Pohutukawa

PRIVATE EQUITY LIMITED

ANNUAL REPORT

For the year ended 31 December 2014

Contents

Report to Shareholders

10 April 2015

Dear Shareholder

I am pleased to present Pohutukawa's 2014 Annual Report. The report includes the financial statements for the financial year ended 31 December 2014 with commentary on the performances of our portfolio companies and their prospects for 2015.

Portfolio Overview

Pohutukawa has to date realised total investment proceeds of $65.8 million (from a total of $53 million subscribed) and you have received back by way of capital and imputed dividend returns an amount of $1.09 gross per share from your original $1.00 per share investment.

Eight of the original twelve investments in Pohutukawa have been realised. There are four direct investments remaining along with BioPacificVentures. The two largest investments (New Zealand Pharmaceuticals and New Zealand King Salmon) represent approximately 85% of the remaining portfolio value.

We also hold approximately $1.5 million of cash as at 31 March to fund any follow-on investments and working capital of the fund.

Distributions to Shareholders

Although Pohutukawa received some dividend payments during the financial period the amount received was insufficient to warrant a meaningful distribution to shareholders.

Net asset backing at 31 December 2014 (after a provision for manager's earnout) was 41 cents per share (cps).

A summary of gross returns made to Shareholders is shown in *Table 1:*

Current Portfolio

New Zealand Pharmaceuticals (NZP) produced another strong performance. NZP completed a significant plant upgrade in December 2014 which provides a 30% increase in manufacturing capacity and earnings potential. NZP made a loan repayment of $354,345 during the year.

New Zealand King Salmon (NZKS) again experienced a lift in export sales volumes and returns due to a positive global salmon market. The Ora King brand is successfully growing sales. Overall fish production levels are improving.
New Zealand King Salmon was granted three new salmon farm licences (35 year terms) following a final legal appeal. The new farms once constructed will enable NZKS to increase production capacity by up to 70% to meet global demand for its product.

Stratex operates in a highly competitive and cost focussed market but continues to secure a number of new contract wins. These should translate into production volume increases through the next financial year. The company continues to pursue a number of significant contracts which may require further capital in the next financial year.

Table 1 - Summary of Investor Returns

Gross Return to 31 December 2014		
Original investment	**$1.00**	
Gross Return to Investors		
December 2007		**0.35**
November 2008		**0.09**
June 2009		**0.02**
December 2009		**0.18**
March 2010		**0.10**
March 2011		**0.03**
May 2012		**0.32**
Total Gross Return		**1.09**
Assessed Net Asset Value 31 December 2014*		**0.53**
Estimated Gross Return*		**$1.62**

** Excluding manager's earnout currently estimated to be $0.125*

Report to Shareholders

Fishpond following an overhaul of its inventory reporting system has improved operating and financial performance. Fishpond recorded strong earnings growth in its 2015 financial year with the business ahead of both expectations and the prior year's performance.

The realisation of Rodd & Gunn during the year was below its investment cost of $2.9 million.

Follow-on Investments

There were no follow-on investments in the portfolio companies during the year. Direct Capital and Pohutukawa made an investment commitment to provide up to $1 million to Stratex over the 2015-2016 period to help with gearing the business for the new contracts being secured. This is in addition to the $1 million provided in 2013-2014 to assist with the plant upgrade. As part of our BioPacificVentures (BPV) commitment we made a small follow-on investment during the year into Vital Foods.

Our focus remains on providing financial support to our portfolio companies as required for their growth strategies. We have sufficient cash available should portfolio companies require follow-on investment which meets our investment criteria.

Economic outlook for 2015

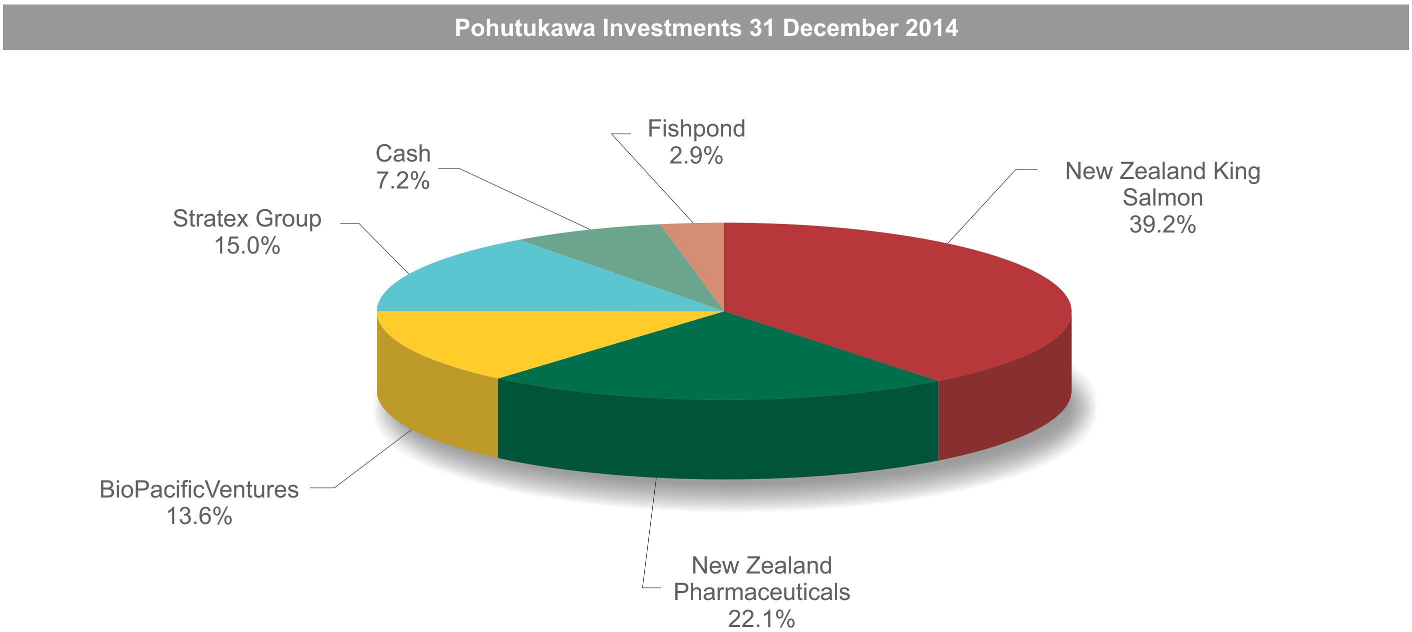
The NZ$ continues at a relatively high level in particular against the AU$. This presents an ongoing challenge for our exporting companies. The economic pointers for the New Zealand economy continue to be positive with expectations for continued low inflation and interest rates, and ongoing modest growth. The stronger US$ is helping financial returns for NZP and NZKS while impacting on import costs for all companies.

Portfolio Position

The total value of the portfolio company investments (excluding cash) at the end of the financial period to 31 December 2014 was $26.4 million (2013 $27.2 million).

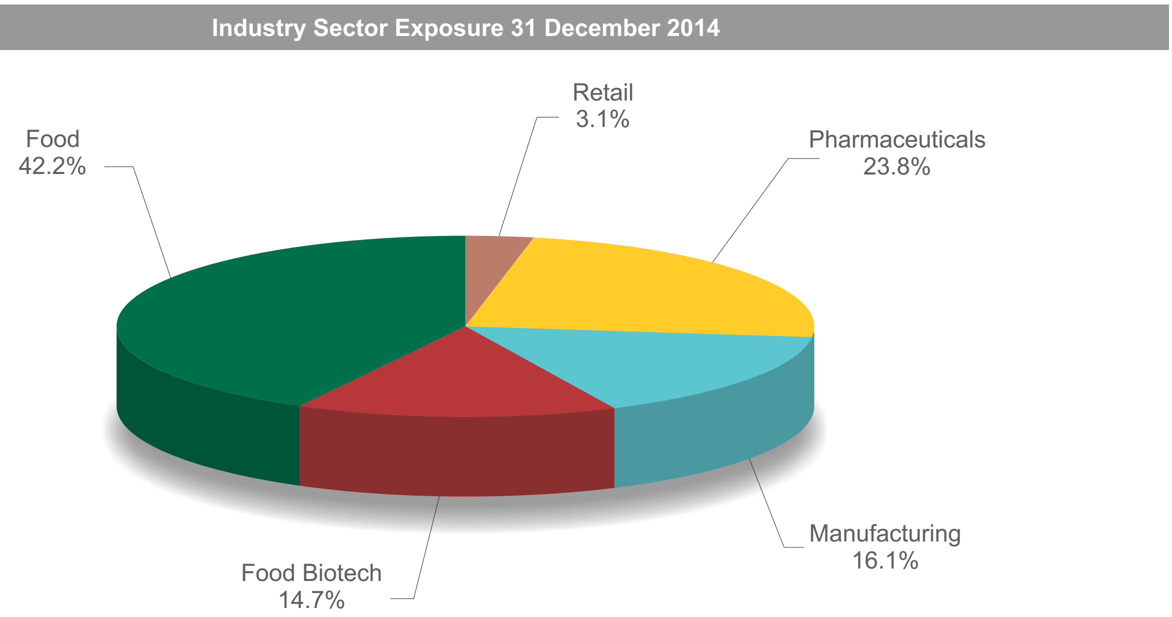
A breakdown of our investments and cash position at 31 December 2014 are shown in *Chart 1*, while *Chart 2* shows the investment portfolio's industry sector weightings.

