Pyne Gould Corporation Limited

INTERIM REPORT AND
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

For the period ended 31 December 2015

PYNE GOULD CORPORATION LIMITED
Contents

For the period ended 31 December 2015

PYNE GOULD CORPORATION LIMITED
COMPANY REPORT

Directors' Report

Operating Performance
Pyne Gould Corporation ("PGC") delivered a cash operating profit of GBP1.596 million for the six months to 31 December 2015. This compares with a cash operating loss of GBP5.0 million for the same period last year.

A four-fold increase in investment income to GBP8.430m (GBP2.131m last year) together with lower sales and administration expenses of GBP4.516m (GBP5.56m last year) saw operating income rise to GBP5.187m (GBP1.715m last year).

After allowing for non cash items, principally a foreign exchange loss of GBP2.906m (gain of GBP0.176m last year), the company reported an after tax loss for the period of GBP1.546m (last year a loss of GBP5.323m). This is equal to 0.51 pence per share (last year 2.4 pence per share).

Statement of Financial Position
Foreign exchange movements also had a negative impact on the consolidated Statement of Financial Position. As at 31 December 2015, PGC had GBP50.805m of net assets (30 June 2015: GBP55.199m). The reduction of GBP4.394m is after a total of GBP5.301m of non cash foreign exchange adjustments.

On a per share basis, the NTA per share is 24.49 pence per share (30 June 2015: 26.61 pence per share).

Foreign exchange movements affected the accounts in two ways. Firstly, there was a non cash adjustment of GBP2.906m in the profit and loss referred to above. Secondly, there was a GBP2.395m adjustment to the balance sheet. This is because the accounts are presented in GBP and a non cash adjustment must be made on translation to presentation currency. In the year to 31 December 2015, this is negative adjustment of GBP2.395m (30 June 2015: GBP2.836m).

<u>Current Assets</u>

PGC Group held consolidated current assets of GBP67.849m (30 June 2015: GBP61.407m) as at 31 December 2015.

Group cash balances lifted by GBP20.643m over the six month period, from GBP10.937m to GBP31.58m.

The very strong cash performance was principally generated by Torchlight Fund LP ("TFLP"). Specifically, cash was generated through a strong sales period for RCL in its Victorian residential real estate book, and the sale of Local World to Trinity Mirror.

RCL recorded GBP28.033m of residential site sales over the period. After GBP8.864m of development costs, this generated cash of GBP19.169m. After allowing for interest on borrowings of GBP4.428m the cash contribution pre sales and administration expenses was GBP15.773m.

The exit of Local World in the period was at 4x initial investment. This outcome was achieved in less than 3 years and delivered GBP13.606m of cash as well as GBP5m of Trinity Mirror shares and GBP1.318m of deferred cash (subject to warranties under the sale and purchase contract). The details of this transaction have been provided in prior announcements.

PGC Group holds GBP27.124m (30 June 2015: GBP24.614m) in real estate inventories classed as current assets. These inventories represent blocks of land being developed into residential sites for sale over the coming 12 month period. The cash generated from these sales will be at a substantial premium to cost and will be reflected in group profit next year. The cash is budgeted to amortise bridge and working capital finance at RCL.

<u>Current Liabilities</u>

As at 31 December 2015, PGC Group had GBP58.557m (30 June 2015: GBP66.458m) of consolidated liabilities, down by GBP7.901m over the period.

Current assets of GBP67.849m comfortably exceed all consolidated liabilities of GBP58.557m.

Directors' Report, continued

Current Liabilities

The liabilities principally represent working capital finance and acquisition finance taken on at the time of the RCL credit bid in 2014 and is being amortised over the course of this year. As noted above, this marks the end of the restructuring period of RCL and means RCL has the financial capacity to internally fund working capital and consider both internal and external funding options for growth looking forward. This allows greater reinvestment in the land bank and consequently greater long run value for investors.

PGC has no long run borrowings.

Non Current Assets

PGC Group holds consolidated non current assets of GBP87.245m (30 June 2015: GBP99.991m) with GBP73.910m (30 June 2015: GBP86.508m) in core assets and GBP13.335m (30 June 2015: GBP12.241m) of legacy non core assets in process of divestment.

Non current inventories at GBP23.697m (30 June 2015: GBP38.394m) are large blocks of land that will not be developed in the coming 12 month period. As time progresses these inventories move incrementally into current assets for development and sale. The long run cashflow from these inventories is substantially in excess of book value.

Loans and receivables of GBP22.811m (30 June 2015: GBP23.014m) are predominantly expected to convert to ownership of underlying real estate assets and increase inventories for long term profitable development. The exception is GBP1.318m which is an escrowed cash amount following the sale of Local World which will be held in a cash escrow for 2 years pending settlement adjustments.

Investments of GBP27.402m (30 June 2015: GBP24.560m) include securities and receivables, the largest of which is the TFLP shareholding in Lantern Hotel Group which represents GBP16.596m at market price as at 31 December 2015.

Non core assets have a book value of GBP13.335m.

The largest non core asset is a receivable independently valued at NZD21.2m (GBP9.801m). This receivable represents the consideration PGC is due for agreeing to exit its carried interest in the owner of Perpetual Trust. PGC has commenced legal proceedings to recover this receivable plus interest and costs.

The balance is made up of small real estate assets. These include a residential real estate project in Tauranga acquired as a distressed asset from Marac at the time of the restructuring and 2009 rights issue. This is valued at NZD5.8m (GBP2.8m) and will gradually be worked through to cash over the next 5 to 7 years.

Non-Controlling Interests

As previously described, PGC controls and is required to consolidate TFLP. In order to fairly calculate NTA, the accounts must make adjustments and allow for non-controlling interests in its accounts. As at 31 December 2015, PGC held 42.3% of TFLP. Non-controlling interests represent the balance which is GBP45.732 (30 June 2015: GBP39.741m).

