Trust Limited (PTL)	5,714	-	5,714	-
Total other assets	**13,818**	**16,014**	**5,800**	**347**

19. INVESTMENTS - AVAILABLE FOR SALE FINANCIAL ASSETS

	GROUP	
	2013	2012
	$000	$000
Torchlight Fund No. 1 Limited Partnership (TLP)	-	15,298
Strait Resources Limited (SRQ)	12	1,167
Other investments	148	1,227
Total Investments - Available for sale financial assets	**160**	**17,692**

The Group increased its shareholding in TLP during the year ended 30 June 2013 and considered TLP an associate from 2 October 2012, refer notes 23 and 29.

20. INVESTMENTS - LOANS AND RECEIVABLES

	GROUP	
	2013	2012
	$000	$000
Zero coupon bond	-	8,948
Other loans and receivables	355	355
Total Investments - Loans and Receivables	**355**	**9,303**

The Zero coupon bond was transferred to Heartland NZ in partial settlement on the termination of the RECL management agreement, refer note 28.

21. INVESTMENTS - FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP		HOLDING COMPANY	
	2013	2012	2013	2012
	$000	$000	$000	$000
Convertible note - van Eyk	6,610	-	6,610	-
Total Investments - Fair value through profit or loss	**6,610**	**-**	**6,610**	**-**

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

If PGC were to convert and receive 6,222,222 shares, it would hold 27.1% of the issued share capital of van Eyk.

22. DEFERRED TAX

	GROUP		HOLDING COMPANY	
	2013	2012	2013	2012
	$000	$000	$000	$000
The following deferred tax assets have not been recognised as at 30 June:				
Tax losses (subject to meeting shareholder continuity requirements)	11,257	6,528	1,843	-
Deductible temporary differences	626	3,915	196	510
Total unrecognised deferred tax assets	**11,883**	**10,443**	**2,039**	**510**

23. INVESTMENT IN ASSOCIATES

	GROUP	
	2013	2012
	$000	$000
Carrying amount at end of year of investment in associates accounted for using the equity method	**62,619**	**24,207**
Total assets of associates	423,758	97,784
Total liabilities of associates	129,253	(5,945)
Total revenue of associates	95,898	1,260
Total net profit / (loss) after tax of associates	**31,133**	**(2,149)**

23. INVESTMENT IN ASSOCIATES (CONTINUED)

van Eyk Research Pty Limited (van Eyk)

At 30 June 2012, the Group had provided loans to Van Eyk (AU$1.8 million, NZ$2.3 million) and associated parties (AU$0.9 million, NZ$1.3 million). In the current year, the directors reconsidered the rights under the agreements and concluded that the exercisable conversion features in these loan agreements allowed the Group to acquire over 50% of the share capital and voting rights of van Eyk when combined with the Group's existing 38.21% ordinary share ownership at 30 June 2012. Therefore, van Eyk was consolidated in the Group's financial statements from 1 July 2012. In March 2013, the Group acquired an additional 3.1 million shares for AU$0.9 each (AU$2.8 million) and then disposed of its entire existing equity shareholding in van Eyk (refer note 36). The Group retains a convertible note issued by van Eyk, which, if converted would give the Group a 27% interest in van Eyk. Due to the existence of these potential ordinary shares van Eyk is still considered to be an associate. As there is no equity holding no amounts have been equity accounted.

Equity Partners Infrastructure Company No.1 Limited (EPIC)

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

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

The Group's share (26.9%) of the contingent liabilities of EPIC is between zero and GBP 1,063,041.

Torchlight Fund Limited Partnership (TFLP)

The Group increased its investment in TLP to 20.5% through the purchase of partnership interests from existing limited partners in the period 1 July 2012 to 2 October 2012. From this date, the Group considered TLP to be an associate.

On 21 December 2012, the assets and liabilities of TLP were transferred to Torchlight Fund Limited Partnership ('TFLP'), a newly formed limited partnership registered in the Cayman Islands. The investment held by TLP in TFLP was then in specie distributed to the limited partners of TLP.

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

24. ASSETS HELD FOR SALE

	GROUP	
	2013	**2012**
	$000	**$000**
Balance at end of year	**3,949**	**39,162**
Represented by:		
Investment property	3,949	4,365
Investment in Heartland New Zealand Limited (HNZ)	-	19,427
Investment in PGG Wrightson Limited (PGW)	-	15,370
	3,949	**39,162**

During the year $3.6 million of investment property was reclassified to assets held for sale from investment properties, as these properties are being actively marketed for sale. The investment properties are included in the Property Group segment.

The investment in PGW was sold during the year ended 30 June 2013. The investment was included in the Torchlight Investment Group segment. At 30 June 2012, the investment in PGW was marked to market based on a closing NZX bid price of $0.29, with a total fair value of $15.4 million, resulting in an impairment charge of $11.1 million (refer note 8).

The investment in HNZ was sold during the year ended 30 June 2013. As at 30 June 2012 the fair value of the shares, based on a closing NZX bid price of $0.51 was $19.4 million. Total impairment of $3.8 million was recognised in the statement of comprehensive income for the year ended 30 June 2012. The HNZ investment was included in the Torchlight Investment Group segment.

25. INTANGIBLE ASSETS

	NOTE	GROUP AA Licence & advisor books $000	Statutory right & brands $000	Management contracts $000	Total $000
Cost					
Opening balance 1 July 2011		2,368	3,401	8,025	13,794
Additions		125	-	-	125
Impairment	29	-	-	(2,552)	(2,552)
Price adjustment		(475)	-	-	(475)
Disposal		-	-	(5,473)	(5,473)
Closing balance 30 June 2012		**2,018**	**3,401**	-	**5,419**
Opening balance 1 July 2012		2,018	3,401	-	5,419
Disposal		(2,018)	(3,401)	-	(5,419)
Closing balance 30 June 2013		-	-	-	-
Accumulated amortisation					
Opening balance 1 July 2011		-	-	502	502
Disposal		-	-	(636)	(636)
Amortisation charge for the year		203	-	134	337
Closing balance 30 June 2012		**203**	-	-	**203**
Opening balance 1 July 2012		203	-	-	203
Disposal		(352)	-	-	(352)
Amortisation charge for the year		149	-	-	149
Closing balance 30 June 2013		-	-	-	-
Opening net book value		1,815	3,401	-	5,216
Closing net book value		-	-	-	-

The Statutory rights and brands are attributable to the Perpetual Trust Limited cash generating unit.