Chart 1 - Pohutukawa investments at cost



Report to Shareholders

Chart 2 - Industry sector exposure



Portfolio Company Investment Valuations

The Manager revalues the portfolio company investments each quarter using the International Private Equity & Venture Capital valuation guidelines. Revaluations are completed for all portfolio companies.

At 31 December 2014 the Manager valued the investments at $26.4 million. This value includes shareholder loans that the Pohutukawa group has made to portfolio companies.

Table 2 shows the cost of the investments at $24.7 million. The company revaluations are based on the respective company financial performances to 31 December 2014.

Table 2 Summary of Portfolio Company Investments

Summary of Current Investments at Cost to 31 December 2014	Date of Investment	Industry	Investments at Cost (NZ$000)	Pohutukawa Shareholding %
Direct Investments				
NZP Holdings Limited	18 Nov 05	Pharmaceutical	5,892	15.6
Stratex Group Limited	1 May 07	Manufacturing	3,992	32.8
New Zealand King Salmon Investments Limited	22 Sep 08	Food	10,441	10.8
Fishpond Limited	12 Oct 09	Retail	772	4.5
Total Direct Investments			**21,097**	
BioPacificVentures Investments		Food Biotech	3,625	
Pohutukawa Investments Total Cost			**$ 24,722**	

Report to Shareholders

Portfolio Companies – Future Strategy

With the fund now in its eleventh year the Manager continues to support the portfolio companies growth strategies while also continually reviewing opportunities to crystalize value.

Annual Financial Statements 31 December 2014

Our financial statements for the year ended 31 December 2014, Directors' Report and KPMG Audit Report are included in this annual report.

As at 31 December 2014 Pohutukawa had 53 million stapled securities on issue, fully paid to $1.

At balance date shareholders' funds were $28.3 million, equivalent to a net asset backing of 53 cps (prior to a provision for earnout). This is a strong financial position and Pohutukawa has no debt.

Assets comprised:

• Investments	$17.9 million
• Loans to Portfolio Companies*	$7.9 million
• Cash	$1.9 million
• Receivables	$0.6 million

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

The item *non-controlling* interest in the statement of financial position refers to the equity of the Investment Companies. These non-controlling interests are attributable to Pohutukawa shareholders as a result of their preference shares held in the Investment Companies.

Dividend income of $300,755 was received from NZ Pharmaceuticals. Interest income of $57,071 was also received from our bank deposits and recognised from shareholder loans.

The investment portfolio is re-valued under the fair value method at 31 December 2014. There was a $1.3 million positive movement in the fair value of investments compared to the previous year's $1.3 million decline in fair value.

There was also a loan impairment of $2.2 million relating to loans to New Zealand King Salmon. This results from an accounting measurement on the 5-year renewal of the shareholder loan (from September 2014) at currently a nil interest rate. There was a gain on the sale of Rodd & Gunn of $237,444 when compared to its 2013 valuation.

Report to Shareholders

Administrative expenses were $1.07 million, for no change from 2013.

The loss for the financial year was $1.3 million, compared to the $2.6 million loss recorded in 2013.

Table 3 shows the Pohutukawa Financial Performance Summary for the year ended 31 December 2014.

Table 3 - Pohutukawa Financial Performance Summary

Pohutukawa Financial Performance Summary For the year ended 31 December 2014			
		2014 **$000**	**2013** **$000**
Operating Results			
Interest income		57	235
Dividend income		301	362
Other income		106	106
Gain/(Loss) on sale of investments		237	(958)
Change in fair value of investments		1,258	(1,295)
Loan impairments portfolio companies		(2,231)	-
Administrative expenses		(1,073)	(1,075)
Loss before tax		(1,345)	(2,625)
Tax expense		-	(9)
Loss after tax		(1,345)	(2,634)
Share performance			
Stapled Securities on issue	$1.00	53,000,000	53,000,000
Earnings per share		($0.03)	($0.05)
*Estimated Net Asset backing-cents per share		$0.53	$0.56

** Excluding any provision for manager's earnout.*

The Manager

One of the roles of the Pohutukawa Board is to review the Manager's performance. This review was undertaken for the 2014 financial period. 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.

Follow-on Investment Prospects

Pohutukawa shares are fully paid to $1.00, so our remaining cash surplus plus any retained capital from company realisations may be applied to fund follow-on portfolio company investments. The directors may review this position at any time and choose to release surplus capital to shareholders.

All the portfolio companies have growth strategies in place. Pohutukawa is in a strong financial position to fund such growth. With Shareholder approval we may also consider leveraging further follow-on portfolio company investments. This would be assessed on a case by case basis and the numbers would need to support the borrowing case on a very conservative basis.

We will continue to keep you informed of any material investment activity through press announcements, or news updates on our website.

Secondary Market

Craigs Investment Partners facilitates a secondary market for your Pohutukawa shares, and details are available on the Pohutukawa website www.pohutukawafund.co.nz

As a consequence of the mature stage of the Pohutukawa fund the secondary market reflects more sellers and limited buy-side demand. It is natural for trading volumes to decrease and at this point there is limited liquidity for the shares. The last sale price was 35 cents. At 31 December 2014 the net asset backing was approximately 41 cps which is allowing for earnout of approximately 12.5 cps based on valuations to 31 December 2014.

Report to Shareholders

Annual Shareholders Meeting

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

Date: Wednesday, 13 May 2015

Time: 2.30pm

Place: Craigs Investment Partners Limited, Level 32, Vero Centre, 48 Shortland Street, Auckland

RSVP By 5 May 2015. Contact Peter Lalor on 07 577 4727 or enquiries@pohutukawafund.co.nz

We look forward to seeing you at this meeting.

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 07 577 4727.

Yours sincerely
POHUTUKAWA PRIVATE EQUITY LIMITED

John McDonald
Chairman

Manager's Report on Portfolio Companies

The Manager is pleased to report on the portfolio's performance for the year ended 31 December 2014.

While each of the portfolio companies have been actively engaged with strategic initiatives during the year, the overall portfolio value decreased slightly throughout the year, with net assets valued at 41 cps after a provision for Manager's earnout compared with last year's net asset value of 43 cps.

The Manager continues to encourage portfolio companies to pursue bold initiatives which generate value, whilst also having consideration towards opportunities to crystallise appropriate value where circumstances arise. This was the case with our Rodd & Gunn investment, where an opportunity arose to realise our shareholding as part of a capital restructure by the company. Although overall a disappointing return, this sale was in a retail environment that was very challenging.

The majority of the 31 December 2014 net asset value continues to be attributable to NZ Pharmaceuticals (NZP) and NZ King Salmon (NZKS). These two companies continue to be our primary focus.

The financial year included a number of key initiatives within these companies:

- NZP completed the expansion of its factory capacity by 30% and the company is now experiencing significant growth in earnings as a result. In addition, there continues to be strong global demand for its cholic acid products;
- During the year NZKS was granted three new 35 year salmon farm licenses after a final legal appeal. This is a critical strategic initiative to enable the company to significantly increase production capacity in New Zealand. Subject to final regulatory approvals, the first farm will move into production in May 2015 with increased harvest volumes from late 2016 onwards.