George Kerr
Managing Director

10 June 2016

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 December 2015

	NOTE	UNAUDITED 6 months to 31 December 2015 £000	UNAUDITED 6 months to 31 December 2014 Restated * £000	AUDITED 12 months to 30 June 2015 £000
Continuing operations				
Management fees revenue		-	449	428
Other revenue		514	602	948
Other income		182	33	130
Total fees and other income		**696**	**1,084**	**1,506**
Interest income		337	620	808
Interest expense		(4,276)	(2,120)	(7,088)
Net interest income		**(3,939)**	**(1,500)**	**(6,280)**
Investment income		8,430	2,131	8,840
Net operating income		**5,187**	**1,715**	**4,066**
Selling and administration expenses	5	(4,516)	(5,560)	(9,870)
Foreign exchange (losses)/gains		(2,906)	176	1,577
Impaired asset expense		(236)	(499)	(588)
Operating loss		**(2,471)**	**(4,168)**	**(4,815)**
Share of equity accounted investees' gains/(losses)		925	(1,155)	(1,496)
Loss from continuing operations before income tax		**(1,546)**	**(5,323)**	**(6,311)**
Income tax expense		-	-	(478)
Loss from continuing operations		**(1,546)**	**(5,323)**	**(6,789)**
Loss for the period/year after tax		**(1,546)**	**(5,323)**	**(6,789)**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Change in fair value of available for sale financial asset	19	-	(1,440)	(399)
Foreign currency adjustment on translation to presentation currency		(2,395)	(2,836)	(15,028)
Total other comprehensive loss		**(3,941)**	**(4,276)**	**(15,427)**
Total comprehensive loss for the period/year		**(3,941)**	**(9,599)**	**(22,216)**
Loss attributable to:				
Owners of the Company		(1,064)	(4,984)	(4,918)
Non-controlling interests		(482)	(339)	(1,871)
Loss for the period/year		**(1,546)**	**(5,323)**	**(6,789)**
Total comprehensive loss attributable to:				
Owners of the Company		(4,394)	(9,130)	(15,772)
Non-controlling interests		453	(469)	(6,444)
Total comprehensive loss for the period/year		**(3,941)**	**(9,599)**	**(22,216)**
Loss per share				
		Pence	**Pence**	**Pence**
Basic and diluted loss per share	7	(0.51)	(2.40)	(2.37)
Basic and diluted loss per share – continuing operations	7	(0.51)	(2.40)	(2.37)

**See note 2(b) for details of restatement.*

The notes on pages 11 to 31 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 December 2015

31 December 2015 - UNAUDITED	Share Capital £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Available for Sale reserve £000	Non-controlling interests £000	Total Equity £000
Balance at 1 July 2015	**151,940**	**17,672**	**(114,014)**	**(399)**	**39,741**	**94,940**
Loss for the period	-	-	(1,064)	-	(482)	(1,546)
Other comprehensive loss						
Change on fair value of available for sale financial asset	-	-	-	-	-	-
Foreign currency adjustment on translation to presentation currency	-	(3,330)	-	-	935	(2,395)
Total other comprehensive loss	-	(3,330)	-	-	935	(2,395)
Total comprehensive loss for the period	**-**	**(3,330)**	**(1,064)**	**-**	**453**	**(3,941)**
Transactions with owners:						
Acquisition of non-controlling interests	-	-	-	-	21,380	21,380
Disposal of non-controlling interests	-	-	-	-	(15,842)	(15,842)
Total transactions with owners	**-**	**-**	**-**	**-**	**5,538**	**5,538**
Balance at 31 December 2015	**151,940**	**14,342**	**(115,078)**	**(399)**	**45,732**	**96,537**

The notes on pages 11 to 31 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the period ended 31 December 2015

31 December 2014 - UNAUDITED – Restated *	Share Capital £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Available for Sale reserve £000	Non-controlling interests £000	Total Equity £000
Balance at 1 July 2014	**152,057**	**28,127**	**(109,096)**	**-**	**-**	**71,088**
Loss for the period	-	-	(4,984)		(339)	(5,323)
Other comprehensive loss						
Change on fair value of available for sale financial asset	-	-	-	(1,440)	-	(1,440)
Foreign currency adjustment on translation to presentation currency	-	(2,706)	-	-	(130)	(2,836)
Total other comprehensive loss	-	(2,706)	-	(1,440)	(130)	(4,276)
Total comprehensive loss for the period	-	**(2,706)**	**(4,984)**	**(1,440)**	**(469)**	**(9,599)**
Transactions with owners:						
Share buy backs	(117)	-	-	-	-	(117)
Acquisition of non-controlling interest	-	-	-	-	54,640	54,640
Disposal of non-controlling interest	-	-	-	-	(1,166)	(1,166)
Total transactions with owners	**(117)**	**-**	-	**-**	**53,474**	**53,357**
Balance at 31 December 2014	**151,940**	**25,421**	**(114,080)**	**(1,440)**	**53,005**	**114,846**

**See note 2(b) for details of restatement.*

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PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the period ended 31 December 2015

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

The notes on pages 11 to 31 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	NOTE	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 Restated* £000	AUDITED 30 June 2015 £000
ASSETS				
Current assets				
Cash and cash equivalents		31,580	12,934	10,937
Trade and other receivables		1,128	3,176	3,239
Advances to related parties	19	1,521	-	1,362
Finance receivables – Other	9	1,007	1,178	937
Inventories	11	27,124	28,904	24,614
Investments – Fair value through profit or loss	13	5,479	20,241	20,248
Prepayments		10	507	70
Total current assets		**67,849**	**66,940**	**61,407**
Non-current assets				
Property, plant and equipment		125	188	142
Investment in joint venture		-	1,682	1,242
Investment property	10	3,409	3,479	2,995
Inventories	11	23,697	42,874	38,934
Investment – Available for sale financial asset	12	9,801	9,726	9,104
Investments – Loans and receivables	14	22,811	23,220	23,014
Investments – Fair value through profit or loss	13	27,402	26,752	24,560
Total non-current assets		**87,245**	**107,921**	**99,991**
Total assets		**155,094**	**174,861**	**161,398**
LIABILITIES				
Current liabilities				
Bank overdrafts		-	60	-
Borrowings	16	52,332	15,776	18,523
Trade and other payables	17	4,177	6,329	12,275
Total current liabilities		**56,509**	**22,165**	**30,798**
Non-current liabilities				
Deferred tax liability		2,048	1,382	2,024
Borrowings	16	-	36,468	33,636
Total non-current liabilities		**2,048**	**37,850**	**35,660**
Total liabilities		**58,557**	**60,015**	**66,458**
EQUITY				
Share capital		151,940	151,940	151,940
Foreign currency translation reserve		14,342	25,421	17,672
Accumulated losses and other reserves		(115,477)	(115,520)	(114,413)
Total equity – attributable to the entities owners		**50,805**	**61,841**	**55,199**
Non-controlling interests		**45,732**	**53,005**	**39,741**
Total equity		**96,537**	**114,846**	**94,940**
Total equity and liabilities		**155,094**	**174,861**	**161,398**

