

## ANNUAL REPORT

For the year ended 31 December 2018



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## Report to Shareholders

April 2019

Dear Shareholder

I am pleased to present Pohutukawa's 2018 Annual Report. The report includes the financial statements for the financial year ended 31 December 2018, with commentary on the remaining portfolio companies.

### *Pohutukawa Private Equity Fund Wind Down*

In December 2017 we wrote to all shareholders providing an update on the future of the Fund.

There are now only three small investments left in the portfolio – Stratex, Fishpond, and a residual investment in BioPacificVentures. The Fund residual net asset value is approximately 0.4 cps (after allowing for earn-out), although there still remains the prospect of returning more than this value upon liquidation.

In an effort to reduce operating costs the Manager agreed from 1 January 2018, to reduce and defer management fees. Payment is deferred so that the reduced management fees are only paid from future realisations. This success-only fee if paid will be approximately \$77,000 which is allowed for in these accounts. This acknowledges that the Manager will continue to deploy resources to realise the remaining investments with the aim of achieving this by the end of 2019. Directors also reduced their director fees to nil from 1 January 2018. We also have reduced other costs such as audit fees, registry fees and reporting costs.

In terms of reporting we no longer provide interim reports, but will provide investors with any update on portfolio realisations that may occur during the interim period.

### *Portfolio Performance and Overview*

The Pohutukawa Fund is now in its 15<sup>th</sup> year. As at 31 December 2018 Pohutukawa had realised total investment proceeds of \$116 million, from a total of \$53 million of Invested Capital. Original investors have received back by way of capital and imputed dividend returns an amount of \$1.84 gross per share from their original \$1.00 per share investment. This represents a current net internal rate of return (after all fees, costs and earn out) of 12.4% to 31 December 2018.

The remaining portfolio has a net valuation of \$180,000 comprising the investment in Fishpond, Stratex and a residual investment through BioPacificVentures (BPV).

### *Manager's Report On Portfolio Companies*

The Manager provides a summary of the remaining portfolio below.

Whilst initiatives undertaken in the previous financial year have not yet resulted in realising the remaining portfolio, the Manager continues to represent Pohutukawa investors on the board of each of the remaining portfolio companies, and is endeavouring to work towards a crystallising value in the remaining portfolio at valuations above the carrying values, to ultimately make a final distribution to investors.

The overall performance of the fund delivering 1.84 times the Contributed Capital and a current Internal Rate of Return after all costs of 12.4% still represents a very pleasing return.

## REPORT ON PORTFOLIO COMPANIES

### STRATEX GROUP

[www.stratexgroup.co.nz](http://www.stratexgroup.co.nz)

Stratex has completed another solid operating performance which has resulted in improvement in the company's balance sheet.

The company is now well-placed to achieve liquidity for its shareholders and this remains a top priority for directors.

### FISHPOND

[www.fishpond.co.nz](http://www.fishpond.co.nz)

The primary focus within the company is to stabilise revenue from company owned websites and optimise contribution margins from rapidly growing (but lower margin) marketplace sales. Amazon's launch into Australia and the introduction of GST on online sales in both NZ and Australia have contributed to headwinds in the Australasian ecommerce sector.

The business remained profitable for the last financial year.

## Report to Shareholders

### Annual Financial Statements 31 December 2018

Our financial statements for the year ended 31 December 2018, Directors' Report and KPMG Audit Report are included in this annual report.

As at 31 December 2018 Pohutukawa had 53 million stapled securities on issue, fully paid to \$1.

At balance date shareholders' funds were \$214,362, equivalent to a net asset backing of 0.4 cps.

Main assets comprised:

- Investments & Loans to Portfolio Companies\* \$0.17 million
- Net Cash \$0.14 million

\*Loans to portfolio companies are direct shareholder loans made by Pohutukawa to these companies on the same basis as other shareholders in these portfolio companies.

Liabilities include management fees accrued and deferred of \$77,000 and provision for earn-out of \$54,885.

Dividend income of \$10,751 was received. Interest income of \$23,064 was also received. The investment portfolio was re-valued under the fair value method at 31 December 2018. There was a negative movement in fair value of \$319,522, plus loan impairments totalling \$6,000.

Administrative expenses were \$120,514 (2017: \$382,181). The net loss for the financial year was (\$329,571), (2017: loss (\$481,505)).

### *The Manager*

One of the roles of the Pohutukawa Board is to review the Manager's performance. Quarterly reviews are undertaken. The Board considered the services and activities of the Manager including: all aspects of the investment management process and portfolio management; the fund's administration; investor communications; statutory reporting and governance support for the Board. The Board believes the Manager is performing to the expected standards in all respects.

We will continue to keep you informed of any material developments in the realisation of the remaining portfolio companies through press announcements, news updates on our website or direct communication.

### Annual Shareholders Meeting

The details for the Annual Shareholders Meeting for Pohutukawa Private Equity Limited are:

- **Date:** Wednesday, 22 May 2019
- **Time:** 2.30pm
- **Place:** Craigs Investment Partners Limited, Level 32, Vero Centre, 48 Shortland Street, Auckland
- **RSVP** By 13 May 2019.  
Contact Peter Lalor on 07 927 7927 or [enquiries@pohutukawafund.co.nz](mailto:enquiries@pohutukawafund.co.nz)

As with previous years the ASM will be held in conjunction with the Pohutukawa II and Pohutukawa V ASM's. We look forward to seeing you at the meetings.

