

18 September 2020

Dear Shareholder

**POHUTUKAWA PRIVATE EQUITY II LIMITED  
SHAREHOLDER UPDATE 30 JUNE 2020**

We are pleased to provide Shareholders with this update for the period to 30 June 2020. Directors have opted to provide an abridged update for shareholders rather than the usual interim report given the small number of remaining investments in the Fund. The report includes the financial statements for the interim period to 30 June 2020.

*Pohutukawa II Fund*

The Pohutukawa II offer raised \$82.5 million of committed capital in February 2009. Pohutukawa II co-invests with the Direct Capital IV which together total \$325 million. Pohutukawa II has called \$51.1 million to the period ended 30 June 2020. On 18 December 2014 the Board decided to cap the maximum amount of capital to be called at 80 cents per share (cps), i.e. a reduction of 20 cps in total committed capital. Shareholders have contributed capital of 62 cps and it is unlikely that any further calls will be required.

*Portfolio Company Investments*

Pohutukawa II had three remaining investments at the end of the interim period. The portfolio companies have performed to expectations during this period.

- *Bayley Corporation*

In March 2020 Direct Capital realised the majority of its shareholding to parties associated with Bayleys including existing and new executive shareholders and franchise owners.

Direct Capital IV and Pohutukawa II retain a combined 4.7% shareholding in Bayleys and \$5m in a shareholder loan\*. The Manager remains on the board of Bayleys. (\*this loan is shown in the Pohutukawa II interim financial statements under loans and receivables for an amount of \$1.2m)

Bayleys is trading in line with its (post-COVID) expectations.

- *PF Olsen*

Despite a challenging period, PF Olsen has traded above expectations. Some of the key highlights from the June quarter were:

- a record low total injury frequency rate (TIFR);
- forestry management performing well, with revenue up ~20% on the 2019 pcp; and
- log prices stabilising at acceptable levels.

Pohutukawa Private Equity II Limited

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- *George H Investments*  
Following receipt of the Silverstream industrial property sale proceeds, the company commenced the process to wind up and made a capital distribution in June of ~80% of the realized value. Pohutukawa II received a distribution of \$573,393. Following regulatory approval, the remaining capital proceeds will be distributed to shareholders and Pohutukawa II expects to receive c. \$142,000.

#### *Distributions*

Pohutukawa II has to date made gross distributions totalling \$1.10 per share. Your shares are paid to 62 cps. The Fund's last distribution was for 6 cps paid on 22 April 2020. Cash flows permitting, directors expect to be in a position to distribute up to \$700,000 (0.85 cps) in the 4<sup>th</sup> quarter.

#### *Portfolio Company Investment Revaluations*

The Manager re-values the portfolio company investments each quarter using the International Private Equity & Venture Capital valuation guidelines. The portfolio fair value at 30 June 2020 was \$4.9 million.

#### *Financial Position 30 June 2020*

As at 30 June 2020 Pohutukawa II had 82.5 million stapled securities on issue, paid to 62cps.

Shareholder' funds were \$5.4 million, equivalent to a net asset backing of 6.5 cps.

The loss for the period was \$91,064. Administration expenses were \$337,539, compared to \$374,545 in June 2019.

From 1 July 2020 the investment manager has also agreed to a 50% reduction in the management fees charged recognising the reduced portfolio.

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We will keep you informed on portfolio developments via the Pohutukawa website [www.pohutukawafund.co.nz](http://www.pohutukawafund.co.nz).

If you have any queries regarding your investment in Pohutukawa II, please discuss with your Investment Adviser or you may call the Manager, Peter Lalor on 07 927 7927.