All intangible assets at 30 June 2012 were held in the Perpetual Group segment. Upon sale of the Perpetual Group segment all intangible assets were derecognised, refer note 36.

26. BORROWINGS

	GROUP		HOLDING COMPANY	
	2013	2012	2013	2012
	$000	$000	$000	$000
Current				
Bank borrowings sourced from New Zealand	-	11,895	-	11,895
Property book borrowings sourced from New Zealand	588	3,069	-	-
Total current borrowings	**588**	**14,964**	**-**	**11,895**
Non-current				
Property book borrowings sourced from New Zealand	-	6,548	-	-
Total borrowings	**588**	**21,512**	**-**	**11,895**

At 30 June 2013, Property Assets Limited, a wholly owned subsidiary had $0.6 million of debt (2012: $9.6 million), secured over various property assets.

At 30 June 2013, the Group had no bank facilities (2012: $21.7 million).

27. OTHER LIABILITIES

	GROUP		HOLDING COMPANY	
	2013	2012	2013	2012
	$000	$000	$000	$000
Current				
Trade and other payables	11,777	11,599	5,161	1,529
Income in advance	-	2,648	-	-
Employee entitlements	990	2,443	990	2,046
Total other current liabilities	**12,767**	**16,690**	**6,151**	**3,575**
Non-current				
Income in advance	-	5,533	-	-
Total other non-current liabilities	**-**	**5,533**	**-**	**-**
Total other liabilities	**12,767**	**22,223**	**6,151**	**3,575**

28. FINANCE RECEIVABLES SUBJECT TO MANAGEMENT AGREEMENT

	GROUP	
	2013	2012
	$000	$000
MARAC finance receivables		
Current		
Gross finance receivables - MARAC	-	62,422
Less allowance for impairment - MARAC	-	(25,564)
Total current	**-**	**36,858**
Non-Current		
Gross finance receivables - MARAC	-	26,104
Total non-current	**-**	**26,104**
Total MARAC finance receivables after impairment	**-**	**62,962**
Liability for MARAC finance receivables		
Current		
Liability for MARAC finance receivables	-	54,358
Total current	**-**	**54,358**
Non-Current		
Liability for MARAC finance receivables	-	37,104
Total non-current	**-**	**37,104**
Total liability for MARAC finance receivables	**-**	**91,462**
Net liability under management agreement	**-**	**(28,500)**

On 5 January 2011, Real Estate Credit Limited (RECL), a wholly owned subsidiary of PGC, entered into a management agreement with MARAC Finance Limited (MARAC). Under this arrangement, RECL agreed to manage certain non-core real estate loans of MARAC for a 5 year period (ending 5 January 2016) and assumed the risk of loss on those loans for that period. The maximum amount payable to MARAC under the initial agreement was $33 million. Amendments to the agreement on 19 October 2011 reduced the maximum amount payable to $30 million (including interest accruing on the loan balances until the due date for payment). Any payment by RECL to MARAC in respect of that loss was due at the end of the 5 year period (with some limited right on the part of MARAC to earlier payment).

The payment obligations of RECL were "limited in recourse" to a pool of security provided by RECL. The terms of the agreement required the pool of security to include an $11 million 5 year zero coupon bond (issued by Westpac New Zealand Limited which is rated AA- by Standard & Poor's (Australia) Pty Limited), and a minimum $19 million in security value of other assets (initially real estate or real estate loans) less any amounts paid to MARAC. In September 2011, RECL paid $1.5 million cash for claims to MARAC (2011: nil). This payment reduced the required minimum security value of the other assets to $17.5 million. The Group would have been obliged to top up the security pool to the extent there was a shortfall in the security value of the other assets.

28. FINANCE RECEIVABLES SUBJECT TO MANAGEMENT AGREEMENT (CONTINUED)

MARAC paid RECL an upfront fee of $11 million (which was being amortised over the 5 year period of the arrangement) and was paying an on-going management fee of $200,000 per annum for the 5 year period.

On 30 May 2011 the Group disposed of its 72.21% interest in Heartland New Zealand Limited by way of an in specie distribution to PGC's shareholders. MARAC, a subsidiary of Heartland, was therefore no longer a part of the consolidated group. Until the date of the in specie distribution, all of the risks and rewards of the loans subject to the RECL management agreement were retained within the Group because the loans were held by MARAC and the guarantee was provided by RECL, both subsidiaries of PGC. Once the Heartland shares were distributed in May 2011, MARAC was no longer part of the consolidated group and therefore the group effectively transferred the loans. However the Group retained a significant amount of risk in relation to the loans through the RECL management agreement. The directors determined that the loans did not meet the de-recognition requirements under NZ IAS 39 Financial Instruments: Recognition and Measurement at the time of the in specie distribution. Therefore the Group continued to recognise the remaining loan balances on its Statement of Financial Position and recognised an associated liability representing the carrying amount of the loans which were legally owned by MARAC and the amount expected to be paid to MARAC in relation to the guarantee.

On 4 June 2013, the management agreement was terminated. Under the terms of the agreement the Group transferred the $11 million zero coupon bond (note 20), certain investment properties and finance receivables to MARAC (transferred assets) to settle the obligations under the agreement. At this point, the Group derecognised the MARAC finance receivables, liabilities for MARAC finance receivables, the transferred assets and the remaining unamortised portion of the $11 million upfront fee. A net gain of $7.7 million was recognised in profit or loss on derecognition.

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 76.77% of PGC's shares at 30 June 2013.

