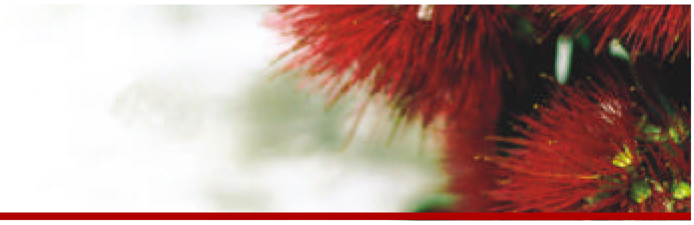
Pohutukawa
Private Equity Limited

INTERIM REPORT

For the period ended 30 June 2008

Contents



Letter from the Chairman

18 September 2008

Dear Shareholder

I am pleased to present our Interim Report, which includes Pohutukawa's financial performance for the half year to 30 June 2008, comments on investments and divestments, plus an update by the Manager on the Fund's portfolio performance.

Executive Summary
After making two new investments in Rodd & Gunn and NZ King Salmon in August - September 2008, we gave notice to Pohutukawa Shareholders on 5 September that we would be calling the final 30 cents per share due on or before 5 December 2008. Offsetting this call, we expect to have paid you prior to 5 December, a distribution of approximately 7.5 cents per share arising from the sale of Innovair and the part sale of Gluck.

Once settlement for the NZ King Salmon purchase is made in September, Pohutukawa will have funds available for one or possibly two new investments after setting aside 20% of committed cash for 'follow on' investments in existing portfolio companies.

In conjunction with ABN AMRO Craigs Ltd, (the promoters of Pohutukawa), the Directors have decided to proceed to raise funds for Pohutukawa II in the last quarter of 2008. Subject to the requirements of the Securities Act, more details on the proposed offer will be available shortly, including a number of improvements in structure including a first call of only 10 cents per share and subsequent calls only being made as investments are made by the Manager.

The 6 months to June 2008 and subsequent 2 months have proved to be very busy highlighting the positive environment for mid market private equity investment, the area of focus for Pohutukawa.

The three new investments made this calendar year, the two divestments and a summary of performance of all companies in the portfolio are covered in this report. While the market conditions for ongoing investment remain strong, the operating performance of most companies has been impacted by the macro environment. Furthermore, bank funding is more selective than was the norm just 12 months ago. While this does impact the level of gearing for new portfolio companies, this tougher environment for securing equity and debt benefits those private equity firms that have an outstanding long-term track record, such as Direct Capital. To date Direct Capital has been successful in securing bank funding required for portfolio companies and ensuring they meet their banking obligations.

Portfolio Company Activity
The interim 6 month period to 30 June 2008 has seen one new direct investment made plus divestment in two companies. Subsequent to the end of the half year, there were two further direct investments.

Our New Investment

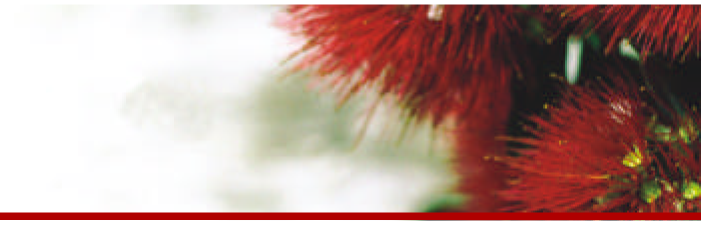
Our investment was into Camm4 and Shears & Mak, and following the merger of the two companies they were subsequently renamed Shears & Mac4 Limited. Funds managed by Direct Capital have taken a stake of 45.5% including Pohutukawa with $1.990 million for an 18.1% holding. The balance is owned by management.

Shears & Mac4 is a full service provider of joinery manufacturing and installation services for the retail and commercial sectors. Specialising in fit-outs, the company has two key areas of operation: joinery manufacturing based on fully integrated operational and production systems, and installation services managing the actual fit-out and associated services. The merger has combined the operational excellence of Camm4 with the brand leadership of Shears & Mak to create New Zealand's largest specialist fit-out group, and provides the capacity and infrastructure for significant growth, both in New Zealand and increasingly in the Australian market.

