

Powerhouse Ventures Limited

QUARTERLY REPORT

FOR THE 3 MONTH PERIOD ENDED 31 MARCH 2018



ASX Announcement
Powerhouse Ventures Limited
(ASX Code: PVL)

30 April 2018

**QUARTERLY ACTIVITIES REPORT
FOR THE 3 MONTH PERIOD ENDED 31 MARCH 2018**



Portfolio Update

- ▲ ASX listed investee CropLogic (CLI) has today announced significant strategy initiatives and key appointments of senior executives and board members. See CLI ASX announcement for further details.
- ▲ Invert Robotics has completed an \$8.2m capital raise to fund European dairy inspection business expansion and further develop the aircraft fuselage inspection opportunity. Significant partnerships have been developed resulting in substantial opportunities in the aircraft fuselage inspection sector.
- ▲ Upstream Medical Technologies is currently raising capital from NZ/AU and EU investors. Powerhouse anticipates a substantial valuation upgrade in 2HFY18 or 1HFY19.

New exciting companies added to the portfolio in FY18 include:

- ▲ Hot Lime Labs (CO2 capture systems)
- ▲ 2.2g Force (Seismic stabilisation)
- ▲ Silventum (Active dental materials)
- ▲ Orbis (In-line milk assessment)
- ▲ Hapai Transfer Systems (Innovative patient lifters)

See appendix for details of portfolio companies featured in this release.

ASX: PVL

Issued Capital:

28.986m Fully Paid Shares

Key Personnel:

Mr Paul Viney

Chief Executive Officer

Mr Russell Yardley

Chairman

Mr Stuart Whitham

CFO / Joint Company Secretary

Registered Office:

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www.powerhouse-ventures.co.nz

Corporate Operational Highlights

- Disciplined cost control and stringent cash supervision pending significant planned liquidity events within the Portfolio (see table below).
- Restructuring completed in December resulting in significantly reduced costs and headcount benefiting future results.
- Measured investment activity with focus on Australian deal flow and university cooperation.
- Strong institutional support for capital raising initiatives at month 18 post-IPO. Special meeting of shareholders planned for May 2018 to consider placement cap expansion.



Targeted Impending Liquidity Events for “off model” portfolio companies

Investee Company	Current Status	Portfolio Impact
Invert	Following the completion of Invert's capital round, Invert continues to receive significant expressions of interest from potential investors. As a result, Powerhouse has also received expressions of interest to acquire part or all of its 20% holding in Invert.	As at 31 December 2017, Invert comprises 30% of PVL's portfolio.
Mars	Plans finalised to facilitate sale of Powerhouse stake in Mars. Likely to result in a profitable cash transaction in Q1 of FY19.	This company is 'off model' for PVL, as founder based.
Motim	Powerhouse has assisted Motim with a global M&A search - due diligence is finalised and legals executed. The Motim Board has called a shareholder meeting for 7 May 2018 to approve the sale.	Motim is well placed to benefit a strategic acquirer with its augmented reality technology and links to major international customers.
SolarBright	The SolarBright Board is pursuing IP recovery and sale strategy.	This company is 'off model' for PVL, as founder based.

It is anticipated that subject to the above transactions proceeding, Powerhouse may bolster its cash reserves and may record a material profit on sale of investments.

Summary Financial Position

- Further sales of 'off model' portfolio investments will improve liquidity on completion.
- Current share price represents approximately 50% discount to published NTA.
- Significantly deeper discount compared to benchmarks indicates buying opportunity.

Outlook

Directors advise that the recent reduction in operating costs, combined with proposed 'off model' asset realisations has resulted in a leaner and more targeted organisation and portfolio focus.

Careful management of cash resources continues to be an important objective for the Board. This will be achieved through continued cost control together with proceeds from realising value through the sale of 'off-model' investments.

The Company is accelerating its Australian expansion with focus on University engagements.

Significant Letters of Intention to work with Powerhouse in commercialising IP have been received from a major Australian CRI and a number of Universities.

Powerhouse is preparing a significant Australian technology incubator initiative late in 2H18. To support this Australian opportunity, an operational staffing initiative, potentially partially supported by Government operational grant funding, is under consideration.

Forward Looking Statements

All statements other than statements of historical fact including, without limitation, statements regarding projections, future plans and objectives of PVL, are forward- looking statements. When used in this announcement, forward-looking statements can be identified by words such as ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘intend’, ‘may’, ‘opportunity’, ‘plan’, ‘in principle’, ‘potential’, ‘project’, ‘seek’, ‘will’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and Management of PVL that could cause PVL’s actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by these forward-looking statements will actually occur and investors are cautioned not to place any reliance on these forward-looking statements. PVL does not undertake to update or revise forward- looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained above, except where required by applicable law and securities exchange listing requirements.