Thank you for your ongoing support of Pohutukawa Private Equity.

If you have any queries regarding your investment in Pohutukawa, please call your Investment Adviser or Peter Lalor at Pohutukawa Management on 07 927 7927.

Yours sincerely  
POHUTUKAWA PRIVATE EQUITY LIMITED



John McDonald  
Chairman

## Directors' Report

For the year ended 31 December 2018

### Directors holding office during the year and their remuneration

Directors' remuneration paid or due and payable to Directors during the year was as follows:

	*Director Fees for the period 31/12/2018	Date of appointment
J McDonald	\$0	13 May 2008
N Craig	\$0	16 August 2004

*\*Director fees ceased from 1 January 2018.*

### Entries recorded in the interests register

The entries shown in the table below were recorded in the interest register of the company during the year.

The directors of Pohutukawa also have co-investment rights in the portfolio investments that are undertaken by Pohutukawa.

*\*Directors' shareholdings (including relevant interests) and dealings in Pohutukawa & Pohutukawa co-investments at 31 December 2018  
(\*Directors as at 31 December 2018)*

Investment Holding	J McDonald	N Craig
Including Relevant Interests	No. Securities	No. Securities
Pohutukawa Private Equity	100,000	239,000
Stratex Group Equity		18,363
Stratex Group Debt		4,527
Fishpond Equity	282	176



Director

18 March 2019

Date



Director

18 March 2019

Date



## Statement of comprehensive income

For the year ended 31 December 2018

	<i>Note</i>	2018	2017
Interest income		23,064	52,015
Dividend income		10,751	24,069
Change in fair value of investments	7(a)	(319,522)	(300,140)
Other operating income		-	23,532
Impairment of loans to portfolio companies	8	(6,000)	(19,405)
Administrative expenses	5	(120,514)	(382,181)
Movement in earnout provision	14	82,650	120,605
<b>Operating profit/(loss) before tax</b>		<b>(329,571)</b>	<b>(481,505)</b>
Income tax expense	6	-	-
<b>Profit/(loss) for the year</b>		<b>(329,571)</b>	<b>(481,505)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>(329,571)</b>	<b>(481,505)</b>
<b>Attributable to:</b>			
Equity holders of the parent		(74,882)	(174,424)
Equity holders of investment companies	3a(iv)	(254,689)	(307,081)
<b>Profit and total comprehensive income for the year attributable to the equity holders of stapled securities</b>		<b>(329,571)</b>	<b>(481,505)</b>



## Statement of changes in equity

For the year ended 31 December 2018

		Attributable to equity holders of the parent			Attributable to equity holders of investment companies	Total equity
	<i>Note</i>	Share capital	Retained losses	Total		
Balance at 1 January 2018		15,565,274	(11,851,871)	3,713,403	(3,169,470)	543,933
Total comprehensive income for the year		-	(74,882)	(74,882)	(254,689)	(329,571)
Balance at 31 December 2018		15,565,274	(11,926,753)	3,638,521	(3,424,159)	214,362
Balance at 1 January 2017		16,482,605	(11,677,447)	4,805,158	(2,797,829)	2,007,329
Total comprehensive income for the year		-	(174,424)	(174,424)	(307,081)	(481,505)
Distributions to equity holders	12	-	-	-	(64,560)	(64,560)
Redemption of preference shares		(917,331)	-	(917,331)	-	(917,331)
Balance at 31 December 2017		15,565,274	(11,851,871)	3,713,403	(3,169,470)	543,933



## Statement of financial position

As at 31 December 2018

	<i>Note</i>	2018	2017
<b>Assets</b>			
Other receivables	9	49,487	41,696
Loans to portfolio companies	8	24,693	30,693
Cash and cash equivalents	11	137,560	984,289
<b>Total current assets</b>		211,740	1,056,678
Investments – equity securities	7(c)	144,519	464,041
<b>Total non-current assets</b>		144,519	464,041
<b>Total assets</b>		356,259	1,520,719
<b>Equity</b>			
Issued capital	12	15,565,274	15,565,274
Retained losses		(11,926,753)	(11,851,871)
<b>Total equity attributable to equity holders of the parent</b>		3,638,521	3,713,403
Equity attributable to equity holders of investment companies	3a(iv)	(3,424,159)	(3,169,470)
<b>Total equity attributable to equity holders of stapled securities</b>		214,362	543,933
<b>Liabilities</b>			
Bank overdraft	11	-	818,666
Trade and other payables	13	87,012	20,585
<b>Total current liabilities</b>		87,012	839,251
Earnout provision	14	54,885	137,535
<b>Total non-current liabilities</b>		54,885	137,535
<b>Total liabilities</b>		141,897	976,786
<b>Total equity and liabilities</b>		356,259	1,520,719