Yours sincerely

**POHUTUKAWA PRIVATE EQUITY II LIMITED**



**John McDonald**  
Chair

**POHUTUKAWA PRIVATE EQUITY II LIMITED  
INTERIM FINANCIAL STATEMENTS  
30 JUNE 2020**

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## Consolidated interim statement of comprehensive income

For the six months ended 30 June 2020

	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
Note	Jun 2020	Jun 2019	Dec 2019
Interest income	4,965	18,023	33,422
Dividends received	110,933	736,468	1,054,958
Change in fair value of investments	4 107,559	968,955	(794,713)
Gain on sale of investments	753	9,468	9,675
Movement in earnout provision	6 22,265	(271,675)	96,440
Administrative expenses	(337,539)	(374,545)	(783,728)
<b>Operating profit/(loss) before tax</b>	<b>(91,064)</b>	<b>1,086,694</b>	<b>(383,946)</b>
Tax expense	-	-	-
<b>Profit/(loss) after tax</b>	<b>(91,064)</b>	<b>1,086,694</b>	<b>(383,946)</b>
<b>Attributable to:</b>			
Equity holders of the parent	(178,896)	(474,540)	(327,962)
Equity holders of the investment companies	1c 87,832	1,561,234	(55,984)
<b>Profit/(loss) for the period</b>	<b>(91,064)</b>	<b>1,086,694</b>	<b>(383,946)</b>
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income/(loss) for the period attributable to the equity holders of stapled securities</b>	<b>(91,064)</b>	<b>1,086,694</b>	<b>(383,946)</b>



## Consolidated interim statement of changes in equity

For the six months ended 30 June 2020

Note	Attributable to equity holders of the parent			Attributable to equity holders of the investment companies	Total equity
	Share capital	Retained earnings	Total		
<b>Unaudited</b>					
<b>Balance at 1 January 2020</b>	25,321,331	(15,736,881)	9,584,450	806,045	10,390,495
Total comprehensive income	-	(178,896)	(178,896)	87,832	(91,064)
Distributions to equity holders	-	-	-	(88,745)	(88,745)
Redemption of share capital	(4,826,742)	-	(4,826,742)	-	(4,826,742)
<b>Balance at 30 June 2020</b>	<b>20,494,589</b>	<b>(15,915,777)</b>	<b>4,578,812</b>	<b>805,132</b>	<b>5,383,944</b>
<b>Unaudited</b>					
<b>Balance at 1 January 2019</b>	25,913,910	(15,408,919)	10,504,991	2,249,450	12,754,441
Total comprehensive income	-	(474,540)	(474,540)	1,561,234	1,086,694
<b>Balance at 30 June 2019</b>	<b>25,913,910</b>	<b>(15,883,459)</b>	<b>10,030,451</b>	<b>3,810,684</b>	<b>13,841,135</b>
<b>Audited</b>					
<b>Balance at 1 January 2019</b>	25,913,910	(15,408,919)	10,504,991	2,249,450	12,754,441
Total comprehensive income	-	(327,962)	(327,962)	(55,984)	(383,946)
Distributions to equity holders	-	-	-	(1,387,421)	(1,387,421)
Redemption of share capital	(592,579)	-	(592,579)	-	(592,579)
<b>Balance at 31 December 2019</b>	<b>25,321,331</b>	<b>(15,736,881)</b>	<b>9,584,450</b>	<b>806,045</b>	<b>10,390,495</b>