In the smaller portfolio companies;

- As a result of the factory print expansion, partly funded by Pohutukawa investors, Stratex Group has successfully tendered for new print contracts which have now commenced product development and trialling phases through the factory. The company continues to pursue a number of significant contracts which may require further capital in the next financial year;
- Following an overhaul of its inventory reporting system, Fishpond has improved its individual line item inventory management and monitoring, resulting in improved operating and financial performance;
- Realisation of Rodd & Gunn was achieved during the year, at below its investment cost.

Following the building blocks put in place over the last two years the Manager believes the prospects for the larger investments to be positive which should be reflected in stronger investment returns.

We continue to record our appreciation towards our management partners within the portfolio companies which maintained solid progress during another demanding year.

Individual performance and prospects are highlighted in the portfolio company summaries that follow.

Manager's Report on Portfolio Companies

NEW ZEALAND PHARMACEUTICALS

www.nzpharmaceuticals.com

Date of Original Investment	Industry	Stage	Total Investment Cost $000	Shareholding %
November 2005	Pharmaceuticals intermediates	MBO	$5,892	15.6*

* Total shareholding managed by Direct Capital 50.3%

Background
New Zealand Pharmaceuticals (NZP) is an international supplier of specialised biopharmaceuticals and carbohydrates. In particular, it is a world leader in the manufacture of bile acids and in particular of cholic acid, which is the main intermediate used to produce a number of liver disease related pharmaceuticals. In addition to its animal by-products business (of which cholic acid is its largest), NZP also produces a number of synthetic carbohydrate products.

Performance
The last financial year to September 2014 represented another year of strong performance for the company, with earnings up 20% on the previous year. NZP also completed its significant plant upgrade (capital expenditure of circa $13m) in December which has provided a 30% increase in manufacturing capacity; of which a large proportion of this volume is already committed, reflecting increasing demand from NZP's major customers in Asia and Europe. UK based subsidiary Dextra, which is focussed primarily on synthetic carbohydrates, has also made particularly good progress with their blood products portfolio and the new year has started strongly for this division.

Outlook
With the plant upgrade completed, and customer demand strong across the core products of the business, a substantial lift in revenue and earnings is again forecast for the coming year.

Manager's Report on Portfolio Companies

STRATEX GROUP

www.stratexgroup.co.nz

STRATEX PRODUCT PROTECTION

Date of Original Investment	Industry	Stage	Total Investment Cost $000	Shareholding %
May 2007	Manufacturing	MBO	$3,992	32.8*

* Total shareholding managed by Direct Capital 83.2%

Background

Stratex is a manufacturer of specialist base materials used in the packaging industry. It provides complex technical grade laminated packaging materials including film, paper and foil used in the food and industrial sectors across New Zealand and Australia. In 2013 the Company completed a major investment in its print capability to further convert its base material into final ready-for-use product directly to end clients.

Performance

The print investment completed in 2013 commenced a two-year transition for the Company from providing base material to (print) converters (a supplier to other suppliers), to providing finished product directly to end customers including large multi-national groups in the consumer food sector. While the transition has taken longer than expected, with extended sales cycles as product moves through complex product development and trialling phases, and meeting the phasing of existing supply contracts (typically durations of 2-3 years), the Company has been successful in securing a number of contract wins, for which full production volume is expected through the next financial year.

Outlook

With a number of new contracts secured during FY15 we expect to see an improvement in performance during the next reporting period and the Company well-positioned for ongoing growth in the food sector. This continues to position Stratex as an attractive specialist provider of packaging materials in the trans-Tasman market.

Manager's Report on Portfolio Companies

NEW ZEALAND KING SALMON

www.kingsalmon.co.nz

New Zealand King Salmon

Date of Original Investment	Industry	Stage	Total Investment Cost $000	Shareholding %
September 2008	Food	Expansion	$10,441	10.8*

* Total shareholding managed by Direct Capital 41.6%

Background

Based in Nelson with marine farms in Marlborough and employing over 420 staff, NZKS is New Zealand's largest integrated aquaculture company specialising in the farming and processing of Chinook salmon. With operations including breeding, farming, processing and distribution, the company has developed its business with a wide variety of value-added products such as smoked salmon, fillets and tailored portions. It owns the strong consumer brands of Ora King, Regal and Southern Ocean.

Performance

Global salmon markets remain positive with NZKS again experiencing a lift in export sales volumes and returns. Ora King branded product is successfully growing sales in the 'food service' channel for both domestic and export markets.

A highlight was a recent announcement that Monterey Bay Aquarium's globally respected consumer guide Seafood Watch® has rated NZKS and New Zealand marine farmed salmon as "Green" meaning it is a "Best Choice" for consumers. New Zealand salmon is the first and only ocean-farmed salmon to achieve the green / best choice rating globally. The rating is a strong endorsement of New Zealand King Salmon's sustainability credentials.

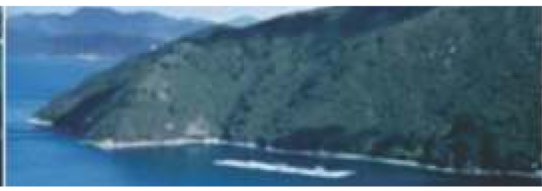
The key challenge for the company continues to be the management of fish production. Progress to date has been encouraging, but the key summer period remains below expectations. To further assist the company has signed a four year research project supported by local and supplier funding.

NZKS has been focussed on implementing the conditions related to the three additional marine farms that were approved. The company has also announced that it expects to start production on one of the new sites in May this year which would be harvested in late 2016.

Outlook

Volumes are forecast to lift in the 2015 / 2016 financial year, depending on the success of the production initiatives. Returns from global markets are expected to remain in line assisted by positive brand profile and lower exchange rates particularly for the United States market.

The Manager continues to review the overall capital requirements for the phased establishment of each new farm.



Manager's Report on Portfolio Companies

FISHPOND

www.fishpond.co.nz

Date of Original Investment	Industry	Stage	Total Investment Cost $000	Shareholding %
October 2009	Online retail	Expansion	$772	4.5*

* Total shareholding managed by Direct Capital 12.0%

Background
Fishpond is Australasia's largest local online retailer, offering a selection of 15 million products across 20 categories, including toys, health and beauty, books, electronics, lifestyle, baby, and music.

Performance
Fishpond recorded strong earnings growth in its March 2015 financial year including a dividend distribution. The business was ahead of both expectations and the prior year, with key items impacting the result. There were sustained improvements in gross profit margins and strong cash generation.

The significant investment made in Fishpond's operating and financial platform continues to be reflected in more consistent financial performance and substantially improved customer experiences. The business continues to enjoy good growth in non-media categories which represent the majority of sales.

Outlook
The development of Fishpond's innovative operating and integrated financial platform is providing the business with exciting opportunities to engage with other bricks and mortar and ecommerce retailers. The business has a number of growth initiatives in its base business but also expects NZD's appreciation relative to the AUD to continue to have an adverse impact.

Manager's Report on Portfolio Companies

RODD & GUNN

www.roddandgunn.com

Background

Rodd & Gunn is a menswear apparel retailer, with 82 Rodd & Gunn and 23 Bing Harris outlets, in malls, on high streets and in department store concessions in Australia and New Zealand. Rodd & Gunn is a long established brand that targets the premium male customer, while the Bing Harris brand was re-launched in 2012 targeting the male youth market.

Realisation

Pohutukawa participated in Rodd & Gunn's capital raising in April 2014. In order to ensure that the Company was sufficiently supported for any further capital requirements, and with its full support, Pohutukawa sought a replacement Investor for its minority shareholding. Pohutukawa realised its investment in Rodd & Gunn in September 2014. The final portion of settlement proceeds are due to be paid in the first half of 2015.

Manager's Report on Portfolio Companies

BIOPACIFICVENTURES

www.biopacificventures.com

Table 4 - BioPacificVentures Investments to 31 December 2014, at cost:

Schedule of Current Investments at Cost to 31 December 2014	Date of Original Investment	Industry	Stage	Investment Cost (NZ$000)
BioPacificVentures Investments				
NZP Holdings Limited	Nov-05	Pharmaceutical	Expansion	$ 732
Vital Food Processors Limited	Feb-06	Consumer Products	Early	$ 364
Horizon Science Pty Limited	Jul-06	Manufacturing	Early	$ 1,119
New Zealand King Salmon Investments Limited	Sep-08	Food	Expansion	$ 849
CoDa Therapeutics Inc	Sep-08	Pharmaceutical	Start up	$ 561
				$ 3,625

Pohutukawa committed 10% of its committed capital ($5.3m) to BioPacificVentures (BPV), a venture capital fund focused on the life sciences, food and agri-tech sectors, and in particular "wellness through prevention".