For and on behalf of the Board

Director

18 March 2019

Date

Director

18 March 2019

Date





## Statement of cash flows

For the year ended 31 December 2018

	<i>Note</i>	2018	2017
<b>Cash flows from/(to) operating activities</b>			
Management fees		-	23,532
Interest received		10,137	36,934
Dividends received		10,751	24,069
Cash paid to suppliers		(47,124)	(373,981)
Interest paid		(1,827)	(11,825)
Distribution of earnout	14	-	(245,475)
<b>Net cash from/(to) operating activities</b>	15	<u>(28,063)</u>	<u>(546,746)</u>
<b>Cash flows from/(to) financing activities</b>			
Repayment of preference shares		-	(917,331)
Distributions to equity holders		-	(64,560)
<b>Net cash from/(to) financing activities</b>		<u>-</u>	<u>(981,891)</u>
Net movement in cash and cash equivalents		(28,063)	(1,528,637)
Cash and cash equivalents at 1 January		165,623	1,694,260
<b>Cash and cash equivalents at 31 December</b>	11	<u>137,560</u>	<u>165,623</u>



## Notes to the consolidated financial statements

### 1. Reporting entity

Pohutukawa Private Equity Limited (the “Company”) is a company incorporated and domiciled in New Zealand. Pohutukawa Private Equity Limited and the 4 (2017: 8) Investment Companies, refer Note 19, are registered under the *Companies Act 1993* and are reporting entities for the purposes of the *Financial Reporting Act 2013* and the *Financial Markets Conduct Act 2013*. The consolidated financial statements of the Group for the year ended 31 December 2018 comprise the Company and 4 (2017: 8) Investment Companies (together referred to as the “Group”).

Pohutukawa Private Equity Limited is primarily involved in private equity investment made through the Investment Companies.

The financial statements were approved by the Directors on 18 March 2019.

### 2. Basis of preparation

#### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand Equivalents to International Financial Reporting Standards (“NZ IFRS”) and other applicable Financial Reporting Standards, as appropriate for Tier 1 for-profit oriented entities. The financial statements also comply with International Financial Reporting Standards (“IFRS”).

In December 2017, the Directors announced to shareholders that effective from 1 January 2018 they would close the share registry and agreed with the Manager to reduce costs as they look to maximise the value of the remaining investments.

#### (b) Basis of measurement

The financial statements are prepared on the historical cost basis except that certain financial instruments are stated at their fair value.

#### (c) Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is the Group's functional currency, and rounded to the nearest dollar.

#### (d) Use of estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 7 - Investments – equity securities
- Note 14 – Earnout provision
- Note 16 – Financial risk management

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently by Group entities to all periods presented in these consolidated financial statements.

#### (a) Basis of consolidation

##### (i) Stapled securities

For every ordinary share held in Pohutukawa Private Equity Limited, investors also hold 100 preference shares in Pohutukawa Private Equity Limited as well as one preference share in each of the 4 (2017: 8) Investment Companies. All of these shares are stapled securities. This stapling arrangement creates a business combination by contract alone without any individual entity obtaining an ownership interest. The Group has designated Pohutukawa Private Equity Limited as the acquirer and the parent entity for the purpose of preparing



### 3. Significant accounting policies (continued)

#### (i) Stapled securities (continued)

consolidated financial statements. The 4 (2017: 8) companies combining under the stapling arrangement are designated as the Investment Companies, refer Note 20, which invest in Portfolio Companies, refer Note 7.

The Group and Investment companies are deemed to be Investment Entities as they invest shareholder's funds solely for returns on investments from capital appreciation, interest and dividends.

#### (ii) Associates

Investments in equity securities (i.e. the Portfolio Companies), which would normally be classified as investments in unlisted associates, are carried at fair value in the consolidated financial statements and are not equity accounted (see accounting policy 3 (b)). This is due to the fact that the parent and group are private equity investors.

#### (iii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

#### (iv) Equity attributable to equity holders of investment companies

Equity attributable to equity holders of investment companies refers to the equity of the Investment Companies as this is owned directly by shareholders of the parent and the Manager, and not by the parent company itself. These are considered non-controlling interests and are attributable to the parent company shareholders as a result of their direct investment in the preference shares of the Investment Companies and to the Manager as a result of its ownership of the ordinary shares in the Investment Companies.

#### (b) Investments in equity securities

The Group's investments in unlisted equity securities are financial assets designated at fair value through profit or loss and presented as non-current assets in the statement of financial position. They are stated at fair value, with any resultant change in fair value recognised in profit or loss.

Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes

purchase and sale decisions based on their fair value in accordance with the Groups investment strategy. Regular purchases and sales of investments are recognised on a trade-date basis, being the date on which the Group commits to purchase or sell the asset.

#### (c) Trade and other receivables

Trade and other receivables are stated at amortised cost less impairment losses (see accounting policy 3(f)).

#### (d) Loans receivable

Loans receivable are initially recognised at fair value plus any directly attributable transaction costs (if any). Subsequent to initial recognition they are stated at amortised cost less impairment losses (see accounting policy 3(f)).

#### (e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, short-term deposits with an original maturity of 90 days or less and bank overdrafts. Cash excludes short-term deposits that are not used as part of the Group's day-to-day cash management.