## Consolidated interim statement of financial position

As at 30 June 2020

	Note	Unaudited Jun 2020	Unaudited Jun 2019	Audited Dec 2019
<b>Assets</b>				
Loans and receivables	3	1,191,555	-	-
Investments – equity securities	4	4,971,474	15,551,792	12,794,490
<b>Total non-current assets</b>		<b>6,163,029</b>	<b>15,551,792</b>	<b>12,794,490</b>
Trade and other receivables	2	40,139	62,635	8,882
Cash and cash equivalents	5	705,234	1,708,651	243,951
<b>Total current assets</b>		<b>745,373</b>	<b>1,771,286</b>	<b>252,833</b>
<b>Total assets</b>		<b>6,908,402</b>	<b>17,323,078</b>	<b>13,047,323</b>
<b>Equity</b>				
Issued capital		20,494,589	25,913,910	25,321,331
Retained losses		(15,915,777)	(15,883,459)	(15,736,881)
<b>Total equity attributable to equity holders of the parent</b>		<b>4,578,812</b>	<b>10,030,451</b>	<b>9,584,450</b>
<b>Equity attributable to equity holders of the investment companies</b>	1 c	<b>805,132</b>	<b>3,810,684</b>	<b>806,045</b>
<b>Total equity attributable to equity holders of stapled securities</b>		<b>5,383,944</b>	<b>13,841,135</b>	<b>10,390,495</b>
<b>Liabilities</b>				
Trade and other payables		178,423	21,656	59,656
<b>Total current liabilities</b>		<b>178,423</b>	<b>21,656</b>	<b>59,656</b>
Earnout provision	6	1,346,035	3,460,287	2,597,172
<b>Total non-current liabilities</b>		<b>1,346,035</b>	<b>3,460,287</b>	<b>2,597,172</b>
<b>Total liabilities</b>		<b>1,524,458</b>	<b>3,481,943</b>	<b>2,656,828</b>
<b>Total equity and liabilities</b>		<b>6,908,402</b>	<b>17,323,078</b>	<b>13,047,323</b>

For and on behalf of the Board



Director

8 September 2020



Director

8 September 2020



## Consolidated interim statement of cash flows

For the six months ended 30 June 2020

	Note	Unaudited Jun 2020	Unaudited Jun 2019	Audited Dec 2019
<b>Cash flows from operating activities</b>				
Interest received		4,965	18,339	38,669
Dividends received		110,933	736,468	1,054,958
Cash paid to suppliers		(250,000)	(417,065)	(775,179)
Interest paid		(29)		
Distribution of earnout	6	(1,228,872)	-	(495,000)
<b>Net cash from operating activities</b>		<b>(1,363,003)</b>	<b>337,742</b>	<b>(176,552)</b>
<b>Cash flows from investing activities</b>				
Realisations from investments		7,931,328	188,202	1,323,038
Loans to portfolio companies		(1,191,555)	-	-
Acquisition of investments		-	-	(105,242)
<b>Net cash from investing activities</b>		<b>6,739,773</b>	<b>188,202</b>	<b>1,217,7896</b>
<b>Cash flows from financing activities</b>				
Redemption of preference shares	7	(4,826,742)	-	(592,579)
Distributions to equity holders	7	(88,745)	-	(1,387,421)
<b>Net cash from financing activities</b>		<b>(4,915,487)</b>	<b>-</b>	<b>(1,980,000)</b>
Net movement in cash and cash equivalents		461,283	525,944	(938,756)
Cash and cash equivalents at beginning of period		243,951	1,182,707	1,182,707
<b>Cash and cash equivalents at end of period</b>	5	<b>705,234</b>	<b>1,708,651</b>	<b>243,951</b>

### Reconciliation of profit for the period with net cash from operating activities

	Unaudited Jun 2020	Unaudited Jun 2019	Audited Dec 2019
Profit/(loss) for the period	(91,064)	1,086,694	(383,946)
<i>Adjustments for:</i>			
Changes in fair value of investments – equity securities	(107,559)	(968,955)	794,713
Gain on sale of investments	(753)	(9,468)	(9,675)
<i>Movements in Working Capital:</i>			
Change in trade and other receivables	(31,257)	(4,479)	13,521
Change in earnout provision	(1,251,137)	271,675	(591,440)
Change in trade and other payables	118,767	(37,725)	275
<b>Net cash from operating activities</b>	<b>(1,363,003)</b>	<b>337,742</b>	<b>(176,552)</b>





## Notes to the consolidated interim financial statements

### 1. Significant accounting policies

Pohutukawa Private Equity II Limited (the “Company”) is a company incorporated and domiciled in New Zealand. The consolidated interim financial statements of the Company for the six months ended 30 June 2020 comprise the Company and 12 Investment Companies (30 June 2019: 12) (together referred to as the “Group”) and outline significant changes to information reported in the financial statements for the year ended 31 December 2019.