Most of the BPV investments are focused on early stage businesses, which by their nature are high risk; established companies New Zealand Pharmaceuticals and New Zealand King Salmon being the exceptions. These early stage investments present Pohutukawa with its main investment risk exposures, mitigated to a large degree as the investments are small as a percentage of the overall portfolio.

There have been eleven investments, and with realisations this has reduced to five.

The ultimate success for these BPV investments will largely be determined by the performances of NZP and NZKS. NZP and NZKS represent over 60% of the portfolio value at year end.

BPV's other investments include: Horizon Science with its successful low GI sugar product across Australia and New Zealand; CoDa Therapeutics with its drug development for healing chronic wounds; and Vital Foods with its kiwi-fruit based digestive health products Kiwi-Crush and Phloe.

Directors' Report

For the year ended 31 December 2014

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 $	Date of appointment
J McDonald	35,000	13 May 2008
M Prendergast	35,000	3 March 2009
N Craig	15,000	16 August 2004
M Caird	15,000	27 September 2013

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 2014.

Pohutukawa Director Investment Disclosure (Directors holding office at 31 December 2014)				
Investment Holding	**J McDonald**	**M Prendergast**	**N Craig**	**M Caird**
Including Relevant Interests				
	No. Securities	**No. Securities**	**No. Securities**	**No. Securities**
Pohutukawa Private Equity	100,000		239,000	20,000
NZ Pharmaceuticals Equity			16,119	7,774
NZ Pharmaceuticals Debt			3,918	1,891
Stratex Group Equity			18,363	22,402
Stratex Group Debt			2,012	2,452
NZ King Salmon Equity	23,852		16,079	14,128
NZ King Salmon Debt	64,494		9,827	26,235
Fishpond Equity	282	282	176	62

Director

27 March 2015

Date

Director

27 March 2015

Date

Statement of comprehensive income

For the year ended 31 December 2014

	Note	Consolidated 2014	Consolidated 2013	Parent 2014	Parent 2013
Interest income		57,071	234,578	57,066	234,563
Dividend income		300,755	361,590	-	-
Change in fair value of investments	*7(a)*	1,258,242	(1,295,112)	-	-
Gain/(Loss) on sale of investments	*7(d)*	237,444	(957,899)	(2,266,131)	(2,065,153)
Other operating income		106,000	106,000	1,081,635	1,194,546
Reversal of impairment of loans to investment companies	*17(b)*	-	-	3,955,518	1,071,187
Impairment of loans to investment companies	*17(b)*	-	-	(1,984,771)	(2,029,516)
Impairment of loans to portfolio companies	*8*	(2,231,460)	-	(2,231,460)	-
Administrative expenses	*5*	(1,073,281)	(1,074,306)	(1,073,009)	(1,074,200)
Operating profit/(loss) before tax		(1,345,229)	(2,625,149)	(2,461,150)	(2,668,573)
Income tax expense	*6*	-	(8,981)	-	-
Profit/(loss) for the year		(1,345,229)	(2,634,130)	(2,461,150)	(2,668,573)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income/(deficit) for the year		(1,345,229)	(2,634,130)	(2,461,150)	(2,668,573)
Attributable to:					
Equity holders of the parent		65,694	354,909	(2,461,150)	(2,668,573)
Non-controlling interest	*3a(iv)*	(1,410,923)	(2,989,039)	-	-
Profit/(loss) and total comprehensive income for the year attributable to the equity holders of stapled securities		(1,345,229)	(2,634,130)	(2,461,150)	(2,668,573)

Statement of changes in equity

For the year ended 31 December 2014

	Attributable to equity holders of the parent				
Consolidated	**Share capital**	**Retained losses**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2014	35,835,787	(2,301,142)	33,534,645	(3,897,145)	29,637,500
Total comprehensive income for the year	-	65,694	65,694	(1,410,923)	(1,345,229)
Balance at 31 December 2014	**35,835,787**	**(2,235,448)**	**33,600,339**	**(5,308,068)**	**28,292,271**
Balance at 1 January 2013	35,835,787	(2,656,051)	33,179,736	(908,106)	32,271,630
Total comprehensive income for the year	-	354,909	354,909	(2,989,039)	(2,634,130)
Balance at 31 December 2013	**35,835,787**	**(2,301,142)**	**33,534,645**	**(3,897,145)**	**29,637,500**

Parent	**Share capital**	**Retained losses**	**Total equity**
Balance at 1 January 2014	35,835,787	(12,728,996)	23,106,791
Total comprehensive income for the year	-	(2,461,150)	(2,461,150)
Balance at 31 December 2014	**35,835,787**	**(15,190,146)**	**20,645,641**
Balance at 1 January 2013	35,835,787	(10,060,423)	25,775,364
Total comprehensive income for the year	-	(2,668,573)	(2,668,573)
Balance at 31 December 2013	**35,835,787**	**(12,728,996)**	**23,106,791**

Statement of financial position

As at 31 December 2014

	Note	Consolidated 2014	Consolidated 2013	Parent 2014	Parent 2013
Assets					
Loans to investment companies	*17(b)*	-	-	10,506,217	10,189,479
Loans to portfolio companies	*8*	6,115,584	-	6,115,584	-
Receivables from investment companies	*17(b)*	-	-	1,617,918	1,928,524
Investments – equity securities	*7(c)*	17,891,713	17,029,479	-	-
Total non-current assets		**24,007,297**	**17,029,479**	**18,239,719**	**12,118,003**
Other receivables	*9*	643,433	191,571	20,251	182,552
Loans to portfolio companies	*8*	1,781,393	10,193,742	525,523	8,583,527
Cash and cash equivalents	*11*	1,921,982	2,282,091	1,921,982	2,282,091
Total current assets		**4,346,808**	**12,667,404**	**2,467,756**	**11,048,170**
Total assets		**28,354,105**	**29,696,883**	**20,707,475**	**23,166,173**
Equity					
Issued capital	*12*	35,835,787	35,835,787	35,835,787	35,835,787
Retained losses		(2,235,448)	(2,301,142)	(15,190,146)	(12,728,996)
Total equity attributable to equity holders of the parent		**33,600,339**	**33,534,645**	**20,645,641**	**23,106,791**
Non-controlling interest	*3a(iv)*	(5,308,068)	(3,897,145)	-	-
Total equity attributable to equity holders of stapled securities		28,292,271	29,637,500	20,645,641	23,106,791
Liabilities					
Trade and other payables	*13*	61,834	59,383	61,834	59,382
Total current liabilities		**61,834**	**59,383**	**61,834**	**59,382**
Total liabilities		**61,834**	**59,383**	**61,834**	**59,382**
Total equity and liabilities		**28,354,105**	**29,696,883**	**20,707,475**	**23,166,173**

For and on behalf of the Board

Director

27 March 2015

Date

Director

27 March 2015

Date

Statement of cash flows

For the year ended 31 December 2014

	Note	Consolidated 2014	Consolidated 2013	Parent 2014	Parent 2013
Cash flows from operating activities					
Management fees		106,000	106,000	106,000	106,000
Interest received		43,268	103,695	46,472	103,680
Dividends received		300,755	361,590	-	-
Income tax refunded		275	10,437	-	-
Income taxes paid		-	(8,981)	-	-
Cash paid to suppliers		(1,061,187)	(1,083,662)	(1,066,532)	(1,080,474)
Net cash from operating activities	*14*	**(610,889)**	**(510,921)**	**(914,060)**	**(870,794)**
Cash flows from investing activities					
Proceeds from sale of investments		410,176	-	-	-
Acquisition of investments		(268,098)	-	-	-
Loans repaid by investment companies		-	-	1,067,442	361,610
Loans advanced to investment companies		-	-	(268,096)	(8,983)
Loans repaid by portfolio companies		394,672	141,996	40,327	141,996
Loans advanced to portfolio companies		(285,970)	(408,498)	(285,722)	(401,252)
Net cash from investing activities		**250,780**	**(266,502)**	**553,951**	**93,371**
Cash flows from financing activities					
Repayment of preference shares		-	-	-	-
Distributions to equity holders		-	-	-	-
Net cash from financing activities		-	-	-	-
Net movement in cash and cash equivalents		(360,109)	(777,423)	(360,109)	(777,423)
Cash and cash equivalents at 1 January		2,282,091	3,059,514	2,282,091	3,059,514
Cash and cash equivalents at 31 December	*11*	**1,921,982**	**2,282,091**	**1,921,982**	**2,282,091**

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 and the 11 (2013: 11) Investment Companies, refer note 19, are registered under the Companies Act 1993 and are issuers and reporting entities for the purposes of the Financial Reporting Act 1993. The consolidated financial statements of the Company for the year ended 31 December 2014 comprise the Company and 11 (2013: 11) 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 27 March 2015.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with 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 profit-oriented entities. The financial statements also comply with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993. These financial statements also comply with the International Financial Reporting Standards.