AEP LP charged PGC consulting and administrative fees of $0.5 million (June 2012: $0.3 million cost reimbursement for transaction advice) which includes cost recovery of $0.2 million and $0.3 million for restructuring advice provided. The balance receivable at 30 June 2013 is $0.06 million (June 2012: $0.3 million receivable).

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

AEP GP is the general partner of AEP LP. AEP GP charged PGC management fees of $0.5 million (June 2012: nil). The balance receivable at 30 June 2013 is $0.1 million (June 2012: nil).

Subsidiaries
Advances to and from subsidiaries are interest free and repayable on demand. During the year ended 30 June 2013, no impairment was recognised in respect of these advances (June 2012: Nil). Total balance receivable at 30 June 2013 is $143.7 million (June 2012: $175.1 million) and total balance payable to subsidiaries is $92.1 million (June 2012: $92.1 million).

Management fees of $Nil (2012: $3.8 million) were recognised for head office services provided to subsidiaries.

29. RELATED PARTY TRANSACTIONS (CONTINUED)

Associates

Equity Partners Infrastructure Company No.1 Ltd (EPIC)

The Group used to be the manager of EPIC. On 13 February 2012, the Management Agreement was terminated. Under the termination agreement, EPIC agreed to pay a termination fee of $4.8 million and Moto performance fee of $3.3 million and the Group agreed to provide certain management services under a secondment agreement over a 12 month period for $0.7 million and to reimburse EPIC for advisors fees incurred in connection with the arrangement. On 4 May 2012 and 29 June 2012, EPIC issued an additional 5.96 million and 13.7 million shares respectively to the Group in satisfaction of amounts owing. From 4 May 2012, EPIC was considered an associate. In the year ended 30 June 2012, an impairment charge of $2.5 million was recognised against the management contract recognised as an intangible asset; retainer, redemption and management fees of $0.6 million, $1.3 million and $1 million were recognised and an impairment charge of $2.7 million was recognised on the Group's previous investment in EPIC.

During the year ended 30 June 2013, the EPIC termination and secondment agreement was extended to 13 February 2014. Income recognised for management services was $0.4 million (June 2012: $0.3 million) and reimbursement expense was $1.2 million (June 2012: $0.3 million). The balance payable at 30 June 2013 is $2.0 million (June 2012: $0.7 million).

The Group acquired a $14.0 million participation in National Australia Bank's (NAB) first ranking loan facilities to EPIC by advancing funds on 8 and 15 July 2011. The NAB loan was repaid by EPIC on 13 December 2011 including the $14.0 million sub participation by PGC. Interest received during the year ended 30 June 2012 was $0.4 million.

van Eyk and associated party

At 30 June 2012, the Group had provided loans to van Eyk (AU$1.8 million, NZ$2.3 million) and associated parties (AU$0.9 million, NZ$1.3 million). During the year ended 30 June 2013, the Directors concluded that van Eyk was a subsidiary and therefore it was consolidated from 1 July 2012 (Note 23). In March 2013, van Eyk purchased all the issued share capital of Perpetual Portfolio Management Limited (PPM) (including its subsidiaries), a wholly owned subsidiary of PGC. $1.2 million remains payable to at 30 June 2013 to PPM regarding cost reimbursement in relation to this transaction. Further, in March 2013, the Group purchased AU$2.8 million additional shares in van Eyk (partially settled through conversion of the existing AU$1.8 million loan) and then sold its share investment in van Eyk by disposing of wholly owned subsidiary Van Eyk Group Holdings Pty Limited (VEGH) (previously Torchlight Australia Pty Limited), to a third party. As partial settlement for these transactions, the PGC Holding Company was assigned the loan to van Eyk associated person (AU$1 million) from VEGH, provided an advance (AU$0.7 million, NZ$0.9 million) to van Eyk and was issued a convertible note (AU$5.6 million, NZ$7.0 million). The balance receivable from the van Eyk associated person and loan to van Eyk are $1.3 million and $0.9 million respectively at 30 June 2013. The carrying value of the convertible note at 30 June 2013 is $6.6 million (AU$5.6 million). The loan to an associated party of van Eyk accrues interest at 8%. Interest recognised during the period was $0.1 million.

In addition, an advance of AU$7.2 million was provided to van Eyk and repaid during the period through the transfer of RCL sub participations held by van Eyk to the Group.

29. RELATED PARTY TRANSACTIONS (CONTINUED)

Torchlight Fund No.1 LP (TLP)

The Group as manager of TLP received management, investment acquisition and performance fees from TLP. Management fees are equal to 1.85% per annum of total committed capital until the end of the Investment Period (three years from 26 October 2010, unless terminated earlier by the manager or extended by the advisory committee) and 1.85% per annum of the invested capital thereafter. Investment acquisition fees are 1.5% of the purchase price of investments made and profit share is 20% of returns in excess of 8% per annum paid to Limited Partners on a pro rata basis. During the period to 21 December 2012, total fees recognised were $13.9 million (June 2012: $2.8 million). Due to the in specie distribution on 21 December 2012 (refer note 24) loan advance amounts owing from TLP are now repayable by TFLP.

During the year ended 30 June 2012, a receivable of $4.75 million was acquired from TLP at fair value.

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

Torchlight Fund LP (TFLP)

A subsidiary of PGC, Torchlight GP Limited (a Caymans Registered company) is the general partner of TFLP and is entitled to management, investment acquisition and performance fees on a similar basis to the previous arrangement between the Group and TLP. Between 21 December 2012 and the balance date, management fees of AU$1.5 million were recognised.

During the year, general loan advances were provided to TLP. These amounts are now repayable by TFLP. During the year, the Group sold 5.5 million shares in SRQ to TFLP at market value. At balance date, the amount receivable from TFLP was $19.5 million (June 2012: receivable from TLP of $17.6 million). General advances accrue interest at 9%. Total interest recognised during the period was $1.2 million.