**See note 2(b) for details of restatement.*

The notes on pages 11 to 31 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended 31 December 2015

	NOTE	UNAUDITED 6 months to 31 December 2015 £000	UNAUDITED 6 months to 31 December 2014 Restated * £000	AUDITED 12 months to 30 June 2015 £000
Cash flows from operating activities				
Interest received		270	50	15
Rental income		8	7	11
Fees and other income received		889	953	7,357
Total cash provided from operating activities		**1,167**	**1,010**	**7,383**
Payments to suppliers and employees		(8,526)	(8,071)	(10,552)
Interest paid		(4,428)	(3,396)	(3,404)
Total cash applied to operating activities		**(12,954)**	**(11,467)**	**(13,956)**
Net cash flows applied to operating activities	6	**(11,787)**	**(10,457)**	**(6,573)**
Cash flows from investing activities				
Proceeds from sale of assets held for sale		-	496	507
Proceeds from sale of FVTPL financial assets		-	-	238
Proceeds from settlement of finance receivables		-	585	635
Proceeds from sale of inventories		28,033	11,670	23,947
Repayments of advances to other related parties		-	2,295	2,351
Proceeds from disposal of investments		13,606	12,690	12,697
Proceeds from disposal of Joint Venture		2,123	-	-
Proceeds from repayment of loan advances		1,407	505	1,315
Cash recognised on reclassification of associate as a subsidiary		-	14,548	14,548
Total cash provided from investing activities		**45,169**	**42,789**	**56,238**
Increase in advances to associates		-	(903)	(894)
Non pro rata exit payment to TFLP limited partners		-	(811)	(10,071)
Development costs of inventories		(8,864)	(4,066)	(11,595)
Acquisition of property, plant and equipment		-	(3)	(3)
Increase in other investments		(90)	(926)	(1,856)
Increase in loan advances		(2,021)	-	(454)
Increase in investment in associates		-	(808)	(801)
Total cash applied to investing activities		**(10,975)**	**(7,517)**	**(25,674)**
Net cash flows from investing activities		**34,194**	**35,272**	**30,564**
Cash flows from financing activities				
Decrease in borrowings		(3,787)	(11,609)	(11,445)
Share buy backs		-	(117)	(115)
Total cash applied to financing activities		**(3,787)**	**(11,726)**	**(11,560)**
Net cash flows applied to financing activities		**(3,787)**	**(11,726)**	**(11,560)**
Net increase in cash and cash equivalents		**18,620**	**13,089**	**12,431**
Foreign currency adjustment on translation of cash balances to presentation currency		2,023	(250)	(1,529)
Opening cash and cash equivalents		10,937	35	35
Closing cash and cash equivalents		**31,580**	**12,874**	**10,937**
Represented by:				
Cash and cash equivalents		31,580	12,934	10,937
Bank overdrafts		-	(60)	-
		31,580	**12,874**	**10,937**

**See note 2(b) for details of restatement.*

The notes on pages 11 to 31 are an integral part of these interim condensed consolidated financial statements.

1. Reporting Entity:

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

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

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

2. Basis of Preparation:

The financial statements presented here are for the following periods:

At 31 December 2015: 6 month period – unaudited
At 31 December 2014: 6 month period – unaudited and restated
At 30 June 2015: 12 month period – audited

(a) Statement of compliance

The consolidated condensed interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and The Companies (Guernsey) Law, 2008. They comply with NZ IAS 34 and IAS 34 Interim Financial Reporting. They do not included all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the Group as at and for the year ended 30 June 2015 ("annual financial statements").

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

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

The same accounting policies and methods of computation are followed in these financial statements as in the last annual report and the audited consolidated financial statements for the year ended 30 June 2015.

(b) Restatement of comparatives

Investment in Subsidiary

The Group has an investment in Torchlight Fund LP (TFLP). The Company previously announced that TFLP would be treated as a subsidiary from 1 July 2016 onwards. However, the Company entered into conditional agreements on 30 September 2014 which gave rise to future potential voting rights in TFLP. Until then the Company has historically treated TFLP as an associate, however, it determined that the hypothetical ability to gain control of TFLP arising from the future potential voting rights resulted, under NZ IFRS 10, in the Company gaining control of TFLP on 30 September 2014. At the time of publishing the Company's interim results for 31 December 2014, TFLP was treated as an associate. As a result, the 31 December 2014 comparative information has been restated to reflect TFLP as a subsidiary rather than an associate.

2. Basis of Preparation, continued:

(b) Restatement of comparatives, continued

A reconciliation of the impact of this restatement can be summarised as follows:

Statement of Financial Position adjustments	31 December 2014 Previously reported	Movement	31 December 2014 Restated
	£000	£000	£000
Change in total equity – attributable to the entities owners	72,511	(10,670)	61,841

Statement of Comprehensive Income adjustments	31 December 2014 Previously reported	Movement	31 December 2014 Restated
	£000	£000	£000
Loss for the year – attributable to the entities owners	(3,357)	(1,966)	(5,323)
Total comprehensive loss – attributable to the entities owners	(5,174)	(4,426)	(9,600)

(c) Accounting judgements and major sours of estimation uncertainty

There have been no significant changes in the key sources of estimation uncertainty from the audited consolidated financial statements for the year ended 30 June 2015 to these interim condensed consolidated financial statements.