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") has come into force replacing the Financial Reporting Act 1993, this is effective for all for-profit entities with reporting periods beginning on or after 1 April 2014. This will be effective for the Group's 31 December 2015 year end. It is expected that the change in legislation will have no material impact on the Group's obligation to prepare general purpose financial statements.

In addition to the change in legislation the External Reporting Board of New Zealand ("XRB") has released a new accounting standards framework which establishes the financial standards to be applied to entities with statutory financial reporting obligations. The Group is currently reporting under NZ IFRS.

Under the new XRB framework management expects that the Group is expected to continue to apply NZ IFRS as applicable for Tier 1 for profit entities. Management expects that this will have no material impact on the preparation and disclosures included in the financial statements.

(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 Company'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 15 – Financial risk management
- Note 17(b) – Loans to investment companies (in parent)

Notes to the consolidated financial statements

3. Significant accounting policies

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

(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 11 (2013: 11) 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 consolidated financial statements. The 11 (2013: 11) companies combining under the stapling arrangement are designated as the Investment Companies, refer note 19, 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) Non-controlling interest

Non-controlling 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 non-controlling 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.

(b) Investments in equity securities

The Group's investments in unlisted equity securities are classified as designated 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 the 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. That is 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 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 f).

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. 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 b), and deferred tax assets (see accounting policy 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 or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Notes to the consolidated financial statements

3. Significant accounting policies (continued)

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.

(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) Services rendered

Revenue from services rendered (e.g. management fees and transaction fees) are recognised in profit or loss as earned and is recorded as other operating income.

(ii) 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.

(iii) 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) Goods and services tax (GST)

All amounts are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

(m) New standards and pronouncements relevant to the Group

The following new or revised standard is not effective for the period ended 31 December 2014, and has not been applied in preparing these financial statements.

NZ IFRS 9 – 'Financial Instruments – effective 1 January 2018. This standard introduces new requirements for the classification and measurement of financial assets based on

Notes to the consolidated financial statements

3. Significant accounting policies (continued)

the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities and amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

The entity does not plan to early adopt this standard and management have not yet determined the impact of this change.

There are a number of other standards and interpretations which are not yet effective and management consider they will have no impact on the Group.

4. Determination of fair values

Investments in unlisted equity securities are valued at Investment Managers' valuation in the year of acquisition and subsequently by annual valuations carried out in accordance with the valuation principles set out by The International Private Equity and Venture Capital Association Limited (IPEV). Valuations are performed by Direct Capital 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.

5. Administrative expenses

	Consolidated		Parent	
	2014	2013	2014	2013
Management fees	872,402	894,892	872,402	894,892
Advisory fees	2,533	5,660	2,533	5,660
Directors' fees	100,000	100,000	100,000	100,000
Other administrative expenses	98,346	73,754	98,075	73,648
	1,073,281	**1,074,306**	**1,073,009**	**1,074,200**

The following items of expenditure are included in administrative expenses:

Auditor's remuneration to KPMG comprises:				
Audit of financial statements	26,000	26,000	26,000	26,000
Review of interim financial statements	12,278	7,245	12,278	7,245

Notes to the consolidated financial statements

6. Income tax expense

	Note	Consolidated 2014	Consolidated 2013	Parent 2014	Parent 2013
Income tax expense in statement of comprehensive income		-	8,981	-	-

Reconciliation of effective tax rate

	Note	Consolidated 2014	Consolidated 2013	Parent 2014	Parent 2013
Profit before tax		(1,345,229)	(2,625,149)	(2,461,150)	(2,668,573)
Income tax expense at 28% tax rate		(376,664)	(735,042)	(689,122)	(747,200)
Non-assessable income		(66,484)	630,798	-	-
Non-deductible expenses		272,501	-	707,516	846,575
Imputation credits received		(116,960)	(101,248)	-	-
Prior period adjustment		-	9,283	-	300
Tax (profit)/losses not recognised	*10*	287,607	205,190	(18,394)	(99,675)
Total income tax expense in statement of comprehensive income		-	8,981	-	-

Imputation credits

	2014	2013
Imputation credits available to shareholders of the parent company in subsequent reporting periods:		
Through the parent company	-	-
Through investment companies	322,190	205,230
	322,190	205,230

Notes to the consolidated financial statements

7. Investments – equity securities

a) 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 Limited (see Note 17) using IPEV guidelines.

The valuation techniques utilised include the use of market based earnings multiples and a downward adjustment factor of up to 20% for privately owned investments.

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 $1,071,361 (2013: $1,001,084).

A movement in the downward adjustment factor of 5% changes the value of the investments by $2,157,885 (2013: $2,309,350).

A movement in the maintainable earnings of 5% changes the value of the investments by $1,852,671 (2013: $1,906,941).

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. The cost of each acquisition is shown in the tables below (excluding loans).

2014 Entity name	Activities	Acquisition date	Voting interest	Cost of acquisition
NZP Holdings Limited	Pharmaceuticals	Nov 2005	15.6%	4,775,157
BioPacificVentures	Private equity vehicle*	Various	*	3,114,322
Stratex Group Limited	Manufacturing	Apr 2007	32.8%	3,598,812
New Zealand King Salmon Investments Limited	Food	Sep 2008	10.8%	2,721,682
Fishpond Limited	Online retail	Oct 2009	4.5%	772,348
				14,982,321

* BioPacificVentures invests across the entire spectrum of private equity both in early stage and later stage investments. Investments through this venture include: New Zealand King Salmon Investments Limited and NZP Holdings Limited (both also held directly), Horizon Science Pty Limited, 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)

2013

Entity name	Activities	Acquisition date	Voting interest	Cost of acquisition
NZP Holdings Limited	Pharmaceuticals	Nov 2005	15.6%	4,775,157
BioPacificVentures	Private equity vehicle*	Various	*	3,118,177
Stratex Group Limited	Manufacturing	Apr 2007	32.8%	3,598,812
Rodd & Gunn NZ Limited and Rodd & Gunn Australia Limited	Retail	Aug 2008	11.9%	2,590,481
New Zealand King Salmon Investments Limited	Food	Sep 2008	10.8%	2,721,682
Fishpond Limited	Online retail	Oct 2009	4.5%	772,348
				17,576,657

* Refer comment following 2014 table above, which was consistent in 2013 apart from an additional investment in Rissington Breedline Limited.

c) Fair value of investment 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 2014 was $17,891,713 (2013: $17,029,479).

d) Gain / (Loss) on sale of investments

The sale of the investment in Rodd & Gunn NZ Limited and Rodd & Gunn Australia Limited resulted in the net gain on sale of $237,444 against its previous recognised fair value. This has been recognised as a profit in the Statement of Comprehensive Income. (2013: $957,899 loss – Shears & Mac Limited).

Notes to the consolidated financial statements

8. Loans to portfolio companies

	Consolidated		Parent	
	2014	2013	2014	2013
New Zealand King Salmon Investments Limited	6,115,584	7,920,208	6,115,584	7,920,208
Rodd & Gunn NZ Limited	-	119,377	-	119,377
NZP Holdings Limited	1,255,870	1,610,215	-	-
Horizon Science Pty Limited	109,193	109,193	109,193	109,193
Rissington Breedline Limited	-	26,251	-	26,251
Stratex Group Limited	393,587	393,587	393,587	393,587
Vital Food Processors Limited	22,743	14,911	22,743	14,911
	7,896,977	10,193,742	6,641,107	8,583,527
Represented by:				
Non-current loans	6,115,584	-	6,115,584	-
Current loans	1,781,393	10,193,742	525,523	8,583,527
	7,896,977	10,193,742	6,641,107	8,583,527

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

New Zealand King Salmon Investments Limited

The advance to New Zealand King Salmon Investments Limited (investment held by Pohutukawa Alpha Investments Limited and Pohutukawa Lambda Investments Limited) was renewed during the year and has a principal balance owing of $8,347,044 as at 31 December 2014. The advance is a fixed term loan and the interest rate is reviewed annually. The current rate set in January 2014 is 0.0% (2013: 8.5%). The terms of the loan enable New Zealand King Salmon, at its option, to capitalise the loan and interest into equity. As at 31 December 2014 this loan has been impaired down to a value of $6,115,584, resulting in an impairment of $2,231,460 being recognised in profit or loss. New Zealand King Salmon Investments Limited has received a similar loan from all its shareholders.