Our Divestments Were

In June, Pohutukawa announced that Direct Capital had sold its interest in Gluck Pty Limited to Toll Holdings Limited. International Forwarding Ltd (IFL) holds the Gluck investment by Pohutukawa (original investment of $873,000). The sale represents a base return in excess of our target annualized return of 20% while still retaining Gluck's New Zealand business on a pro-rata basis. IFL also retained its holding in the Australian warehouse and distribution business.

Also in June, we announced the sale by the Innovair Group, the owner of the Robocan pest control product, of their business. The value of the transaction was confidential but represented a very positive outcome for Direct Capital and Pohutukawa shareholders, producing an annualized IRR of over 250%. The sale involves 15% of the proceeds being held in escrow for two years and is expected to produce a return on capital invested of over 4 times including fully imputed dividends.



Letter from the Chairman

Following the end of the reporting period, we made a further two investments in:

Direct Capital has acquired a 30% interest in one of Australasia's leading menswear retail chains, Rodd & Gunn Limited (R&G), with Managing Director Mike Beagley retaining a 70% shareholding. Pohutukawa invested $2.590million for a 12% stake.

Rodd & Gunn has a retail chain of 55 stores and concessions across New Zealand and Australia occupying prime retail locations on high streets and in malls. The retailer has a long established brand and targets the premium male customer.

Mike Beagley is a proven retailer with a track record of creating value in retail businesses and he has successfully grown Rodd & Gunn since becoming Managing Director in 2000. Mike is well known to Direct Capital through its previous investment in Max Fashions, where Mike was a Director. Direct Capital has invested to support the continuation of Rodd & Gunn's store roll out plan, which is expected to significantly increase the number of retail outlets in Australasia.

Australian based Howard McDonald has been appointed Chairman of Rodd & Gunn in conjunction with Direct Capital's investment. Howard has over 20 years in senior positions in the Australian apparel market and is currently a main board director of department store Myer.

Direct Capital has acquired a 45% interest in New Zealand King Salmon (NZKS). Pohutukawa has invested $7.255million for a 9.87% stake. Through BioPacificVentures (which also invested in NZKS), we have exposure to a further 0.95% of NZKS. Tiong family interests and management hold the remaining 55% of NZKS.

New Zealand King Salmon has the following well-known brands:

Nelson based NZKS is New Zealand's leading producer of salmon. While a small supplier globally, NZKS is the world's largest producer of the Chinook variety of salmon providing 55% of the world farmed harvest. Chinook is the highest grade salmon species due to its higher oil and Omega 3 content and is considered to have superior texture and taste. Salmon farming is dependent on cold-water environments and NZKS's location of farms in Marlborough is well suited. As an introduced species in New Zealand, salmon remains free of the inherent diseases found in their natural environment, and benefits from the relatively small density of farming in the region. Unlike most global producers NZKS produce fish without antibiotics or vaccines.

NZKS is a fully integrated producer of salmon, managing every part of the production process including breeding, raising and cultivating from egg to harvest. And from harvest, managing all aspects of processing the salmon from gill and gutted through to filleting, smoking, portioning, value-add processing and packaging. The company distributes its products as whole frozen, whole fresh, value added, and Ready to Eat (RTE) product. The company's brands include Regal, Southern Ocean and Seasmoke. Exports account for half the company's production with key markets of Australia, Japan and North America the mainstay of demand.

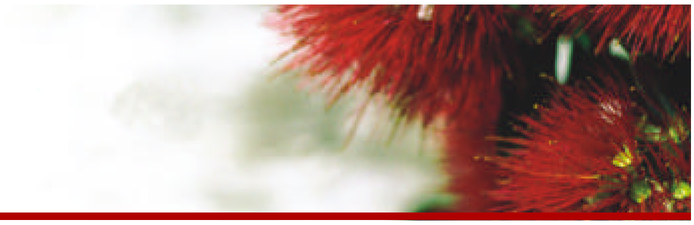
NZKS has an impressive management team who have achieved dramatic growth for the business over the past five years.

BioPacificVentures (BPV)

As noted in Pohutukawa's Prospectus, 10% of Pohutukawa's $53million is committed to BPV. By the end of September approximately 70% of this $5.3million commitment will have been invested. The portfolio will then comprise the following companies in which Pohutukawa has a minority interest alongside other investors in BPV: NZ Pharmaceuticals; Vital Food Processors Ltd; Horizon Science Pty Ltd; Karios Holdings; Novatech (Aust) Pty Ltd; Rissington Breedline Ltd; EnCoate Ltd and Anzamune Ltd, NZKS and one other.