3. Significant accounting policies

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are the same as those applied in the Group's annual financial statements for the year ended 30 June 2015.

There were no new standards or amendments to standards that were applied during the period.

4. Segmental analysis

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

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

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

Information regarding the results of each reportable segment is shown below. Performance is measured based on segment profit / (loss) for the period, 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.

4. Segmental analysis, continued:

Group's reportable segments

	Continuing Operations			
6 months to 31 December 2015 - UNAUDITED	**Torchlight Group**	**Property Group**	**Parent Company**	**Total**
	£000	**£000**	**£000**	**£000**
External income				
Interest income	143	-	194	**337**
Other income	154	8	20	**182**
Other revenue	514	-	-	**514**
Investment income	8,254	173	3	**8,430**
Internal income				
Foreign exchange losses	(2,543)	-	(363)	**(2,906)**
Total segment income	**6,522**	**181**	**(146)**	**6,557**
Expenses				
Interest expense	(4,275)	-	(1)	**(4,276)**
Impairment	(236)	-	-	**(236)**
Other operating expenses	(4,156)	(73)	(287)	**(4,516)**
Total operating expenses	**(8,667)**	**(73)**	**(288)**	**(9,028)**
Equity accounted share of profit	925	-	-	**925**
Loss before tax	**(1,220)**	**108**	**(434)**	**(1,546)**
Income tax expense	-	**-**	**-**	**-**
Loss after tax	**(1,220)**	**108**	**(434)**	**(1,546)**
Non-controlling interests	482	**-**	**-**	482
Loss for the period attributable to owners of the Company	**(738)**	**108**	**(434)**	**(1,064)**
Total assets	**137,784**	**2,729**	**14,581**	**155,094**
Total liabilities	**58,272**	**14**	**271**	**58,557**

4. Segmental analysis, continued:

Group's reportable segments, continued

	Continuing Operations			
6 months to 31 December 2014 – UNAUDITED AND RESTATED	**Torchlight Group**	**Property Group**	**Parent Company**	**Total**
	£000	**£000**	**£000**	**£000**
External income				
Management fees	449	-	-	**449**
Interest income	608	9	3	**620**
Other income	26	7	-	**33**
Other revenue	602	-	-	**602**
Investment income	1,642	-	489	**2,131**
Internal income				
Foreign exchange gains/(losses)	448	-	(272)	**176**
Total segment income	**3,775**	**16**	**220**	**4,011**
Expenses				
Interest expense	(2,105)	(4)	(11)	**(2,120)**
Impairment	(494)	(5)	-	**(499)**
Other operating expenses	(2,985)	(88)	(2,487)	**(5,560)**
Total operating expenses	**(5,584)**	**(97)**	**(2,498)**	**(8,179)**
Equity accounted share of losses	(1,155)	-	-	(1,155)
Loss) before tax	**(2,964)**	**(81)**	**(2,278)**	**(5,323)**
Income tax expense	-	-	-	
Loss after tax	**(2,964)**	**(81)**	**(2,278)**	**(5,323)**
Non-controlling interests	339	-	-	**339**
Loss for the period attributable to owners of the Company	**(2,625)**	**(81)**	**(2,278)**	**(4,984)**
Total assets	**155,139**	**2,829**	**16,893**	**174,861**
Total liabilities	**58,725**	**(42)**	**1,332**	**60,015**

4. Segmental analysis, continued:

Group's reportable segments, continued

	Continuing Operations			
12 months to 30 June 2015 - AUDITED	**Torchlight Group**	**Property Group**	**Parent Company**	**Total**
	£000	**£000**	**£000**	**£000**
External income				
Management fees	428	-	-	**428**
Interest income	610	2	196	**808**
Other income	115	15	-	**130**
Other revenue	948	-	-	**948**
Investment income	8,102	287	451	**8,840**
Internal income				
Foreign exchange gains/(losses)	1,790	-	(213)	**1,577**
Total segment income	**11,993**	**304**	**434**	**12,731**
Expenses				
Interest expense	(7,070)	(6)	(12)	**(7,088)**
Impairment	(573)	(3)	(12)	**(588)**
Other operating expenses	(6,356)	(164)	(3,350)	**(9,870)**
Total operating expenses	**(13,999)**	**(173)**	**(3,374)**	**(17,546)**
Equity accounted share of losses	(1,496)	-	-	**(1,496)**
(Loss)/profit before tax	**(3,502)**	**131**	**(2,940)**	**(6,311)**
Income tax expense	**(478)**	**-**	**-**	**(478)**
(Loss)/profit after tax	**(3,980)**	**131**	**(2,940)**	**(6,789)**
Non-controlling interests	**1,871**	**-**	**-**	**1,871**
(Loss)/profit for the period attributable to owners of the Company	**(2,109)**	**131**	**(2,940)**	**(4,918)**
Total assets	**147,879**	**2,420**	**11,099**	**161,398**
Total liabilities	**65,879**	**(125)**	**704**	**66,458**

5. Selling and administration expenses

	UNAUDITED 6 months to 31 December 2015	UNAUDITED 6 months to 31 December 2014 Restated	AUDITED 12 months to 30 June 2015
	£000	£000	£000
Directors' fees	80	95	141
Loss/(gain) on disposal of assets	-	-	4
Personnel expenses**	785	897	1,724
Legal and consultancy fees	1,752	2,439	3,907
Other operating expenses*	1,899	2,129	4,094
Selling and administration expenses	**4,516**	**5,560**	**9,870**

**Other operating expenses include property expenses, golf expenses, listing and regulatory costs, audit fees and other overhead expenditure*
*** Personnel expenses have been generated from within the RCL Group on the business combination during the period.*