For the year to December 2014 interest income of $Nil was accrued (2013: $125,010), Interest of $146,967 (2013: $Nil) was capitalised to the loan. During the reporting period $20,886 was repaid (2013: $141,966) and a further $300,755 was advanced (2013: $Nil). Impairment of $2,231,460 (2013:$Nil) has been recognised during the year.

Notes to the consolidated financial statements

8. Loans to portfolio companies (continued)

Rodd & Gunn NZ Limited

Rodd and Gunn NZ Limited (investment held by Pohutukawa Kappa Investments Limited) was advanced $119,377 as a loan at an interest rate of 7.73%. During the year this loan was capitalised into equity.

NZP Holdings Limited

NZP Holdings Limited (investment held by Pohutukawa Alpha Investments Limited & Pohutukawa Delta Investments Limited) has a loan of $1,255,870 at an interest rate of nil. There were repayments during the year of $354,345 (2013: $Nil).

Horizon Science Pty Limited

Horizon Science Pty Limited (investment held by Pohutukawa Alpha Investments Limited) was advanced $109,193, at an interest rate of nil%. There were no movements in the loan balance during the year.

Rissington Breedline Limited

Rissington Breedline Limited (investment held by Pohutukawa Alpha Investments Limited) was advanced $26,250 at an interest rate of nil. $19,490 was repaid during the reporting period (2013: $Nil), while the remaining balance of $6,811 was written off during the year (2013:$Nil).

Vital Food Processors Limited

Vital Food Processors Limited (investment held by Pohutukawa Alpha Investments Limited) was advanced $22,743 at an interest rate of nil% (2013: $Nil, nil%). There were no repayments during the reporting period (2013: $Nil).

Stratex Group Limited

Stratex Group Limited (investment held by Pohutukawa Zeta Investments Limited) was advanced $393,588 at an interest rate of nil%. There were no repayments during the reporting period.

Notes to the consolidated financial statements

9. Other receivables

	Consolidated		Parent	
	2014	2013	2014	2013
Income tax receivable	15	290	15	15
Prepayments	10,023	11,411	10,023	11,411
GST receivable	1,335	3,262	1,335	3,262
Deferred Rodd & Gunn residual settlement	620,697	-	-	-
Other receivables	11,363	176,608	8,878	167,864
	643,433	191,571	20,251	182,552

As at 31 December 2014, no receivables are considered past due (2013: nil).

10. Deferred tax assets and liabilities

Unrecognised deferred tax assets

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

		Consolidated		Parent	
	Note	2014	2013	2014	2013
Opening balance 1 January		673,878	468,688	218,984	318,659
Tax (profit)/loss not recognised	*6*	287,607	205,190	(18,394)	(99,675)
Closing balance 31 December		961,485	673,878	200,590	218,984

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 Company's taxation losses cannot be used by the parent.

Notes to the consolidated financial statements

11. Cash and cash equivalents

	Consolidated		Parent	
	2014	2013	2014	2013
Call deposits	1,035,815	176,286	1,035,815	176,286
Short-term deposits	886,167	2,105,805	886,167	2,105,805
Cash and cash equivalents in the statement of cash flows	**1,921,982**	**2,282,091**	**1,921,982**	**2,282,091**

Call deposits are held with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited. The weighted average interest rate for 2014 on call deposits was 3.70% (2013: 2.85%).

Short-term deposits are held with ANZ Bank New Zealand Limited. The weighted average interest rate on short-term deposits is 3.73% (2013: 3.58%).

12. Share capital

Consolidated	Investment Co's Preference shares		PPE Ordinary shares		PPE Preference shares	
In millions of shares	2014	2013	2014	2013	2014	2013
On issue at 1 January	583	689	53	53	3,608	3,608
Redemption and cancellation of shares	-	(106)	-	-	-	-
On issue at 31 December	**583**	**583**	**53**	**53**	**3,608**	**3,608**

Parent

	Ordinary shares		Preference shares	
In millions of shares	2014	2013	2014	2013
On issue at 1 January	53	53	3,608	3,608
Redemption of shares	-	-	-	-
On issue at 31 December	**53**	**53**	**3,608**	**3,608**

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

At 31 December 2014, the share capital of the Company comprised 53,000,000 ordinary shares (2013: 53,000,000), and 3,608,579,000 preference shares (2013: 3,608,579,000). In addition, there are 583,000,000 (2013: 583,000,000) preference shares in the 11 (2013: 11) Investment Companies (53,000,000 in each).

Notes to the consolidated financial statements

12. Share capital (continued)

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 (2013: $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.

13. Trade and other payables

	Consolidated		Parent	
	2014	2013	2014	2013
Directors fees payable	26,125	26,125	26,125	26,125
Non-trade payables and accrued expenses	35,709	33,258	35,709	33,257
	61,834	**59,383**	**61,834**	**59,382**

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

	Consolidated		Parent	
	2014	2013	2014	2013
Profit/(loss) for the year	(1,345,229)	(2,634,130)	(2,461,150)	(2,668,573)
Adjustments for:				
Change in fair value of investments	(1,258,242)	1,295,112	-	-
Interest capitalised	-	-	-	-
Capitalised interest received	(169,584)	-	-	-
Impairment of loans from investment companies	-	-	(1,970,746)	958,329
Impairment of loans from portfolio companies	2,231,460	-	2,231,460	-
(Gain)/Loss on sale of investments	(230,634)	957,899	2,266,131	2,065,153
Change in trade and other receivables	158,617	(138,860)	(758,561)	(1,181,355)
Change in income tax receivable	275	10,437	-	-
Change in trade payables and accruals	2,448	(1,379)	(221,194)	(44,348)
Net cash flow from operating activities	**(610,889)**	**(510,921)**	**(914,060)**	**(870,794)**

Notes to the consolidated financial statements

15. 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. (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.

Loans between the parent and investment companies are interest free and due on demand. While these loans are payable on demand, they are not expected to be called within the next 12 months and are therefore classified as non-current.

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 for 2014 is 3.8% (2013: 2.75%), short-term deposits for 2014 is 3.87% (2013: 3.50%), and loans advanced to portfolio companies which the Investment Companies hold an ownership interest in is a weighted average of 0.03% (2013: 6.72%).

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

Notes to the consolidated financial statements

15. Financial risk management (continued)

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.

Interest rate risk – repricing analysis

	Note	Total	Non interest bearing	6 months or less
Consolidated 2014				
Cash and cash equivalents	*11*	1,921,982	-	1,921,982
Loans to portfolio companies	*8*	7,896,977	1,781,393	6,115,584
Total		**9,818,959**	**1,781,393**	**8,037,566**
Consolidated 2013				
Cash and cash equivalents	*11*	2,282,091	-	2,282,091
Loans to portfolio companies	*8*	10,193,743	2,154,160	8,039,583
Total		**12,475,834**	**2,154,160**	**10,321,674**
Parent 2014				
Cash and cash equivalents	*11*	1,921,982	-	1,921,982
Loans to portfolio companies	*8*	6,641,107	525,523	6,115,584
Total		**8,563,089**	**525,523**	**8,037,566**
Parent 2013				
Cash and cash equivalents	*11*	2,282,091	-	2,282,091
Loans to portfolio companies	*8*	8,583,527	663,319	7,920,208
Total		**10,865,618**	**663,319**	**10,202,299**

Loans to and from related parties as disclosed in the Statement of Financial Position are non interest bearing and therefore have not been included in the above table.