#### (f) Impairment

The carrying amounts of the Group's assets, other than investments in unlisted equity securities (see accounting policy 3(b)), and deferred tax assets (see accounting policy 3(k)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed in profit or loss if there has been a change in the estimates used to determine the recoverable amount.

#### (g) Share capital

##### (i) Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.



## Notes to the consolidated financial statements

### 3. Significant accounting policies (continued)

#### (g) Share capital (continued)

##### (ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity.

##### (iii) Dividends

All dividends are recognised as a liability in the period in which they are declared.

#### (h) Loans and borrowings

Loans and borrowings are recognised initially at fair value net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest rate basis.

#### (i) Trade and other payables

Trade and other payables are stated at cost.

#### (j) Revenue

##### (i) Equity investments

Movements in the fair value of the Group's investments in equity instruments are recognised in profit or loss. Dividend income is recognised in profit or loss on the date the entity's right to receive payments is established.

##### (ii) Interest income

Interest income is recognised as revenue in profit or loss as it accrues, using the effective interest rate method.

#### (k) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

#### (l) Change in accounting policy

The Group has applied NZ IFRS 15 'Revenue from Contracts with Customers' (NZ IFRS 15) from 1 January 2018. There has been no impact in the recorded balances or disclosures as a result of implementing this new standard.

The Group has adopted NZ IFRS 9 'Financial Instrument: Classification and Measurement' (NZ IFRS 9) with an initial application date of 1 January 2018.

This standard sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

NZ IFRS 9 contains three principle classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) and eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. NZ IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

## Notes to the consolidated financial statements

### 3. Significant accounting policies (continued)

#### (l) Change in accounting policy (continued)

Financial assets	Original classification under IAS 39	New classification under NZ IFRS 9	Original carrying amount under IAS 39	New carrying amount under NZ IFRS 9
Cash and cash equivalents	Loans and receivables	Amortised Cost	137,560	137,560
Loans to portfolio companies	Loans and receivables	Amortised Cost	24,693	24,693
Other receivables	Loans and receivables	Amortised Cost	49,487	49,487
Investments – equity securities	Fair value through profit and loss	Fair value through profit and loss	144,519	144,519
Financial liabilities	Original classification under IAS 39	New classification under NZ IFRS 9	Original carrying amount under IAS 39	New carrying amount under NZ IFRS 9
Trade and other payables	Financial liabilities	Financial liabilities	87,012	87,012

#### Impairment of financial assets

NZ IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Group has determined that the application of NZ IFRS 9's impairment requirements at 31 December 2018 does not have any impact on recorded balances or disclosures.

#### (m) New standards and pronouncements relevant to the Group

NZ IFRS 16 removes the classification of leases as either operating or finance leases - for the lessee - effectively treating all leases as finance leases. Lessor accounting remains similar to current practice - i.e. lessors continue to classify leases as finance and operating. NZ IFRS 16 Leases replaces the existing guidance in NZ IAS 17 Leases and is effective from 01 January 2019.

The Group has completed its assessment of the full impact of adopting this standard and it is expected that the standard will have no impact on the Group.

#### 4. Determination of fair values

Investments in unlisted equity securities are valued at the Investment Managers' valuation by annual valuations carried out in accordance with the valuation principles set out by The International Private Equity and Venture Capital Association Limited (IPEV) which also ensures compliance with NZ IFRS 13 – Fair Value Measurement. Valuations are performed by Direct Capital Management Limited (see Note 7). These valuations require the use of significant judgement by the directors regarding estimated future earnings of the investments, and the use of appropriate earnings multipliers in determining the fair value of investments when no other observable inputs are available to the directors.

## Notes to the consolidated financial statements

### 5. Administrative expenses

	<i>Note</i>	2018	2017
Management fees	17(b)	77,000	266,883
Advisory fees		-	3,245
Directors' fees		-	43,750
Other administrative expenses		43,514	68,303
		<u>120,514</u>	<u>382,181</u>

The following items of expenditure are included in administrative expenses:

Auditor's remuneration to KPMG comprises:

Audit of financial statements	10,638	13,570
Review of interim financial statements	-	5,250
	<u>10,638</u>	<u>18,820</u>

### 6. Income tax expense

	2018	2017
Income tax expense in statement of comprehensive income	-	-

#### Reconciliation of effective tax rate

	<i>Note</i>	2018	2017
Profit/(loss) before tax		(329,571)	(481,505)
Income tax expense/(benefit) at 28% tax rate		(92,280)	(134,821)
Non-assessable income		(23,142)	(33,769)
Non-deductible expenses		91,146	89,472
Imputation credits received		(3,010)	(6,739)
Tax (profit)/losses not recognised	10	27,286	85,857
Total income tax expense in statement of comprehensive income		<u>-</u>	<u>-</u>

#### Imputation credits

Imputation credits available to shareholders of the parent company  
in subsequent reporting periods:

	2018	2017
Through investment companies	57,312	53,131
	<u>57,312</u>	<u>53,131</u>

## Notes to the consolidated financial statements

### 7. Investments – equity securities

#### Non-current investments

The Group has a number of investments in unlisted equity securities. The performance of these securities is actively monitored and group policy is to carry these investments initially at cost with subsequent movements in fair value recognised in the profit or loss. As there is no quoted market price for these securities, valuation techniques must be utilised to determine fair value (see Note 4). The valuations are carried out by Direct Capital Management Limited (see Note 18) using IPEV guidelines which also ensures compliance with NZ IFRS 13.