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

	UNAUDITED 6 months to 31 December 2015	UNAUDITED 6 months to 31 December 2014 Restated	AUDITED 12 months to 30 June 2015
	£000	£000	£000
Loss for the period	**(1,546)**	**(5,323)**	**(6,789)**
Add/(less) non-cash items:			
Revaluation of investment property	(170)	-	(289)
Loss/(Gain) on disposal of assets	-	6	(5,006)
Foreign exchange loss	(3,551)	(199)	(1,577)
Share of equity accounted investees' (profit)/loss	(925)	1,548	1,496
Impairment on finance receivables	236	499	588
Depreciation of non-current assets	17	12	44
Movement in unrealised (gain)loss on investments	(2,044)	(1,875)	2,819
Interest (received)/paid	(98)	110	1,729
Other non-cash items	93	(34)	(199)
Total non-cash items	**(6,442)**	**67**	**(395)**
(Less)/add movements in workings capital items:			
Trade and other receivables	10	(4,479)	1,393
Advances to associates	-	(231)	(872)
Trade and other payables	(3,809)	(491)	90
Total movements in working capital items	**(3,799)**	**(5,201)**	**611**
Net cash flows applied to operating activities	**(11,787)**	**(10,457)**	**(6,573)**

7. Loss per share:

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

	UNAUDITED 6 months to 31 December 2015	UNAUDITED 6 months to 31 December 2014 Restated	AUDITED 6 months to 30 June 2015
Loss after tax attributable to owners of the Company (£000)	(1,064)	(4,984)	(4,918)
Loss after tax attributable to owners of the Company – continuing operations (£000)	(1,064)	(4,984)	(4,918)
Weighted average number of ordinary shares in issue (000)	207,463	207,894	207,681
Basic and diluted loss (pence per share)	**(0.51)**	**(2.40)**	**(2.37)**
Basic and diluted loss (pence per share – continuing operations)	**(0.51)**	**(2.40)**	**(2.37)**
Net tangible assets per share (pence per share)*	**24.49**	**29.81**	**26.61**

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

8. Share capital:

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

	UNAUDITED 6 months to 31 December 2015 Shares 000s	UNAUDITED 6 months to 31 December 2014 Shares 000s	AUDITED 12 months to 30 June 2015 Shares 000s
Number of issued shares			
Opening balance	207,463	208,074	208,074
Share buy backs	-	(611)	(611)
Closing balance	**207,463**	**207,463**	**207,463**

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

9. Finance receivables - other:

	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 Restated £000	AUDITED 30 June 2015 £000
Current			
Gross finance receivables	1,331	1,531	1,245
Less allowance for impairment	(324)	(353)	(308)
Total finance receivables	**1,007**	**1,178**	**937**

Finance receivables are loans with various terms and interest rates.

10. Investment property:

	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 Restated £000	AUDITED 30 June 2015 £000
Opening balance	2,995	2,458	2,468
Transfer in on business combination classification change to subsidiary	-	772	772
Change in fair value	173	-	260
Foreign exchange gain/(loss)	241	249	(505)
Closing balance	**3,409**	**3,479**	**2,995**

11. Inventories:

	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 Restated £000	AUDITED 30 June 2015 £000
Current assets			
Land held for resale			
Cost of acquisition	19,671	21,641	17,958
Development costs	7,453	7,263	6,656
	27,124	**28,904**	**24,614**
Non-current assets			
Cost of acquisition	23,293	42,000	36,099
Development costs	404	874	2,835
	23,697	**42,874**	**38,934**
Total inventories	**50,821**	**71,778**	**63,548**

12. Investment – Available for sale financial asset:

	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 Restated £000	AUDITED 30 June 2015 £000
Receivables – Sale of Perpetual Trust Limited (PTL)	9,801	9,726	9,104
Total other assets	**9,801**	**9,726**	**9,104**

At 31 December 2015, the Directors have relied on the valuation from the external party, Simmons Corporate Finance, and assessed the fair value of the PTL receivable to be NZ$21.2 million (£9.8 million). The Directors have taken into consideration all events that have transpired during the interim reporting period and the appropriateness of the underlying assumptions.

13. Investments – Fair value through profit or loss:

	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 Restated £000	AUDITED 30 June 2015 £000
Current assets			
Unlisted equity securities	-	20,000	20,000
Listed equity securities	5,479	241	248
	5,479	20,241	20,248
Non-current assets			
Listed Australian equity securities	16,596	15,827	15,584
Loans and receivables	10,806	10,925	8,976
	27,402	26,752	24,560
Total Investments – Fair value through profit or loss	**32,881**	**46,993**	**44,808**

For details of methods and assumptions used to estimate the fair value of each of the above listed assets see note 19.

14. Investments – Loans and receivables:

	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 Restated £000	AUDITED 30 June 2015 £000
Non-current assets			
Other receivable	1,318	-	-
Loans receivable	21,493	23,220	23,014
Total Investments – Loans and receivables	**22,811**	**23,220**	**23,014**

The other receivable comprises an escrowed cash amount following TFLP sale of its investment in Local World, which will be held in a cash escrow for two years pending settlement adjustments.

15. Acquisition of business:

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

Due to the existence of potential voting rights established on 30 September 2014, the Group gained control over TFLP with effect from this date. Due to control being established through the existence of substantive voting rights at 30 September 2014 rather than an acquisition through the transfer of consideration, no goodwill was generated on TFLP becoming a subsidiary of the Group.