Notes to the consolidated financial statements

15. Financial risk management (continued)

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

15. Financial risk management (continued)

Classification and fair values

	Note	Designated at fair value	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Consolidated 2014						
Assets						
Cash and cash equivalents	*11*	-	1,921,982	-	1,921,982	1,921,982
Investments in equity securities	*7*	17,891,713	-	-	17,891,713	17,891,713
Loans to portfolio companies	*8*	-	7,896,977	-	7,896,977	7,896,977
Other receivables	*9*	-	632,060	-	632,060	632,060
Total assets		**17,891,713**	**10,451,019**	-	**28,342,732**	**28,342,732**
Liabilities						
Trade and other payables	*13*	-	-	61,834	61,834	61,834
Total liabilities		-	-	**61,834**	**61,834**	**61,834**

	Note	Designated at fair value	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Consolidated 2013						
Assets						
Cash and cash equivalents	*11*	-	2,282,091	-	2,282,091	2,282,091
Investments in equity securities	*7*	17,029,479	-	-	17,029,479	17,029,479
Loans to portfolio companies	*8*	-	10,193,743	-	10,193,743	10,193,743
Other receivables	*l*	-	176,607	-	176,607	176,607
Total assets		**17,029,479**	**12,652,441**	-	**29,681,920**	**21,681,920**
Liabilities						
Trade and other payables	*13*	-	-	59,383	59,383	59,383
Total liabilities		-	-	**59,383**	**59,383**	**59,383**

Notes to the consolidated financial statements

15. Financial risk management (continued)

Classification and fair values

	Note	Designated at fair value	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Parent 2014						
Assets						
Cash and cash equivalents	*11*	-	1,921,982	-	1,921,982	1,921,982
Loans to investment companies	*17*	-	10,506,217	-	10,506,217	10,506,217
Loans to portfolio companies	*8*	-	6,641,107	-	6,641,107	6,641,107
Receivables from investment companies		-	1,617,918	-	1,617,918	1,617,918
Other receivables	*9*	-	8,878	-	8,878	8,878
Total assets		-	**20,696,102**	-	**20,696,102**	**20,696,102**
Liabilities						
Trade and other payables	*13*	-	-	61,834	61,834	61,834
Total liabilities		-	-	**61,834**	**61,834**	**61,834**

	Note	Designated at fair value	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Parent 2013						
Assets						
Cash and cash equivalents	*11*	-	2,282,091	-	2,282,091	2,282,091
Loans to investment companies	*17*	-	10,189,479	-	10,189,479	10,189,479
Loans to portfolio companies	*8*	-	8,583,527	-	8,583,527	8,583,527
Receivables from investment companies		-	1,928,524	-	1,928,524	1,928,524
Other receivables	*9*	-	167,864	-	167,864	167,864
Total assets		-	**23,151,485**	-	**23,151,485**	**23,151,485**
Liabilities						
Trade and other payables	*13*	-	-	59,382	59,382	59,382
Total liabilities		-	-	**59,382**	**59,382**	**59,382**

Notes to the consolidated financial statements

15. Financial risk management (continued)

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 2014	Level 1	Level 2	Level 3	Total
Investments	-	-	16,631,096	16,631,096

31 December 2013	Level 1	Level 2	Level 3	Total
Investments	-	-	17,029,479	17,029,479

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	2014	2013
Opening balance	17,029,479	19,282,490
Total gains or (losses):		
Change in fair value	1,258,242	(1,295,112)
Gain/(Loss) on disposal	237,444	(957,899)
Investments at cost during the year	390,404	-
Divestments	(1,023,856)	-
Closing balance	**17,891,713**	**17,029,479**

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	2014	2013
Total gains or (losses) included in profit or loss for the year	1,495,686	(2,253,011)
Total gains or (losses) for the year included in profit or loss for assets held at the end of the reporting period	1,258,242	(1,295,112)

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 7 for sensitivity analysis with regards to the earnings multiple or adjustment factor.

Notes to the consolidated financial statements

16. Capital commitments and contingencies

The Group has a commitment to invest a total of $5,300,000 with BioPacificVentures Limited (BPV). These funds are called by BPV as required and as at 31 December 2014 $97,730 remained uncalled (2013: $208,447).

Earnout Payment

In accordance with clause 11 of the Prospectus the Manager is entitled to an earnout payment calculated at 20% of net returns to Pohutukawa 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 2014 the estimated earnout payment is calculated as $6.60m (2013: $6.84m), however this calculation is based on unrealised portfolio company fair value valuations of $17.9m (2013: $17.0m) and loans receivable of $8.5m (2013: $10.2m) being fully recovered. Due to the uncertain timing and amount of investment realisation and future distributions, no provision has been made for this payment in the financial statements. A provision will not be recognised until the pre-tax compound hurdle rate has been distributed to investors or there is more certainty that an earnout payment will be made.

17. Related parties

(a) Identity of related parties

The Company has a related party relationship with its Investment Companies (see note 19).

Craigs Investment Partners Limited, as the administration manager, and Direct Capital Limited, as the investment manager, own 50% each of Pohutukawa Management Limited, the Manager of Pohutukawa Private Equity Limited. The apportionment of the management fee and any earnout fee reflect the relative contributions of each party. 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 Limited.

Direct Capital Limited is responsible for preparing valuations of investments.

(b) Transactions with related parties

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

- Management fees paid to Pohutukawa Management Limited totalled $872,402 (2013: $894,892).
- Legal and accounting expenses of $3,895 were incurred by Direct Capital Limited during 2014. (2013: $5,660)
- Surplus cash has been invested in ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited, a subsidiary of Craigs Investment Partners Limited.
- Receivables from Investment Companies were $2,294,614 at the end of the year (2013: $1,928,524)

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.

Notes to the consolidated financial statements

17. Related parties (continued)

(b) Transactions with related parties (continued)

Total Pohutukawa Private Equity parent company loans to the Investment Companies as at 31 December 2014 were $10,506,217 (2013: $10,189,479). Loans to investment companies are non-interest bearing and are used to acquire long-term equity investments. Loans are repayable on demand.

Loans have been impaired in the parent financial statements in the current year, where the value of the investment held by the Investment Companies is less than the cost of the investment. During the year there has been further impairment of $1,400,850 (2013: $2,029,516) less $3,371,599 (2013: $1,071,187) of impairment incurred in previous periods being reversed. This does not affect the consolidated financial statements.

Additionally, loans were advanced by Pohutukawa Private Equity Limited to portfolio companies which the Investment Companies hold an ownership interest in (see Note 8).

(c) Transactions with key management personnel

	Consolidated		Parent	
	2014	2013	2014	2013
Directors fees (total remuneration)	100,000	100,000	100,000	100,000

The balance owing to key management personnel at 31 December 2014 is $26,125 (2013: $26,125).

18. Subsequent events

There were no material subsequent events for the Company and Group.

Notes to the consolidated financial statements

19. Group entities

Investment Companies	Country of incorporation	Ownership interest* 2014	2013
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 Theta Investments Limited ("Theta")	New Zealand	0%	0%
Pohutukawa Iota Investments Limited ("Iota")	New Zealand	0%	0%
Pohutukawa Kappa Investments Limited ("Kappa")	New Zealand	0%	0%
Pohutukawa Lambda Investments Limited ("Lambda")	New Zealand	0%	0%
Pohutukawa Mu Investments Limited ("Mu")	New Zealand	0%	0%
Pohutukawa Nu Investments Limited ("Nu")	New Zealand	0%	0%
Pohutukawa Xi Investments Limited ("Xi")	New Zealand	0%	0%
Pohutukawa Omicron Investments Limited ("Omicron")	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.

Independent auditor's report

To the shareholders of Pohutukawa Private Equity Limited

Report on the company and group financial statements
We have audited the accompanying financial statements of Pohutukawa Private Equity Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 16 to 40. The financial statements comprise the statements of financial position as at 31 December 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements
The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the company and group in relation to other assurance services (review of interim financial statements). Subject to certain restrictions, partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditor of the company and group. The firm has no other relationship with, or interest in, the company and group.

Opinion
In our opinion the financial statements on pages 16 to 40:
- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the company and the group as at 31 December 2014 and of the financial performance and cash flows of the company and the group for the year then ended.

Report on other legal and regulatory requirements
In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:
- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Pohutukawa Private Equity Limited as far as appears from our examination of those records.