The valuation techniques utilised include the use of market based earnings multiples and a downward adjustment factor of up to 40% for privately owned investments.

The following table lists the investments held at the end of the reporting period and the underlying cost of the initial acquisition. The difference between the cost and the carrying value in the statement of financial position is shown as a fair value movement through profit or loss.

2018			
Entity name	Activities	Acquisition date	Cost of acquisition
BioPacificVentures	Private equity vehicle*	Various	896,402
Stratex Group Limited	Manufacturing	Apr 2007	3,598,812
Fishpond Limited	Online retail	Oct 2009	772,348
			<u>5,267,562</u>

2017			
Entity name	Activities	Acquisition date	Cost of acquisition
BioPacificVentures	Private equity vehicle*	Various	896,402
Stratex Group Limited	Manufacturing	Apr 2007	3,598,812
Fishpond Limited	Online retail	Oct 2009	772,348
			<u>5,267,562</u>

\* BioPacificVentures invests across the entire spectrum of private equity both in early stage and later stage investments. Investments through this venture include: Vital Food Processors Limited and CoDa Therapeutics Inc. Pohutukawa Alpha has an 11% share in all investments made by the fund, but the holdings in each of the portfolio companies vary.



## Notes to the consolidated financial statements

### 7. Investments – equity securities (continued)

#### a) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2018	Level 1	Level 2	Level 3	Total
Investments	-	-	144,519	144,519

31 December 2017	Level 1	Level 2	Level 3	Total
Investments	-	-	464,041	464,041

There have been no transfers between levels during the year.

The following table shows reconciliation from the beginning balance to the ending balance for fair value measurements in Level 3 of the fair value hierarchy:

Investments	2018	2017
Opening balance	464,041	764,181
Total gains (or losses):		
Change in fair value	(319,522)	(300,140)
Investments at cost during the year	-	-
Divestments	-	-
Closing balance	144,519	464,041

Total gains (or losses) included in profit or loss for the year in the above table are presented in the statement of comprehensive income as follows:

Investments	2018	2017
Total gains (or losses) included in profit or loss for the year	(319,522)	(300,140)
Total gains (or losses) for the year included in profit or loss for assets held at the end of the reporting period	(319,522)	(300,140)

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.



## Notes to the consolidated financial statements

### 7. Investments – equity securities *(continued)*

#### b) Sensitivity analysis

A movement of 0.2 in the earnings multiples applied to the investments carried at fair value changes the value of the investments by \$5,921 (2017: \$17,592). A movement in the downward adjustment factor of 5% changes the value of the investments by \$8,635 (2017: \$27,487). A movement in the maintainable earnings of 5% changes the value of the investments by \$5,181 (2017: \$21,990).

#### c) Fair value of investments portfolio

As investments in equity securities are carried at fair value through profit and loss in the Group, the results and net assets of the Portfolio Companies are not recognised in these financial statements. The fair value of the total investment portfolio as at 31 December 2018 was \$144,519 (2017: \$464,041).

#### d) Gain / (Loss) on realisation of investments

No investments were realised in the year ended 31 December 2018.

### 8. Loans to portfolio companies

	2018	2017
Stratex Group Limited	-	-
Vital Food Processors Limited	19,224	25,224
Coda Therapeutics Inc	5,469	5,469
	<u>24,693</u>	<u>30,693</u>
<i>Represented by:</i>		
Non-current loans	-	-
Current loans	24,693	30,693
	<u>24,693</u>	<u>30,693</u>

The current loans are either repayable on demand or expire within 12 months.

#### Stratex Group Limited

Stratex Group Limited (investment held by Pohutukawa Zeta Investments Limited) has previously been advanced \$959,331. The interest rate at 31 December 2018 was 0.00% (2017: 8.75%). The principal and any capitalised interest had been fully impaired for the year to December 2017 of \$19,405. This was recognised in profit or loss.

#### Vital Food Processors Limited

The loan to Vital Food Processors Limited has been partially impaired during the year resulting in impairment in profit or loss of \$6,000 (2017: \$Nil).

## Notes to the consolidated financial statements

### 9. Other receivables

	2018	2017
Income tax receivable	15	15
Prepayments	3,987	8,148
GST receivable	125	1,099
Other receivables	45,360	32,434
	<u>49,487</u>	<u>41,696</u>

As at 31 December 2018, no receivables are considered past due (2017: \$Nil).

### 10. Deferred tax assets and liabilities

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Note	2018	2017
Opening balance 1 January		1,294,587	1,208,730
Tax loss not recognised	6	27,286	85,857
Tax loss foregone		(558,797)	-
Closing balance 31 December		<u>763,076</u>	<u>1,294,587</u>

Due to the nature of the stapled securities and the fact that ordinary shares in the Investment Companies are owned by Pohutukawa I Investment Holdings LP, there is no ability to offset losses between the Parent (Pohutukawa Private Equity Limited) and the Investment Companies.