Portfolio Revaluation

Under Australian Private Equity & Venture Capital Association Ltd guidelines (AVCAL), investments are re-valued 12 months after investment, then on a quarterly basis thereafter. Prior to the initial 12 months of investment, they are held at cost. The Manager has completed a revaluation based on the interim results to 30 June 2008 that shows the portfolio is now valued at $29.5million against a cost price of $22.6million, representing a 30% uplift in value – this includes Gluck/IFL post sale value and Innovair at sale price value. The basis of valuation is generally regarded as a conservative approach. Net assets per share inclusive of the 30-cent call due on 5 December are



Letter from the Chairman

Description	Investment Value $000's
Portfolio valuation of investment companies as at 30 June 2008 valued under AVCAL guidelines	29,552
New investments at cost: (post 30 June 2008) • Rodd & Gunn • NZKS • BPV	 2,590 7,255 1,114
Divestment proceeds held to be distributed • Gluck; Innovair dividend	 1,148
Projected cash position for December including provision for Q4 expenses	12,604
Estimated PPE valuation to 5-12-08	**$54,263**
Estimated NTA to 5-12-08	**$1.0238 per share**

approximately $1.02 as per the summary table above. This is after the net return of 33 cents per share in January 2008.

Outlook

Ongoing current market uncertainties will affect the financial performance of most companies in our portfolio over the next 12 months. For some such as NZ Pharmaceuticals, the fall in the NZ dollar, if sustained, will provide some welcome respite. On the positive side, the opportunities to invest (both new and for 'follow on' investments) are enhanced by the current economic environment. We continue to receive good support from our banking partners and expect to see an increasing number of value opportunities with solid cash flows that demonstrate clear growth potential.

Call

You will have recently received the final 90 day call notice for 30 cents per share, which is due to be paid on 5 December 2008. Our investment in NZKS and further BPV investments were partly debt funded. It is our intention that on receipt of the call proceeds, these funds will firstly be applied to repay the bank borrowings. This will leave Pohutukawa with approximately $13million in cash. We anticipate investing in one or possibly two further investments (depending on size) including completing our commitment to BPV and retaining up to $8million for follow-on investments in a number of the current portfolio companies and to cover normal operating costs. As advised, it is expected that a distribution of approximately 7.5 cents per share arising from the sale of Innovair and part sale of Gluck will be available prior to 5 December 2008.

Pohutukawa II

As we come close to being fully invested in Pohutukawa, we are now considering the launch of Pohutukawa II. Given the investment possibilities that are currently under review and the momentum the investment team has, we can see Pohutukawa II getting off to a positive start using the same proven investment skills of Direct Capital.

Our aim is for Pohutukawa II to be available for investment in the final quarter of 2008. As noted earlier, we envisage the first call would be no more than 10 cents on a $1 share and subsequent calls will be made as investment commitments are made. This will help investors' cash flow and enhance the overall investment performance of Pohutukawa II on an internal rate of return basis. There will be a number of other minor enhancements to the structure, details of which will be advised to you in due course.

We will continue to keep you up to date with investments as they are made via our website, www.pohutukawafund.co.nz. On matters concerning investments, major events of investee companies, liquidity events and for statutory requirements, we will continue to write to you directly.

If you have any queries regarding your investment in Pohutukawa, please call your investment adviser or Peter Lalor at Pohutukawa Management on 07-5774 727.

Yours sincerely
POHUTUKAWA PRIVATE EQUITY LIMITED

JOHN MCDONALD
Chairman

Manager's Report on Portfolio Companies

Given the current economic conditions the Manager is delighted with the overall performance of the portfolio, highlighted by the positive portfolio valuations as at 30 June 2008. The trading performance of most companies has been impacted by the difficult macro environment and we expect this to continue in the near term.

Express Logistics Group Limited *(Express)*

www.xprs.co.nz

Investment	DC Partners Shareholding %	Pohutukawa Shareholding %
Express Logistics	50.00	19.70

Express is an Australasian based international logistics service provider offering a complete range of import, export, and supply chain logistics services. Express is based in Auckland and Sydney with operations in Christchurch, Wellington, Palmerston North, Napier, Tauranga, Brisbane, Melbourne, Perth, Gold Coast and Los Angeles.