RCL Finance Receivables – co-investment

During the year, 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 11.54% and 11.94%. Total interest recognised during the period was $3.3 million. The total investment in RCL finance receivables as at 30 June 2013 is $32.1 million (June 2012: $4.2 million).

Fund management fees

Fees of $4.2 million were received by the Perpetual Group segment for fund management services provided during the year ended 30 June 2013 (2012: $6.8 million). In addition, the Perpetual Group has paid expenses on behalf of Funds which are subsequently reimbursed.

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 period as follows:

	GROUP		HOLDING COMPANY	
	2013	2012	2013	2012
	$000	$000	$000	$000
Key management personnel compensation is as follows:				
Short-term employee benefits	1,274	3,200	538	1,076
Termination benefits	1,114	-	990	-
Total	**2,388**	**3,200**	**1,528**	**1,076**

During the year, an advance of $0.18 million was provided by a director to PGC, this was repaid prior to year end.

30. FAIR VALUE

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

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

Investments - listed securities
The fair value of the Group's listed securities is determined based on the closing bid price of each security at 30 June.

Zero coupon bond
The fair value of the zero coupon bond is based on the present value of expected cash flows from the bond, using market interest rates as at the balance date.

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.

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.

30. FAIR VALUE (CONTINUED)

Investments - Fair value through profit or loss

The financial statements include convertible notes which are measured at fair value (note 21). The fair value assumes a price per share not supportable by observable market prices or rates. In determining the fair value a price per share of AU$0.9 is used. If this input was AU$0.4 higher the carrying amount of the shares would increase by $2.93 million.

	2013		2012	
	Carrying Value $000	Fair Value $000	Carrying Value $000	Fair Value $000
GROUP				
Financial assets				
Cash and cash equivalents	377	377	1,459	1,459
Finance receivables - MARAC	-	-	62,962	60,948
Finance receivables - other	35,497	35,497	21,128	21,128
Investments - Available for sale financial assets	160	160	17,692	22,247
Zero coupon bond	-	-	8,948	9,477
Assets held for sale - shares	-	-	34,797	34,797
Advances to other related parties	-	-	17,560	17,560
Advances to associates	21,631	21,631	3,765	3,765
Investments - Loans and receivables	355	355	355	355
Investments - Fair value through profit or loss	6,610	6,610	-	-
Trade and other receivables	13,818	13,818	16,014	16,014
Total financial assets	**78,448**	**78,448**	**184,680**	**187,750**
Financial liabilities				
Bank overdrafts	239	239	9,209	9,209
Borrowings	588	588	21,512	21,512
Advances from associates	564	564	879	879
Liability for MARAC finance receivables	-	-	91,462	89,448
Other financial liabilities	12,767	12,767	14,042	14,042
Total financial liabilities	**14,158**	**14,158**	**137,104**	**135,090**

30. FAIR VALUE (CONTINUED)

	2013		2012	
	Carrying Value $000	Fair Value $000	Carrying Value $000	Fair Value $000
HOLDING COMPANY				
Financial assets				
Cash and cash equivalents	46	46	58	58
Advances to subsidiaries	143,655	143,655	175,125	175,125
Advances to associates	2,093	2,093	-	-
Investments - Fair value through profit or loss	6,610	6,610	-	-
Trade and other receivables	5,800	5,800	347	347
Total financial assets	**158,204**	**158,204**	**175,530**	**175,530**
Financial liabilities				
Bank overdrafts	151	151	5,023	5,023
Borrowings	-	-	11,895	11,895
Advances from subsidiaries	92,117	92,117	92,117	92,117
Other financial liabilities	6,151	6,151	3,575	3,575
Total financial liabilities	**98,419**	**98,419**	**112,610**	**112,610**

Fair Value Hierarchy

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

a) Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	GROUP				
	2013				
	NOTE	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets					
Available for sale investments held at fair value	19	12	148	-	160
Investments held at fair value	21	-	-	6,610	6,610
Total Financial Assets		**12**	**148**	**6,610**	**6,770**

30. FAIR VALUE (CONTINUED)

		GROUP			
		2012			
	NOTE	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets					
Available for sale investments held at fair value	19	1,167	16,525	-	17,692
Assets held for sale	24	34,797	-	-	34,797
Total Financial Assets		**35,964**	**16,525**	**-**	**52,489**

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

Reconciliation of Level 3 fair value measurements of financial assets

	GROUP	
	2013 $000	2012 $000
Investments held at fair value		
Balance at the beginning of the year	-	-
Gains/(losses) recognised in profit or loss	(390)	-
Gains/(losses) recognised in other comprehensive income	-	-
Purchases	7,000	-
Sales	-	-
Transfers into/(out of) Level 3	-	-
Balance at the end of the year	***6,610***	**-**

Of the total gains or losses for the period included in profit or loss, $0.39 million relates to assets held at the end of the reporting period.

30. FAIR VALUE (CONTINUED)

Categories of financial instruments

	GROUP		HOLDING COMPANY	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Financial assets				
Fair value through profit or loss	6,610	-	6,610	-
Loans and receivables	71,678	132,190	151,594	175,531
Available-for-sale financial assets	160	17,692	-	-
Financial liabilities				
Financial liabilities at amortised cost	13,168	134,661	97,430	110,564

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.

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 debt, 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 Board of Directors (Board) approves all transactions that would subject the Group to significant credit risk.

Reviewing and assessing credit risk
The credit risk management strategies ensure that:

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

Collateral requirements - MARAC finance receivables
The MARAC finance receivables were primarily secured by way of first mortgages with some loans secured by way of second mortgages over the properties to which the loans relate. The group's maximum exposure to the loans under the management agreement (see note 28) is $nil at 30 June 2013 (2012: $28.5 million) due to the disposal of the finance receivables during the year.

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

(a) Credit impairment provisioning

Credit impairment provisions are made where events have occurred leading to an expectation of reduced future cash flows from certain receivables. Specific impairment provisions are made where events have occurred leading to an expectation of reduced future cash flows from certain receivables. A collective impairment is made where an event has occurred which past history indicates that there is an increased possibility that the Group will not collect all of the principle and interest as it falls due.

