

PVL AGM 16 December 2016 - 2.30pm - Chairman's Speech

The successful commercialisation of IP is now a critical challenge for many economies, including Australia and New Zealand.

Fast-growing Emerging Economies have become much more competitive in their traditionally important industries, but innovation is an important platform for the more mature economies to adapt and to grow jobs, incomes and living standards.

Powerhouse Ventures is very well placed, at the cutting edge of this dynamic process. It has the people, the organisation, the systems and processes, the relationships and a history of performance. It is also now listed; and governments are generally becoming more focussed and supportive of the opportunities from innovation.

But it is still a challenging road - albeit a potentially very rewarding one. For example, the demand for capital across a growing, multi-stage portfolio of IP commercialising companies is endless. Not all will succeed but an astute, growing portfolio gives the best chance of success.

Managing the portfolio requires good people and strong systems and processes.

The priority for capital is investment in the portfolio, rather than burning it in overheads and day to day management, but good people are essential and compliance is important - with the stock exchange, the market regulator and a mass of other laws and regulations - from Health and Safety to tax, accounting standards and competition law.

We are very focussed on managing all of this and even since the listing have made further significant improvement to many aspects of the business, reducing costs and sharpening our focus on how our people work most effectively.

On the one hand we have a strong focus on further growth, both in the size of the portfolio and the value of the portfolio.

On the other growth creates serious challenges and we need to be very astute in how we approach the markets for the additional funds that are needed for growth, particularly given the small capital raise margin over the minimum from the listing, the relatively weak share price and the need for a strong story when we go back to the market including, desirably, external validations of the portfolio.

This need is very much in focus!

I thank my fellow directors and the executives and staff for their hard work over the last year. Listing a small company is not easy and many worked very hard to achieve a successful result.

I am standing for re-election as a director but expect to resign in the near future. This is mainly for family reasons. I discount age as a factor in director selection and rate performance and getting the best team as the critical factors - but the market doesn't necessarily see things the same way. So we have been focussed on Board performance and succession for some time now.

Nor is the Board too large. The EDs come at no extra cost, they make the Board an excellent discussion forum and the NEDs are a vital part of many of the businesses processes, beyond the Board meetings, including with investment and portfolio management, the listing process and the many usual but vital other matters, such as finances and accounting, people, risk, compliance and so on.

I note that we are not planning to increase director's base fees or the Chairman's remuneration, but will review these again in 12 months.

However I have proposed that from 1 January, 2017 the chairs of the Audit & Risk and the Portfolio committees each get paid \$8,000pa for this role, the chair of the HRRC committee \$6,000 and the 4 Investment Advisory Committees chairs \$6,000 pa. Each of these roles is demanding, time consuming and important for the success of the business. This is all within the current ceiling for director's fees.

I will be pleased to take questions later in the meeting.

Kerry McDonald

Chairman