The operating result for the year ended 30 June was behind budget although sales increased 27% compared to the previous year. The company is experiencing softer trading conditions in both New Zealand and Australia, resulting in ongoing pressure on margins. The Australian business achieved its targets for the year and the company remains positive regarding the opportunities to continue to grow further in this market.

During the year Express acquired a small business in Tauranga, New Zealand's largest export port and the Sydney business moved into new larger premises in August 2008.

New Zealand Pharmaceutical Holdings Limited *(NZP)*

www.nzpharmaceuticals.com

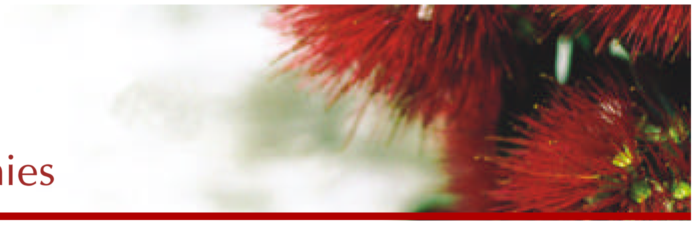
Investment	DC Partners Shareholding %	Pohutukawa Shareholding %
NZ Pharmaceuticals	51.00	15.80*

**plus 1.97% through BPV*

Based in Manawatu, NZP manufactures specialty chemicals for some of the world's leading pharmaceutical companies.

As a predominantly export sales business the continued strength of the NZD over the last six months has continued to have some impact on NZP's revenues. In addition a significant volume fall for one key product has had an additional impact on revenues. Accordingly the company's financial result for the 2008 financial year is down on the record 2007 result.

NZP management continue their focus on growing the company's product range and customers. The recent fall in the NZD is positive for NZP and the company is optimistic about its prospects for 2009.



Manager's Report on Portfolio Companies

International Forwarding Limited *(invested in Gluck Pty & Gluck NZ)*

www.gluck.com.au

Investment	DC Partners Shareholding %	Pohutukawa Shareholding %
International Forwarding	56.90	22.40

International Forwarding Limited acquired a 20% shareholding in Gluck Pty Limited. In July the Gluck Australian business (excluding the Australian warehousing and distribution business and Gluck NZ operations which were retained) was sold to Toll Holdings Limited.

To date Pohutukawa has received a settlement amount equivalent to its original investment. The Board plans to distribute all sales proceeds available to Pohutukawa shareholders shortly.

Management are focused on developing the New Zealand business.

Triton Hearing Clinics Limited *(Triton)*

www.tritonhearing.co.nz

Investment	DC Partners Shareholding %	Pohutukawa Shareholding %
Triton Hearing Services	47.00	18.70

Triton is a hearing aid retail business, operating clinics for hearing tests and hearing aid fitting services in the Waikato/BOP and Canterbury regions.

Over the last six months Triton has made significant progress with new clinic initiatives and now has a total of 14 primary and visiting clinics. A further 2 primary clinics are expected to open in Christchurch by the end of the year, and Triton's first site in Wellington is expected to open in October.

The business continues to trade in line with expectations, although the general slow down in the economy and consumer spending levels has had some impact on activity levels.

Manager's Report on Portfolio Companies

Paper Coaters Group Limited

www.papercoaters.co.nz

Paper Coaters
Better Performing Products

Investment	DC Partners Shareholding %	Pohutukawa Shareholding %
Paper Coaters Group	83.20	32.80

Paper Coaters operates in a niche packaging sector of extrusion coating and laminated products, designing, manufacturing and supplying specialist packaging product to the paper, food and industrial markets of NZ and Australia. Paper Coaters laminates polymer (plastic) and foil on to paper producing products such as foil and non-foil hot food bags (e.g. chicken wrapping from supermarket deli's), food sachets, specialty cheese wraps, insulation materials, mill wrap, and formed trays (such as convenience meal bases).

The company completed a very satisfactory first year since investment. The company achieved revenue 4% above budget. Although gross margins were harder to maintain as a result of a higher NZD the company achieved operating earnings in line with budget.