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 2019.

The interim financial statements were approved by the Directors on 8 September 2020.

#### (a) Statement of compliance

The interim financial statements have been prepared in accordance with New Zealand Equivalents to International Accounting Standard (NZ IAS) 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 2019.

#### (b) Basis of preparation

The Parent Company is a FMC Reporting Entity for the purposes of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013. The financial statements are presented in New Zealand dollars, which is the Group’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.

#### (c) Basis of consolidation

For every ordinary share held in Pohutukawa Private Equity II Limited, investors also hold 100 preference shares in Pohutukawa Private Equity II Limited as well as one preference share in each of the 12 (30 June 2019:12) 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 II Limited as the acquirer and the parent entity for the purpose of preparing consolidated financial statements. The Investment Companies combining under the stapling arrangement are designated as the Investment Companies who invest in Portfolio Companies.

Investments in equity securities, which would normally be classified as investments in associates, are carried at fair value and are not equity accounted (see accounting policy 1d). This is due to the fact that the Group are private equity investors.



## Notes to the consolidated interim financial statements

### 1. Significant accounting policies (continued)

#### (c) Basis of consolidation (continued)

##### *Special purpose entities*

The Group has established a number of special purpose entities for investment purposes. Special purpose entities are consolidated when the Group concludes that it controls the special purpose entity.

##### *Equity attributable to equity holders of the investment companies*

Equity attributable to equity holders of the 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.

#### (d) Investments in equity securities

The Group's investments in equity securities are classified at fair value through profit or loss financial assets 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.

Investments in unlisted equity securities are valued in accordance with the International Private Equity and Venture Capital (IPEV) valuation guidelines.

#### (e) 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 the profit or loss over the period of the borrowings on an effective interest rate basis.

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

There are no new standards, amendments or interpretations that have been issued and are effective that are expected to have a material impact on the Group.

### 2. Trade and other receivables

	Unaudited Jun 2020	Unaudited Jun 2019	Audited Dec 2019
GST receivable	27,776	633	1,777
Prepayments	12,363	21,315	7,105
Other receivables	-	40,687	-
	40,139	62,635	8,882



## Notes to the consolidated interim financial statements

### 3. Loans to portfolio companies

	Unaudited Jun 2020	Unaudited Jun 2019	Audited Dec 2019
Bayley Corporation Limited	1,191,555	-	-
	1,191,555	-	-

This loan arose from the partial realisation of the Direct Capital investment and is interest bearing at 4% p.a. for the first twelve months and 5% p.a. thereafter and repayable by 30 September 2021. Due to Covid-19 disruption, it was agreed interest is not payable on the loan for the initial period to 30 September 2020.

### 4. Investments

#### Non-current investments

The Group has investments in unlisted equity securities. Group policy is to carry these investments at fair value with subsequent movements in fair value recognised in profit or loss. As there is no quoted market price for these securities in most instances, valuation techniques are utilised to determine fair value.

Shares in George H Investments Limited have been valued based on the net assets of the company. The valuation techniques utilised for all other investments include the use of market based earnings multiples and an adjustment factor of up to 20% for privately owned investments.

The following details the equity securities held at 30 June 2020 at their cost price:

Entity name	Activities	Initial Acquisition date	Voting Interest	Unaudited Jun 2020 Cost of Acquisition	Unaudited Jun 2019 Cost of Acquisition	Audited Dec 2019 Cost of acquisition
Bayley Corporation Limited	Real estate services	Jun 2010	1.1%	999,017	3,574,666	3,574,666
George H Investments Limited	Investment assets	Jul 2011	9.3%	79,581	1,042,533	418,789
PF Olsen Group Limited	Forestry management	Sep 2011	9.5%	2,580,878	2,475,636	2,580,878
				3,659,476	7,092,835	6,574,333

Agreement was reached in March 2020 for Pohutukawa Beta Limited together with other Direct Capital co-investors to sell 85.9% of its Bayley Corporation Limited shareholding. As part of the settlement, it was agreed to \$5.0m in total being left in as a vendor loan. Pohutukawa Beta Limited's share of this is \$1,191,555.