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.

32. CREDIT RISK EXPOSURE (CONTINUED)

MARAC finance receivables provision for impaired assets

	GROUP	
	2013	**2012**
	$000	**$000**
Provision for individually impaired assets		
Opening individual impairment	1,026	2,778
Impairment loss / (credit) for the year		
- charge for the year	3,309	(1,756)
- write offs	469	159
- effect of discounting	(227)	(155)
Derecognised on termination of RECL - MARAC management agreement	(4,577)	-
Closing individual impairment	**-**	**1,026**
Provision for collectively impaired assets		
Opening collective impairment	24,538	10,386
Impairment loss for the year		
- charge / (credit) for the year	4,192	15,380
- recoveries	-	-
- write offs	(7)	(1,228)
Derecognised on termination of RECL - MARAC management agreement	(28,723)	-
Closing collective impairment	**-**	**24,538**
Total provision for impairment	**-**	**25,564**
Individually impaired assets expense / (recovery)	3,309	(1,756)
Collectively impaired assets expense	4,192	15,380
Total impaired asset expense	**7,501**	**13,624**

There is a provision for individually impaired assets at 30 June 2013 of $0.074 million (2012: $0.9 million) relating to other finance receivables.

For the year ended 30 June 2012, total impairment charge of $0.4 million against finance receivable includes a reversal of prior period impairment of $0.5 million.

Concentrations of credit risk
The Group has a concentration of credit risk at 30 June 2013, in relation to its advances to associates and Finance receivables - other.

32. CREDIT RISK EXPOSURE (CONTINUED)

At 30 June 2013, included in trade and other receivables and other finance receivables are $0.265 million (2012: $20.5 million) of loan receivables relating to the property sector. All of the MARAC finance receivables related to the property sector.

Maximum Exposure to Credit Risk

The carrying amount of the Group's financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained, except for the MARAC finance receivables where the Group's exposure is limited to $nil (2012: $28.5 million). See note 28 for more information.

(i) Individually impaired assets

MARAC finance receivables individually impaired assets

	GROUP	
	2013	**2012**
	$000	**$000**
Opening	16,172	19,636
Additions	-	17,819
Deletions	-	(21,283)
Derecognition	(16,172)	-
Closing gross individually impaired assets	**-**	**16,172**

At 30 June 2013, the Group has considered $0.074 million of other finance receivables to be impaired. At 30 June 2012 the Group had $1.6 million in other finance receivables which were considered to be impaired. In each case the counterparties to the impaired finance receivable have failed to make a payment when it was due under the terms of the agreement. In determining that these receivables were impaired the directors considered the business prospects for the counterparty and the likely cost and duration of the work out process.

(ii) Past due but not impaired

MARAC finance receivables past due but not impaired

	GROUP	
	2013	**2012**
	$000	**$000**
Less than 30 days past due	-	365
At least 30 and less than 60 days past due	-	139
At least 60 but less than 90 days past due	-	1,565
At least 90 days past due	-	27,167
Total past due but not impaired	**-**	**29,236**

At 30 June 2013 the Group did not have any other receivables which were past due but not impaired (2012: nil).

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

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

	0-12 Months $000	1-2 Years $000	2-5 Years $000	5+ Years $000	Total $000
2012 - GROUP					
Financial liabilities					
Borrowings	14,952	7,577	-	-	22,529
Bank overdraft	9,209	-	-	-	9,209
Advances from associates	879	-	-	-	879
Other financial liabilities	14,042	-	-	-	14,042
Liability for MARAC finance receivables	57,317	5,716	35,021	-	98,054
Total financial liabilities	**96,399**	**13,293**	**35,021**	-	**144,713**

33. LIQUIDITY RISK (CONTINUED)

	0-12 Months $000	1-2 Years $000	2-5 Years $000	5+ Years $000	Total $000
2013 - HOLDING COMPANY					
Financial liabilities					
Bank overdraft	151	-	-	-	151
Advances from subsidiary companies	92,117	-	-	-	92,117
Other financial liabilities	6,151	-	-	-	6,151
Total financial liabilities	**98,419**	**-**	**-**	**-**	**98,419**

	0-12 Months $000	1-2 Years $000	2-5 Years $000	5+ Years $000	Total $000
2012 - HOLDING COMPANY					
Financial liabilities					
Borrowings	11,895	-	-	-	11,895
Bank overdraft	5,023	-	-	-	5,023
Advances from subsidiary companies	92,117	-	-	-	92,117
Other financial liabilities	3,575	-	-	-	3,575
Total financial liabilities	**112,610**	**-**	**-**	**-**	**112,610**

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

There were no significant undrawn committed bank facilities at 30 June 2013 for the Group or Holding Company (Group 2012: $nil, Parent 2012: $nil).

There were no unrecognised loan commitments for the Group or Holding company for the year ended 30 June 2013 (2012: $nil)

In the tables above, total financial liabilities do not include undrawn committed bank facilities.

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.

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

If the interest rates had been 10% higher / lower and all other variables were held constant, the Group's profit for the year ended 30 June 2013 would increase / decrease by $0.32 million. This is mainly attributable to the Group's exposure to interest rates on finance receivables.

The Group did not have significant interest rate risk as at 30 June 2012. The Group was not exposed to interest rate risk on the finance receivables which were subject to the RECL management agreement as the interest and principal cash flows are owned by MARAC (see note 28).

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 19 and note 24 (for those held for sale at 30 June).

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at 30 June 2013.

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

- Profit for the year ended 30 June 2013 would have increased by $0.001 million (2012: $3.6 million) due to the reduction in impairment recognised on available-for-sale investments.
- Other equity reserves would have increased by $nil (2012: $1.7 million) as a result of changes in the fair value of investments.

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

- Profit for the year ended 30 June 2013 would have decreased by $0.001 million (2012: $5.2 million) due to the increase in impairment recognised on available-for-sale investments.
- Other equity reserves would have been unaffected as the impairment would be recognised in profit or loss (2012: nil).