15. Acquisition of business, continued:

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

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

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

The Group's transactions with non-controlling interests ("NCI") from the point of acquisition to the Group's audited financial year end can be summarised as follows:

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

15. Acquisition of business, continued:

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

This increased the Group's investment in Torchlight Fund LP to 42.3%, the Group's transactions with non-controlling interest ("NCI") in the six months ended 31 December 2015 can be summarised as follows:

	UNAUDITED 31 December 2015 £000
NCI brought forward at 30 June 2015	**39,741**
NCI's accumulated share of losses	(482)
Consideration of Limited Partner interests issued to the Group during the period	21,380
Carrying value adjustment with Group on issuance of Limited Partner interests	(15,842)
Foreign currency adjustment on translation to presentation currency	935
NCI carried forward at 31 December 2015	**45,732**

For the period ended 31 December 2014, the Group's investment in Torchlight Fund LP had increased from 27.0% at 30 September 2014 to 27.81% at 31 December 2014. The Group's transactions with non-controlling interest ("NCI") in the six months ended 31 December 2014 can be summarised as follows:

	UNAUDITED 31 December 2014 £000
NCI acquired on 30 September 2014	**54,640**
NCI's accumulated share of profits	(339)
Consideration of disposal of NCI	(811)
Carrying value adjustment with Group on disposal of NCI	(355)
Foreign currency adjustment on translation to presentation currency	(130)
NCI carried forward at 31 December 2014	**53,005**

16. Borrowings:

	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 £000	AUDITED 30 June 2015 £000
Current			
Bank Loan – secured	11,184	7,798	7,529
Third party corporate debt facility – secured	41,148	7,978	10,994
	52,332	**15,776**	**18,523**
Non-current			
Third party corporate debt facility – secured	-	36,468	33,636
Total borrowings	**52,332**	**52,244**	**52,159**

17. Trade and other payables:

	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 £000	AUDITED 30 June 2015 £000
Current			
Provision for Wilaci settlement	-	-	4,411
Trade and other payables	4,177	6,329	7,864
Total trade and other payables	**4,177**	**6,329**	**12,275**

Provision for Wilaci settlement

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

Settlement of the outstanding amount deemed payable following the High Court judgement on 19 October 2015 occurred during the six months to 31 December 2015. No provision has been made for the late payment fee.

18. Related party transactions:

(a) Transactions with related parties

Parent and its associated entity

Australasian Equity Partners Fund No. 1 LP (AEP LP)

AEP LP is the parent of PGC holding 80.16% of PGC's shares at 31 December 2015. George Kerr is the ultimate controlling party of AEP LP.

During the period ended 31 December 2015, no consulting or administrative fees were paid by the Group to AEP LP (31 December 2014: £nil; 30 June 2015: £nil). There were no outstanding fees payable to AEP LP at 31 December 2015 (31 December 2014: £nil; 30 June 2015: £nil).

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

AEP GP is the general partner of AEP LP. AEP GP charged PGC management fees of £0.23 million during the period ended 31 December 2015 (31 December 2014: £nil; 30 June 2015: £0.73 million). At 31 December 2015, there were no outstanding balances payable to AEP (GP) (31 December 2014: £ nil; 30 June 2015: £nil).

During the year ended 30 June 2015, loan advances were provided to AEP (GP). These amounts are repayable by AEP (GP). At 31 December 2015, the amount receivable from AEP (GP) was £1.52 million (31 December 2014: £nil; 30 June 2015: £1.36 million). General advances accrue interest at 9% per annum. The advance to AEP GP is repayable on demand and no later than 13 November 2017. Total interest recognised during the period was £0.06 million (31 December 2014: £nil; 30 June 2015: £0.06 million).

Subsidiaries

Torchlight Fund LP (TFLP)

A subsidiary of PGC, Torchlight GP Limited (a Cayman Island Registered company) is the general partner of TFLP and is entitled to management fees of 1.85% per annum of the total invested capital and investment acquisition fees of 1.50% of the purchase price of investments. For the period ended 31 December 2015 management fees of £1.09 million were payable (31 December 2014: £1.1 million; 30 June 2015: £2.2 million). No acquisition fees were payable during the period ended 31 December 2015 (31 December 2014: £nil million; 30 June 2015: £0.16 million) were payable. On consolidation of TFLP from 30 September 2014, the inter-company transactions are eliminated.

During the period ended 31 December 2015, general loan advances were provided to TFLP. These amounts are now repayable by TFLP. At 31 December 2015, the amount receivable from TFLP was £0.56 million (31 December 2014: £9.5 million; 30 June 2015: £12.1 million). On 1 July 2015, the Group converted £8.3 million of the outstanding amount receivable from TFLP at that point in time into TFLP limited partner interests through Torchlight Group Limited's investments in TFLP. General advances accrue interest at 9% per annum. Total interest recognised during the period was £0.14 million (31 December 2014: £0.3 million; 30 June 2015: £0.7 million). With effect from 30 September 2014, these inter-company loans are eliminated on consolidation.

18. Related party transactions, continued:

(a) Transactions with related parties, continued

RCL Finance Receivables - co-investment
On 1 July 2015, the Group converted £12.9 million of the Co-Investments in RCL into TFLP limited partner interests through Torchlight Group Limited's investments in TFLP. £0.16 million of the Co-Investments in RCL were not converted on 1 July 2015 and this outstanding amount was settled in cash during the period ended 31 December 2015. With effect from 30 September 2014, these inter-company RCL finance receivables and associated interest amounts have been eliminated on consolidation.

(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:

	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 Restated £000	AUDITED 30 June 2015 £000
Key management personnel compensation from Parent Company is as follows:			
Short-term employee benefits	80	92	141
Total	**80**	**92**	**141**

	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 £000	AUDITED 30 June 2015 £000
Key management personnel and Group employee compensation from Group companies is as follows:			
Short-term employee benefits	785	897	1,734
Total	**785**	**897**	**1,734**

The Short-term employee benefits were borne by the Group Companies were in relation to the RCL Group of subsidiaries and included in these financial statements following the business combination which occurred on 30 September 2014.

19. Fair value:

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

Fair value measurement of financial instruments

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

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

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

Investments - Fair value through profit or loss
During the period ended 31 December 2015, the interim condensed consolidated financial statements includes listed equity securities, listed Australian equity securities and loans and receivables which are measured at fair value. The fair value of the listed equity investments are valued based on quoted prices (unadjusted) in active markets for identical assets.

19. Fair value, continued:

Investments - Fair value through profit or loss, continued

Listed equity securities
At 31 December 2015, the listed equity investments are valued based on quoted prices (unadjusted) in active markets for identical assets.

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

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

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

Other financial assets and liabilities
The fair value of all other financial assets and liabilities is considered equivalent to their carrying value due to their short term nature.