## Notes to the consolidated interim financial statements

### 4. Investments (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).

30 June 2020	Level 1	Level 2	Level 3	Total
Investments in unlisted equity securities	-	139,198	4,832,276	4,971,474
	Level 1	Level 2	Level 3	Total
30 June 2019				
Investments in unlisted equity securities	-	-	15,551,802	15,551,802
	Level 1	Level 2	Level 3	Total
31 December 2019				
Investments in unlisted equity securities	-	-	12,794,490	12,794,490

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

Investments	Jun 2020	Dec 2019
Opening balance	12,794,490	14,582,837
Total gains/(losses):		
Net change in fair value	108,312	(785,038)
Investments at cost during the year		105,242
Reclassified to level 2	(139,198)	
Capital returns	(7,931,328)	(1,108,551)
Closing balance	4,832,276	12,794,490

Total gains/(losses) included in the above table are presented in the statement of comprehensive income as follows:

Investments	Jun 2020	Dec 2019
Total gains/(losses) included in profit or loss for the period	108,312	(785,038)
Total gains/(losses) for the period included in profit or loss for assets held at the end of the reporting period	107,559	(794,713)

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. Refer Note 4(c) for sensitivity analysis with regards to the earnings multiple or adjustment factor.



## Notes to the consolidated interim financial statements

### 4. Investments (continued)

#### (b) Significant unobservable inputs used in measuring fair value

Significant unobservable inputs are developed as follows:

##### *EBITDA multiples:*

Represent amounts that market participants would use when pricing the investments. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA. Other factors that management considers are items such as the lack of marketability and other differences between the comparable peer group and specific company.

##### *Discount for lack of marketability:*

Represents the discount applied to the comparable market multiples to reflect the illiquidity of the portfolio companies relative to the comparable peer group. Management determines the discount for lack of marketability based on its judgment after considering market liquidity conditions and company-specific factors such as the developmental stage of the portfolio company, if any.

#### (c) Sensitivity Analysis for Unlisted Securities

A movement of 0.2 in the earnings multiples applied to the investments carried at fair value changes the value of the investments by \$129,285. A movement in the discount factor of 5% changes the value of the investments by \$246,500. A movement in the maintainable earnings of 5% changes the value of the investments by \$197,200.

### 5. Cash and cash equivalents

	Unaudited Jun 2020	Unaudited Jun 2019	Audited Dec 2019
Call deposits	705,234	908,651	243,951
Short-term deposits	-	800,000	-
Cash and cash equivalents	<u>705,234</u>	<u>1,708,651</u>	<u>243,951</u>

The majority of call deposits are held with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited, a 100% subsidiary of Craigs Investment Partners Limited (refer to note 8). The interest rate at 30 June 2020 is 0.90% (30 June 2019: 2.10%).

When applicable, short-term deposits are held with ANZ Bank New Zealand Limited for periods of up to 90 days. There were no short-term deposits held at 30 June 2020, (30 June 2019: \$800,000 with an interest rate of 3.0%).



## Notes to the consolidated interim financial statements

### 6. Earnout Provision

	Unaudited Jun 2020	Unaudited Jun 2019	Audited Dec 2019
Opening provision	2,597,172	3,188,612	3,188,612
Change in provision due to change in Net Assets	(22,265)	271,675	(96,440)
Distribution of earnout during the period	(1,228,872)	-	(495,000)
Closing Earnout Provision	<u>1,346,035</u>	<u>3,460,287</u>	<u>2,597,172</u>

In accordance with clause 11 of the Prospectus the earnout holder is entitled to an earnout distribution calculated at 20% of net returns to Pohutukawa Private Equity II 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 30 June 2020 the estimated earnout provision is calculated at \$1,346,035, which is based on unrealised portfolio company fair value valuations of \$4,971,474 and loans to portfolio companies of \$1,191,555 being fully recovered. Movements in the provision are recognised in profit or loss.