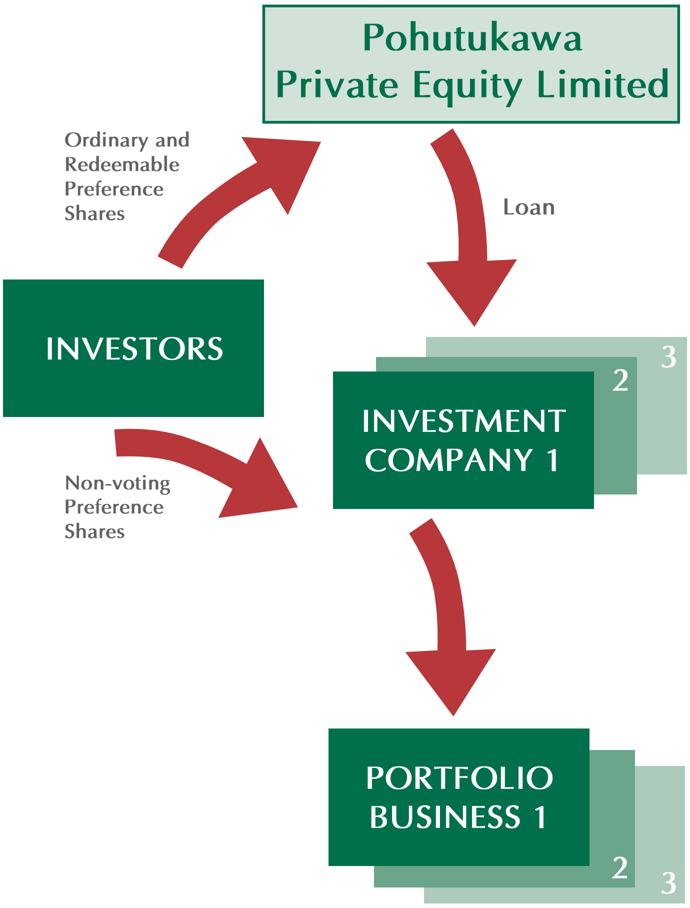
KPMG

27 March 2015
Tauranga

Corporate Governance & Structure

Pohutukawa Private Equity Limited (Pohutukawa) is the Fund. Investors hold both ordinary and redeemable preference shares in Pohutukawa. Investors also hold redeemable preference shares in each of eleven investment companies, which invest in the portfolio companies. These are called stapled securities. There are 53 million ordinary shares on issue. The number of ordinary shares on issue remains constant while the ratio of preference shares reduces as investments are realised and preference shares are redeemed.

The Pohutukawa structure is:



Ordinary shares held by investors in Pohutukawa confer normal voting rights on investors. The preference shares held by investors in both Pohutukawa and the Investment Companies confer no voting rights. The Manager (Direct Capital and Craigs Investment Partners), through Pohutukawa I Investment Holdings Limited Partnership holds all the ordinary voting shares in each of the Investment Companies and exercises these rights in accordance with the Pohutukawa investment policy and investment criteria.

Pohutukawa has a separate Board to ensure best-practice corporate governance and to ensure that the shareholders' interests are held paramount. The Board has two independent directors.

For so long as it holds at least 50% of the issued shares in the Manager, Craigs Investment Partners is entitled to appoint up to 50% of the directors of Pohutukawa Private Equity. All other directors of Pohutukawa can be appointed by directors or removed by ordinary resolution of the investors. The Directors of each Investment Company can be appointed or removed only by the limited partners.

The Board sets the investment policy and criteria, and reviews the performance of the Manager from time to time and reports to the shareholders on the review. It reviews the capital adequacy of Pohutukawa and is responsible for continuous disclosure and shareholder meetings of Pohutukawa.

The Manager is a 50/50 joint venture between Direct Capital and Craigs Investment Partners, both of whom provide services to the Manager on a contract basis. Direct Capital provides investment management services. Craigs Investment Partners provides fundraising, cash management, administration, investor communication, and investment sourcing and divestment assistance. The Investment Committee of the Manager is responsible for all investment decisions. Current members of the Investment Committee are Maurice Prendergast, Mark Hutton, Ross George, Tony Batterton, Neil Craig and Mike Caird.

The Pohutukawa Board

THE POHUTUKAWA BOARD

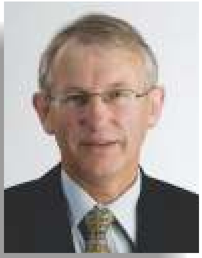
The Board of Pohutukawa Private Equity Limited (whose profiles follow) comprises four directors, two from Craigs Investment Partners and two independent directors, one of whom is Chairman. The Board is responsible for appointing, and then monitoring the performance of the Manager, reviewing Pohutukawa's 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 Horizon Energy Distribution Limited, and he is Chairman of both Pohutukawa Private Equity Limited and Pohutukawa Private Equity II Limited. John was previously a director of Air New Zealand for 9 years.

MAURICE PRENDERGAST
(Independent Director)

Maurice brings international business experience with him along with a wealth of knowledge in logistics, technology, retail and global expansion. Maurice was previously a director of Pumpkin Patch Limited and CEO of Pumpkin Patch, a position he held from 1993 to 2011. Maurice has held executive positions in accounting, distribution and property development in both New Zealand and Australia. He is also a director of Comvita Limited; Pohutukawa Private Equity Limited; Pohutukawa Private Equity II Limited; Industrial Lubricants and Services Limited and a number of other private companies.



NEIL CRAIG
(Non-Executive Director)

Neil is the founding principal and Chairman of Craigs Investment Partners, a leading full service NZX Participant Firm. Craigs Investment Partners has approximately 370 staff with 17 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 a director of Pohutukawa Private Equity Limited and Pohutukawa Private Equity II Limited, as well as being Chairman of NZX Listed Comvita Limited. He is Chairman of Tauranga based angel investment group Enterprise Angels Inc., AGInvest Holdings Limited and a director of a number of privately held companies.

MIKE CAIRD
(Non-Executive Director)

Mike was appointed as a director of Pohutukawa Private Equity Limited and Pohutukawa Private Equity II Limited in September 2013. Mike joined Craigs Investment Partners in March 2009 as Head of Debt Capital Markets, and had been a Director of Craigs Investment Partners since 2001. Mike's career in financial markets includes 11 years with ABN AMRO, during which he was Head of Acquisition and Leveraged Finance for Australia and New Zealand and Head of Global Markets New Zealand, Brierley Investments Limited for 10 years and Ernst & Young for four years. Mike has previously been a Director of Hospital Car Parking Limited, McConnell Property Limited, Mangawhai Development Holdings Limited, AsiaPower Limited and Aetna Health (New Zealand) Limited. Mike is a director of the AMN Limited private group of companies involved in glass services and the New Zealand Social Infrastructure Fund Limited

Committees

The Board has one committee, an Audit Committee, comprising all board members. The Audit Committee meets as required. The Audit Committee has full powers to require the Manager to provide any information or documents relating to the Fund, which it requires to enable it to meet the obligations of an Audit Committee; The Directors of Pohutukawa and Pohutukawa Management Limited must respond to any recommendations made to their Boards from the Audit Committee.

There is no remuneration committee because Pohutukawa and the Manager have no employees. The Chairman and Directors of Pohutukawa receive director's fees from Pohutukawa. The Manager is entitled to remuneration in respect of management of the funds. Information about the remuneration received by the Manager for this reporting period can be found in the financial statements set out in this report. The Manager does not pay director fees.

To the extent applicable and possible, the Board endeavours to adopt the governance structures and principles of a listed company.

The Investment Committee of the Manager is responsible for all investment decisions, subject to compliance with the investment policy set by the Board.

Directory

BOARD OF DIRECTORS OF POHUTUKAWA PRIVATE EQUITY

John McDonald
Maurice Prendergast
Neil Craig
Mike Caird

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

OFFICES OF POHUTUKAWA

Pohutukawa Private Equity Limited
Craigs Investment Partners House
158 Cameron Road
PO Box 13155
Tauranga 3141
Phone: (07) 577 4727
Email: enquiries@pohutukawafund.co.nz

MANAGER

Pohutukawa Management Limited
Craigs Investment Partners House
158 Cameron Road
PO Box 13155
Tauranga 3141
Phone: (07) 577 4727
Email: enquiries@pohutukawafund.co.nz

INVESTMENT MANAGER

Direct Capital Limited
Level 6, 2 Kitchener Street
P O Box 6466, Wellesley Street
Auckland 1010
Phone: (09) 307 2562

AUDITORS

KPMG
247 Cameron Road
Tauranga 3140
Phone: (07) 578 5179

SHARE REGISTRY

Computershare Investor Services Limited
159 Hurstmere Road
Takapuna
North Shore City 0622
Private Bag 92119
Auckland 1142
Phone: (09) 488 8777
Email: enquiry@computershare.co.nz

SOLICITORS

Chapman Tripp
Level 35, 23-29 Albert Street
PO Box 2206
Auckland 1140
Phone: (09) 357 9000