This has been a pleasing first year of investment, not only in terms of financial performance but also management performance, board operations and strategic initiatives.

The company is forecasting increased revenue and EBIT for 2009.

GoBus Holdings Limited

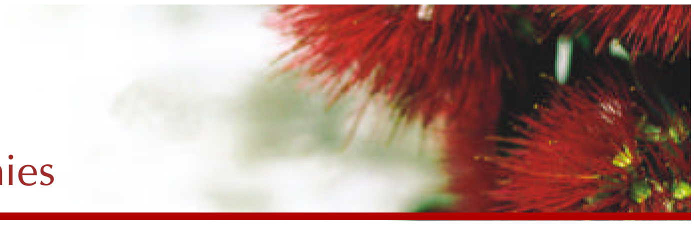
www.gobus.co.nz

Investment	DC Partners Shareholding %	Pohutukawa Shareholding %
GoBus Holdings	79.00	31.80

GoBus is a bus operator providing urban, school and charter bus services in the greater Waikato region.

Following an external search process Calum Haslop has been appointed GoBus' new Managing Director. Calum has previous bus industry experience and has held numerous General Manager and Managing Director roles with both corporates and with his own businesses. Dallas Fisher was also appointed Independent Chairman of GoBus earlier this year. Dallas is Executive Director of NDA Engineering based in TeRapa and also involved as a Director and Shareholder of a number of other local businesses. GoBus is very pleased to have attracted two such high calibre individuals to these roles.

The high fuel cost has placed some pressure on current performance however the business is otherwise trading to expectations. GoBus are progressing a considerable number of new business initiatives and the opportunities for growth in the public transport area are expected to remain strong.



Manager's Report on Portfolio Companies

Innovair Group Limited

www.innovair.co.nz

Investment	DC Partners Shareholding %	Pohutukawa Shareholding %
Innovair Group	28.50	11.30

Innovair is based upon a pest control product – Robocan.

In June we announced the sale of the business by the Innovair Group. The sale involves 15% of the proceeds being held in escrow for two years but is expected to produce a return on capital invested of over 4 times. A fully imputed dividend and the proceeds of sale will be distributed as soon as available.

Shears & Mac4 Limited *(SM4)*

www.camm4.co.nz www.shearsandmak.co.nz

Investment	DC Partners Shareholding %	Pohutukawa Shareholding %
Shears & Mac4	45.50	18.10

SM4 is a full-service provider of joinery manufacturing and installation services for the retail and commercial sectors, specialising in fit-outs.

The investment rationale for SM4 is to double EBIT in 3 years by:

- Leveraging its position post merger as the largest one-stop-shop for fit-outs, best positioned to respond to the growing demand from national and international retailers for shop consistency, continuous improvement, and meeting critical opening dates.
- Increasing its presence in the Australian market to service trans-Tasman clients.
- Diversifying and broadening its sector focus beyond retail to include commercial, health and education sectors.

Please also refer to comments in the Chairman's letter to shareholders.

General

All the portfolio companies have been meeting their financial milestones to date and this position is forecast to continue. Overall the portfolio companies are conservatively geared and have the ability and our financial support to continue to grow and successfully trade through tougher market conditions. The Manager expects a number of exciting growth opportunities for our portfolio companies during this period.

POHUTUKAWA MANAGEMENT LIMITED

Financial Information

Consolidated interim income statement

For the six months ended 30 June 2008

	Note	Unaudited 6 months Jun 2008	Unaudited 6 months Jun 2007	Audited 12 months Dec 2007
Interest Income		387,743	198,862	276,789
Dividend Income		275,844	-	1,721,642
Change in fair value of investments	2	2,381,195	3,486,595	13,304,644
Other operating income		125,200	89,089	244,958
Administrative expenses		(808,670)	(773,529)	(1,728,708)
Operating profit		2,361,312	3,001,017	13,819,325
Finance expenses - interest		(29,165)	-	(17,834)
Profit before and after tax		2,332,147	3,001,017	13,801,491
Attributable to:				
Equity holders of the parent		(324,892)	(485,578)	(1,224,795)
Minority Interest	*1b*	2,657,039	3,486,595	15,026,286
Profit for the period attributable to the equity holders of stapled securities		2,332,147	3,001,017	13,801,491