	UNAUDITED 31 December 2015		UNAUDITED 31 December 2014 Restated		AUDITED 30 June 2015	
	Carrying value £000	Fair value £000	Carrying value £000	Fair value £000	Carrying value £000	Fair value £000
Assets						
Cash and cash equivalents	31,580	31,580	12,934	12,934	10,937	10,937
Finance receivables – other	1,007	1,007	1,178	1,178	937	937
Advances to related parties	1,521	1,521	-	-	1,362	1,362
Investments – Loans and receivables	22,811	22,623	23,220	23,220	23,014	22,828
Investments – Fair value through profit or loss	32,881	32,881	46,993	46,993	44,808	44,808
Investments – Available for sale financial assets	9,801	9,801	9,726	9,726	9,104	9,104
Trade and other receivables	1,128	1,128	3,174	3,174	3,239	3,239
Total assets	**100,729**	**100,541**	**97,225**	**97,225**	**93,401**	**93,215**
Liabilities						
Bank overdrafts	-	-	60	60	-	-
Borrowings	52,332	50,985	52,246	52,246	52,159	50,825
Other financial liabilities	4,177	4,177	6,329	6,329	12,275	12,275
Total liabilities	**56,509**	**55,162**	**58,635**	**58,635**	**64,434**	**63,100**

19. Fair value, continued:

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

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).

	NOTE	UNAUDITED 31 December 2015			
		Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets					
Investments – Available for sale financial asset	12	-	-	9,801	9,801
Listed equity securities	13	5,479	-	-	5,479
Listed Australian equity securities	13	-	-	16,596	16,596
Loans and receivables	13	-	-	10,806	10,806
Investment property	10	-	-	3,409	3,409
Total Assets		**5,479**	**-**	**40,612**	**46,091**

There were no transfers between Levels 1, 2 and 3 in the period.

	NOTE	UNAUDITED 31 December 2014 Restated			
		Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets					
Investments – Available for sale financial asset	12	-	-	9,726	9,726
Unlisted equity securities	13	-	20,000	-	20,000
Listed equity securities	13	241	-	-	241
Listed Australian equity securities	13	-	-	15,827	15,827
Loans and receivables	13	-	-	10,925	10,925
Investment property	10	-	-	3,479	3,479
Total Assets		**241**	**20,000**	**39,957**	**60,198**

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

	NOTE	AUDITED 30 June 2015			
		Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets					
Investments – Available for sale financial asset	12	-	-	9,104	9,104
Unlisted equity securities	13	-	20,000	-	20,000
Listed equity securities	13	248	-	-	248
Listed Australian equity securities	13	-	-	15,584	15,584
Loans and receivables	13	-	-	8,976	8,976
Investment property	10	-	-	2,995	2,995
Total Assets		**248**	**20,000**	**36,659**	**56,907**

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

19. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets

	UNAUDITED 31 December 2015				
	Investment property £000	Available for sale financial assets £000	Listed Australian equity securities £000	Loans and receivables £000	Total £000
Investments held at fair value					
Balance at the beginning of the period	2,995	9,104	15,584	8,976	36,659
Acquisitions	-	-	82	-	82
Change in fair value through profit or loss	173	-	737	1,533	2,443
Repayment of loans and receivables	-	-	-	(270)	(270)
Foreign exchange on translation	241	697	193	567	1,698
Balance at the end of the period	**3,409**	**9,801**	**16,596**	**10,806**	**40,612**

	UNAUDITED 31 December 2014 Restated				
	Investment property £000	Available for sale financial assets £000	Listed Australian equity securities £000	Loans and receivables £000	Total £000
Investments held at fair value					
Balance at the beginning of the period	2,468	-	-	-	2,468
Transfers into Level 3 from Trade and other receivables	-	11,287	-	-	11,287
Transfers in on business combinations classification change to subsidiary	772	-	15,075	10,029	25,876
Acquisitions	-	-	865	-	865
Change in fair value through profit or loss	260	(1,440)	263	464	(453)
Loan interest receivable	-	-	-	313	313
Foreign exchange on translation	(21)	(121)	(376)	119	(399)
Balance at the end of the period	**3,479**	**9,726**	**15,827**	**10,925**	**39,957**

	AUDITED 30 June 2015				
	Investment property £000	Available for sale financial assets £000	Listed Australian equity securities £000	Loans and receivables £000	Total £000
Investments held at fair value					
Balance at the beginning of the year	2,468	-	-	-	2,468
Transfers into Level 3 from Trade and other receivables	-	11,287	-	-	11,287
Transfers in on business combinations classification change to subsidiary	772	-	15,075	10,029	25,876
Acquisitions	-	-	1,608	-	1,608
Change in fair value through profit or loss	260	-	410	(661)	9
Change in fair value through other comprehensive income	-	(399)	-	-	(399)
Loan interest receivable	-	-	-	270	270
Foreign exchange on translation	(505)	(1,784)	(1,509)	(662)	(4,460)
Balance at the end of the year	**2,995**	**9,104**	**15,584**	**8,976**	**36,659**

19. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued
The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Valuation process

Investment property
At 31 December 2015, £2.68 million of investment property is held within the Property Group segment. These investment properties were valued on the basis of valuations carried out in April 2016 by independent registered valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The valuation was completed on two sites in the Tauranga District, a suburban residential area and a rural residential area, which have been valued on a single entity basis. The valuation has been arrived at by using the Market Comparison Approach and supported by the Hypothetical Subdivision Approach. Using the Market Comparison Approach, a total improvement and land value using this approach amounted to NZD5.8 million or £2.68 million as presented in these consolidated financial statements.

The hypothetical subdivision approach supporting the market comparison approach, was based on the development of 105 residential sections and 6 rural sections and a realisation period of 5 years. Key assumptions with this valuation are that the 113 sites will achieve a gross sale price of NZD31.0 million with total development costs of NZD16.4 million.

£0.7 million of investment property is held within the Torchlight Group segment at 31 December 2015, this investment property was purchased during August 2014.This investment property has been recognised at cost.

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

Loans and receivables – held at fair value through profit or loss
The value of loans receivable is derived from external valuations of the underlying collateral and desktop valuations of the remainder applying methodology consistent with property valuations e.g. discount rate, timing of sell down period, the price/cost escalations over the time.

