



19 January 2015

ANNOUNCEMENT OF NZ MARKETS DISCIPLINARY TRIBUNAL

PUBLIC CENSURE OF PYNE GOULD CORPORATION LIMITED BY THE NZ MARKETS DISCIPLINARY TRIBUNAL FOR A BREACH OF NZX MAIN BOARD LISTING RULE 10.4.1

1. The NZ Markets Disciplinary Tribunal (**Tribunal**) has approved a settlement agreement between NZX Limited (**NZX**) and Pyne Gould Corporation Limited (**PGC**) dated 9 January 2015 (**Settlement Agreement**) in respect of PGC's breach of NZX Main Board Listing Rule (**Rules**) 10.4.1.

Summary

2. PGC is a Guernsey incorporated company with its ordinary shares quoted on the NZX Main Board. PGC is bound by the Rules.
3. Pursuant to Rule 10.4.1, issuers listed on the NZX Main Board are required to provide an annual report to the market within three months of the end of the issuer's financial year.
4. PGC's financial year-end is 30 June. Accordingly, its annual report was due to be provided to NZX and PGC's shareholders by no later than 30 September 2014.
5. PGC did not file its annual report until 3 November 2014, and in doing so breached Rule 10.4.1.
6. As a result of the breach, trading in PGC's securities was suspended from 9 October 2014 until 3 November 2014.
7. PGC has admitted the breach and accepts the penalties outlined below.

Background

8. On 30 September 2014, PGC advised NZX that it would not be in a position to release its annual report by 30 September 2014, as required by Rule 10.4.1.
9. On 1 October 2014, NZX announced to the market that if PGC did not release its annual report by market close on 8 October 2014, trading in PGC's ordinary shares would be suspended effective 9 October 2014.
10. On 1 October 2014, PGC announced to the market that completion of PGC's final audited full year accounts had been delayed because the audit of one of the larger underlying investments of PGC associate, Torchlight Fund LP, had not yet been completed. The result of this delay was that PGC's annual report would not be completed in time for release to the market in accordance with the Rules. In its announcement, PGC advised that it expected to be in a position to release its final audited accounts and annual report within a fortnight.
11. On 8 October 2014, PGC announced that it expected to be able to provide its final audited full year accounts and annual report by the middle of October.

12. On 9 October 2014, NZX suspended trading in PGC's ordinary shares in accordance with the policy outlined in footnote 2(b) of Rule 5.4.3.
13. On 28 October 2014, PGC announced that it anticipated releasing its annual report that week.
14. On 3 November 2014, PGC's annual report was provided to the market.
15. On the same day, following NZX's completion of its standard review procedures for annual reports, NZX lifted the suspension of trading in PGC's ordinary shares.

Determination

16. The Tribunal considers breaches of the periodic reporting requirements under the Rules to be a serious matter. Delays in the provision of material information, such as audited financial statements, are likely to unnerve investors and damage confidence both in the issuer's securities and in the market's integrity.
17. Any suspension of trading in an issuer's securities that arises from uncertainty surrounding an issuer's financial position also has the potential to damage the integrity of the market.
18. The purpose of Rule 10.4.1 is to ensure that relevant and reliable financial information in relation to the financial performance and position of a listed issuer is available to the market in a timely fashion following the completion of the relevant reporting periods. PGC's failure to provide the financial information when required means this objective has not been met.
19. The periodic reporting requirements are fundamental to the integrity of the market. These requirements ensure that relevant, reliable financial information regarding an issuer is made available to the market promptly. These requirements also mitigate the risk posed by information imbalance, where those "inside" the company are in possession of information not available to the market.
20. Accordingly, the Tribunal has previously highlighted that it will continue to increase the penalties it imposes for breaches of the periodic reporting requirements, as advised to the market in its 2013 Annual Report.
21. In determining to approve the Settlement Agreement, the Tribunal considered certain mitigating factors, including that:
 - a. On 30 September 2014, PGC notified NZX that the company would not be in a position to meet the deadline for filing its annual report;
 - b. While it was in breach of Rule 10.4.1, PGC provided three market updates in relation to the progress of its annual report;
 - c. On 20 October 2014, PGC arranged for a telephone meeting between PGC, its auditors PwC and NZX Regulation (**NZXR**). At the meeting, PGC outlined to NZXR the cause of the delay in filing its Annual Report, the options it was considering to overcome this issue, and the timeframe in which it expected to file its annual report; and
 - d. This was PGC's first breach of the periodic reporting requirements under the Rules.
22. In determining to approve the Settlement Agreement, the Tribunal considered certain aggravating factors, including that:

- a. PGC was due to file its annual report on 30 September 2014. PGC's annual report was filed on 3 November 2014, meaning PGC was in breach of Rule 10.4.1 for approximately five weeks;
- b. While PGC provided guidance to the market and NZX on when the annual report would be released, PGC failed to meet that guidance; and
- c. This was PGC's second referral to the Tribunal in 2014.

Penalties

23. NZX and PGC have reached a settlement and agreed that:
 - a. This public censure by the Tribunal will be made.
 - b. PGC will pay to the NZX Discipline Fund \$50,000 by way of penalty (plus GST, if any) for its breach of Rule 10.4.1.
 - c. PGC will pay the costs of the Tribunal (plus GST, if any).
 - d. PGC will contribute \$1,920 towards the costs of NZX (plus GST, if any).

Approval

24. The Settlement Agreement is approved by the Tribunal pursuant to Rule 10 of the Tribunal Rules, and as such, the Settlement Agreement is the determination of the Tribunal.

Censure

25. The Tribunal hereby publicly censures PGC for its breach of Rule 10.4.1.

The Tribunal

26. The Tribunal is a disciplinary body which is independent of NZX and its subsidiaries. The Financial Markets Authority approves its members. Under the Tribunal Rules, the Tribunal determines and imposes penalties for referrals made to it by NZX in relation to the conduct of parties regulated by the market rules.

Dated 19 January 2015