### 7. Share Capital

Distributions of \$4,915,487 (\$0.060 per share), including dividends of \$88,745 and redemption of share capital of \$4,826,742 were declared during the period by companies within the Group (30 June 2019: \$Nil). 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.

### 8. Related parties

#### Identity of related parties

The Company has a related party relationship with its Investment Companies, due to the ownership structure. Loans are made between the Company and the Investment Companies which eliminate on consolidation.

Craigs Investment Partners Limited and Direct Capital IV Management Limited own 50% each of Pohutukawa II Management Limited, the Manager of Pohutukawa Private Equity II Limited. Craigs Investment Partners Limited and Direct Capital IV Investment Partners LP are partners in Pohutukawa II Investment Holdings LP which is the holder of the ordinary shares in the Investment Companies. Certain directors of the Company are also directors of Craigs Investment Partners Limited. Certain directors of the Investment Companies are also directors of Direct Capital IV Management Limited and Craigs Investment Partners Limited.

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



## Notes to the consolidated interim financial statements

### 8. Related parties (continued)

#### Transactions with related parties

During the period, Pohutukawa Private Equity II Limited entered into the following transactions with related parties:

- Management fees charged by Pohutukawa II Management Limited for the reporting period totalled \$258,013 (30 June 2019: \$301,128). At the end of the reporting period management fees of \$147,803 were owing to Pohutukawa II Management Limited (30 June 2019: \$Nil).
- Craigs Investment Partners Limited paid certain expenses and collects certain receipts of Pohutukawa Private Equity II Limited. As at 30 June 2020, no amount remained owing to Craigs Investment Partners Limited (30 June 2019: \$Nil owing to Craigs Investment Partners Limited).
- Call deposits have been invested in ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited, a subsidiary of Craigs Investment Partners Limited. At 30 June 2020 the balance held was \$705,234 (30 June 2019: \$1,708,651).
- Direct Capital IV Management Limited paid certain expenses on behalf of Pohutukawa Private Equity II Limited. As at 30 June 2020, no expenses were owing to Direct Capital IV Management Limited (30 June 2019: \$Nil).
- Pohutukawa II Investment Holdings LP received earnout distribution of \$1,228,872 during the period 30 June 2020 (30 June 2019: \$Nil).

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.

#### Transactions with key management personnel

	Unaudited Jun 2020	Unaudited Jun 2019	Audited Dec 2019
Directors fees (total remuneration)	42,500	42,500	85,000

The balance owing to directors at 30 June 2020 is \$21,250 (30 June 2019: \$21,250).

### 9. Subsequent events

There were no material subsequent events for the Group.



# Independent Review Report

To the Shareholders of Pohutukawa Private Equity II Limited

## Report on the interim consolidated financial statements

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements on pages 2 to 12 do not:

- i. Present fairly in all material respects the Group's financial position as at 30 June 2020 and its financial performance and cash flows for the 6 month period ended; and
- ii. Comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying interim consolidated financial statements which comprise:

- The consolidated statement of financial position as at 30 June 2020;
- The consolidated statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.



### Basis for conclusion

A review of interim consolidated financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Pohutukawa Private Equity II Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.



### Use of this Independent Review Report

This report is made solely to the Shareholders as a body. Our review work has been undertaken so that we might state to the Shareholders those matters we are required to state to them in the Independent Review 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 review work, this report, or any of the opinions we have formed.





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

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

- The preparation and fair presentation of the interim consolidated financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- Implementing necessary internal control to enable the preparation of interim consolidated 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 review of the interim consolidated financial statements**

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these interim consolidated financial statements.

This description forms part of our Independent Review Report.



KPMG  
Tauranga

8 September 2020