For further information, please visit the Company’s website at www.powerhouse-ventures.co.nz



For more information please contact:

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Appendix

Portfolio Companies Featured in this Announcement

For details of portfolio companies not included below, please refer to six-monthly Portfolio Reports posted to the ASX Announcements Platform (Powerhouse's ASX Code: "PVL").

CropLogic



High-volume crop growers and processors have significant challenges ahead in order to meet rising food-demand. Growers need to optimise resources and processors need to plan to ensure efficient processing. CropLogic delivers specialist agronomy services to growers using technology developed over 30 years at The New Zealand Institute for Plant & Food Research. CropLogic brings together crop science, environmental data and agronomic expertise to offer input for daily decision making that improves on typical "rule of thumb" recommendations. In addition to its expert system, CropLogic provides the telemetry required to gather field data.

Following more than 65,000 acres of field trials in the USA, NZ, Australia and China, CropLogic has established a combined strategy of commercialisation and acquisitions in key lucrative agricultural markets. CropLogic listed on the ASX in September 2017 under Code 'CLI'.

Invert Robotics



Within the food-processing industry, food-safety is driven by eliminating bacterial contamination which can be harboured by cracks in industrial vessels such as tanks, dryers and silos. Historically these vessels have been serviced by scaffold or rope-based inspections - a hazardous process which is prone to error.

Invert Robotics provides remote inspection services to global blue chip customers using its proprietary robotics technology. The mobile climbing robot system allows identification, recording and reporting of cracks in mission critical infrastructure. Invert is currently expanding geographically into Europe, following success with inspection of milk silos and dryers in Australasia. A new and exciting world-wide business opportunity has also developed in aircraft fuselage inspection. A petro-chemical tank inspection business is also under consideration.

Hot Lime Labs

Hot Lime Labs is a spin-off from Callaghan Innovation and is developing CO2 capture systems for biomass boilers in order to supply commercial greenhouse growers with low-cost, renewable CO2 which they commonly use to accelerate plant growth and so increase their yields.

Upstream Medical Technologies



A large number of patients present in Emergency Departments (ED) each year with chest pain. One in eight has a life-threatening disease. Causes for this pain are many; heart, lung, gastrointestinal, bone, muscle and nerve problems. ED physicians require rapid and accurate methods to determine which patients require immediate lifesaving medical treatment.

Upstream has a novel technology platform built on years of research which provides a new class of diagnostic test designed for ED use. These tests detect life threatening heart and associated diseases. The lead assay can detect imminent heart attack BEFORE tissue damage occurs. UMT is building a pipeline of tests that enable earlier diagnosis for improved patient recovery. Significant capital-raising is underway in Australia and the UK.

SolarBright



SolarBright is positioned to capitalise on the LED and Solar LED lighting phenomena that are changing the way the world is illuminated. SolarBright is focusing on two innovative business opportunities: - solar street lighting and the further development and manufacture of PATeye, the world's first commercially-available solar-powered ice-detection road stud, now being further developed and deployed for smart city roading opportunities based on IoT technology.

Motim Technologies

The global mobile marketing sector is a high-growth area that is seeing innovation as technology and marketing mix, with consumers becoming increasingly 'connected' and smartphone technology becoming almost ubiquitous in the modern world.

Motim Technologies has developed a range of mobile interaction technologies, based on expertise in computer vision, augmented reality, image recognition and mobile-software development alongside deep creative experience and expertise. Securing direct relationships with major global brands is validation that Motim has a special proposition and the ability to execute and deliver on a global stage.

Silventum



Dental cavities, or decay, is the most common disease in humans, affecting just about everyone. The dental industry's primary solution is to remove the decaying material and replace it with a synthetic one, an industry that is worth over US\$4bn per annum.

However, nearly half of all fillings that are carried out are replacement fillings, required either because the initial restoration failed or because of secondary infection.

A collaboration between the Department of Chemistry and the Faculty of Dentistry at the University of Otago has led to a novel platform that Silventum will use to generate improved dental materials with significantly better mechanical, structural and aesthetic qualities and which can support a reduction in decay.



2.2 GForce

2.2 GForce will deliver certified preventative, predictive and aftershock enduring solutions to manage and monitor the integrity of critical structures and infrastructure following large environmental or external loads, such as earthquakes, storm surge or high wind events.