The Holding Company had no significant exposure to equity price risk at 30 June 2013 (2012: nil).

Foreign exchange risk

The Group's exposure to foreign currency risk arises from its investment in shares in an ASX listed company, loans to its associate Torchlight Fund LP, RCL participations and foreign currency bank accounts, all denominated in AUD. A 10% increase/decrease in the New Zealand dollar against the Australian dollar would have resulted in a $4.833 million increase/decrease to profit or loss for the year (2012: $0.126 million). The effect in equity would be nil (2012: nil).

The Holding Company had no significant exposure to foreign exchange risk at 30 June 2013 (2012: nil).

35. CONTINGENT LIABILITIES AND COMMITMENTS

	GROUP		HOLDING COMPANY	
	2013	2012	2013	2012
	$000	$000	$000	$000
Letters of credit, guarantees and performance bonds	315	890	200	275
Bank guarantee - Perpetual Trust Limited	3,000	-	3,000	3,000
Total contingent liabilities	**3,315**	**890**	**3,200**	**3,275**

For the year ended 30 June 2012, the liability in relation to the MARAC management agreement is described in note 28.

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

Operating lease commitments
Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities:

	GROUP		HOLDING COMPANY	
	2013	2012	2013	2012
	$000	$000	$000	$000
Within 1 year	-	976	-	-
Between 1 & 5 years	-	2,754	-	-
Over 5 years	-	1,640	-	-
Total operating lease commitments	**-**	**5,370**	**-**	**-**

36. DISCONTINUED OPERATIONS

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

The sale of PTL is in escrow awaiting regulatory approvals. However, the Directors have concluded that control of 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 is entitled to the payment of an additional amount (Carry) of up to 40% of the proceeds in excess of the Purchase Price from certain future Corporate Events (as defined in the sales agreement). No asset has been recognised in relation to the Carry as there is no certainty as to the timing of Corporate Events or the value of the additional amount.

The proceeds of sale substantially exceeded the carrying amount of the related net assets and, accordingly, a gain on sale of $17.3 million across all disposals has been recorded as part of gain on disposal of discontinued operations in the statement of comprehensive income.

36. DISCONTINUED OPERATIONS (CONTINUED)

The disposal is consistent with the Group's long term policy to focus on investments in Torchlight Group and its assets in Australia and the United Kingdom. The disposals were completed for Perpetual Asset Management Limited (PAM) and Perpetual Portfolio Management Limited (PPM) on 15 March 2013, PTL on 24 April 2013, and van Eyk Research Pty Limited on 28 March 2013.

	GROUP	
	2013	2012
	$000	$000
Results of discontinued operations		
Revenue	26,385	16,919
Expenses	22,411	22,128
Results from operating activities	**3,974**	**(5,209)**
Income tax expense	(509)	-
Results from operations, net of income tax	**3,465**	**(5,209)**
Loss on remeasurement to fair value	-	-
Gain on disposal of discontinued operations	17,339	-
Income tax on gain on sale of discontinued operations	-	-
Profit/(Loss) from discontinued operations for the year	**20,804**	**(5,209)**
Profit/(Loss) from discontinued operations attributable to:		
Owners of the Company	20,070	(5,209)
Non-controlling interests	734	-
Profit/(Loss) from discontinued operations for the year	**20,804**	**(5,209)**
Basic earnings/(loss) per share (cents per share)	9.3	(2.4)
Diluted earnings/(loss) per share (cents per share)	9.3	(2.4)

	GROUP	
	2013	2012
	$000	$000
Cash flows from discontinued operations		
Net cash from operating activities	10,956	(886)
Net cash from investing activities	(11,353)	103
Net cash from financing activities	-	(1,364)
Net cash from/(used in) discontinued operations	**(397)**	**(2,147)**

36. DISCONTINUED OPERATIONS (CONTINUED)

		GROUP 2013 $000	HOLDING COMPANY 2013 $000
Effect of disposal on the financial position of the Group			
Current assets			
Cash and cash equivalents		643	-
Other assets		5,490	-
Trade receivables		4,305	3,267
Current Liabilities			
Bank overdraft		4,214	-
Trade creditors		1,554	722
Other liabilities		5,113	-
Non-current assets			
Investments		1,297	4,500
Plant, Property and Equipment		1,055	-
Intangible assets		13,605	-
Non-current Liability			
Borrowings		1,299	-
Reduction in equity		**14,215**	**7,045**
Less non controlling interest		(1,076)	-
Movements in Equity		**13,139**	**7,045**
Consideration			
Consideration received in cash and cash equivalents		9,020	-
Non cash consideration net of transactions costs		7,886	263
Receivable at 30 June	(note 18)	13,572	5,714
Net consideration		**30,478**	**5,977**
Net cash inflow on disposal			
Consideration received in cash and cash equivalents		9,020	-
Cash and cash equivalents disposed of		3,571	-
Net cash inflow		**12,591**	**-**

37. STAFF SHARE OWNERSHIP ARRANGEMENTS

Directors' retirement share scheme

At 30 June 2012 and 2013, the Trustees held 31,413 shares in PGC and 31,413 shares in HNZ on behalf of a Director.

38. SUBSEQUENT EVENTS

There were no material events subsequent to 30 June 2013 to the date when these financial statements were authorised for issue.

Independent Auditors' Report

to the shareholders of Pyne Gould Corporation Limited

Report on the Financial Statements

We have audited the financial statements of Pyne Gould Corporation Limited ("the Company") on pages 14 to 67, which comprise the statements of financial position as at 30 June 2013, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 30 June 2013 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

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

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pwc

Independent Auditors' Report

to the shareholders of Pyne Gould Corporation Limited (continued)

Opinion

In our opinion, the financial statements on pages 14 to 67:

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

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and the Group as at 30 June 2013, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2013:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants — Auckland
27 September 2013

DIRECTORS

The following persons respectively held office as directors of the Company and the Company's subsidiaries during the year ended 30 June 2013.

