

11 August 2014

Dear Shareholder

Pohutukawa II Distribution 11 August 2014

Following the recent Pohutukawa II (PII) sell-down of Scales Corporation shares into the Scales IPO, capital proceeds have been paid to PII, which we are now distributing through to shareholders of Pohutukawa II.

Total capital proceeds of \$12,079,187 were realised from the sale of 66% of PII's shareholding in Scales. PII covered its share of the transaction costs for selling Scales shares into the IPO. PII is distributing the gross capital proceeds from the IPO. There is also a gross Scales dividend of \$847,938.

The total gross distribution of capital and dividend equates to \$12,927,125 or 15.67cps

Capital distribution

You will recall that in the PII-Scales offer, PII shareholders were able to elect to receive their capital as either a cash distribution, or shares in Scales. PII shareholders who did not make an election defaulted to the cash option. For your information, of the total Scales shares realized by PII, 41% of those PII shareholders elected to take Scales shares.

Scales share election

For PII shareholders who elected to take up Scales shares, your capital distribution (equivalent to 14.64 cents per PII share) was distributed by way of the Scales shares you now hold.

Cash election

For PII shareholders who elected cash (rather than Scales shares), you will receive the 14.64cps capital distribution.

Dividend

In addition, whether Scales shares or cash was elected, shareholders in PII will receive a further Scales gross dividend of \$847,938, or 1.03cps representing a pre IPO dividend from Scales.

Distributions will be paid to your nominated bank accounts on Monday 11 August 2014.

The table below shows a breakdown of the distribution, including the net cents per PII share before your prescribed RWT/NRWT deductions are applied to the dividend component.

Portfolio Co.	Source of Distribution	Gross Distribution	Net Cents Per Share
			Before RWT/NRWT
Scales Corporation	Dividend*	\$ 847,938	\$ 0.007400
Scales Corporation	Capital from IPO proceeds **	\$ 12,079,187	\$ 0.146414
Total		\$ 12,927,125	\$ 0.153815
* Imputation credits @ 28%			
**Includes cash election and share election options			



Details of the distribution including tax information are contained in the distribution advice issued to you by the Registry.

The distribution advices will show either that you received cash comprising capital and dividend to your bank account; or that you elected Scales shares in which case the capital has been applied towards the earlier purchase of Scales shares in the IPO, while the dividend component was paid in cash.

Only shareholders who were on the Register at the record date 1 August 2014 are eligible to receive the distribution.

Thank you for your continuing support, and do not hesitate to get in touch with Peter Lalor at Pohutukawa II Management Limited on 07-577 4727 if you have any questions on this distribution.

Yours faithfully

POHUTUKAWA PRIVATE EQUITY II LIMITED

A handwritten signature in blue ink, appearing to read 'John McDonald', with a horizontal line underneath.

JOHN MCDONALD
Chairman