Tax losses do not expire, subject to shareholder continuity rules being met. Deferred tax assets have not been recognised in respect of these items because it is uncertain that future taxable profit will be available against which the Group can utilise the benefit.

Investment Companies taxation losses cannot be used by the parent.

### 11. Cash and cash equivalents

	2018	2017
Call deposits	6,539	8,549
Short-term deposits	131,021	975,740
Bank overdraft	-	(818,666)
Cash and cash equivalents in the statement of cash flows	<u>137,560</u>	<u>165,623</u>

Call deposits are held with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited. The weighted average interest rate for 2018 on call deposits was 2.03% (2017: 2.20%).

Short-term deposits are held with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited. The weighted average interest rate on short-term deposits is 3.14% (2017: 2.76%).

The Bank overdraft in 2017 was held with ANZ Bank New Zealand Limited and secured by the short-term deposits. The interest rate on this short-term overdraft was 10.97%. The overdraft was drawn down pending the maturity of the short-term deposits and was subsequently repaid on 08 January 2018 when the deposits matured.

## Notes to the consolidated financial statements

### 12. Share capital

Consolidated <i>In millions of shares</i>	Investment Co's Preference shares		PPE Ordinary shares		PPE Preference shares	
	2018	2017	2018	2017	2018	2017
	On issue at 1 January	424	477	53	53	1,581
Redemption and cancellation of shares	(212)	(53)	-	-	-	(92)
On issue at 31 December	212	424	53	53	1,581	1,581

Preference shares are only redeemable at the option of the issuer.

At 31 December 2018, the share capital of the Company comprised 53,000,000 ordinary shares (2017: 53,000,000), and 1,581,527,700 preference shares (2017: 1,581,527,700). In addition, there are 212,000,000 (2017: 424,000,000) preference shares in the 4 (2017: 8) Investment Companies (53,000,000 in each company).

Ordinary shares and Investment Company preference shares have been allotted at nil value. The Pohutukawa Private Equity preference shares have been allotted at \$0.01 per share.

The holders of ordinary shares are entitled to receive distributions as declared from time to time and are entitled to one vote per share at meetings of the Company. No Distributions were declared during the year by companies within the Group to shareholders (2017: \$64,560). All ordinary shares rank equally with regard to the Company's residual assets. Holders of the Company preference shares do not have an entitlement to vote, and are not entitled to participate in distribution of income, but are entitled to \$0.01 per preference share upon redemption by the Company at the Company's option. Preference shareholders in the Investment Companies do not have an entitlement to vote, but are entitled to receive distributions of capital and/or income as prescribed in the Investment Companies' constitutions.

Pohutukawa I Investment Holdings LP is a related party which holds 100 ordinary shares in each of the Investment Companies.

### 13. Trade and other payables

	Note	2018	2017
Directors fees payable		-	6,531
Management fees payable	17(b)	77,000	-
Non-trade payables and accrued expenses		10,012	14,054
		<u>87,012</u>	<u>20,585</u>

## Notes to the consolidated financial statements

### 14. Earnout Provision

	2018	2017
Opening provision	137,535	503,615
Movements during the year	(82,650)	(120,605)
Distribution of earnout during the period	-	(245,475)
Closing earnout provision	54,885	137,535

In accordance with clause 11 of the Prospectus, the Earnout Holder is entitled to earnout calculated at 20% of net returns to Pohutukawa Private Equity Limited provided investors have received back their original investment together with further distributions producing a pre-tax compound hurdle rate of 8.0% per annum on Called Capital. As at 31 December 2018 the estimated earnout provision is calculated at \$54,885 (2017: \$137,535), however this calculation is based on remaining cash and the unrealised portfolio company fair value valuations of \$144,519 and loans receivable of \$24,693 being fully recovered. A provision has been recognised as there is some certainty that an earnout distribution will be payable. During the year ended 31 December 2018 no earnout (2017: \$245,475) has been distributed to the Earnout Holder.

### 15. Reconciliation of profit/ (loss) after taxation to the net cash flow from/(to) operating activities

	<i>Note</i>	2018	2017
Profit/(loss) for the year		(329,571)	(481,505)
Adjustments for:			
Change in fair value of investments		319,522	300,140
Interest capitalised		-	(19,404)
Net impairment of loans from portfolio companies		6,000	19,405
Change in trade and other receivables		(7,791)	29,238
Change in trade payables and accruals		66,427	(28,540)
Change in earnout provision	14	(82,650)	(366,080)
Net cash flow from/(to) operating activities		(28,063)	(546,746)



## Notes to the consolidated financial statements

### 16. Financial risk management

#### Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- equity price risk
- credit risk
- interest rate risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

#### Equity price risk

The Group has policies in place to mitigate equity price risk, particularly in its investments. This includes detailed analysis of prospective equity investments. Investments in unlisted equity securities are, by their nature, less liquid and subject to greater equity price risk than listed securities.

#### Credit risk

Exposure to credit risk arises in the normal course of the Group's business from its loans and receivables and bank balances. The Group does not require collateral in respect of financial assets. At reporting date there were no significant concentrations of credit risk, other than those detailed in Note 8.

The Group invests its surplus funds in short-term deposits with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited. (See Note 11). The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the statement of financial position.