Strengthening and monitoring structures will enable asset owners and operators to minimise unscheduled inspections, asset downtime and risk of injury or death from structural failure.

Orbis Diagnostics

Orbis Diagnostics is developing in-line milking measurement for protein, fat, somatic cell and progesterone. Dairy farmers need to determine ratios and concentration of milk solids (protein and fat) for which they are paid, detect early signs of bovine mastitis through somatic cell counts and improve reproduction through progesterone monitoring. Orbis' microfluidic technology is expected to measure more parameters, be more accurate and timely than existing practice, providing the farmer with actionable insight for each cow in their milking herd.

Hapai Transfer Systems



HT Systems is a start-up company developing a range of innovative low force lift and transfer devices to radically improve the independence and mobility of frail patients.

Formed in 2017, they are utilising over two decades of product development and technology by researchers from the University of Canterbury.



Powerhouse Ventures Limited
NZ Company number: 1854396
ARBN: 612 076 169

ASX security code: PVL

Quarterly Cashflow Report (Appendix 4C, Listing Rule 4.7B)

Date of release: 30 April 2018

Quarter Ended 31 March 2018

Statement of cash flows	Current quarter \$NZ'000	Year to date (9 months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	97	393
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing (i)	(68)	(339)
(d) leased assets	-	-
(e) staff costs (ii)	(484)	(1,816)
(f) administration and corporate costs (iii)	(412)	(1,846)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	38
1.5 Interest and other costs of finance paid	(39)	(39)
1.6 Income taxes (paid) / received	-	-
1.7 Government grants and tax incentives	-	370
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(903)	(3,239)

(i) Current quarter includes \$32k one-off consultants costs. YTD includes \$145k one-off consultant costs.

(ii) Current quarter includes \$134k of restructure costs. YTD includes \$417k restructure costs. Annual staff costs now running at \$1.3m.

(iii) Current quarter includes \$80k one-off legal and insurance costs. YTD includes \$280k one-off legal and insurance costs.

2. Cash flows from investing activities	\$NZ'000	\$NZ'000
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(4)
(b) businesses (see item 10)	-	-
(c) investments	(454)	(881)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	2	2
(b) business (see item 10)	-	-
(c) investments	-	1,904
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities (i)	-	107
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(453)	1,128

(i) All loans are to portfolio companies.

3. Cash flows from financing activities	\$NZ'000	\$NZ'000
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes (i)	-	818
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	134
3.6 Repayment of borrowings	(67)	(150)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	180
3.10 Net cash from / (used in) financing activities	(67)	982

(i) The company has announced to the ASX the issuance of A\$0.4m of convertible notes. A further A\$0.95m issuance of convertible notes is proposed but is subject to shareholder approval of a refreshment of the company's equity placement cap at a General Meeting to be held in May 2018.

4. Net increase / (decrease) in cash and cash equivalents for the period	\$NZ'000	\$NZ'000
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,614	1,320
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(903)	(3,239)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(453)	1,128
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(67)	982
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	191	191

5. Reconciliation of cash and cash equivalents	Current quarter \$NZ'000	Previous quarter \$NZ'000
5.1 Bank balances	191	1,614
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter	191	1,614

6. Payments to directors of the entity and their associates

Current quarter \$NZ'000
6
-

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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7. Payments to related entities of the entity and their associates

Current quarter \$NZ'000
-
-

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Explanation necessary to understand the transactions included in items 7.1 and 7.2:

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8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

Total facility at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
-	-
-	-
-	-

8.4 Description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter	\$NZ'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	45
9.4 Leased assets	-
9.5 Staff costs (i)	350
9.6 Administration and corporate costs	680
9.7 Other (provide details if material)	
- Investments to portfolio companies	550
9.8 Total estimated cash outflows*	1,625

*Please note the above does not include forecasted cash inflows from operations, government grants and planned sales of off-model portfolio companies.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2 (b) above)	Acquisitions \$NZ'000	Disposals \$NZ'000
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Signed:

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Date: 30 April 2018

(Chief Financial Officer and Joint Company Secretary)

Print name: Stuart Whitham

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.



About Powerhouse

Powerhouse is a leading intellectual property commercialisation company which focuses on developing brilliant research from New Zealand and Australian universities into world changing businesses. It has developed a unique approach to develop these innovations and businesses by providing access to business building expertise, capital, networks, recruitment and ongoing business support. Powerhouse has a successful track record with an existing active portfolio of over 20 early stage to mature businesses across four main sectors: engineering and clean-tech, medical and healthcare, agritech and environmental and digital and ICT.

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