

NZX ANNOUNCEMENT

11 December 2017

Settlement confirmed in Wilaci dispute

Pyne Gould Corporation (“PGC”) said today that there has been a settlement in a dispute with Wilaci Pty Limited (“Wilaci”) over late payment fees.

The dispute was between the Torchlight Fund No 1 LP (“TLF1” - a former associate of PGC placed into receivership in 2014), Torchlight Fund LP (“TFLP”) and Wilaci, which is an entity connected with Australian businessman John Grill. The Court of Appeal ruled in May that a late payment fee claimed by Wilaci against TLF1 was enforceable with NZGP (the General Partner of TLF1) liable for the judgment amount.

In its 2017 Annual Report (released on 29 September 2017), PGC reported the impact of the ruling in its accounts:

- An expense of £20.5 million for the judgement amount has been reflected in PGC’s consolidated accounts.
- Recognition of the judgment amount also negatively impacted equity as the liability was also reflected in the consolidated Statement of Financial Position.
- NZGP is not cross-guaranteed by any other group entity, nor has any security over any other Group assets been pledged in respect of the subsidiary company’s obligations.
- NZGP is a dormant subsidiary that has not traded since 2012 and will now be liquidated.

PGC Managing Director George Kerr said that he welcomed the settlement, and while the terms are confidential between the parties, the settlement is for less than the amount provisioned in PGC’s 2017 annual report, which will have a positive impact on PGC shareholder equity.

The settlement will result in the reversal of the Wilaci litigation expense in respect of NZGP, however, the settlement amount will be expensed via TFLP which is consolidated by PGC.

It is not yet possible to quantify the overall impact due to TFLP also incurring ongoing litigation expenses in respect of the Cayman litigation.

The impact will be reflected in PGC’s next half year report.

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