Pyne Gould Corporation Ltd
GCD Kerr
BW Mogridge
R Naylor
G Bright
M Tinkler (resigned 28/11/12)

Aegis Asset Holdings Ltd*
M Tinkler

Arvensis Holdings Ltd*
P Middleton (resigned 28/09/2012)
BW Mogridge (resigned 16/08/2012)
JE Douglas (appointed 28/09/2012)
JG McFetridge (appointed 24/08/2012)
KR Rushbrook (appointed 28/09/2012)

Corporate Trust of New Zealand Ltd
P Middleton (resigned 16/10/2012)
BW Mogridge (resigned 16/08/2012)
JG McFetridge (appointed 16/10/12)

Crawford Property Fund Ltd*
P Middleton (resigned 28/09/2012)
BW Mogridge (resigned 16/08/2012)
JE Douglas (appointed 28/09/2012)
JG McFetridge (appointed 24/08/2012)
KR Rushbrook (appointed 28/09/2012)

Equity Partners Asset Management Ltd
BW Mogridge
M Tinkler

Equity Partners Infrastructure Management Ltd
BW Mogridge
M Tinkler

Ferrero Investments Ltd
M Tinkler
R Naylor

Insignis Nominees Ltd*
P Middleton (resigned 16/10/2012)
BW Mogridge (resigned 16/08/2012)
JE Douglas (appointed 28/09/2012)
JG McFetridge (appointed 24/08/2012)
KR Rushbrook (appointed 28/09/2012)

Khyber Pass Ltd
M Tinkler

Land House Ltd
M Tinkler

Perpetual Group Ltd
GCD Kerr
BW Mogridge

Perpetual Nominees Christchurch Ltd*
BW Mogridge (resigned 16/08/2012)
P Middleton (resigned 28/09/2012)
JE Douglas (appointed 28/09/2012)
JG McFetridge (appointed 24/08/2012)
KR Rushbrook (appointed 28/09/2012)

Van Eyk Advice Nominees NZ Limited (formerly Perpetual Nominees Ltd)*
P Middleton (resigned 28/09/2012)
JE Douglas (appointed 28/09/2012)
JG McFetridge (appointed 17/09/2012)
KR Rushbrook (appointed 28/09/2012)

Van Eyk Advice NZ Ltd (formerly Perpetual Portfolio Management Ltd)*
BW Mogridge (resigned 16/08/2012)
AL Hing (appointed 24/08/2012)
P Middleton

Perpetual Trust Ltd*
BW Mogridge (resigned 16/08/2012)
P Middleton
JE Douglas (appointed 28/09/2012)
JG McFetridge (appointed 24/08/2012)
KR Rushbrook (appointed 28/09/2012)

Perpetual Trust Security Trustee Ltd*
E Abernathy
S Maling
KR Rushbrook

Perpetual Trust Services Ltd*
BW Mogridge (resigned 16/08/2012)
P Middleton (resigned 28/09/2012)
JE Douglas (appointed 28/09/2012)
JG McFetridge (appointed 24/08/2012)
KR Rushbrook (appointed 28/09/2012)

DIRECTORS (CONTINUED)

Property Assets Ltd
M Tinkler

Real Estate Credit Ltd
BW Mogridge
M Tinkler

MARAC Financial Services Ltd
BW Mogridge

MARAC Investments Ltd
BW Mogridge

New Zealand Credit Trustee Ltd
GCD Kerr
M Tinkler (resigned 12/12/12)

Nikau Apartments Ltd
M Tinkler

NZ Foundation Nominees Ltd*
P Middleton (resigned 28/09/2012)
BW Mogridge (resigned 16/08/2012)
JE Douglas (appointed 28/09/2012)
JG McFetridge (appointed 24/08/2012)
KR Rushbrook (appointed 28/09/2012)

Pegasus Fund Managers Ltd
P Middleton (resigned 16/10/2012)
BW Mogridge (resigned 16/08/2012)
JG McFetridge (appointed 16/10/12)

Pegasus Investment Fund Ltd*
P Middleton (resigned 28/09/2012)
BW Mogridge (resigned 16/08/2012)
JE Douglas (appointed 28/09/2012)
JG McFetridge (appointed 24/08/2012)
KR Rushbrook (appointed 28/09/2012)

Blueprint Investment Management Ltd (formerly Perpetual Asset Management Ltd)*
BW Mogridge (resigned 16/08/2012)
AL Hing (appointed 24/08/2012)
P Middleton

Van Eyk Advice Charitable Nominees NZ Ltd (formerly Perpetual Charitable Nominees Ltd)*
M Tinkler (resigned 15/10/2012)
JE Douglas (appointed 28/09/2012)
JG McFetridge (appointed 17/09/2012)
KR Rushbrook (appointed 28/09/2012)

Streat Property Fund Ltd*
P Middleton (resigned 28/09/2012)
BW Mogridge (resigned 16/08/2012)
JE Douglas (appointed 28/09/2012)
JG McFetridge (appointed 24/08/2012)
KR Rushbrook (appointed 28/09/2012)

Supreme 2010 Ltd
M Tinkler

Torchlight (GP) 1 Ltd
GCD Kerr
M Tinkler (resigned 12/12/12)

Torchlight (GP) 2 Ltd
GCD Kerr
M Tinkler (resigned 12/12/12)

Torchlight Investment Group Ltd
GCD Kerr
M Tinkler (resigned 12/12/12)

Torchlight Management Ltd
GCD Kerr
M Tinkler (resigned 12/12/12)

Willis Ltd
M Tinkler

Torchlight Securities Ltd
GCD Kerr
M Tinkler (resigned 12/12/12)

Van Eyk Group Holdings Pty Limited (formerly Torchlight Australia Pty Limited)*
GCD Kerr
R Naylor
P Middleton
M Tinkler