19. Fair value, continued:

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

Description	UNAUDITED Fair value at 31 December 2015	UNAUDITED Fair value at 31 December 2014 Restated	AUDITED Fair value at 30 June 2015	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
	£000	£000	£000				
Investment property	3,409	3,479	2,995	Internal desktop based on 2016 valuation and using comparable sales.	Estimated future sales price Estimated future development costs	-5% / +5%	The estimated fair value would increase/(decrease) if: - the estimated sales price was higher/(lower) - the estimated development costs were higher/(lower)
Listed Australian equity security	16,596	15,827	15,584	Adjusted Net Assets due to thinly traded nature of shares	Net assets 31 Dec 2015 Minority discount	6%	The estimated fair value would increase/(decrease) if the minority discount rate applied was higher/(lower).
Loans and receivables	10,806	10,925	8,976	Discounted cash flow analysis	Discount rate	15%	The estimated fair value would increase/(decrease) if the discount rate applied was higher/(lower).
	30,811	**30,231**	**27,555**				

19. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued

Available for sale financial asset
In order to ascertain the fair value of the Perpetual Trust Limited (PTL) receivable, the Directors engaged an external valuer who assessed the receivable to have a fair value of NZD21.2 million (£9.8 million). There have been no significant changes to the valuation used in these interim condensed consolidated financial statements to the valuation used in the last annual report and the audited consolidated financial statements for the year ended 30 June 2015.

While the valuer considered a number of possible probability weighted scenarios in arriving at the fair value of the PTL receivable, there is in fact an infinite number of possible outcomes that could cause the fair value of the receivable to differ materially to the balance recorded within the consolidated financial statements. Set out below are details of the inputs used in determining the fair value of the PTL receivable, and analysis as to how the fair value of the receivable would change under varying scenarios.

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

1. The litigation scenario in which PGC would pursue payment of the PTL receivable through litigation; and

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

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

Under the IPO scenario, the valuer has assumed four sub-scenarios in which the IPO could take place with the earliest being in one year's time from the financial year end 30 June 2015 (i.e. 30 June 2016) with subsequent cash flow scenarios assuming recovery intervals of 6 months after this date (i.e. finishing 31 December 2017). In addition, the valuer has assessed the likelihood of the Newco not achieving a prospective EBITDA multiple of 8.5x to be nil. All cash flows under the IPO scenario have been discounted using a post-tax discount rate of 5.76%.

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

	Litigation scenario	**IPO – four sub-scenarios**			
	NZ$000	**NZ$000**	**NZ$000**	**NZ$000**	**NZ$000**
Gross Value	22,000	22,000	22,000	22,000	22,000
Date received	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2017	31 Dec 2017
Discount rate – post tax	0.00%	5.76%	5.76%	5.76%	5.76%
Present value	22,000	20,802	20,227	19,669	19,126
Probability	60.0%	10.0%	10.0%	10.0%	10.0%
Fair Value	**21,182**				
	£000				
Fair Value in £ – 31 December 2015	**9,801**				

19. Fair value, continued:

Reconciliation of Level 3 fair value measurements of assets, continued

Available for sale financial asset, continued

Sensitivity Analysis

As stated above there are an infinite number of possible outcomes that could cause the fair value of the PTL receivable to differ materially. The sensitivity impact of some of the key assumptions within each of the two primary scenarios, referred to above, on the estimated fair value of the PTL receivable can be summarised as follows:

- Decreases in the probability weighting of the litigation scenario would result in a reduction in the fair value of the PTL receivable and vice versa;
- Delays to the earliest IPO sub-scenario are would result in a reduction to the fair value;
- Additional IPO sub-scenario extending the latest IPO date would create a reduction to the fair value;
- A reduction in the prospective EBITDA multiple of the Newco on listing would create a reduction in the fair value;
- An increase in the discount rate applied to the valuation would create a reduction to the fair value.

The above summary of the sensitivity analysis assumes all other factors remain the same in each case.

The detailed sensitivity analysis on the PTL receivable can be found in the last annual report and the audited consolidated financial statements for the year ended 30 June 2015.

20. Contingent liabilities and commitments:

Torchlight Fund No. 1 and the Wilaci liability

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

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

Amounts confirmed as outstanding to the third party lender from the High Court ruling have been settled during the period to 31 December 2015.

Perpetual Trust Limited (PTL)/Bath Street receivable

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

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

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

20. Contingent liabilities and commitments, continued:

Torchlight Fund LP and its subsidiaries

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

	UNAUDITED 31 December 2015 £000	UNAUDITED 31 December 2014 Restated £000	AUDITED 30 June 2015 £000
Contracted work to complete			
Expenditure contracted for at the reporting date but not recognised as liabilities			
Within one year	1,201	4,173	2,639

Torchlight Fund LP and its subsidiaries – Contingent assets

The Group has financial guarantees in respect of completion of development works and maintenance bonds to relevant authorities. The value of these guarantees at 31 December 2015 was £1.3 million (31 December 2014: £1.0 million; 30 June 2015: £1.1 million).

21. Subsequent events:

The following material events have occurred subsequent to 31 December 2015 to the date when these interim condensed consolidated financial statement were authorised for issue:

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

  On 22 January 2016, the Court dismissed a general application for a validation order without prejudice to the General Partner's ability to re-apply post release of the 30 June 2015 audited accounts and granted an injunction limited to preventing payment to persons related to the General Partner without the consent of the petitioners or an order by the Court made on application, supported by evidence, for prospective validation. The financial effects, if any, of these events have not been recognised in the interim condensed consolidated financial statements at 31 December 2015. These conditions indicate the existence of a material uncertainty that may cast significant doubt about TFLP's, and potentially the Group's, ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

- On 9 May 2016, following receipt of Court approval from the Grand Court of The Cayman Islands, a non pro rata exit payment of AUD10.9 million was paid out of TFLP to an exiting Limited Partner.

There were no other material events subsequent to 31 December 2015, to the date when these interim condensed consolidated financial statements were authorised for issue.