#### Interest rate risk

Exposure to interest rate risk arises in the normal course of the Group's business from bank accounts, short-term deposits and loans advanced to portfolio companies which the Investment Companies hold an ownership interest in. The Group earns interest on bank accounts, short-term deposits and loans to portfolio companies. Management invest excess funds in short-term deposits to maximise interest revenue whilst ensuring funds are available if required. The Group may also borrow short-term funds at floating rates due to the short-term nature of these borrowings.

#### Effective interest rates and repricing

The only interest bearing financial assets in the Group are bank balances, short-term deposits and loans and receivables as detailed in Note 8. At balance date the effective interest rates for bank balances are 1.50% (2017: 1.40%), short-term deposits are 3.10% (2017: 2.80%), and loans advanced to portfolio companies which the Investment Companies hold an ownership interest in is a weighted average of 0.00% (2017: 0.00%).

Bank balances reprice daily, short-term deposits reprice within 3 months, and loans advanced to portfolio companies reprice annually.

#### Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations to settle its financial liabilities when due. The Group evaluates its liquidity requirements on an ongoing basis, and maintains sufficient cash to meet all obligations. Investments in unlisted equity securities are, by their nature, less liquid.



## Notes to the consolidated financial statements

### 16. Financial risk management (continued)

#### Interest rate risk – repricing analysis

	<i>Note</i>	Total	Non interest bearing	Interest bearing
<b>2018</b>				
Cash and cash equivalents	11	137,560	-	137,560
Loans to portfolio companies	8	24,693	24,693	-
<b>Total</b>		<b>162,253</b>	<b>24,693</b>	<b>137,560</b>
<b>2017</b>				
Cash and cash equivalents	11	984,289	-	984,289
Loans to portfolio companies	8	30,693	30,693	-
Bank overdraft	11	(818,666)	-	(818,666)
<b>Total</b>		<b>196,316</b>	<b>30,693</b>	<b>165,623</b>

#### Sensitivity analysis

The sensitivity of interest rate movements has an immaterial impact on the financial statements of the Group.

#### Capital management

The Group's capital includes share capital and retained earnings.

The Group's policy is to maintain its capital structure in terms of the prospectus and repay capital as investments are realised.

The Group is not subject to any externally imposed capital requirements.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Group's management of capital during the year.

## Notes to the consolidated financial statements

### 16. Financial risk management (continued)

#### Classification and fair values

	<i>Note</i>	Designated at fair value profit or loss	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
<b>2018</b>						
<b>Assets</b>						
Cash and cash equivalents	11	-	137,560	-	137,560	137,560
Investments in equity securities	7	144,519	-	-	144,519	144,519
Loans to portfolio companies	8	-	24,693	-	24,693	24,693
Other receivables	9	-	45,360	-	45,360	45,360
<b>Total assets</b>		<b>144,519</b>	<b>207,613</b>	<b>-</b>	<b>352,132</b>	<b>352,132</b>

#### Liabilities

Trade and other payables	13	-	-	87,012	87,012	87,012
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>87,012</b>	<b>87,012</b>	<b>87,012</b>

	<i>Note</i>	Designated at fair value profit or loss	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
<b>2017</b>						
<b>Assets</b>						
Cash and cash equivalents	11	-	984,289	-	984,289	984,289
Investments in equity securities	7	464,041	-	-	464,041	464,041
Loans to portfolio companies	8	-	33,548	-	33,548	33,548
Other receivables	9	-	32,434	-	32,434	32,434
<b>Total assets</b>		<b>464,041</b>	<b>1,050,271</b>	<b>-</b>	<b>1,514,312</b>	<b>1,514,312</b>

#### Liabilities

Bank overdraft	11	-	818,666	-	818,666	818,666
Trade and other payables	13	-	-	20,585	20,585	20,585
<b>Total liabilities</b>		<b>-</b>	<b>818,666</b>	<b>20,585</b>	<b>839,251</b>	<b>839,251</b>



## Notes to the consolidated financial statements

### 17. Related parties

#### a) Identity of related parties

The Company has a related party relationship with its Investment Companies (see Note 20).

Craigs Investment Partners Limited, as the administration manager, and Direct Capital Management Limited, as the investment manager, own 50% each of Pohutukawa Management Limited, the Manager of Pohutukawa Private Equity Limited. Craigs Investment Partners Limited and Direct Capital III Investment Partners LP are limited partners in Pohutukawa I Investment Holdings LP which is the holder of ordinary shares in the Investment Companies. Certain directors of the Company and the Investment Companies are also directors of Craigs Investment Partners Limited. Certain directors of the Investment Companies are also directors of Direct Capital Management Limited.

Direct Capital Management Limited is responsible for preparing valuations of investments.

#### b) Transactions with related parties

During the year, the Group entered into the following transactions with related parties:

- No management fees were paid to Pohutukawa Management Limited in the year ended 31 December 2018 (2017: \$241,826). As at 31 December 2018 \$77,000 has been accrued and is payable (subject to successful realisation of remaining investments) (2017: \$Nil).
- Surplus cash has been invested in ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited, a subsidiary of Craigs Investment Partners Limited.
- No earnout was distributed to Pohutukawa I Investment Holdings LP (2017: \$245,475).