Torchlight Group (Caymans)
GCD Kerr
M Tinkler

Torchlight (GP) 1 Limited (Caymans)
GCD Kerr
M Tinkler

**Director appointments and resignations up to the date of disposal of the entity*

STATUTORY DISCLOSURES

DISCLOSURE OF INTERESTS

The following are disclosures of interest given by the Directors:

BW Mogridge

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

Director
Yealands Wine Group Ltd (Chairman)
Bupa Care NZ Ltd (Chairman)
Bupa Australia Pty Limited

Ownership of limited partnership interests in Torchlight Fund LP

GCD Kerr
Director and shareholder
Australasian Equity Partners (GP) No.1 Ltd

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

GENERAL DISCLOSURE

All directors have provided a general notice that they may from time to time undertake personal business transactions with the Company, including utilising the Company's services. All such transactions are carried out in accordance with the Company's normal business criteria for those types of transactions. The company obtains consulting services from Naylor Partners Pty Ltd of which R Naylor is a director and shareholder, and legal services from Tinkler & Co. These services are provided on normal commercial terms.

INFORMATION USED BY DIRECTORS

No notices were received from directors of the Company requesting to disclose or use Company information received in their capacity as directors which would not otherwise have been available to them.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has given indemnities to directors and selected employees and has arranged insurance for directors and officers of the Company and its subsidiaries.

These indemnify and insure directors and officers against liability and costs for actions undertaken by them in the course of their duties to the extent permitted by the Companies Act 1993. The cost of the insurance premiums to the Company and its subsidiaries for the year was $87,220.

SHARES HELD AND SHARE DEALINGS BY DIRECTORS

Details of individual directors share dealings are as follows:

	Beneficial	Associated Person
GCD Kerr		
Balance as at 30 June 2012	-	166,309,760
Balance at 30 June 2013	**-**	**166,309,760**
BW Mogridge		
Balance as at 30 June 2012	44,899	1,336,048
Balance at 30 June 2013	**44,899**	**1,336,048**
G Bright		
Balance as at 30 June 2012	-	-
Balance at 30 June 2013	**-**	**-**
R Naylor		
Balance as at 30 June 2012	-	-
Balance at 30 June 2013	**-**	**-**

REMUNERATION OF DIRECTORS

The total remuneration received by each director who held office in the Company and its subsidiary companies during the 30 June 2013 year was as follows:

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

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

EXECUTIVE EMPLOYEES' REMUNERATION

The number of employees of the Company and its subsidiary companies, who received remuneration, including non-cash benefits, in excess of $100,000 for the year-ended 30 June 2013 is set out in the remuneration bands detailed below:

Remuneration	Total Group	Holding Company
$100,000 to $110,000	1	-
$110,000 to $120,000	7	-
$120,000 to $130,000	1	-
$130,000 to $140,000	2	-
$140,000 to $150,000	1	-
$150,000 to $160,000	1	-
$160,000 to $170,000	1	-
$170,000 to $180,000	1	-
$180,000 to $190,000	-	-
$190,000 to $200,000	-	-
$200,000 to $210,000	2	-
$210,000 to $220,000	2	-
$280,000 to $290,000	1	-
$330,000 to $340,000	1	-

DONATIONS

During the financial year ended 30 June 2013, the Company made a $10,000 donation to The University of Auckland Foundation for the Auckland University Press Fund. This donation will assist the Foundation with its mission to enrich student education, advance valuable research and attract top quality academic talent to New Zealand.

SHAREHOLDER INFORMATION

As at 2 September 2013

SIZE OF SHAREHOLDING

	Number of holders	% of share capital
1 - 1,000	401	19.06
1,001 - 5,000	706	33.56
5,001 - 10,000	410	19.49
10,001 - 50,000	451	21.44
50,001 - 100,000	82	3.90
100,001 and over	54	2.55
Total	**2,104**	**100.00**

GEOGRAPHIC DISTRIBUTION

	Number of holders	% of share capital
New Zealand	215,314,214	99.39
Overseas	1,315,396	0.61
Total	**216,629,610**	**100.00**

LARGEST SHAREHOLDERS

Rank	Name	Number of shares	% of share capital
1	Australasian Equity Partners Fund No. 1 LP	166,309,760	76.77%
2	New Zealand Central Securities Depository Limited	13,473,676	6.22%
3	Investment Custodial Services Limited	2,739,451	1.26%
4	JB Were (NZ) Nominees Limited	1,917,982	0.89%
5	Bryan William Mogridge & Family	1,336,048	0.62%
6	Paul Rex Chaney & Dianne Joan Chaney	1,018,400	0.47%
7	Tribal New Zealand Traders Limited	927,020	0.43%
8	Custodial Services Limited	727,251	0.34%
9	Justine Elinor Thompson	636,467	0.29%
10	Ronald James Woodrow	579,600	0.27%
11	Bruce Stewart Miles	562,800	0.26%
12	Perpetual Trust Limited & Diana Frances Wallace & Margaret Frances Hulse	402,781	0.19%
13	Simon Dennistoun Martin	399,785	0.18%
14	ASB Nominees Limited	372,388	0.17%

LARGEST SHAREHOLDERS (CONTINUED)

		Number of shares	% of share capital
15	Alistair Blair Mccredie	321,600	0.15%
16	FNZ Custodians Limited	295,675	0.14%
17	PCS Investment Nominees	271,947	0.13%
18	Frederick Garnet Adams & Rosena Elizabeth Adams	267,772	0.12%
19	Cash IT Limited	267,464	0.12%
20	Christopher John Lee & Giovanna Lee	250,670	0.12%
Total Top Holders Balance		**193,078,537**	**89.13%**

SUBSTANTIAL SECURITY HOLDERS

As at 2 September 2013 Australasian Equity Partners Fund No.1 LP (AEP) held 166,309,760 ordinary shares in the company, being 76.77% of the issued capital of the Company.

NEW ZEALAND STOCK EXCHANGE WAIVERS

No waivers were obtained by the Company from the NZX.

DIRECTORY

DIRECTORS
Bryan Mogridge
George Kerr
Russell Naylor
Gregory Bright

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NEW ZEALAND