Consolidated interim statement of recognised income and expense

For the six months ended 30 June 2008

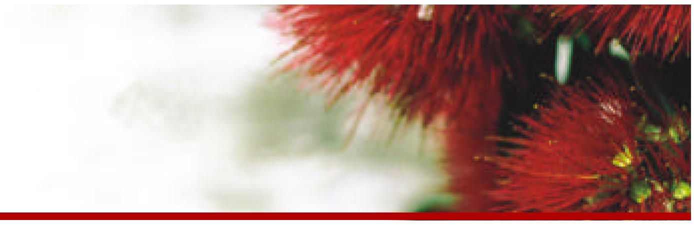
	Note	Unaudited 6 months Jun 2008	Unaudited 6 months Jun 2007	Audited 12 months Dec 2007
Profit/(loss) for the period		2,332,147	3,001,017	13,801,491
Total recognised income and expense for the period		2,332,147	3,001,017	13,801,491
Attributable to:				
Equity holders of the parent		(324,892)	(485,578)	(1,224,795)
Minority interest	*1b*	2,657,039	3,486,595	15,026,286
Total recognised income and expense for the period		2,332,147	3,001,017	13,801,491

Financial Information

Consolidated interim balance sheet

As at 30 June 2008

	Note	Unaudited 6 months Jun 2008	Unaudited 6 months Jun 2007	Audited 12 months Dec 2007
Assets				
Investments – equity securities	2	29,551,611	24,957,751	25,864,249
Total non-current assets		29,551,611	24,957,751	25,864,249
Investments – short-term deposits		9,182,380	2,200,000	-
Trade and other receivables		113,790	23,345	63,093
Cash and cash equivalents		285,647	500,647	93,787
Total current assets		9,581,817	2,723,992	156,880
Total assets		39,133,428	27,681,743	26,021,129
Equity				
Issued capital	3	33,232,000	20,950,000	17,332,000
Retained losses	3	(2,177,848)	(1,113,739)	(1,852,956)
Total equity attributable to equity holders of the parent		31,054,152	19,836,261	15,479,044
Minority interest		8,037,183	7,793,404	5,380,144
Total equity attributable to equity holders of stapled securities		39,091,335	27,629,665	20,859,188
Liabilities				
Loans and borrowings	4	-	-	5,096,223
Trade and other payables		42,093	52,078	65,718
Total current liabilities		42,093	52,078	5,161,941
Total liabilities		42,093	52,078	5,161,941
Total equity and liabilities		39,133,428	27,681,743	26,021,129

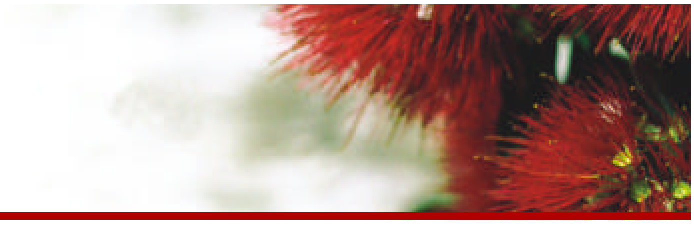


Financial Information

Consolidated interim statement of cash flows

For the six months ended 30 June 2008

	Note	Unaudited 6 months Jun 2008	Unaudited 6 months Jun 2007	Audited 12 months Dec 2007
Cash flows from operating activities				
Cash receipts from fees		162,300	89,089	207,858
Interest received		294,281	207,920	300,907
Dividends received		275,844	-	1,721,642
Cash paid to suppliers		(855,328)	(766,437)	(1,741,795)
Income taxes paid		(467)	-	(7,761)
Net cash from operating activities		(123,370)	(469,428)	480,851
Cash flows from investing activities				
Proceeds from term deposits		-	4,640,000	-
Proceeds from sale of investments		872,628	-	22,689,309
Payments to term deposits		(9,182,380)	-	-
Acquisition of investments		(2,178,795)	(3,723,272)	(10,654,992)
Net cash from investing activities		(10,488,547)	916,728	12,034,317
Cash flows from financing activities				
Proceeds from share capital		15,900,000	-	-
Repayment of share capital		-	-	(3,618,000)
Dividends paid		-	-	(13,952,951)
Loans from external parties		(5,096,223)	-	5,096,223
Net cash from financing activities		10,803,777	-	(12,474,728)
Net movement in cash and cash equivalents		191,860	447,300	40,440
Cash and cash equivalents at 1 January		93,787	53,347	53,347
Cash and cash equivalents at end of period		285,647	500,647	93,787



Notes to the consolidated interim financial statements

1. Significant accounting policies

Pohutukawa Private Equity Limited (the "Company") is a company domiciled in New Zealand. The consolidated interim financial statements of the Company for the six months ended 30 June 2008 comprise the Company and 25 Investment Companies (together referred to as the "Group").