The terms and conditions of the transactions with key management personnel and their related parties are in accordance with the terms of the management agreement.

#### c) Transactions with key management personnel

	2018	2017
Directors fees (total remuneration)	-	43,750

The balance owing to key management personnel at 31 December 2018 is \$Nil (2017: \$6,531). Directors are no longer remunerated.



## Notes to the consolidated financial statements

### 18. Subsequent events

There were no material subsequent events for the Group.

### 19. Group entities

#### Investment Companies

	Country of incorporation	Ownership interest*	
		2018	2017
Pohutukawa Alpha Investments Limited ("Alpha")	New Zealand	0%	0%
Pohutukawa Delta Investments Limited ("Delta")	New Zealand	0%	0%
Pohutukawa Zeta Investments Limited ("Zeta")	New Zealand	0%	0%
Pohutukawa Mu Investments Limited ("Mu")	New Zealand	0%	0%

\*As stated in Note 3(a)(i), the preference shares in the Investment Companies are owned by the individual shareholders of Pohutukawa Private Equity Limited but are consolidated into the Group as they are stapled securities.

During the year ended 31 December 2018 Lambda, Nu, Xi and Omicron were wound up and removed from the Companies register.

## Notes to the consolidated financial statements



# Independent Auditor's Report

To the shareholders of Pohutukawa Private Equity Limited.

## Report on the consolidated financial statements

### Opinion

In our opinion, the accompanying consolidated financial statements of Pohutukawa Private Equity Limited (the company) and its subsidiaries (the group) on pages 5 to 24:

- i. present fairly in all material respects the Group's financial position as at 31 December 2018 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

### We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to reviewing annual tax returns. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

## Notes to the consolidated financial statements



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<b>Valuation of Investments</b>	
<p>Refer to Note 7 to the financial statements.</p> <p>The group holds private equity investments of \$144k.</p> <p>This is a key audit matter due to following:</p> <ul style="list-style-type: none"> <li>• The size of the investments in relation to the total assets of the group.</li> <li>• The level of judgement required, and estimation uncertainty involved in determining the fair value of the investments held.</li> <li>• The impact of the investment value on the earnout provision recognised.</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Assessment of whether the valuation methodologies used to fair value each investment are appropriate.</li> <li>• Agreeing key inputs used in the group models for each portfolio company to supporting external documentation.</li> <li>• Evaluate the appropriateness of key assumptions used in valuation models, including maintainable earnings, earnings multiples and marketability discounts.</li> </ul> <p>As a result of the procedures above, no material errors were identified.</p>






### Other Information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information may include the Report to Shareholders, Manager's Report on Portfolio Companies and the Directors' Report. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.



### Use of this Independent Auditor's Report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

## Notes to the consolidated financial statements



### Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



### Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at: <http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Keaney.

For and on behalf of

**KPMG**

KPMG  
Tauranga  
18 March 2019

## The Pohutukawa Board

The Pohutukawa Board originally comprised four directors, two from Craigs Investment Partners and two independent directors. From 1 April 2017 the Board has been reduced to two directors whose profiles are shown below. The Board is responsible for appointing, and then monitoring the performance of the Manager, reviewing Pohutukawa's investment policy and criteria, and managing conflicts of interest between the Manager and Pohutukawa.



**JOHN MCDONALD**  
(Chairman and Independent Director)

John is a Company director and trustee with more than 30 year's experience in executive and management positions with the former Fletcher Challenge group of companies through to his retirement in 2001. He has considerable international experience in management, finance, corporate governance best practice and as a director and audit committee member of private and publicly listed companies. John is currently a director of Oriens Capital Ltd, and he is Chairman of both Pohutukawa Private Equity Ltd and Pohutukawa Private Equity II Ltd. John was previously a director of Air New Zealand for 9 years and Horizon Energy Distribution Ltd.



**NEIL CRAIG**  
(Non-Executive Director)

Neil is the founding principal and Executive Chairman of Craigs Investment Partners, a New Zealand Exchange Participant Firm, a company he has been instrumental in building from a small regionally based sharebroking business in Whakatane to its current position as a leading New Zealand investment advisory firm. Craigs Investment Partners has approximately 500 staff across 18 branches throughout New Zealand. Neil has a broad experience in private equity transactions, stock exchange listings, capital raisings and corporate activity for a wide range of companies. In a personal capacity Neil has been an active private equity investor for many years.

Neil is currently a director of Pohutukawa Private Equity Ltd, the first Pohutukawa fund, Pohutukawa Private Equity II Ltd, Pohutukawa Private Equity V Ltd, Kowhai Private Equity, Karaka Private Equity, Matai Private Equity, Oriens Capital Ltd as well as Chairman of Comvita Ltd and director of a number of privately held companies.



## Directory

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### BOARD OF DIRECTORS OF POHUTUKAWA PRIVATE EQUITY

John McDonald

Neil Craig

The Directors can be contacted at Pohutukawa's  
address below.

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#### OFFICES OF POHUTUKAWA

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#### MANAGER

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#### INVESTMENT MANAGER

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#### AUDITORS

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#### SHARE REGISTRY

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