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2007.

(a) Statement of compliance

The interim financial statements have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standard (NZ IFRS) NZ IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2007.

(b) Basis of preparation

Pohutukawa Private Equity Limited and the 25 Investment Companies are registered under the Companies Act 1993 and are issuers and reporting entities for the purposes of the Financial Reporting Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 1993. The Company is a profit-orientated entity.

The financial statements are presented in New Zealand dollars, which is the Company's functional currency. They are prepared on the historical cost basis except that certain financial instruments are stated at their fair value.

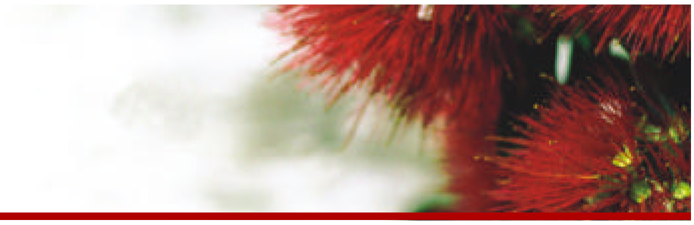
The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical 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.

Minority interest 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 minority interests 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.

(c) Investments in equity securities

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

In the year of acquisition, fair value is determined by Directors' valuation. The fair value of investment in equity securities measured at their fair value is their quoted bid price at the reporting date, if available, or valuations. Investments in unlisted equity securities are valued at Directors' valuation in the year of acquisition and subsequently by annual valuations carried out in accordance with the valuation principles set out by Australian Venture Capital Association Limited (AVCAL).



Financial Information

Notes to the consolidated interim financial statements

2. Investments

	Unaudited Jun 2008	Unaudited Jun 2007	Audited Dec 2007
Non-current investments			
Equity securities carried at fair value	29,551,611	24,957,751	25,864,249
	29,551,611	24,957,751	25,864,249

Non-current investments

The Group has a number of investments in unlisted equity securities. Group policy is to carry these investments at fair value with subsequent movements in fair value recognised in the income statement. As there is no quoted market price for these securities, valuation techniques must be utilised to determine fair value.

The valuation technique utilised includes the use of market based earnings multiples and a marketability discount in the range from 10% to 30% for privately owned investments.

The difference between the cost and the carrying value in the balance sheet is shown as a fair value movement through the income statement.

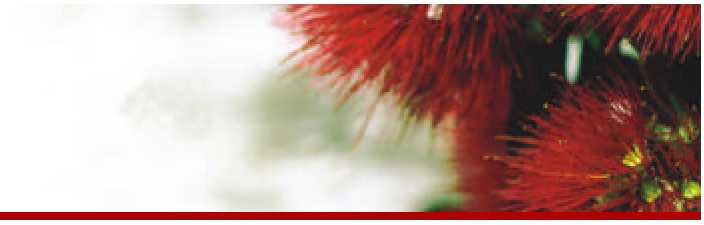
The following details the unlisted equity securities held at 30 June 2008 at their cost price:

Entity name	Activities	Acquisition date	Voting interest	Cost of acquisition
Express Logistics Group Limited	Logistics	Oct 2005	19.7%	2,800,068
NZPH Investments Limited	Food/agriculture	Nov 2005	15.8%	4,142,685
BioPacificVentures	Private equity vehicle	Nov 2005	11.0%	2,432,222
International Forwarding Limited	Logistics [1]	Oct 2006	22.4%	874
Triton Hearing Clinics Limited	Services	Nov 2006	18.7%	1,309,614
Paper Coaters Group Limited	Manufacturing	Apr 2007	32.8%	3,598,812
Innovair Group Limited	Consumer goods [2]	Aug 2007	11.3%	919,479
GoBus Limited	Services	Dec 2007	31.8%	4,596,223
Shears & Mac4	Manufacturing	May 2008	18.1%	1,990,295
				21,790,272

[1] International Forwarding Limited (IFL) sold its interest in the freight forwarding part of the business Gluck Australia during the period to 30 June 2008. It still holds the warehouse and distribution business for Australia and New Zealand.

[2] The assets of Innovair Group Limited were also sold during the period. As at 30 June 2008, Innovair Group Limited still retained the proceeds from the asset sales. The valuation of the investment in Innovair Group Limited reflects the full value of the sale price.

Both transactions are subject to normal sale conditions including warranties and escrow arrangements for up to two years.



Financial Information

Notes to the consolidated interim financial statements

3. Capital and reserves

Reconciliation of movement in capital and reserves

	Attributable to equity holders of the parent				
	Share capital	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2007	20,950,000	(628,161)	20,321,839	4,306,809	24,628,648
Total recognised income and expense	-	(1,224,795)	(1,224,795)	15,026,286	13,801,491
Dividends to equity holders	-	-	-	(13,952,951)	(13,952,951)
Repayment of share capital	(3,618,000)	-	(3,618,000)	-	(3,618,000)
Balance at 31 December 2007	17,332,000	(1,852,956)	15,479,044	5,380,144	20,859,188
Balance at 1 January 2008	17,332,000	(1,852,956)	15,479,044	5,380,144	20,859,188
Share capital call	15,900,000	-	15,900,000	-	15,900,000
Total recognised income and expense	-	(324,892)	(324,892)	2,657,039	2,332,147
Balance at 30 June 2008	33,232,000	(2,177,848)	31,054,152	8,037,183	39,091,335

Share capital

	Investment Co's Preference shares			PPE Ordinary shares			PPE Preference shares		
In millions of shares	Jun 08	Jun 07	Dec 07	Jun 08	Jun 07	Dec 07	Jun 08	Jun 07	Dec 07
On issue at beginning of period	1,325	1,325	1,325	53	53	53	4,938	5,300	5,300
Redemption of shares	-	-	-	-	-	-	-	-	(362)
On issue at end of period	1,325	1,325	1,325	53	53	53	4,938	5,300	4,938

Ordinary shares and Investment Company preference shares have been allotted at nil value. The Pohutukawa Private Equity preference shares (100 issued per Ordinary share at inception) have been allotted at $0.01 per share, of which 40 were fully paid upon subscription.

During the period to 30 June 2008 a second call was made on 30 of the uncalled Pohutukawa Private Equity preference shares (at $0.01 per share) increasing the total paid capital by $15,900,000. At 30 June 2008 30 preference shares remain unpaid (at $0.01 per share). It is Pohutukawa Private Equity Limited's intention to make the final call on the remaining unpaid preference shares within five years of the initial issue.

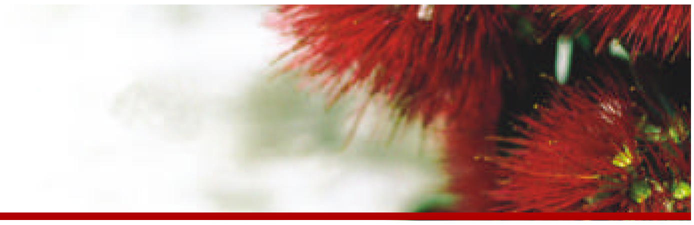
4. Loans and borrowings

	Unaudited Jun 2008	Unaudited Jun 2007	Audited Dec 2007
Short-term credit facility	-	-	5,096,223
	-	-	5,096,223

The short-term credit facility in place at 31 December 2007 was repaid in full upon receipt of proceeds from the second call made to shareholders in January 2008.

5. Subsequent events

Subsequent to 30 June 2008, $2,590,481 has been invested in Rodd & Gunn Limited, one of Australasia's leading menswear retail chains; and an investment in New Zealand King Salmon Investments Limited will be settled on 23 September 2008 for $7,255,000. The final call notice of 30 cents per share was issued on 5 September 2008.



Directory

BOARD OF DIRECTORS OF POHUTUKAWA PRIVATE EQUITY

John McDonald
Neil Craig
Murray Davies
William Stevens

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